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INTRODUCTORY NOTE

At the end of July IFDA actively contributed to a symposium held at Scheveningen (The Netherlands) on the New International Development Strategy (NIDS). The symposium brought together, for an informal exchange of views, four broad categories of participants: diplomats from New York and Geneva, including members of the Preparatory Committee for the NIDS; Third World planners of ministerial rank and senior officials from industrialized countries; the three top level UN officials in the field of international economic affairs; and intellectual and social militants from both North and South. The report on the symposium, prepared by IFDA Council member Rajni Kothari of India, will be published in a subsequent issue of the Dossier.

This mutually educating dialogue left us with one major impression: there is no need for a conventional IDS. If the goal is to overcome the stumbling blocks preventing a man-centered development, more of the same will not do.

The IDS for the first UN Development Decade (the 60s) was essentially a consciousness-raising exercise; the main idea was to make the opinion, especially in the North, aware of the development challenge. The IDS for the second Development Decade was more ambitious but hardly went beyond an exercise in wishful planning resting on weak conceptual grounds. It included quantitative targets for growth, trade and aid; what happened with regard to growth and trade would have happened without a 'strategy' and the aid target, which was within the range of governmental action, was ignored by all but a handful of countries.

Since 1973, the world has changed. Following the Algiers Non-aligned summit and the OPEC decision, the UN General Assembly launched in 1974 the New International Order, whose shortcomings cannot hide the essential fact that it constitutes a historical project of the Third World to replace an imposed asymmetry by a negotiated symmetry through a fundamental restructuring of international relations. Efforts in this direction have so far shown no result, the North appearing prisoner of a fatal social shortsightedness. To act as if a paper IDS could, in such circumstances, contribute to giving effect to the NIEO is not serious.

Again, the symposium left us with this major impression: there is a need for something else.

The Third World needs a strategy of its own to move towards structural change at international level. The international community, which is not limited to governments, needs an annotated agenda and a timetable for real negotiations. Societies - North and South, East and West - need strategies for change and restructuring at national level. These are three distinct levels; it serves no useful purpose to confuse them. What is common to progressive social forces in each society, however, is the need to get together and curb the power structure which constitutes the key national and international stumbling block.
Abstract: Greek development has been characterized by fatalistic dependence on the Western model, neglect of basic human needs (especially immaterial), irrational resource exploitation, excessive Athinocentrism, bureaucratic étatism, lack of civic responsibility. This development path has led Greece into a dead end. Readiness to follow alternative paths is proclaimed in some political quarters. Indeed, the first steps towards another development need not go beyond the more energetic application of existing - but not respected - plans, laws and regulations. Achieving more fundamental change in a voluntary manner, however, raises the question of political will.

Looking towards the medium term, Greek étatism could be turned to advantage in applying social cost/benefit criteria to investments in industry, tourism and infrastructure. A more balanced spatial distribution of people and activities is essential, to reverse the concentration on the Athens and Salonica regions; this will require more governmental intervention in land, housing and infrastructure but also - less easily realizable - the decentralization of government itself. Also more difficult would be policies to change consumption habits.

In the long run, full employment should be replaced as a societal goal by a minimum work obligation in return for a communally-guaranteed minimum living standard, which - together with a ceiling on paid employment - would open the way for the "civil society" to flourish. Moreover, the present formal, elitist, low-quality educational system, mass-producing illiterates and superfluous classics graduates, should make way for a system making higher education and self-reliant culture generally available to all, with separate provision for professional training according to national needs. One of its aims would be to transform the authoritarian Greek family and thus liberate youth and women.

REPÈRES POUR UN AUTRE DÉVELOPPEMENT EN GRÈCE

Résumé: Dépendance fataliste à l'égard du modèle occidental, négligence des besoins humains fondamentaux (notamment les besoins non-matériels), exploitation irrationnelle des ressources, athinocentrisme excessif, étatisme bureaucratique, absence de responsabilité civique: telles sont les
características del desarrollo de la Grecia, que ha conducido al país a la impasada. Certos sectores políticos abandonan su posición para otras opciones. En fact, los primeros pasos hacia el otro desarrollo no eran necesariamente allí después de la aplicación de planes más energéticos de planes, leyes y reglamentos existentes mal respetados. Des arreglos conscientes más fundamentales ponen la cuestión de la voluntad política.

Dans le moyen terme, l'étatisme grec pourrait servir à l'application de critérios coûts/avantages sociaux aux investissements dans l'industrie, le tourisme et l'infrastructure. Un aménagement du territoire plus équilibré est essentiel pour arrêter l'hypertrophie des régions d'Athènes et de Salonique; cela suppose des interventions pour l'État en matière d'utilisation du sol, d'habitat et d'infrastructure mais aussi, ce qui est moins facile, la décentralisation du gouvernement lui-même. Il sera aussi plus difficile de modifier les habitudes de consommation.

Dans le long terme, le plein emploi devrait être remplacé, en tant qu'objectif de la société, par l'obligation d'une contribution-travail minimale en échange d'un niveau minimum garanti socialement ce qui, ajouté à un plafond à l'emploi rémunéré, permettrait à la société civil de s'épanouir. Par ailleurs, le système éducatif actuel, formel, élitiste, et de basse qualité, produisant massivement des analphabètes et des diplômés littéraires superficiels, devrait céder la place à un système qui rendrait l'éducation supérieure et la culture autonome accessible à tous, tout en assurant la formation professionnelle selon les besoins du pays. Un de ses objectifs serait de transformer la famille grecque autoritaire et de libérer ainsi les jeunes et les femmes.

DELINEANDO UN OTRO DESARROLLO PARA GRECIA

Resumen: Una dependencia fatalista en cuanto al modelo del Oeste, caracteriza el desarrollo de Grecia, ya sea la negligencia de necesidades humanas básicas (especialmente en cuanto a la inmaterial), la explotación irracional de recursos, un atencencentrismo excesivo, el "étatisme" burocrático y una falta de responsabilidad civil. Esta senda de desarrollo ha conducido al país a callejón sin salida: el crecimiento económico mantiene su nivel, la inflación es endémica, el costo social acumula. La confianza en ingresos "invisibles" (turismo, remesas de emigrantes, embargo) no es solución realista.

En algunos círculos políticos se proclama un interés efectivo en buscar otras sendas. En realidad para iniciar los primeros pasos hacia un otro desarrollo, bastaría aplicar planes, leyes y reglamentos que ya existen pero que ni se guardan ni se respetan. Para obtener cambios más básicos hay que plantear la cuestión de la voluntad política.

En el plazo mediano puede que el "étatisme" griego sea ventajoso en la aplicación de un criterio social cost/benefit a las inversiones en la industria, el turismo y la infraestructura. Es imprescindible realizar una distribución territorial más equilibrada de personas y actividades para cambiar la tendencia a establecer concentraciones en las regiones de Atenas y Salonica. Esto (cont. en la última página)
TRACING ANOTHER DEVELOPMENT PATH FOR GREECE*

INTRODUCTION

Modern Greece embodies the principles of Another development by default:

a) Fatalistic dependence since birth, formally renewed recently through the slogan "we belong to the West" (Premier Karamanlis). Planning goals and lifestyle aspire to Western standards. Accordingly there are few scruples about rendering military, economic and recreational services to the North/West.

b) A growing departure from the satisfaction of basic needs. Postwar reconstruction solved problems of nutrition, housing and health care but at a disproportionately high cost to quality of life, in emigration, disruption of family and communal life and in environmental deterioration. Educational, recreational and cultural needs remain largely unsatisfied.

c) Irrational exploitation of resources. Fast industrial growth was achieved by using largely existing infrastructure. As a result a vicious circle of inequalities between centre - periphery has appeared.

d) Growth has not brought structural changes to polity. There are no durable institutions. The state shows favouritism and formalism. Civil service is overbearing and either overstaffed or absent. Citizens are led naturally to irresponsibility and evasion of duties.

The text that follows points selectively to a few propositions directly applicable in Greece. Such proposals are not mere pious hopes. They are explicitly realistic under the current state of political affairs. Already there is evidence of some progressionist attempts at nationalisation or state development of key industries, attacks on conspicuous consumption, revision of laws on housing, health and education, and progressive taxation. Evidently structural changes are required and, more important, political will to proceed to changes. There lies the basic weakness of the project, it requires voluntary submission.

Before proceeding to specific policy proposals it was thought appropriate to review briefly the socioeconomic background of the country. The proposals adhere to the basic principles of Another development but in addition the following are implied or needed for Greek-specific propositions.

a) Restriction of negative, i.e. prohibitive state authority, and increase of positive control e.g. socialisation, safeguard of public interests and curtailment of private activities. A recurrent theme is the need to involve local in lieu of central government.

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b) The use of social cost/benefit analysis as a decision making as well as a pricing tool.

c) The fight for civic responsibility; against sectoral interests and overunionism; for positive, instead of "de jure" and opportunist parliamentary opposition; for social consciousness towards present and future generations.

IDEOLOGICAL CONTRADICTIONS

Greek economy is by and large capitalistic with a bourgeois establishment. Yet bourgeois ideology and system of government are not fully in force and, oddly, until recently they were not being reproduced as an established ideology through the school system or the mass media. The etiology of this contradiction could be found in the crisis during the '40s when nazi occupation led to a consolidation of progressive left-wing forces sufficiently strong to bid for power. The bourgeois order was narrowly saved after foreign intervention and never felt strong enough to use its very weapons: Integral parliamentary system, liberalism and welfare state. When in the mid '60s groups from within the ruling class propose diminution of dependence, capitalist self reliance and social reform, a political crisis breaks out leading eventually to the junta in 1967. The dictatorship was a catalyst for the rediscovery of middle-class values by the political group that it replaced. This is shown clearly in post-junta politics. Still past fears cause the bourgeois transformation to be applied hesitantly as a mixture of Western-European mimicry and reactionary reflexes.

The opposition has rendered itself more or less counterproductive. The communist left proved unable to capitalise on the junta crisis and suffers both from national and international malaises. Having been accepted in the parliamentary procedure it has no valid alternative to offer and follows largely the core of the opposition line. The latter being deprived of the age old argument for political freedom has found itself with weak weapons and resorts to merely contradicting governmental measures.

It is believed that the acceptance of Another development terms of reference would make parliamentary debate richer and political arguments more pointed. It should be stressed that the leader of the opposition in an effort to differentiate clearly from the ruling party has proposed collective self-reliance and more than doubled its forces between '74 and '77 elections to 25%. Albeit collective self-reliance is presented in isolation from other principles of an alternative policy. Nevertheless it is an indication of the capacity of Another development ideas to precipitate to parliamentary discussion.

THE DEVELOPMENT CANVAS

Post war growth has been based on a sui generis socio-economic background: Massive immigration of refugees in the '20s, completion of an important agrarian reform in the '30s, nazi occupation, civil war in the '40s devastating the country and initiating internal migration, voluminous foreign aid under the Truman doctrine, influx of foreign capital in the '50s, large scale emigration to Western Europe in the early '60s. Very briefly its characteristics were: a) Record rates in most growth parameters b) Outward looking foreign trade growing much faster than GNP;
average emigration at times higher than natural population increase; foreign capital the sole development input of various sectors (aluminium, rubber, petrochemicals). c) Relatively "easy" in as much as it did not encounter the classic vicious circle or blockage of development. This was primarily due to the continuous stream of remittances from emigrant labour, tourism and shipping which allowed higher consumption than domestic income permitted. d) Low internal cost since industrial development did not pay its share of social expenses. e) Significant state intervention in agriculture and industry. f) Double centralisation: Administrative via accumulation of services to the state as well as geographical by uncontrolled urbanisation and agglomeration of services to the capital. g) Growth of lower-middle social strata connected to the above characteristics: Entrepreneurially aggressive, unionized and state-protected marked by propensity to consume, inflationary and in general antisocial behaviour.

It is very clear that such development has led the country nearer to a dead end. Growth has levelled off, inflation has become endemic in the last 6 years and remittances from abroad cannot bail out Greece forever. Flagrant social costs are accumulating rapidly. Another development is intuitively a last resort – a catastrophe exit before the growth after effects are irreversibly frozen.

**SHORT TERM TRANSITIONAL PERIOD**

Transition to another development necessitates a period of consolidation. There are no significant pre-capitalistic remainders in Greece which could be used as a base for a folding-in of the outward economy to a peasant or artisan-oriented labour-intensive organisation of production. It has to be taken for granted that transition would include significant industrialisation, research and development as well as modernisation of the government sector. The major specific projects required are as follows:

a) An industrial development of intermediate sectors with a view to complementing the national industrial structure thus improving the position of Greece in the international division of labour. The raw materials and technology demanded do not increase dependence and the products have a positive social value: Chemicals and pharmaceutical inputs, telecommunication material, several types of motors, machine tools and electronics, vertical integration of agricultural industries, increase in scale and intensity of livestock production. Some of these are already planned but are delayed by both national and multi-national vested interests.

b) Re-organisation of the priorities in technical and social infrastructure; improvements in the transportation and communications network by-passing Athens; calibrated development of local energy sources; priority to technical and social infrastructure of the periphery (including the depressed areas in the Athens basin).

c) Modernisation of the public sector. In essence the rational application of the law would increase the output significantly. Self reliance of local government is a relevant demand. The planned introduction of higher levels of local administration should be readily implemented.

Another development in the short term does not differ from adherence to a liberal set of bourgeois policies. This alone requires significant
structural changes. So far there is a considerable lag between form as expressed in plans, laws and regulations and practice. For instance, a great number of industries and services are not up to the environmental health or quality standards issued. Control and implementation of existing plans would have vastly improved the quality of life in the country. Oddly this is as unlikely to happen as the adoption of new proposals. On the other hand Another development propositions constitute a radical departure yet, paradoxically, their adoption would not be less probable than imitative welfare propositions of the North/West which the ruling elite strives for.

THE ECONOMIC CYCLE OF THE FUTURE

It should be possible to channel the current etatisme to positive investment control. Specific cost/benefit criteria should be established and be tightly controlled. The utility of the product or service in correlation to a basic needs matrix; the labour intensiveness in conjunction with the dependence effect of capital expenditure; the establishment of a spectrum of sanctions for industrial damage to resources and environment ranging from re-imbursement to prohibition. (This criterion alone applied today would put half the industry in the red).

The state has already a vast weaponry to implement social benefit control. It vets all investment, controls industrial zones, directs loans (Banks are largely state-controlled) grants and tax rebates. In parallel, industrial policing should be strengthened by special controlling forces and revision of legislation for industrial offences. It would be particularly useful if local government and third system groups in general were given the legal entity to be able independently to negotiate with industries and to file suits. Product and services specifications could supplement the system of controls. Further to the inclusion in a basic needs matrix, criteria should include longevity, low energy content, maintenance, repairs and reuse or recycle capacity, hygienic qualities.

Control of consumption is more complicated than control of investments. For instance the state was unable to arrest the consumption rate of ecologically costly goods like meat and dairy products which by comparison to the country's past and in relation to other European countries is impressive. (Highest consumption of beef and cheese in the E.E.C.) There will be automatic price increase when the E.E.C. rules come into full effect but it seems pertinent to increase the prices even further by allocating a high VAT concurrently with the lowest possible to fruit and vegetables. The shift will be aided by the organisation of producers' commercial associations. Furthermore the state should intervene in the reduction of consumption of hazardous or anti-social products like cigarettes, alcohols, or plastic and other non-returnable goods and packages, impulse snacks and confectionery.

In the medium-long term a campaign against private and for communal consumption or use of goods and services should be launched. Pre-eminently the battle should be directed against the private car which has become a dominant feature of the urban environment and a major factor of its deterioration. (There are cities in Greece where the proportion of cars to population is 1:2). Services should be re-organized and widely dispersed and become really social i.e. taken away from private initiative now exploiting their administration to a great extent. Health
care, social security, pre-school education, nurseries, primary education extending beyond the reading-writing stage, integral high school education able to prepare for university (now in the hands of entrepreneurial preparatory schools), care for the elderly, differentiated recreational and leisure activities, continuous educational and cultural development.

Non-commercial administration of services at a communal base-unit (the block or quarter) could also experiment in areas where private initiative is well entrenched and at first sight irreplaceable. Building maintenance, house cleaning, washing, cooking and child care could be provided on a non-profit basis either by the state or local government or by the employer. This is already happening as a non-profit service at the workplace (meals, child-minding) or as a business innovation exploiting the disappearance of the extended family and the congested living in cities (ready foods, laundries, carpet storage). To the extent that the working population will have the choice between self-help and leisure activity such communal consumption would have a positive effect on life styles in Greece.

Greece has been characterised by voluntarism, ethnocentrism and the productivism that such attitudes entail. It will be found increasingly difficult to keep unemployment at low levels even if plans for full industrialisation are implemented. Labour intensive technology could have very limited application in a small country with close to full employment and an almost stagnant population. Wage increases will inadvertently divest Greece of comparative advantages in industrial exports (e.g. textiles). Therefore the sooner the mentality towards full employment changes the better.

A socially acceptable minimum standard of living, geared to basic needs, should be guaranteed by the community for all under a minimum work obligation. From then on the option of increasing occupation, self-employment, further education or leisure should be left to the individual. A ceiling of paid occupation would also be desirable (e.g. 35h/week) which may be gained automatically through the E.E.C. especially since the present average is in excess of 45h/week. A scheme for artisan revival seems pertinent. Techniques of weaving, boat building, stone or wood carving, masonry, carpentry, pottery, furniture making that have disintegrated in the last fifty years constitute a rich alternative for remunerative employment as well as a leisure occupation. Along the lines of production descaling fall the ideas of workshop as opposed to assembly line, job enrichment, continuous education and self-government in the factories. These fight centralisation and bureaucracy which are the prevalent characteristics of Greek development.

SPACE-RELATED PROPOSITIONS

Without overlooking the value of physical planning and space organisation, it is believed that priority lies with the control of activities (what must be produced and how, what are the life styles and social organisation) spatial development is a natural derivative of development proper. If planned independently it is likely to be left unimplemented. If on the other hand the state is willing to accept another development then the spatial application of its propositions is a technical matter of lesser importance. Evidently, a balanced distribution of population and
activities in space would be supportive of another development since they lead to a more rational exploitation of resources. So far it has not been possible to implement any development plan and to arrest let alone reverse the flux of population from the periphery. Whatever regional development to date may be attributed to geographic or other specificity (Tourism, raw materials, traditional entrepreneurship). While suggestions for specific regional development seem futile there are various space-linked general propositions that could be considered for immediate implementation.

a) Land

It is vital to preserve and possibly reclaim forest and agricultural land which has been dangerously encroached by urbanisation and commercialisation. Change of land use should only be allowed in cases where the public benefit is obvious (forests versus quarries, parks versus factories). Coastal areas up to a zone of 500m should be left completely for communal usage. Up to now the restriction covers only a zone of 8 to 30m for the sea and is being easily violated at a grand scale. Another radical decision would be to exclude land from the set of negotiable goods. Nationalisation of land would perhaps bring the best results but it is not believed to be accepted by any party realistically. The most feasible course would be state intervention in land transactions (land bank) and substantial taxation of land owners for the surplus value they collect.

These kinds of decisions have not been implemented thus far because of the political cost they entail. The sense of property is highly developed (over 70% are owner occupiers) particularly in the absence of investment alternatives. Yet they are much discussed currently and in fact they have been voted for in the UN by Greece (Habitat, 1976). The revenue from the surplus land value could cover not only the very pressing need for housing but also all additional settlement needs in social infrastructure. The constitutional confirmation of the State's obligation to take care for the quality of life and the protection of the natural and cultural environment of the country (1975), was a first basic step in the right direction, but there are no signs of further action.

b) Housing and infrastructure.

Housing satisfies a basic need and so does technical and social infrastructure. The state left the problem of housing to be solved out by private initiative. Quantitatively the results are satisfactory, supply satisfied the demand, and despite the absence of a capital market house-ownership is broadly dispersed. However it followed a minimum quality path also disregarding the complementary need for infrastructure. Social costs accrue is now realised in the congested urban-centres but there is hardly a solution left for the development of infrastructure ex post without large spending. With a law just passed, urban redevelopment will be the responsibility of private business, thus infrastructure provision will be commercialised. This is clearly an anti-social regression all the more so since the state had only just established a housing organisation for the first time with a view to reducing costs and increasing quality of settlements. In view of urban renewal and further building, needed as a pre-condition for the pending arrest of Athens' growth, societal control of settlements is indispensable. Local government is best suited and should be given the local, financial and technical means to take over the settlement responsibility.
Existing settlement pattern determines fully a hierarchy of public works. Athens and Salonica region should only be allocated projects of vital importance such as anti-flood, sewerage and water supply. It is high time that Athinocentrism is arrested. As recently as May 79 the government showed flagrantly its underdevelopment by pursuing hard the completion of a useless 5km, 3-lane highway strip to the airport.

The Subway for Athens is the epitome of misplaced development policy. It is a most expensive idea of government and at the same time an excuse for not solving the transportation problem, as long as it is still at the design stage. There is no social cost/benefit analysis; there is only the argument that it does not meddle with existing traffic. It is a solution directly opposite to another development ideas. It would be the single most expensive project, out of scale with the country’s capacity and an inexorable caricature of modernism. Its construction is absolutely binding, a sunk cost. On the contrary to defer the decision does not preclude re-examination at a later stage. The state should limit the circulation of the private car in the center as a first measure improving concurrently public transport. Ousting the private car is a courageous and unpopular political move but measures taken already (taxation, alternative weekends mobility) have been accepted smoothly. Total banning of private cars would liberate a great potential for Another lifestyle but would require the unlearning of deeply rooted societal values.

c) Services

In aggregate numbers social infrastructure is at par with countries of similar income. However regional disparities are remarkable and constitute a basic cause of internal migration. All plans for decentralisation are deceitful if they are not preceded by a re-organisation of services in space. Funds needed are suprisingly low, in total they do not exceed current expenditure. This paradox is due to the co-existence of poor quality with wastage. For instance hospitals in depressed areas have less than 2 beds/10,000 (40 times less than maximum) and at the same time the lowest utilisation. On the other hand areas with number of beds below average maintain a high quality of health care as judged by low mobility of cure. Thus planning, using quantitative criteria -international or national- is bound to be irrelevant. The quality of service should be tested locally without prejudice.

Centralisation of the power network allows the use of party criteria in the programming of services. The redistribution of services therefore should start from the decentralisation of power. It is obvious that the medium for such a decentralisation is local government, to which multiple responsibilities of planning and building of social infrastructure and provision of social services should be transferred. Positive results can be obtained on an experimental basis, starting from the most progressive municipalities that could act catalytically for the others. The municipality of Athens plays a basic role because of its size. Recent elections consolidated its progressive forces who have already become active (establishment of an Open University, attempt to take over the traffic problem, public debate on the development of the city). Local authorities are particularly suited to take over the planning and execution of a large number of public works, especially the uncentralized provision of energy (solar, small waterfalls, wind, garbage) thus far uncharted.
Another precondition for decentralisation would be the organic link of public services to the areas they serve (e.g., most agriculture research is done in Athens). The reduction of personnel and rationalisation of procedures is a concomitant measure aiming at bureaucracy deflation. The government has plans under way that have already met stubborn resistance from within. Dispersion and descaling of central government will be the acid test for its political determination to enforce decentralisation. Success would have a multiplier effect while failure would leave little chance of decentralisation otherwise using indicative planning.

d) Natural and Cultural Environment.

The environment has only recently become an issue, but it has brought large scale mobilization so that the government was forced to come up with the beginnings of legal and administrative measures. Still there is a long way to go before the environment becomes one of the prime factors regulating development. Up to now, no project has been discarded purely on environmental grounds. The Pylos port complex that raised wide reaction has not been definitely canceled, and the postponement was due to internal economic reasons of the firm.

One way to avoid environmental degradation to a significant extent is full pricing for environmental damages. This leads to the recurrent theme of social cost/benefit analysis. Obviously there can only be rough estimations but they should be carried to their limit. Evidently there are cases where economic considerations alone would not help. For instance the Nuclear Power Plant programmed in Korystos will definitely carry divergent views as to its social cost/benefits. Irreparable damage is priceless, and such projects could be fought purely on grounds of principle e.g., no increase of dependence from technology, natural elements or chance will be accepted.

Tourism policy should also be reviewed according to the full cost principle. While Greece has highest per capita receipts in the Mediterranean and has learnt to value tourism, dangerous side effects have appeared like congestion and cultural pollution. The Greek eco-system is very sensitive and unable to accept a Tourism monoculture. Although a low intensity service, tourism has contributed indirectly to the significant degradation of the environment, particularly in coastal areas and archaeological sites through hotels, resorts and other service buildings. There is suspicion that the point of zero, if not negative, returns has been reached. Thus it is proposed that the attitude towards tourism should be reviewed in such a way as to limit its numbers and improve the terms of the tourist trade.

ANOTHER DEVELOPMENT IN EDUCATION

Education intimately linked with culture affects directly the quality of life and can be a spearhead of another development. Social dissatisfaction and misery widely dispersed today cannot be attributed to economic causes any longer. Thus, the term "alienation" had a most successful fit in describing life in Greece.

Until 1976 the educational system has operated as a channel of "classics" leading directly to University. The majority of highschool entrants is kicked out before graduation (50% by 1970) entering the labour market unendorsed. The system marked by its formalism and social doability, suffers two inborn traits: a) Massive production of illiterates (statistically named semi-illiterates) and concurrently b) An overflow of classics'
graduating from high school and University. And yet the liberal élite has been demanding change in the name of bourgeois values and economic development since 1950. For 25 years the state has resisted such change with a system of dead language, memorizing, word hunting and lack of technical instructions. This time lag has established the peculiarity of a high ratio of university graduates with peasant and working class origin as well as the social degradation of university degrees in general to the level of the European Baccalaureat.

As a result of the symbolic and economic devaluation of the degrees, the university studies maintain a very low quality. Total lack of research and postgraduate courses indicates a non-existence of higher education. Greece imports both knowledge and specialists. Despite the recent shift towards a capitalist model of education (establishment of spoken language as official, introduction of technical courses, increase in the minimum duration) the dominant ideology confronts the school with the "social fear" from the expected unemployment of graduates and the "ideological fear" from loosening the political control on knowledge. These fears have turned the reform largely inoperative. The conditions for its implementation do not exist fully while at the same time the authorities do not try to debunk the system using the century old western experience and, more particularly, the proven strict social pyramid created from the schooling system.

Another development should deal with the idiosyncratic Greek society. Lack of the technical sector and the low wage of adolescents have been very strong motives for higher education in the working classes. On the other hand the popular ideology that sees school as the social ladder par excellence is very deeply entrenched. These attributes lead to the suggestion that education and culture should be disengaged from professionalisation of the graduates. In Greece both the pre-capitalist fear of social unrest from education and the logic of strict programming of the manual workers of the future are equally unfounded. Thus education should be transformed into a free good for all without ideological fears of its consequences.

The benefits from accessible education can be directly observable: Already educational and cultural misery has led to a number of negative social phenomena like land and building speculation, counterproductive investments, hoarding, consumptionism, maximum short term gains, degradation of natural and cultural environment. Furthermore Education would assert an improvement in human relations. The Greek family, autarchic super-protective and introvert stifles the growing up of youth who either accept the family model unquestionably or reject it violently. That very family authority and upbringing keeps the women out of productive work ascribing characteristics of sex-inferiority and provoking a personality crisis in young women.

The demand "highest education for all" would allow the revival of the old libertarian idea that knowledge is the weapon for continuous betterment of the world. Moreover it would contribute to the quality of life creating options for the cultural revival of the periphery. Such education would operate as a catalyst self-disengaging the professions and facilitating the broad acceptance of the new situation.

Knowledge should be judged on its merits as social utility. Education for all is the only way for self-reliant production of knowledge inside Greek society, thus the only way for self-reliant solutions to national problems.
Once generalised education is accepted on face value and not militated against as a danger for the established order then Greek development would become "other". The links of education with social reality would enable experimentation transforming knowledge into a productive problem-solving process for all regions of the country.

In summary Another development purports:

a) The generalisation of education up to 18 years of age
b) Free entry to university
c) Specific courses for professional title, possibly on a *numerus clausus*

Thus educational development will depart from its traditional role in Economic Growth, recently discovered in Greece through OECD and the World Bank, into a broadly based socio-cultural function contributing to the cultural development and the improvement of the quality of life.

**AFTERWORD**

The path thus charted is not offered as a unique alternative, nor as the royal road towards Another development in Greece. Perhaps other projects of equal priority would be found once dialogue is established. The specific aim of the paper was an attempt to provide elements for a vocabulary to read Another development into the country's future. A change of strategy is not a matter of texts or exorcisms. The people should be ready to ask for a development alternative. There are many current demands for a change of the development style directly connected to the set of principles and objectives of Another development. The ordering of such demands into a uniform and consistent pattern would add to their forcefulness. More than a taxonomy, Another development offers; a methodology for an integrated action programme. Reaching deeper than political party formalism, it sharpens people's arguments and demands; it is politics proper.

(cont. resumen español)

requiere más intervención gubernamental en la política de habitaciones, terrenos, y en la infraestructura. También requiere la descentralización del gobierno mismo, lo que es menos fácil de realizar.

Al largo plazo otro desarrollo significará un cambio de actitud hacia el empleo completo, ya que esto, como fin social, debe remplazarse por una obligación mínima de trabajo a cambio de un nivel de vida mínimo socialmente garantizado, lo que junto con límite máximo a la remuneración del trabajo, permitiría medrar la "sociedad civil". Además el sistema de educación actual formal, elitista, de baja calidad, que produce una multitud de analfabetos y grados académicos en literatura clásica superfluo, debe ceder lugar a un sistema que resultaría en una educación superior y una cultura autónoma accesible a todos, al mismo tiempo que asegura una instrucción profesional conforme a las necesidades nacionales.
Building Blocks

Employment in Western Germany: Options in the Context of the North-South Problematique

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Abstract: The author analyzes the reasons why "healthy growth" no longer guarantees full employment in industrialized societies like the Federal Republic of Germany; among these are demand saturation in the domestic market, technological development (especially in micro-electronics), and the fact that the level of exports to other industrialized countries is unlikely to increase because they are undergoing similar structural problems. Nor can the level of exports to the Third World be expected to increase due to the diminishing ability of the TNCs to pay for such imports. Alternative strategies to achieve full employment are therefore needed which, in the context of the North-South problématic and urgent social, ecological and political necessities, should be conceived with the following in mind:

- The continuing increase in productivity should be changed toward the creation of a surplus of time, rather than goods and services (while improving the quality and lifetime of the goods).

- The industrial production system should be transformed so as to reduce its size, effect a slowdown in energy use and in the use of non-renewable raw materials, while at the same time speeding up the flow of goods and their recycling; the development of appropriate, decentralized technologies (i.e. bio-technologies, less energy- and capital-intensive). This would result in the reduction of the need for large capital investments (and probably inflation) and would make more capital and more appropriate technologies available to the Third World.

- The development of non-market activities, enhancement of local self-production, use values rather than exchange values, and the enlargement of the autonomy of local communities in the city as well as in the country.

Implementation of policies along these lines implies changes in lifestyles, value systems and social relations. Although there are some encouraging signs, the transformation process will be slow.

*/ (English language readers) There are 9 tables which form a part of this paper which, due to space restrictions, have not been included here. Interested readers may send requests to IFDA.
LEMPLOI EN ALLEMAGNE OCCIDENTALE: LES CHOIX DANS LE CONTEXTE DE LA PROBLEMATIQUE NORTE-SUD

Résumen: L'auteur analyse les raisons qui font qu'une 'saine croissance' n'assure plus le plein emploi dans un pays industrialisé comme l'Allemagne occidentale; parmi celles-ci figurent la saturation du marché intérieur, le progrès technique (notamment la micro-électronique) et les faibles possibilités d'accroître les exportations vers d'autres pays industrialisés, ceux-ci connaissant des problèmes structurels analogues. Les exportations vers le Tiers Monde ne sauraient davantage augmenter en raison de la difficulté croissante que celui-ci éprouve à financer ses importations. Des stratégies alternatives pour le plein emploi sont nécessaires, lesquelles, dans le contexte de la problématique Nord-Sud et d'exigences sociales, écologiques et politiques urgentes, devraient répondre aux préoccupations suivantes:

. L'accroissement de la productivité devrait se traduire par un surplus de temps libre plutôt que par un surplus de biens et de services (tout en améliorant la qualité et la durée des biens);

. Le système de production industrielle devrait être transformé de manière à réduire sa taille, sa consommation d'énergie et de matières premières tout en accélérant la circulation des biens et leur recyclage; la mise au point de techniques appropriées et décentralisées (par ex. bio-techniques à bas profil énergétique et capitalistique). Cela réduirait le besoin de gros investissements (et probablement l'inflation) et mettrait à la disposition du Tiers Monde plus de capital et des techniques mieux appropriées;

. Le développement d'activités hors-marché, le développement de l'auto-production locale, de valeurs d'usage plutôt que de valeurs d'échange et l'extension de l'autonomie des communautés locales urbaines aussi bien que rurales.

La mise en œuvre de telles politiques implique des changements dans les styles de vie, le système de valeurs et les rapports sociaux. Malgré certains signes encourageants, le processus de transformation ne saurait être que lent.

EMPLEO EN ALEMANIA OCCIDENTAL: OPCIONES EN EL CONTEXTO DE LA PROBLEMÁTICA NORTE-SUR

Resumen: El autor analiza las razones por las cuales el "crecimiento saludable" ya no garantiza el empleo completo en sociedades industrializadas como la de Alemania Occidental. Se destacan entre ellas la saturación de la demanda en el mercado doméstico, el desarrollo tecnológico (especialmente en la micro-electrónica), y la probabilidad de que el nivel de exportaciones a otros países industrializados no aumentará porque estos países experimentan problemas estructurales parecidos a los de Alemania. Tampoco se puede contar con un aumento en el nivel de exportaciones a los mercados del Tercer Mundo debido a la disminución de sus capacidades para pagarlas.

(núm en la última página)
One of the more important social problems afflicting almost all industrial societies is unemployment. Even the most powerful industrial nation of Europe, the FRG, is affected by it; at the moment, the unemployment rate is about 4.4% which amounts to about 1.1 million unemployed persons. The official diagnosis of the phenomenon of rising unemployment was first that it was the result of a sharp decline in business activity based on the oil crisis of 1973 and a simultaneous economic slow-down in all industrial countries. When, in 1976, after the two years of recession 1974/75, the real GNP again increased by 5.7%, and these upward economic tendencies remained without essential influence on the employment situation, only then, was unemployment spoken of as a structural problem. Nevertheless, the proclaimed therapy for the elimination of unemployment was - like in almost all other industrial countries - "healthy growth". But "healthy growth" no longer guarantee full employment, even for the German economy. For example, the rise of the real GNP by 6% in the first half of 1976 corresponded with an increase in the labor productivity of 6.5% and a decline in employment of 1.5% in comparison with 1975. An analysis of selected industry branches shows for 1976 that in spite of two-figure growth rates of the turnover, the employment remained practically stationary or was even reduced. For example, the turnover of the non-electrical machinery sector rose by 24% and employment declined by 2.7%; the turnover of the chemical industry rose by 16.1% with a decline in employment of 1.9%. The main reason is the existence of surplus production capacities, i.e. the extension of production was realized without employment effects. In January 1977, for example, the use of production capacities in important branches of investment goods amounted to about 75% and in the entire industry to 81.2%. As long as surplus production capacities exist to such an extent, and as long as further increases in the productivity of production processes are realized, the employment effects resulting from the general macroeconomic development are about zero.

In order to provide about 1.1 million presently unemployed persons with a job, and in order to create new jobs for the high birth rate age groups entering the labor market (due to the demographic development alone, the need for an additional 80'000 jobs must be reckoned with yearly until 1985), about 1.6 million additional jobs would have to be available until 1985 to reach "full employment", in comparison with the actual situation - not taking into consideration further structural and technological changes. Only theoretically this additional job potential could be created by an economic growth far ahead of the increase in productivity. And exactly this kind of "healthy growth" does not for a number of reasons
Demand Saturation and Employment

The growth of the domestic demand in the fifties and sixties was to a large extent due to a great need for durable consumer goods: apartments, cars, electrical household goods and equipment for entertainment and leisure time use. Since the beginning of the seventies, due to a high level of prosperity, relative and partly even absolute saturation limits have started to show up for a number of consumer durables (e.g. refrigerators, vacuum cleaners, washing machines, television sets and cars). Private households in the FRG are supplied with durable consumer goods to a degree fluctuating between 85 and 95 % and the degree of motorization has almost reached the US level. With continuing rationalization, there arises a tendency to create surplus capacities and growth barriers in the afflicted industry branches. The thesis of the absolute saturation limits, however, must be somewhat restricted with regard to the whole of private consumption. For the time being, the comparatively elevated charges of the households, the cost of health services and social insurance, taxes, etc. and, due to the decline in economic growth, the reduced growth of income (the net income ratio has declined from 45.7 % in 1972 to 41.5 % in 1976) have still some importance for the appearance of saturation limits besides a value shift away from material goods. A change in the distribution of income in favor of the lower income groups – which for political reasons is quite impossible – would for a medium-term create considerable, employment-effective rises in demand, but it would only postpone for some years the transition of the market for durable consumer goods to a replacement market, where production mainly serves for the replacement of used household goods and equipment. Even tax reductions and other fiscal measures for the stimulation of demand are hardly effective any more. They mainly increase the savings ratio. This was the case with the repayment of the boom surtax 1972, with the tax and children's money reform 1975 and also when in 1977 30 billion DM out of premium privileged saving contracts became free: of these 30 billion DM, only 7 billion entered the market, the rest was saved. The savings ratio rose in the FRG from 8.5 % in 1960 to 13.9 % in 1970 to 15.7 % in 1975. The long-term trend is obvious: in the affluent economy the demand curve levels off but the development of productivity continues to rise and the resulting gap creates the employment deficit. If, in addition, in order to reduce the consumption of energies and raw materials from non-renewable sources, the household goods and cars had the same life-span as the models of 1950 (approximately 15 years) – in accordance with the studies of Vance Packard not resulting in any additional cost – all needs for these goods could be covered without growth of production, even with a decreasing production, which would, of course, result in a further reduction of employment in these branches. The voices demanding an improvement in the "quality of life" instead of a high GNP and high growth rates become stronger in the
FRG too. In the middle of 1977 the INFAS-Institute has explored the opinion of the German citizens with regard to the protection of the environment: 60 % of the persons questioned were against economic growth, if it leads to damages of the environment; 45 % wanted a stronger protection of the environment even if it endangered jobs, another 35 % were undecided in this question.

**Technological Development and Employment**

Another reason why "healthy growth" cannot bring back full employment lies in the nature and speed of the technological development. From 1960 to 1976 the real GNP in the FRG has increased by 83 %, the labor productivity by 124 %. In 1960, a worker produced goods and services per hour with a value of DM 10.90; this value rose in 1976 to DM 24.40. Labor productivity rose therefore every year by an average of 5.5 %. This increase in productivity was possible by a capital-intensive technical progress and by changes in the work organization (further division of labor and job specialization). In 1970 every job in the FRG was equipped with machines and equipment with a value of DM 55'000.--, in 1977 this sum reached DM 85'000.--, signifying an increase of 54 %. This rationalization process is continuing and consequently is leading to further technological unemployment. A hypothetical labor market balance for the FRG based on two autonomous forecasts for the employment potential and the available job potential without consideration of technological changes (e.g. use of microprocessors) shows a deficit of almost 1.9 million jobs in 1985, equivalent with a statistical unemployment rate of about 6 %. This development is not the result of a rationalization boom; we have only assumed that the rationalization processes started in the sixties will continue at about the same absolute investment level; the relative rise of the investments for rationalization to at present about 46 % of the total gross investment volume is a consequence of the absolute and relative decline of the replacement and extension investments. But this rationalization process will in the future considerably accelerate due to the fast development in the sector of microelectronics. If, ten years ago, a transistor cost DM 1.--, the price for the same transistor function will be about 0,01 Pfennig by 1980. The cost of a microprocessor-guided industrial robot will then be about DM 14/hour; the labor cost/hour amounts to DM 17.-- already today. These figures give an idea of the wave of automatization approaching the field of the production of goods and services. The hypothetical labor market balance attempting to consider and estimate the effects of the use of microprocessors, shows a deficit of 2.2 million jobs in 1985, of 3.3 million jobs in 1990, corresponding to a statistical unemployment rate of 7.3 % and 17.5 %, respectively. These estimates of the possible effects may be of a highly speculative character but they clearly show that in the age of automatization growth does no longer create any new employment possibilities, but on the contrary destroys them. The third industrial revolution breaks the link between growth of production and growth of employment. It destroys one of the dogmas of
Keynesian economic policy, viz. that an increase of investments reduces unemployment.

**Foreign Demand and Employment**

The importance of foreign trade influences on the development of the employment crisis in the FRG is often overestimated. The FRG has coped comparatively well with the increase of the oil prices. Exactly for this reason, the employment crisis of the FRG can be explained only to a minor extent with the increase of the oil prices. The thesis that the decline of employment in the FRG was due to foreign trade inasmuch as the reduced exports from 1974 to 1975 caused continued unemployment is absolutely untenable. It is true that from 1974 to 1975 there was a negative growth rate of the exports of -1.6 percentage points, but this must be evaluated against the medium-term development of the foreign trade situation of the FRG. The extreme increase of the exports in 1974 must be judged as a "runaway" situation, i.e. the foreign contribution as well as the export quota of the GDP of 26.3% in 1974 was far above the average of many years. The sudden rise of exports, foreign contribution and export quota of the GDP in 1974 was a consequence of the massive deflation policy in 1973 at home, together with a continuing rise of the world market prices. The situation of 1974 can therefore be interpreted as "export of unemployment" from the FRG to the neighboring countries, i.e. the sudden decline in employment in the FRG, caused by economic measures at home, could in part be compensated by rising exports. This tendency continued in the years 1975 to 1977 as is evidenced by the export quota of the GDP being above the average of many years: from 1965 to 1973 the export quota of the GDP was on the average 20.6%, but for the years 1974 to 1977 there was an average export quota of 25.8%. Evidently, as in the way out of the recession period of 1967/68, it was again possible to solve a sizable part of the domestic employment problem through foreign trade.

When private demand is low, when the state can no longer compensate the demand deficit necessary to reach full employment and when investments reduce employment possibilities to a much greater degree than in the past, the thought of exports, of foreign demand as an escape route comes up immediately. In the past, the decline of the real growth rates has been kept in bounds by the long-term rise in foreign demand. This overcompensation of domestic market problems with the conquest of export markets was an essential employment-political pillar at home. To be sure, such safeguarding of the domestic employment level by export surpluses is only attainable at the price of injuring the employment possibilities abroad and the domestic supply possibilities. In view of the precarious state of the world monetary system and of the acute danger of trade-political protectionist measures by at least some national governments, a growing susceptibility for disorders of the international trade and capital relations considerably influencing the employment situation, becomes probable. The considerable extent of
dependency of the FRG on world trade and foreign economic relations can be seen from the export quota (import quota) rising from 18.1% (17.8%) in 1965 to 25.9% (23.6%) in 1977 of the GDP and by the share in the total world exports of about 11% in 1975. German foreign trade is to a considerably greater extent concentrated on Western industrial countries than that of other industrial countries. In the year 1973, 69.4% of total exports of the FRG went to other European nations and 14.1% to South America, Africa and Asia. Due to the great dependency on raw materials of the FRG (the import costs of the most important raw material, mineral oil, amount to over 20 billion DM), the overall balance of the foreign trade with Third World countries is negative: the FRG supplies about a quarter less goods to the Third World countries than it buys from them. The German economy being overwhelmingly centered on the Western industrial countries, the politicians find it difficult to consider today's and future economic problems from the perspective of Third World countries. In the FRG many believe that the employment situation can only be improved or at least be kept at the present level by a considerable additional increase in German foreign trade. But with regard to European buyers, it can be taken for granted that the level of exports to these countries can hardly be increased any more, because they are for the most part rich countries like the FRG with the same structural problems like e.g. a weak domestic demand. Therefore all hopes are directed to increasing the economic growth and the employment level by a massive rise of exports to Third World countries. To estimate the intrinsic value of these hopes we have to throw a short glance at the development of the exports to Third World countries.

Exports to Third World Countries and Employment

Exports of goods to Third World countries have almost quintupled between 1962 and 1976; they reached in 1976 a share of 22.2% of the overall exports of goods of the FRG. In relation to the different branches of industry, the manufacturing of electrical and non-electrical machinery, of transport equipment and of chemicals dominate the export to Third World countries. Income from services has septupled between 1962 and 1976, in 1976 its share of the total service income of the FRG was almost 17%. After a practically steady decline in the share of exports to Third World countries until 1973, these countries reached a growing importance for the German export of goods since 1974. Whereas the recession in the industrial countries influenced the expansion of the export of German goods to these countries in a negative way, the export of goods to Third World countries largely increased during that period, and, consequently, had a stabilizing effect on foreign demand. This is particularly true of the foreign demand from non-European Third World countries, showing since 1973 extremely high growth rates. A quantification of the employment effects of exports shows that the number of employees working in a direct or indirect way for the export to Third World countries reached about 750,000 in the years 1962 to 1972, rose however rapidly in the last years and in
1976, reached the figure of about 1.14 million, representing 4.5% of the total employment. Of those employed for the export to Third World countries, 70% were in the goods producing sector, 26% in the service sector and the rest in agriculture and forestry. The importance of the exports to Third World countries differed greatly for the different branches of industry: in 1976 in 11 of overall 40 branches of economy more than 10% of the employed were active for the export to Third World countries, the ship building industry and the machinery sector showing the highest rates with 19.8% and 18.3%, respectively. Bilateral and multilateral development aid was doubled between 1962 and 1976. A very positive, close connection can statistically be evidenced between the development of the payments of the bilateral development aid and the development of the exports to Third World countries. The assumption that development aid has positively influenced the export is additionally proven by the fact that the market share of the FRG in countries receiving the greatest shares of the German development aid clearly lies above the overall German average market share in Third World countries. Direct quantitative effects on the exports have resulted from the payments of development aid for deliveries by German firms. In 1976 the back-flow amounted to a total of about 2.3 billion DM representing almost 4% of the exports to Third World countries. The employment effect of these deliveries amounted to nearly 42,000 employed. The total amount of German direct investments in the Third World countries quintupled between 1966 and 1976. In the same period, the percentage of the overall German foreign investment in Third World countries remained throughout at about 30%. The distribution of the direct investments in Third World countries on the various branches of economy has shifted in these years in favor of investments in the service industry amounting to almost 30% in 1976; 62% fell on manufacturing, 7% on mining and the rest on agriculture and forestry. The motives for direct investments in Third World countries can essentially be found in the categories: securing the supply of raw materials, securing and enlarging market shares, and reduction of costs. The motive to secure the supply of raw materials might have been crucially decisive for about 1/6 of all investments in foreign countries (in 1976), the motive securing and enlarging market shares for about 2/3, the motive reduction of production costs for about 20% of the direct investments. In view of this motive structure and the small weight of direct investments in comparison with the investment activity at home (the relation was in the last years about 1:40), it can be concluded that direct investments in Third World countries have in the majority of the cases not had any negative effects on the investment activity in the FRG. With regard to the employment effects, the direct investments have influenced the exports of the investing branches of industry in a rather positive way and consequently, have had rather positive effects on the employment situation too.

On the basis of this quantification of the employment effects of the exports to Third World countries, it can be seen that, solely
for the purpose of creating jobs for the about 1 million unemployed at present in the FRG with the strategy of a massive increase of exports to Third World countries, the present export of goods to Third World countries would practically have to be doubled. With regard to achieving full employment this strategy is consequently highly dubious and with regard to a more just international distribution of employment possibilities evidencing more solidarity, also questionable. For, in spite of these high growth rates which the export of goods to Third World countries had in the last years, problems have already arisen in the export business with a number of Third World countries, essentially caused by the precarious situation of their balance of payments and high foreign indebtedness. The deterioration of the situation of many Third World countries in this respect is not so much a consequence of the extensive import of goods and services but of the substantially higher cost of the import of mineral oil, of the declining export activity in connection with the recession in industrial countries as well as a consequence of the distinct downturn of the official development aid payments of the industrial countries. For these reasons, it can also be observed that the importance of some populous Third World countries (Egypt, India, Indonesia) for the German export has declined in the course of their relative pauperization whereas other countries have become comparatively more interesting for the FRG as export countries due to their sources of raw materials or their "successful" industrialization (Maghreb countries, Nigeria, Venezuela, Brazil, Irak, Iran and Saudi-Arabia). A disaggregation of the export flows to Third World countries in accordance with country groups distinctly shows that the "rich" Third World countries are by far the most important trading partners for the FRG.

To sum up, it can be said that the hopes and expectations to compensate the only small expected domestic increase in demand with a massive increase of the German foreign trade with developing countries and in that way, to cause an easement of the economic problems, particularly of the employment problems of the FRG, are unrealistic for the following reasons:

1. It is inconceivable that the monetary income situation in the Third World countries improves in the foreseeable future in such a way that an important employment-effective demand for goods and services of the FRG - and other industrial countries - can develop.

2. Not even a massive rise in those prices of the raw materials on the Nairobi list would result in a greater total demand for German products. To be sure, such price increases would take care of an income transfer from the industrial countries to the Third World countries and this income transfer could theoretically lead to an increase in the demand there and with it, to rising German exports. But higher prices for raw materials mean that in the FRG, private households, firms and the state spend a larger share of their budget for the imported raw materials than before with the consequence of a loss of demand for other domestic goods, on balance leaving
the overall demand and consequently the level of employment practically unchanged.

3. A substantial increase in the public development aid of the FRG-presently placing at its disposal only 0.27% of the GNP—would be possible if it could be made to the debit of other demand components, e.g. of private consumption. It appears dubious that this is politically feasible, the more so as no substantial stimulus of the overall demand and with it of the employment possibilities would be effected. The financing of development aid over taxes would, on the other hand, inflate the tax ratio or the national debt and therefore also hardly be politically feasible. An upgrading of the public development aid through some kind of "development aid tax" would only have some prospect for success if it would be very progressively shaped, arguing that the high income groups can easily limit somewhat their luxury consumption and, by doing so, contribute to the reduction of the prosperity gradient not only between industrial and Third World countries but also within the FRG. But, even if one of the two indicated possibilities were feasible, secondary effects like the additional demand for goods caused by the stronger economic growth in Third World countries, would only become perceptible with a time delay of about 10 to 15 years.

For the medium-term no spectacular additional demand increases from the Third World countries, helping to solve the employment problems of the FRG, are to be expected even with a considerable increase of the development aid. In addition, the understanding grows in an increasing number of Third World countries that the value of a large part of the goods and technologies (particularly big technologies) imported from industrial countries is of most questionable value for their needs and problems. For, at the same time, the social, ecological and infrastructural costs, and their capital and energy intensity, are imported, considerably limiting the possibilities for an autonomous development taking into account the indigenous cultural and social circumstances. The Third World countries will be less and less willing to accept the surplus prosperity and the accompanying problems from the FRG—and other industrial countries—not even when given as a gift.

Employment Strategies for the FRG and Their Possible Effects in the Context of the North-South Problematique

The high level of prosperity, the fast development in the application and use of microprocessors and a foreign demand rising only very slowly, make it practically impossible to reach full employment again following the hitherto existing economic and social development paths with the therapy "healthy growth"; this is for social and ecological reasons also no longer desirable. Altogether, the growth of output of goods and services measured by the increase of the GNP does not reflect any more a rise of the standard of living or of the quality of life. On the contrary, industrial growth with an increasing input of energy, raw materials, techno-
ology and capital has become less and less efficient, industrial production consuming more for its own needs than in the past, the balance between production and consumption shifting in favor of production, the use-value of the industrial system is diminishing. The increasing shortage and rising prices of energy from non-renewable sources and of important raw materials, a declining productivity of capital investments, rising costs of transportation, growing social and ecological costs of production and consumption, increasing difficulties in handling continuously bigger and more complicated technical and bureaucratic systems with rising general expenses cutting back the value of production, unemployment, stagnation and even decline of the real income, inflation and rising conflicts of interest hinder a further expansion of industrialism. Rich industrial countries like the FRG are faced with the problem to find ways out of the affluence trap, poor Third World countries must find ways out of the poverty trap. And, as we have seen, the solution can no longer be found in taking measures for development aid which almost all end up in sending our surplus goods and technologies to Third World countries. Traditional ways and strategies developed out of the perspective of a single country or world region have become unsuitable means for the solution of these problems and are even contraproductive in the sense of a "world social policy". When strategies for the improvement of the employment situation of an industrial country like the FRG are to be outlined, this must happen within a framework including the North-South problématique on the one hand, but also comprising the urgent social, ecological and political problems and necessities of today. It becomes therefore clear that employment strategies must be considerably more than mere labor market politics; they must rather throw the switch for a different economic and social development path making possible a considerable reduction of the great temporal, spatial, social and ecological disparities. Furthermore, these employment strategies and the resulting alternative role of the German "development aid policy" must start from the Third World countries wanting more self-reliant development strategies, a faster growth of their employment possibilities and a regular growth of their domestic productive resources. Employment strategies for the FRG orientated along these lines must then start simultaneously on the following three levels:

1. Comparing the number of unemployed in the FRG, or, respectively, the number of unemployed in industrial countries, with the number of unemployed in Third World countries, emphasis of a world employment program must lie in the Third World countries and not in the FRG. As we have seen, the classical therapy "healthy growth" does not bring back full employment in the FRG; in other words: to solve the problems of unemployment and unequal workloads, massive curtailments of the worktime can no longer be renounced. The continuing increases in productivity expected on the basis of a considerable amount of rationalization and automation must be changed into a surplus of time rather than a surplus of goods and services, with a simultaneous improvement of the quality of the products
(extension of the technical-economical lifetime of products, improvement of repair possibilities). A continuation of the present economic policy could otherwise lead to an apartheid situation in the population, to an increase of the unequal workload and income situation: some have a job and a comparatively secure income, others do not find a job and live off unemployment and social benefits; the second group yet increasing by the number of youths banished into schools for an extended period, by the women sent back to the kitchen and by the elderly people forced to early retirement. Altogether, a considerable increase in social tensions would have to be reckoned with aggravated by the fact that those in possession of a full job would probably refuse to finance the regular social protection of the total population (with a top-heavy age-pyramid) by contributing with a rapidly rising share of their income to the social and unemployment insurance.

Starting with the social postulate that a certain income is necessary for a minimal safeguarding of the subsistence and that the majority of the people want to work - and do not want to live off unemployment aid forever - it becomes necessary to distribute the remaining overall workvolume - abstractly the number of jobs multiplied by the worktime - in a just and solidary way that for all willing to work a part-time job is possible. This first employment strategy would meet with the needs of a growing number of employed for a reduced worktime - in part even accepting a loss of income - in order to dedicate themselves to more satisfying and meaningful activities; this strategy would consequently give men and women a greater possibility of choice, a greater sovereignty over a part of the temporal shaping of their workdays and their lives.

The effects of a massive reduction of the worktime for the Third World countries would basically lie in a reduction of the demand pressure on the employment possibilities which have to be created worldwide, and consequently, in the reduction of the impairment of their own employment possibilities.

2. The limits of important stocks of energy and raw material resources and today's extremely uneven distribution of the consumption of these resources between Third World and industrial countries make it necessary that industrial countries like the FRG begin to transform the industrial production system with the following goals: reduction in volume and slow-down of the flows of energy and raw materials from non-renewable sources, slow-down of the speed of flow of goods (greater longevity and repair possibilities of products, recycling), transition to the use of renewable energy and raw material sources, reuse of waste as far as possible and a considerably more efficient utilization of energy. This incorporates the development and use of other technologies (information technologies, appropriate technologies, bio-technologies, etc.) which are less energy- and capital-intensive but yield high energy, raw material and capital productivities. The introduction of quite a number of such technologies could be made comparatively fast,
not only because they are in many cases cheaper, but because their utilization does not depend on centralizing the means of production, as it was necessary with many technical innovations until now. On the contrary: energy- and raw material-saving investments possible with such technologies, and productions based on such technologies will often lead to a decentralization of economic activities. The effects on the employment situation of many of these decentralized technologies will be different: microprocessors will eliminate many jobs, but they also represent a technology possibly entering crafts and trades, thereby also maintaining and creating job possibilities. Altogether, a considerable slow-down of the trend of diminishing employment possibilities can be reckoned with for sure. E.g., in the FRG alone, the introduction of decentralized, energy-saving technologies and the improvement of the heat insulation in buildings could create about 450,000 new jobs for about 20 years. As such decentralized, energy- and raw material-saving technologies are less capital-intensive and do not demand large infrastructural measures, the need for large investments declines and with it probably also inflation.

The effects on the Third World countries of a transformation of the production system of an industrial country like the FRG towards energy- and raw material-saving technologies and products consist on the one hand of a declining demand pressure on non-renewable stocks of energy and raw materials, thus increasing their duration of use in favor of the Third World countries and of future generations. As energy- and raw material-saving technologies have a considerably lower capital intensity - but a higher capital productivity -, the overall need for investments might decline (even though these decentralized technologies make a wider spatial distribution of investments necessary). As a consequence, capital is more amply available and can be placed at the disposal of Third World countries cheaply (without restrictions!). In addition, such technologies might be of considerably greater interest for most of the Third World countries than the present ones and could on top of it be purchased from small and medium enterprises and not from multinational companies.

3. The degrees of freedom in the time-use gained by a flexible and juster distribution of the remaining workvolume can serve the purpose that more people are dedicating themselves to occupations within the family, the neighbourhood, the village or the district. Such occupations create values without the existence of a contractual exchange relation between work and remuneration with an employer. Although these values are not included in the GNP, this informal sector - I call it the sector of non-market local self-production - is nevertheless of great importance (converted into monetary units its value in industrial countries lies between 40 and 60 % of the GNP). This domain of the non-market local self-production of use-values for the self-consumption in the household, the neighbourhood and the community must be enlarged and revalued by reincorporating a number of vital activities in the production
sphere of the local community. During the increased time-period for non-professional activities an important production domain can be created with a minimal inset of machines and energy, where people can better use, satisfy and mutually harmonize their bodily, emotional, intellectual and social needs by organizing themselves and learning to choose important use-values in accordance with their needs and in agreement with the postulate of an ecologically healthy development pattern. In this domain of local self-production, there exists a variety of employment possibilities like e.g. the production of food, the repair of many products and goods, the manufacture of vital, simple consumer goods, construction and repair of houses, the provision of a decentralized energy supply, neighbourhood medical and social aid, education and training of children. Prerequisite for the development of the sphere of local self-production is the access to and the provision (as part of a communal and regional investment policy) of workshops, tools, material and know-how. Its institutional-organizational form may reach from the household, temporally limited projects, cooperatives, communal or district-related workshops to small self-managed firms. With the extension of the sphere of local self-production, today's almost complete dependency on securing the livelihood via jobs in the industrial system can be reduced and the autonomy of local communities in the city as well as in the country can again be enlarged. The growing importance of this non-market sector will be the result of a learning process to think in use-values which cannot be brought to one common denominator, viz. monetary values. The social security can then stand on two legs and not like today exclusively on the leg of the monetary social benefits granted by the welfare state. To the income from a part-time job are added the goods and services from self-production. An increasing non-market local self-production makes it also unnecessary that a continuously declining number of employees in the industrial system pay with their contributions for the accumulation of the social fund for the social security and the unemployment benefits of the total population.

The effects of the extension of the sphere of local self-production on Third World countries is difficult to estimate. Certainly, the demand pressure on the non-renewable energy and raw material supplies (increased use of domestic sources of energy and raw materials) is again reduced. Should the food production with the help of appropriate technologies (solar greenhouses, aquaculture, etc.) become an important domain in the local self-production, thereby increasing the level of self-support with food considerably in comparison with today, the import of food from developing countries could be reduced. This development would permit many developing countries to use their most fertile soil for the food production and other agricultural products for the needs of their own population and not for export to industrial countries.

What are the chances for the realization of these three development strategies in the FRG? As their implementation causes considerable changes in life-styles, value systems and social relations, it must
in view of the high level of anxiety in the German population be reckoned with a rather slow transformation process in the outlined direction. The discussion over a reduction of the worktime and a solidary distribution of the available work volume among those willing to work has only started in the FRG; both postulates are presently being refused by almost all politicians, employers and established economists - they still place their hope on "healthy growth". The attitude of the unions is ambivalent: a reduction of the worktime is viewed positively, a distribution of jobs among those willing to work rather negatively. An increase in unemployment in the eighties might probably cause a change of mind in favour of this employment strategy. With regard to the transformation of the production system, its realization is a medium- or long-term matter because it necessitates and causes considerable changes in the production system as a whole as well as in the individual producing firm; points of application exist already, mainly in the field of energy. The rhythm of change depends among other things to a very great degree on the speed with which mentalities and life-styles will change and the social needs will develop towards long-lived products of high quality. The same can be said for the extension of the local self-producing sphere of whose already now very great importance the population is hardly conscious (e.g. already one fourth of all car repairs are done by the owners themselves and about one half of the citizens have a garden). Initiated mainly by younger people, the number of social experiments in city and country communes has grown enormously in the last years. Their significance for the social learning process in this direction probably depends to a large degree on political groups outside the political party system like the citizens' initiatives carrying such ideas into the political discussion.
(cont. resumen en español)

Otras y nuevas estrategias son necesarias para lograr el empleo completo, estrategias que en el contexto de la problemática Norte-Sur y de urgentes necesidades sociales, ecológicas y políticas, deben ser formuladas teniendo en cuenta lo siguiente:

. El aumento continuo en la productividad debe cambiarse hacia la creación de más tiempo libre, más bien que de bienes y servicios (al mismo tiempo hay que mejorar la calidad y el plazo de vida de los productos);

. El sistema de producción industrial debe ser transformado hacia la reducción de su tamaño, lo que resultaría en la disminución del uso de energía y de materia prima no renovable y al mismo tiempo en la aceleración del flujo de bienes y su reutilización, y en el desarrollo de tecnologías apropiadas y descentralizadas (bio-tecnología, menos energía y capital intensivas). Resultaría también en una reducción en la necesidad para inversiones enormes de capital (reduciendo así la tasa de inflación) y se dispondría de más capital y tecnologías apropiadas para los países del Tercer Mundo.

. El desarrollo de actividades no comerciales, la amplificación de la auto-producción doméstica, énfasis sobre valores de uso más bien que valores de cambio, y el respeto de la autonomía de las comunidades locales urbanas y rurales.

La realización de esta política implica cambios en el estilo de vida, en relaciones sociales, y en sistemas de valores; y aunque existen señales alentadoras para su éxito, el proceso de transformación será lento.
EXPERIMENTATIONS SOCIALES, CHANGEMENTS DANS LES STYLES DE VIE ET L'ORGANISATION DE LA PRODUCTION DANS LES PAYS ANGLO-SAXONS

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Résumé: Les pays anglo-saxons connaissent aujourd'hui une crise à la fois économique, sociale et culturelle que l'État et le marché, dans leurs structures actuelles, sont impuissantes à résoudre. La "société civile" (cf. Sachs, Dossier 2) doit donc prendre en charge elle-même la satisfaction de certains besoins et trouver des solutions nouvelles à des situations de crise vécues.

Ce document examine différentes expérimentations sociales dans ces pays menées à l'initiative de la population dans divers domaines de la vie collective tels que le développement urbain, la consommation, la santé, l'éducation, les technologies appropriées et la vie au travail. Il montre qu'au-delà de leur multiplication, l'intérêt de ces initiatives locales tient à leur capacité de générer une dynamique réelle au niveau social qui induit des transformations structurelles et une redistribution du pouvoir au profit de la société civile.

SOCIAL EXPERIMENTS, CHANGING LIFESTYLES AND THE ORGANIZATION OF PRODUCTION IN THE ANGLO-SAXON COUNTRIES

Abstract: The anglo-saxon countries are experiencing an economic, social and cultural crisis which the State and the market, given their existing structures, are incapable of solving. The "civil society" (cf. Sachs, Dossier 2) must therefore take in hand the satisfaction of certain needs and find new solutions to crises already experienced.

This document examines different social experiments in those countries, springing from popular initiatives in various areas of communal life, such as urban development, consumption, health, education, appropriate technology and life at work. It shows that, beyond the fact of their proliferation, the interest of these local initiatives lies in their capacity to generate a genuine social dynamism leading to structural transformations and redistribution of power in favour of the civil society.

(RESUMEN EN ESPANOL EN LA P. 12)
EXPERIMENTATIONS SOCIALES, Changements DANS LES Styles DE VIE ET L'ORGANISATION DE LA PRODUCTION DANS LES PAYS ANGLO-SAXONS

Face aux problèmes d'ordre économique, social, culturel posés par la crise structurelle qui touche actuellement les pays industrialisés, l'État et le marché font preuve d'immobilisme et de rigidité. Confrontée à cet immobilisme des institutions, la société civile tente de "trouver des solutions nouvelles à des situations de crise vécues". Ceci donne lieu à de multiples expérimentations sociales dans les domaines les plus variés, toutes allant cependant dans le sens d'une satisfaction des besoins exprimés par la population à l'échelle locale. Le développement de ces initiatives à la base implique nécessairement une redéfinition du rapport que la société civile entretient avec le marché et l'État.

Dans les pays anglo-saxons, dont le système institutionnel n'est pas traditionnellement centralisé et où la propension de la population à se regrouper pour des actions communes n'est pas récente, il parait particulièrement intéressant d'étudier l'évolution d'un tel processus. Cette étude a donc pour objectif de réperdre des expérimentations menées dans différents champs de la vie collective, de les évaluer en fonction des transformations structurelles qu'elles impliquent et d'analyser l'évolution du rapport de force société civile/État/marché qui en résulte.

Plutôt que de recenser l'ensemble des expérimentations, nous nous sommes attachés à ne retenir que les cas qui paraissent les plus porteurs d'avenir, c'est-à-dire ceux qui gênaient une véritable dynamique sociale. Par souci de clarté, il nous a paru nécessaire d'ordonner les expériences selon les domaines qui semblaient privilégiés dans le déroulement des expériences; développement urbain, consommation, santé, éducation, technologies appropriées, qualité de la vie au travail. Toutefois, nous sommes conscients des limites d'une telle classification dans la mesure où les expériences les plus intéressantes sont justement celles qui prennent en compte différents secteurs de la vie collective.

1. Développement urbain

Le thème de la participation des habitants à l'aménagement et à la gestion de leur cadre de vie n'est pas nouveau dans les pays anglo-saxons. Dès 1960, les Model Cities et Community Action Programs aux États-Unis ont été institués pour permettre aux habitants d'exprimer leurs opinions lors d'opérations locales d'aménagement. Depuis, essentiellement sous la pression des revendications de la
Population, la participation "institutionnalisée" s'est développée dans la plupart des pays anglo-saxons. Accordant aux associations reconnues le monopole de la participation, appelant les habitants à s'exprimer sur le contenu d'un projet et non sur le principe, la participation "par le haut" s'avère d'autant plus décevante qu'elle reste ponctuelle et débouche rarement sur une redistribution du pouvoir en faveur de la société civile. Ceci explique que l'on accorde plus d'intérêt aux actions menées à la base, qui génèrent une véritable dynamique au niveau de la ville ou du quartier.

Les initiatives locales ayant des effets sur le développement urbain sont multiples et diverses.

C'est le plus souvent pour s'opposer aux initiatives publiques et aux forces du marché, que les habitants décident de prendre en charge eux-mêmes l'organisation de leur cadre de vie. Ainsi, le mouvement des "squatters" anglais s'est développé par suite des conflits d'intérêts entre les municipalités, les promoteurs et la population. Aux États-Unis, le désir des habitants de prendre la parole, de s'opposer aux projets officiels et d'élaborer des contre-propositions a donné naissance à l'"advocacy planning". Un groupe d'"advocate planners" se met au service d'une communauté afin de défendre ses intérêts ; chaque acteur du processus d'aménagement est aussi représenté par son "avocat". L'efficacité de l'"advocacy planning" suppose bien entendu que les habitants "assistés" soient eux-mêmes organisés et en position de pouvoir face à la municipalité et aux aménageurs.

D'autre part, le rôle des "planners" étant ambigu - manipulateurs ou porte-paroles ? - les difficultés rencontrées par ceux-ci ont amené le mouvement à s'éteindre peu à peu.

La crise économique, sociale et culturelle qui touche actuellement les pays industrialisés amène la population à globaliser les problèmes et à intervenir dans tous les aspects de la vie locale. Il peut s'agir, comme c'est le cas à Craigmillar en Écosse, d'instituer un pouvoir de quartier prenant en charge la satisfaction de divers besoins et s'imposant aux autorités. Ou bien encore, la nécessité de ré-soudre une crise économique locale peut inciter syndicats, dirigeants d'entreprises, municipalité, à dépasser les conflits de classe habituels pour se concerter sur les stratégies possibles.

1/ Dans les opérations de réhabilitation urbaine, lors des études d'impact...


4/ Sur l'expérience de Jamestown, aux États-Unis, voir Commitment at Work - The Five Year Report of the Jamestown Area Labor Management Committee, City Hall, (Jamestown, N. Y. 14 701).
Si dans les deux cas, la participation s'avère être le seul moyen de résoudre une crise, elle peut prendre différentes formes. Ainsi, à Craigmillar, les habitants interviennent directement dans une association locale, tandis qu'à Jamestown, la participation s'effectue indirectement à travers les syndicats avec lesquels la municipalité et les dirigeants doivent nécessairement composer, s'ils veulent mener à bien leur projet de rénovation de la production.

Au-delà de leurs diversités, les expériences de prise en charge par la population du développement local démontrent que le social et l'économique ne peuvent être isolés des autres sphères de la vie collective. L'amélioration des conditions de vie à Craigmillar implique de prendre en compte non seulement les aspects socio-culturels de la vie locale, mais aussi les questions d'emploi et de développement économique; de même, à Jamestown, la relance de la production s'accompagne de différentes mesures dans le domaine de l'éducation, des communications... Le processus d'auto-développement qui en résulte s'accompagne nécessairement d'une redéfinition des rapports que la société civile entretient avec l'Etat et le marché. Pour la première fois on reconnaît à la population le pouvoir de décider elle-même et de mener à bien ou de participer à la mise en œuvre des projets qui la concernent.

2. Consommation

Le développement économique et la croissance forte des années d'après-guerre se sont caractérisés par un accroissement de la consommation des ménages. Après l'enjouement des premières années pour le bien-être et la facilité, les consommateurs des pays anglo-saxons s'élèvent aujourd'hui contre le pouvoir des firmes et le conditionnement dont ils font l'objet. Ceci incite un nombre croissant d'entre eux à s'organiser, soit pour défendre leurs intérêts, soit pour trouver des alternatives aux structures de consommation dominantes.

Les mouvements de protection des consommateurs ont bénéficié dans les dernières années d'une audience de plus en plus forte, tant dans le public qu'au prud des organismes gouvernementaux. Leurs actions sont variées, allant de campagnes d'information et de sensibilisation sur les prix/ ou sur certains biens ou produits, à l'édition de manuels d'organisation , et à un "lobbying" assidu auprès des membres du Congrès. L'ensemble de ces actions a incité l'Etat à prendre des premières mesures; l'obligation dans les pays d'Amérique du Nord, de soumettre les produits avant commercialisation à de multiples tests, n'est qu'un aspect d'une réglementation de plus en plus sévère en faveur de la protection des consommateurs.

Alors que les mouvements de consommateurs prennent en compte tous les aspects de la consommation, les expériences les plus innovantes concernent surtout le domaine de la consommation alimentaire et se déroulent à l'échelon local. Les plus connus


2/ Les plus connus d'entre-eux étant les manuels publiés par Ralph Nader aux Etats-Unis.
sont les coopératives de consommateurs qui existent maintenant dans la plupart des grandes villes américaines et canadiennes. Se présentant comme des alternatives aux réseaux de distribution traditionnels, elles offrent à leurs membres des produits de base généralement moins chers que dans les supermarchés et d'une qualité supérieure. L'accent est mis également sur la provision de produits naturels difficilement trouvables dans les réseaux de distribution habituels.

Qu'il s'agisse de clubs d'achat (pre-order coop) regroupant une quinzaine de familles, d'ententes de consommateurs plus larges (food conspiracies) ou de magasins coopératifs (food coops), tous ces réseaux parallèles exigent une forte participation de leurs membres. Pour les uns, le don de quelques heures de présence et de travail est essentiellement motivé par la perspective de réaliser des économies et de trouver des produits de bonne qualité; pour d'autres, c'est une forme d'action politique et sociale, voire de militantisme; pour d'autres enfin, la coopérative dépasse sa fonction initiale d'approvisionnement pour devenir un point de rencontre où peuvent se développer aussi bien des service collectifs comme la garde d'enfants, que des activités culturelles et de programmes de formation en matière de nutrition.

Plus en amont encore sont les expériences de jardin communautaires où les consommateurs prennent en charge eux-mêmes la production de leurs biens alimentaires en expérimentant également de nouvelles formes de culture comme l'hydro-culture ou la culture organique.

Coopératives et jardins communautaires représentent parmi d'autres des formes de prise en charge par la société civile de la satisfaction de besoins alimentaires mal satisfait par le marché. La multiplication de ces initiatives conjuguée avec le développement des mouvements de consommateurs devrait déboucher sur une redéfinition des rôles respectifs joués par les intervenants. Alors que jusqu'à présent les forces du marché imposaient leurs lois aux consommateurs, il semble que l'on pourrait évoluer, dans un futur plus ou moins proche, vers un renforcement du pouvoir de la société civile.

3. Santé

Un mouvement général de remise en question des systèmes de santé traditionnels se développe actuellement dans la plupart des pays industrialisés. La dénonciation des pratiques des trusts médicamenteux, du monopole de la médecine de pointe n'est pas spécifique aux pays anglo-saxons; toutefois elle rencontre une audience particulière dans les pays d'Amérique du Nord où le mauvais fonctionnement des services de santé a depuis longtemps été dénoncé.

En réaction contre le coût élevé des soins médicaux, contre une spécialisation de plus en plus poussée de la médecine, de nouvelles formes d'organisation des services de santé sont apparues récemment. Qu'il s'agisse de "free clinics"/


fréquemment rencontrées au Canada et aux États-Unis, ou des Centres Locaux de Services Communautaires du Québec /, toutes ces expériences mettent l'accent sur la "déprofessionnalisation, la déssectorialisation et la démédicalisation" des problèmes de santé. Contrairement à la médecine traditionnelle, elles accordent une grande importance à la prévention et à la détection en se rendant accessibles à tous, tant d'un point de vue financier que géographique. Ceci leur permet de toucher une clientèle plus large, peu habituée à recourir aux services médicaux traditionnels. Les "free clinics" américaines restent toutefois des expériences ponctuelles menées à la base. Dépendant de financements extérieurs pour fonctionner, elles sont soumises à un contrôle permanent du corps médical et les institutions traditionnelles qui les empêchent notamment de s'organiser au niveau national en vue de réformer le système de santé américain.

A l'inverse, des changements institutionnels menés à l'initiative de l'État paraissent plus prometteurs. La réforme du système de santé menée dans la province du Québec est à cet effet significative. La suppression de l'Ordre des Médecins, la réorganisation des services médicaux, la participation des usagers à tous les niveaux, l'animation des hôpitaux par des comités, l'indépendance des responsables régionaux par rapport au Ministère de la Santé, la revalorisation de la médecine générale sont autant d'aspects d'une politique volontariste de la santé, qui n'a pu être menée que grâce au soutien dont elle bénéficiait dans les milieux gouvernementaux du Québec. Si de telles mesures ont inévitablement rencontré des difficultés d'application, elles témoignent de la capacité des pouvoirs publics d'innover en matière de pratique médicale. Encore faut-il qu'ils en aient la volonté!

4. Education

Les critiques envers les formes d'éducation traditionnelles ne manquent pas. Les uns reprochent à l'école d'étouffer la créativité et la spontanéité des enfants, les autres contestent la rigidité et la directivité des programmes d'études; quant aux professeurs, c'est essentiellement l'immobilisme des institutions scolaires qu'ils dénoncent.

Alors que jusqu'à une date récente, des écoles du type de la célèbre école de Summerhill en Grande-Bretagne restaient exceptionnelles et ne touchaient qu'un nombre réduit d'enfants, les écoles parallèles se multiplient aujourd'hui dans les pays anglo-saxons et s'accompagnent de la mise en place de programmes universitaires innovants.

Les écoles alternatives américaines et canadiennes / mettent l'accent sur un enseignement actif, en prise avec la réalité locale et sur une ouverture de l'école tant aux parents qu'à la communauté environnante.

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Développées, à l'origine, hors des institutions scolaires, de telles méthodes d'enseignement, par suite de l'intérêt qu'elles ont suscité tant chez les enfants que les parents et les professeurs, commencent à être reprises dans les écoles publiques. Ceci devrait permettre à un nombre croissant d'enfants, notamment ceux des milieux les plus défavorisés, de bénéficier d'un enseignement mieux adapté à l'évolution des styles de vie et des mentalités.

La recherche d'un lien entre l'éducation et la vie active est également visible au niveau universitaire. Au-delà de mesures visant à offrir un éventail de cours plus large et à adapter certains programmes aux possibilités d'emplois, il faut signaler les tentatives d'ouverture sociale des institutions universitaires. Ainsi, les universités ouvertes rencontrées notamment en Grande-Bretagne, multiplient les cours du soir, remodèlent le contenu des programmes d'enseignement afin de se rendre plus accessibles en particulier aux travailleurs.

Les expériences les plus avancées en matière d'ouverture sociale se situent cepen-dant en dehors des institutions. Elles assignent aux institutions scolaires et universitaires, non plus seulement une fonction d'enseignement, mais aussi une fonction sociale au sein de la communauté. Le cas du collège de femmes de Williamsburg aux États-Unis est à cet effet significatif. Gratuit, créé à l'initiative d'un groupe de femmes orienté sur la vie locale, ce collège permet à des femmes de minorités ethniques notamment, d'une part d'acquérir certaines qualifications, d'autre part de se libérer de leur rôle traditionnel de femmes au foyer et de jouer un rôle social en participant à des activités collectives au sein de la communauté.

L'ouverture sur l'extérieur des systèmes d'éducation implique nécessairement une remise en cause des structures hiérarchisées, centralisées, rigides qui les caractérisent actuellement. Accroître l'autonomie des écoles et universités, élargir leurs marges d'initiatives, prendre en compte des besoins non directement éducati-onnels exprimés par des groupes sociaux, sont autant d'éléments qui, au vu des expériences menées dans les pays anglo-saxons, devraient être privilégiés dans les politiques d'éducation futures. Il faut être conscient cependant des risques de telles politiques qui pourraient encore accentuer la ségrégation déjà existante, notamment dans les pays d'Amérique du Nord, entre les bonnes écoles situées dans les quartiers riches et les mauvaises écoles situées dans les secteurs les plus pauvres.

5. Technologies appropriées

Si l'on s'accorde à reconnaître les effets bénéfiques d'une technologie de pointe, à la base du fort développement économique des années d'après-guerre, on reconnaît aujourd'hui ses limitations : la dégradation de l'environnement, l'aliénation de l'homme par la machine lui sont notamment imputables.

Le constat de la dégradation de l'environnement et des limites des ressources mondiales a incité les gouvernements anglo-saxons à prendre des premières mesures

1/ Les institutions universitaires représentent aussi bien les universités publiques que privées qui, particulièrement dans les pays d'Amérique du Nord, peuvent être confondues du point de vue de l'enseignement et des titres qu'elles offrent.

de protection. L'insuffisance de ces mesures, particulièrement en matière de politique énergétique, la prudence avec laquelle elles ont été appliquées ont fortement limité leurs effets. Ceci explique que, soit dans le cadre de leur travail, soit dans le cadre de leurs loisirs, des petits groupes de chercheurs, de techniciens, d'étudiants, aient jugés nécessaire d'aborder la question des technologies en privilégiant notamment la recherche de technologies non polluantes, mais aussi de technologies moins intensives en matières premières et en énergies rares.

Ainsi, tant en Grande-Bretagne 1/ qu'aux Etats-Unis, des programmes du type du "Small Farm Energy Project" 2/ ont été initiés en vue d'améliorer les conditions de la production. De tels programmes sont menés de façon ponctuelle et relèvent donc souvent de l'expérimentation.

Au-delà d'une prise en compte de l'environnement, certaines approches s'intéressent de façon plus approfondie à la réalité socio-économique présente. Le problème du rapport de l'homme à la machine est notamment posé, dans la mesure où le recours à des technologies toujours plus sophistiquées rend plus forte l'emprise de la machine. On peut le constater tant au niveau des systèmes de production basés sur une division accrue du travail, que des produits finis dont la maintenance implique de plus en plus fréquemment le recours à un spécialiste. En réaction contre une telle évolution, des expériences comme celle de la Lucas Aerospace 3/ en Grande-Bretagne mettent l'accent sur la maîtrise de la machine par l'homme. Si la défense de l'emploi est primordiale pour les travailleurs de l'entreprise menacée de fermeture, la recherche de nouvelles productions est mise en avant. L'accent est mis par les travailleurs sur la production de biens "socialement utiles", par exemple d'une durabilité accrue, facilement maîtrisable par leur utilisateurs ou valorisant les ressources abondantes.

Ceci implique, pour l'entreprise, une reconversion complète de la production et la mise au point de technologies nouvelles tant au niveau du produit reconnu "socialement utile" que du système de production qui doit accroître la responsabilité du travailleur. L'expérience de la Lucas Aerospace est d'autant plus intéressante qu'elle a donné naissance à d'autres expériences identiques et est à la base de la création d'un "Centre pour les systèmes technologiques et industriels alternatives".

1/ Voir à ce sujet l'article de J.P. Milton "Communities that seek peace with nature", The Futurist (Washington: Dec, 1974).


De façon générale, il apparaît qu'une dynamique réelle prenne le relai d'expériences ponctuelles menées dans le domaine des technologies appropriées. Ainsi la mise en place de réseaux tels TRANET1/ permettent la diffusion des technologies appropriées et la structuration du mouvement. Ces expériences témoignent de la capacité d'invention de la société civile et de l'aspiration d'un nombre croissant d'individus à un nouveau mode de production basé sur des industries de petite taille, une décentralisation des décisions et des activités, une meilleure qualité de vie au travail... Dans la situation de crise que connaissent actuellement les pays anglo-saxons, cette nouvelle économie décrite entre autres par Hazel Henderson2/, se présente comme une alternative aux solutions traditionnelles dans la mesure où elle considère le développement non plus en fonction de la logique de la production, mais en fonction des besoins sociaux. Si un tel mouvement paraît encore marginal aux États-Unis, il pose un enjeu pour le futur.

6. Qualité de vie au travail

La multiplication des conflits à l'intérieur des entreprises, la baisse de la productivité, des "turn-over" et des taux d'absentéisme élevés révèlent l'insatisfaction des travailleurs. L'ennui, le caractère aliéné du travail résultent essentiellement des mauvaises conditions de travail, et expliquent que de nombreuses expériences d'amélioration de la qualité de vie au travail aient été menées dans les pays anglo-saxons.

Diverses expériences initiées par des chefs d'entreprise montrent cependant leurs limites. Visant en premier lieu à accroître la productivité et les profits de la firme, ces expériences, bien qu'elles améliorent certains aspects des conditions de travail, ne remettent nullement en cause la distribution du pouvoir à l'intérieur de l'entreprise et n'aboutissent par conséquent à aucune modification fondamentale dans l'organisation du travail.

C'est pourquoi, les expériences d'organisation collective des travailleurs pour contrôler leur outil de production nous paraissent d'un plus grand intérêt. La propriété de l'entreprise par ses salariés recouvre des situations très diverses. Si dans les coopératives chaque sociétaire dispose d'une part égale et d'une voix, la situation paraît plus complexe dans les entreprises rachetées où bien souvent le capital est détenu de façon inégale par les employés, voire par des personnes extérieures à la firme. Il en résulte un certain nombre de problèmes dont les plus importants concernent le contrôle de la firme et sa survie.

La distribution inégale du capital entre les employés peut aboutir à une concentration des parts entre les mains de certains groupes de travailleurs. Ceci est particulièrement grave si les gros détenteurs de parts sont ceux qui, avant le rachat, exerçaient une fonction d'encadrement au sein de la firme.

En effet, les rapports de force pré-existants ont de grandes chances de se reproduire, amenant une grande déception pour de nombreux travailleurs et remettant en question, comme c'est le cas à Vermont Asbestos Group3/, le contrôle de la

1/ TRANET - PO Box 567 - Rangeley, Maine 04970, USA
firme par l'ensemble de son personnel. D'où la nécessité de créer des trusts re-
groupant les parts des salariés et permettant une gestion plus unitaire de la
firme. Les trusts se présentent également comme un moyen d'assurer la survie de
l'entreprise. Disposant d'une priorité pour racheter les parts des employés, ils
peuvent empêcher un transfert de propriété à l'extérieur de la firme ou une con-
centration de parts entre les partenaires les plus haut placés dans l'entreprise.
Signalons que le problème de la survie n'est pas propre aux entreprises rachetées.
Dans les coopératives, il se pose de façon d'autant plus critique que les entre-
prises sont performantes. Ainsi, dans les entreprises comme les coopératives
de contre-plaquê du Nord Ouest1), l'accroissement de la valeur des parts est tel
que se pose le problème de leur revente. Pour éviter une telle situation, de
nombreuses coopératives créées récemment ont volontairement élargi le nombre de
leurs membres, quitte à réduire la valeur des parts.

- Fonctionnement de l'entreprise.
Le contrôle de la firme par les travailleurs, leur participation accrue au pro-
cessus de décision se traduisent nécessairement par des modifications dans le
fonctionnement de l'entreprise.

Mis à part des entreprises comme Vermont Asbestos Group où comme on le notait au-
paravant la redistribution inégale du capital perpétuait les rapports de force
antérieurs, on note dans la plupart des entreprises étudiées, un mouvement en fa-
vour d'une suppression de la hiérarchie interne et d'une harmonisation des salaires.

Ceci va de pair avec une décentralisation des décisions et un accroissement de la
responsabilité des travailleurs ou des équipes de travailleurs. Dans les collec-
tifs juridiques par exemple, chaque juriste choisit ses dossiers et en est res-
ponsable du début à la fin ; à un niveau plus large dans le plan de syndicats de
la Lucas Aerospace, il est proposé d'éclater les systèmes de production existants
en unités plus décentralisées et plus autogérées.

La réorganisation du travail peut également aller dans le sens d'une déspecialisa-
tion des travailleurs et donc d'une suppression des rapports de force pré-existants.
Ainsi, dans l'usine de motos Triumph Bonneville en Grande Bretagne2), la formation
des travailleurs à différents types de travail, la rotation des tâches aboutit
à éliminer la division traditionnelle du travail et ne justifie plus la persis-
tance d'une hiérarchie formelle.

- Perception du lieu de travail.
La prise en charge par les travailleurs de leurs activités de production se ca-
ractérise généralement par une recherche d'ouverture de l'entreprise sur son
environnement. Une telle attitude peut être dictée par les circonstances ; c'est
notamment le cas à Jamestown où la mise en place de la stratégie de relance de
la production implique la participation et le soutien de tous les acteurs con-
cernés, qu'il s'agisse de la municipalité, des institutions scolaires, sociales...

1/ Voir K. Berman "Les coopératives ouvrières dans l'industrie du contre-plaquê",
Auto gestion et socialisme (Paris : nov. 1975).
Par contre, dans de nombreuses firmes contrôlées directement par leur personnel, l'ouverture du monde du travail est désirée par les travailleurs eux-mêmes et s'inscrit dans un processus d'amélioration de la qualité de vie au travail. Il peut s'agir de lutter contre l'anonymat du travail grâce à une personnalisation des relations avec la clientèle (travailler "avec" et non "pour" un client), ou bien encore l'entreprise peut devenir un lieu de rencontre, de discussion, c'est-à-dire dépasser sa fonction initiale de lieu de travail pour remplir également une fonction sociale.

L'environnement de l'entreprise doit aider les travailleurs à s'épanouir, affirme le directeur d'une des firmes anglo-saxonnes les plus avancées en matière d'organisation du travail. Si l'ouverture sur l'extérieur de l'entreprise est un moyen d'atteindre ce but, d'autres mesures prises à l'intérieur de l'entreprise y contribuent également. Le rétablissement de bonnes relations de travail grâce à la suppression de la hiérarchie et de la compétition entre les employés, l'accroissement des responsabilités, la possibilité de discuter, de prendre des initiatives, de participer aux discussions sont autant d'éléments qui contribuent à valoriser le lieu de travail.

Les nombreuses expériences d'amélioration de la qualité de vie au travail sont à rapprocher des initiatives prises par la société civile dans d'autres domaines tels le développement urbain, l'éducation, la santé... L'ensemble de ces mesures témoigne d'une dynamique sociale suffisamment forte pour inciter les gouvernements anglo-saxons à prendre de premières mesures. Ainsi, à l'occasion de programmes de développement local destinés initialement à résoudre une crise de l'emploi, des mesures d'encouragement aux initiatives locales ont été prises. Parmi ces mesures, il convient de signaler le Comprehensive Employment and Training Act (CETA)1/ aux États-Unis, visant à susciter la création d'emplois locaux grâce à une aide financière du gouvernement fédéral, et les Programmes d'Initiatives Locales (PIL) lancés en 1971-72 au Canada dans le but de favoriser la réalisation par les chômeurs de travaux locaux à but non lucratif et d'intérêt social2/.

Allant également dans le sens d'un accroissement des responsabilités à la base, un projet de loi a été déposé au Congrès américain dans le but de faciliter le rachat de firmes par leurs employés3/. S'ajoutant à ces diverses mesures, la création d'institutions telle la Community Service Administration aux États-Unis a aussi pour objet de susciter et de promouvoir les actions menées à l'initiative des communautés locales.


Les pays anglo-saxons commencent donc à faire preuve d'une relative souplesse face au développement des initiatives locales dans différents champs de la vie collective. Toutefois au-delà de leur multiplication l'intérêt de ces initiatives locales tient à leur capacité de générer une dynamique réelle au niveau social qui induit des transformations structurelles et une redistribution du pouvoir au profit de la société civile. L'examen des expérimentations sociales menées dans les pays anglo-saxons montre que face au pouvoir du marché et à l'immobilisme des institutions, les expériences les plus porteuses d'avenir nécessitent le plus souvent un soutien de l'Etat.

L'Etat a donc un rôle primordial à jouer pour favoriser "l'élimination progressive des cadres formels, l'élargissement des espaces autonomes de choix" qui permettront le développement de nouveaux styles de vie et d'organisation de la production mieux adaptés aux aspirations de la population et à l'évolution des conditions économiques et sociales.


**EXPERIMENTOS SOCIALES: CAMBIANDO EL ESTILO DE VIDA Y LA ORGANIZACIÓN DE LA PRODUCCIÓN EN LOS PAÍSES ANGLOSÁJONES**

Resumen: Los países anglosajones experimentan actualmente una crisis económica, social y cultural que el estado y el mercado, dentro del contexto de sus estructuras existentes son incapaces de solucionar. La "sociedad civil" (cf. Sachs, Documentos FIPAD 2) tiene que participar en y encargarse de la satisfacción de ciertas necesidades, bien como de participar en la creación de nuevas soluciones para crisis viejas.

Este informe examina diferentes experimentos sociales que surgen de la iniciativa popular en varios campos de la vida comunal en aquellos países, por ejemplo, el desarrollo urbano, consumo, salud, educación, tecnologías apropiadas y vida laboral. Demuestra que además de su proliferación, el interés de estas iniciativas está en su capacidad para engendrar una dinámica social autónoma que resultará en transformaciones estructurales y en la redistribución del poder a favor de la sociedad civil.


**Abstract:** A "communalist society" is proposed as an alternative to the increasingly coercive power of both capitalist and bureaucratic socialism. As both lose the moral authority to prescribe what should be done, they are increasingly pressing against the inner limits of human tolerance and the outer limits of the environment. Seven guiding principles of a communalist society are formulated: people should live actively by becoming engaged in the political life of a territorially bounded community; needs orientation in the production of livelihood should be established and human consciousness should be liberated from neurotic compulsions of hyperconsumption; the workplace should be democratized and access to the bases of political power should become equal through political discourse; political life should be kept intimate in terms of scale, language and rules; community responsibility for basic resources should be established; obligation of reciprocal service should be introduced; and a communalist state should be built through collective self-determination of autonomous political communities.

These guiding principles are elaborated both on the basis of the moral and theoretical construction of the communalist society and with a view of translating them into political practice. The communalist society already exists in the diaspora; it can gather strength by drawing upon a rich revolutionary tradition and many successful techniques of political struggle.

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**Résument:** Une "société communaliste" est présentée ici en tant qu'alternative au pouvoir de plus en plus coercitif du capitalisme et du socialisme bureaucratique. Perdant, l'un comme l'autre, l'autorité morale de prescrire ce qu'il faut faire, ils assemblent leur pression sur les "limites intérieures" de la tolérance humaine et les "limites extérieures" de l'environnement.

L'essai ci-dessous formule sept principes d'une société communaliste : les citoyens devraient être engagés dans la vie politique d'une communauté territorialement déterminée; la production de la base matérielle de l'existence devrait être orientée vers la satisfaction des besoins; la démocratie devrait s'établir sur les lieux de travail et l'accès aux moyens du pouvoir politique devrait être égal dans le discours politique; la vie politique devrait être à la
COMMUNALIST SOCIETY: SOME PRINCIPLES FOR A POSSIBLE FUTUREa/

John Friedmann

"If I had had to make choice of the place of my birth, I should have preferred a society which had an extent proportionate to the limits of the human faculties; that is, to the possibility of being well-governed: in which every person being equal to his occupation, no one should be obliged to commit to others the functions with which he was entrusted: a State, in which all the individuals being well known to one another, neither the secret machinations of vice, not the modesty of virtue should be able to escape the notice and judgment of the public; and in which the pleasant custom of seeing and knowing one another should make the love of country rather a love of the citizens than of the soil." (Jean-Jacques Rousseau, "Dedication to the Republic of Geneva: A Discourse on the Origin of Inequality," 1755).

The moral vision of both capitalism and bureaucratic socialism, as these systems actually exist, is waning. They continue to dominate our lives, but as their moral authority declines, they come increasingly to rule by force. Backed by an enormous power to coerce compliance, both are pressing furiously against the inner limits of human tolerance and the outer limits of the environment.

Faced with extreme danger, life reasserts itself. Through political struggle, it brings into being a new society. This society I call communalist. The present essay is an attempt to envision what a communalist society might be like, and how it might come into existence. The text is divided into three major parts:

1. Theoretical construction
2. Guiding principles
3. Political practice

Theoretical Construction

To be human is to be a moral agent, able to choose freely amongst alternatives and to engage in consequential action. Moral questions arise as we consider how we ought to act in respect of others. We are, therefore, as individuals, a being-in-relation, and because we are inherently open towards the world, confronted with many possibilities, the question of how we should conduct ourselves must be solved again and again.

The moral values we draw upon in choosing are themselves the product of collective life. They arise within and are sustained by organized communities whose moral universe is widely thought to be correct, appropriate, and just. Moral values are consensual, and actions based on them are said to be legitimate, because results tend to confirm their rightness. In this way, organized communities succeed in justifying the reproduction of the basic patterns of collective life.

a/ A bibliography underlying this essay is available from IFDA.
It is clear, however, that the moral code of a community also legitimizes established relations of power. An instrument of domination in the hands of the ruling class, it is not only an integrative but an alienating force. By putting servile for liberating values, it renders exploitation of the people easier.

Yet a community cannot be reduced exclusively to the language of its moral discourse. To the extent that it has consciousness of itself--and thus a consciousness of its own history--it also engages in collective decisions about the future. To the language of moral choice is added a language that addresses the res publica of the community, its public business.

A life in community implies an appropriate theatre of action, a distinctive physical environment, a territorial ordering of life. Such an order is primarily defined by its political institutions. (Where these institutions do not exist, they are often ardently desired). And because it is a bounded social order, a moral and political discourse, which is time-binding and rooted in tradition, is able to be sustained.

The practice of political discourse creates one of the great domains for public action--the political community. This is the ground from which all institutions of governance arise and into which they sink or disappear when their time has come. The political community is engaged in a process of continuous creation through which it produces, reproduces, and transforms not only its own specific structures but also those of state, economy, and civil society with which it is closely interrelated.

Over the past 300 years, territorially integrated communities throughout the world--cities, provinces, regions, and most recently the nation-state--have been systematically undermined, weakened, and disrupted by economic forces that express primarily an individual-possessive rather than a common and collective interest. Surging autonomously out of a pre-capitalist matrix, the object of economic life was human happiness which was said to rise directly in proportion to material gain. (The happiness of the community was to be simply the happiness of its parts). However, because human beings become satiated as they increase their consumption of any particular commodity, a steady gain in happiness could be assured only with respect to a universal medium of exchange, the general commodity of money. To increase monetary income thus became the principal pursuit of life.

Under capitalism, the production of livelihood, or the economy, is organized through a series of interconnected markets in which commodities, such as labor power, artifacts, money, land, and information are offered for sale to anyone who can command their price. Although markets have local configurations, their physical extent is global and unbounded.

Markets partly overlap with territorial communities, but they function for the most part independently of them. According to prevailing doctrine, any attempt to control the performance of markets in accord with a collective interest is a "distortion" of spontaneous and natural forces that will reduce the sum of human happiness.

Under the cover of this ideology, an unprecedented expansion of productive forces has occurred. It has also exacted an enormous price. Sapping the political strength of territorially-based communities, it has destroyed their
ability to subordinate the production of livelihood to an expression of their collective will. Although this general debilitation of the political principle of human organization has been most evident at local and regional levels, we are slowly becoming aware that even the nation-state is no longer immune: it, too, is gradually suborned to the interests of global capital.

The political domain was largely excluded from the place of work, because capital insisted on the rule of managerial skill and money. The state, in imitation, proceeded to substitute what it called science for the traditions of politics. While capital wanted everyone to be obedient as a worker and, as a consumer, anxious for pleasure and for emulation, the state preferred respectful subjects. Workers eventually succeeded in opening a democratic wedge in the empire of capital, but the totalizing tendency of the state was not resisted.

Life was thus aligned along a technocratic axis that had the domains of the state and the economy as its principal poles. The paradigm for both was the market whose behavior was ultimately governed by self-interest.

Neither moral nor political, the market's powers were purely instrumental, relating means to given ends.

The question of how the ends themselves come to be formed is out-of-bounds. According to the market model, ends are individual, subjective, and not comparable with each other. Applied to the state, the model is modified to allow for the periodic election of specialists in the determination of collective ends, themselves assisted by professionals and other experts. In elections, each voter is supposed to consult his private conscience, and to record the outcome of this introspective search in secret. The formation of a collective will through a discourse that involves both workers and consumers in their civic role is resisted both by capital and by the rulers of the bureaucratic state.

In their spatial dimension, market areas are superimposed on the physical space of territorial communities. To bring the two into coincidence and overcome the contradictions between them, the latter are also being organized according to the market principle for greater gain.

In this, the needs of a collective life are treated as only vestigially important, and private wants take precedence in almost every case. And so, by responding more and more to the logic of markets, territorial-political communities are reduced to the functional requirements of livelihood, while the roles and moral obligations of citizens are dismissed as irrelevant and even detrimental to the uninhibited pursuit of pleasure.

As citizens, we have therefore all but relinquished our right to direct and control the destiny of the communities to which we belong. As more and more of our lives are subsumed under the categories of the market, the production of life, including its creative and affective spheres, is being crippled and deformed. We lead lives that are atomized, privatized, and manipulated by a tiny minority who, in turn, control the instruments of production (including information) and the organization of markets and economic space. Lost to us is the vital sense of community, history, and destiny. As quantitative succeeds to qualitative growth, and the territorial bases of community are relentlessly absorbed into the global networks of the market, the economy is edging forward to its final crisis.
The crisis we face extends across the globe. Engendered by the very successes of capitalism and bureaucratic socialism competing for the management of a science-based industrial development that first unfolded in the 18th century, it now appears to have run its course. Capitalism made dominant a functional order that submitted human existence to the hegemony of quantitative growth. This is its principal contradiction; it is as well the likely source of its eventual undoing.

The magic has gone from economic growth. In the rich countries of the global center, we have suddenly become aware of the finitude of Spaceship Earth. And it is evident now, if it was not before, that the near-vertical expansion path of the economy cannot possibly be sustained.

Our accounting systems are faulty. There is good reason to believe that the social costs of production are rising and may soon outstrip the gains recorded in the national accounts. When this fatal point is reached, the world will for the first time in the history of humankind—allowing for periodic ravages of war—begin to use up its accumulated wealth.

Certain trends in the countries of the center suggest that the era of material incentives may soon be drawing to a close. As we search out new freedoms, material consumption is losing its grip on our lives. Some, indeed, may raise their efforts to a neurotic pitch to score still further gains or merely to hold on to what they have. But they may soon be a minority.

As the global economy cools down, contradictions arise. People are forced out of work or have difficulty finding work. Prices soar, as scarcities appear. In its eagerness to provide both guns and butter, the state resorts to inflationary measures of finance. Worst of all, the spectre of human redundancy descends on our cities, accompanied by violence, police repression, and the dehumanizing praxis of the welfare state.

The global expansion of capital exacerbates existing inequalities, injustices, and exploitation. And yet, the poorer countries of the world's periphery cannot hope to replicate the growth path of unlimited consumption. Already, a majority of their populations are living at or below official poverty levels, and with each year, their numbers are increasing. In the whole of the classical repertoire of economic policy, there is no remedy that will lift from them their life sentence of penury and hunger.

A system that has no place for a majority of the people has lost the moral authority to prescribe what should be done. And therefore, for reasons of both moral vision and necessity, the public life of territorial communities must be recovered. We have to find the path for a direct engagement with the world to reestablish there the primacy of life over livelihood, of the political domain over the domain of economics, and of community over self-interest.

Guiding Principles

1. Bounded Growth I: The Territorial Basis of Life

To live actively is to become engaged in the political life of a territorially bounded community. It is within such a community that we acquire a public identity and self. Standing in relation to others, we are both defining and defined, in a reciprocal relation of support and conflict. And so we attain
to our full humanity: we become a center of moral action, a true person.

To be an individual in the sense of a single, lapidary entity is to be reduced to a metaphysical abstraction. Individual character is acquired only by a standing in relation to others. But we stand in relation not in some abstract space, but on the real soil which is the territory of a social order that seeks its ultimate expression through institutions that define a political domain in which the collective destiny of the community is decided.

Thus we are social, that is political, beings first and foremost, which means that we have a collective history and a stake in the political institutions in which we make our home. We belong, by nature, to a territorially defined political community. Deprived of this community, we lose a vital dimension of ourselves.

All territorial-political orders have an historical identity. That is to say, they have a collective memory of the past, which is enshrined symbolically, and a vision of the future which is regarded as a common trust.

To speak of territorial communities is not to say that one part smoothly fits into another, comprising an harmonious whole. The territorial-political order matters fundamentally because it defines who we are as social beings. Being thus intrinsically a part of our life, it must be shaped into conformity with how we want to live. But because we differ in the ideas we have about the good society, political life is filled with contradiction and conflict.

So long as political institutions continue to enjoy consent, the forms and boundaries of political conflict are determined by them. But once their legitimate standing is lost, conflict spills over traditional bounds as the people endeavor to restore the space in which their legitimate struggle for freedom, justice, and the good life may be carried on.

Politics is talk, and talk, action. Politics comprises those action through which a public domain comes into being. That domain must be open to everyone in the community, and in it, everyone must have an equal voice. There are no a priori grounds for restricting to a specifically political class the right to define the nature of the public business.

Although it ensures to everyone the equal right to participate, a territorial-political order is exclusive to the extent that it draws an invisible boundary between itself and every other who does not share in its collective life.

That is the condition of its boundedness. The boundary, however, is both relative and permeable. Most of us are simultaneously members of several political communities which, in their autonomy of action, are mutually restrictive of each other. Like a nest of Chinese boxes, they are typically encapsulated, one within the other, extending in scale from the locality to the larger entities of province, region, and nation. (Beyond the nation there are still wider public spheres that have significance. Over time, they may grow in historical salience, but at present, their existence is more symbolical than real).

The boundedness of territorial-political orders sets limits to quantitative growth. Because of these limits, it cannot be assumed that the mere increase of any salient variable—e.g., economic production—will automatically lead to an improvement in the quality of collective life. On the contrary, unless it is
guided and held to a public purpose, quantitative growth, in principle unlimited, may well diminish the quality of life.

Territorial boundaries have the power to transmute quantity into quality. Where the former results from a simple addition of a uniform entity, such as money, qualitative growth leads to patterned diversity. Instead of saying, "more is better," we can say, "better is better." And because objective standards for determining the "quality of quality" do not exist, the determination of such standards requires a political discourse about them.

2. Bounded Growth II: Needs and the Liberation of Human Consciousness

A bounded territorial order is consistent with an economy devoted to the satisfaction of needs. Needs are finite in nature. Given the territorial limitations on resources, a needs-orientation in the production of livelihood would appear to be a structurally compatible solution.

Because needs represent specific claims on the resources of a community, they require public justification. There must be a political discourse about them. This alone is able to establish the legitimacy and proper ordering of claims. In political discourse, needs are objectified; they acquire a public nature.

From a standpoint of public planning, three kinds of need may be distinguished: of individual survival, of the community, and of the household. Individual survival needs refer to the minimum required for a human existence. Since being human implies at some level above biological subsistence, these needs are more than purely physiological and must be politically determined. Communal needs ensure the reproduction of collective life with its specific culture, aspirations, and traditions. In determining these needs, it is essential that access to the means of their satisfaction be extended equally to all the people. Household needs, finally, are those which may be considered after adequate response had been made to all other needs. They are a category of residual need whose composition, in the final analysis, is left to the discretion of the household.

These needs refer exclusively to the conditions of material life. In addition, a needs-oriented economy must also consider the satisfaction of non-material needs, such as free association in human fellowship and uninhibited engagement in the life of politics. Non-material needs, however, may require a material setting.

Needs must be evaluated in a context of qualitative growth. Because it sets out to guarantee a basic livelihood to every member of the political community, a needs-oriented economy creates a temporal space for the free development of consciousness. Liberated from the neurotic compulsions of hyper-consumption, human consciousness can in greater measure be devoted to participation in the political discourse through which the structure of collective needs is itself determined.

It is by participating in the political life of a territorial community that we acquire a sense of who we are. It is through political discourse, as well, that a needs-oriented economy comes into being which, by liberating consciousness, allows us to reach out to our full humanity. The active, non-exclusive participation of the community in a discourse concerning human needs and the means for their satisfaction therefore becomes itself a high-order need. And
the right of equal access to such discourse is the radical demand of a
communalist society.

3. Political Discourse I: The Democratization of the Work Place and the
Struggle for Equalizing Access to the Bases of Social Power

The demand of equal access to political discourse requires a comprehensive look
at the bases for democratic participation in the public life of a community.
Equal access, however, does not assure an equal probability of influencing the
outcome of public discussion. For this to happen, individuals must first com-
mand a sense of personal autonomy that will give them a respectful hearing
in the community's political assemblies.

To gain enhanced autonomy, or social power—that is, a heightened ability to set
purposes into the world and to achieve them—a further condition must be satis-
fied: equalizing access to the bases of social power. Six such bases may be
 provisionally identified: tools of production and physical health; social and
political organization; knowledge and skills; information; social networks; and
financial resources. A generalization may be ventured: within a given popula-
tion, the greater the actual inequality of access to these bases, the wider
will be the cleavages of social class and the more severe the oppression,
exploitation, and alienation of the people. Because such cleavages are inadmis-
able in a communalist society, an intensive struggle must be waged to reduce
the oppressive effects of class domination. There is no end to such a struggle;
it is continuous and permanent.

One of the major ways for attaining greater equality of access to social power
is to engage in socially productive work. In a communalist society, the
decision of what is or is not to be regarded as socially productive is reached
through a political process in which needs are identified and common resources
allocated. It is therefore imperative that the principles of equal access and
political discourse be applied to the organization of work no less than to the
political institutions of the territorial community. Workers must achieve
democratic control over their enterprise and generate a process through which
they can effectively take part in the community's decisions concerning the
production of livelihood and life itself.

Work is not a domain apart and independent of community. As soon as it has
come under self-regulation, the very ways by which enterprise and the produc-
tion of livelihood relate to the larger context of social life will be
dramatically transformed. No longer need work be an isolating experience; it
now will be more closely joined to the social and political context that sur-
rounds it. The enterprise, for instance, may assume a major responsibility
for educating workers in those areas of knowledge which underlie good citizen-
ship and intelligent productive effort. On the other hand, each worker should
have the possibility of taking part in functional organizations, such as labor
and farm workers' unions, women and youth organizations, and the like. For
workers' control is not, by itself, enough to ensure the operation of enter-
prise (or of the community in its more formal aspects) in accord with the true
interests of their class. In a communalist society, it should be possible to
carry on a collective political struggle in order to ensure the continued
vitality and responsiveness of both the enterprise and the political community.

In most parts of the world, both corporate and state enterprise remain bastions
of a totalitarian order that is imposed by management on workers from above.
If it is to become compatible with the premisses of a communalist society, this order must be revolutionized. Where workers directly control the use of their tools, where they are drawn into political discourse, and where the enterprise itself assumes major responsibility for equalizing their access to the bases of social power, much of the workers' life, and of their families' and friends', can revolve around productive enterprise as a social institution of key significance. In this way, the existing sharp break between work and community, production and consumption, livelihood and life—so typical of capitalist society—can be bridged if not perhaps entirely erased. The survival of the enterprise will then no longer be contingent on meeting the exclusive functional criterion of efficiency but on satisfying social and more specifically human needs.

4. Political Discourse II: The Intimate Scale of Political Life

Political discourse takes place in a space of public appearance in which we encounter each other, see and are seen, hear and are heard, and where the fundamental mode of communication is dialogic. It is through a dialogue in small groups, that ideal speech-situation in which what we say to each other is undistorted by dominant-subordinate relations and corrected by close personal knowledge, that communal needs are determined. Although the space of public appearance is an actual place of meeting, it is also an institutional space defined by rules that are binding on all who enter to participate.

To be open to everyone, political discourse requires an appropriate setting. This points to the scale of a political community as the relevant criterion. And scale, in turn, must be defined with an eye to the incentives and motivations of people to take an active part in political life. The discourse of politics must be conducted in the language of ordinary folk. It must deal with issues with which they are familiar and about which they care enough to engage in serious discussion about them. This suggests that the optimal settings for political discourse are the local community and place of work, because it is here that people spend most of their lives, and that the impact of external change is directly experienced. Local community and work place are living settings: people are closely familiar with them, and generally they care about them. There are no greater experts on local matters than the inhabitants of a place or the workers at a specific location. Relations at this level are both personal and transparent, empirical verification is relatively easy, and meetings are readily convened.

The scale of citizen groups through which a political discourse can be formally constituted is therefore intimate and small. A total resident population of about 500 might comprise a street assembly. Equivalent production units or work assemblies may be organized on the basis of some 50 workers each.

Street and work assemblies would send properly instructed delegates to take part in the deliberations of district assemblies that are themselves organized on a scale of about 50,000 residents. Delegates would be obliged to act on specific instructions and to report back to their respective home assemblies at frequent intervals. In this way, the sovereign people, acting in community, would be continuously engaged in public life. This stands in direct contrast to the practice of representative (bourgeois) democracy which privatizes political participation, and in which the mass of the people bestir themselves only occasionally to make a very limited intervention.
In communalist society, the district appears as a completely self-governing community, an autonomous but interdependent order capable of sustaining a diversified productive life. It is the lowest unit of territorial governance, primarily responsible for identifying, planning, and satisfying the survival and communal needs of its citizens. Political sovereignty, however, is retained by street and work assemblies, so that all laws--up to at least the district-level and, on a more selective basis, to successively higher levels of communal governance--would be discussed and voted upon in neighborhood and work place with the power to instruct respective delegates.

A political system so constructed would be both territorially and functionally integrated. But the integration would be on the basis of an inherent and, indeed, continuing conflict between these two opposing forms of social integration.

5. Securing the Territorial Base: Communal Responsibility for Basic Resources

Territorial-political communities have historical continuity. More than merely temporary groupings of people and resources, they desire to reproduce themselves indefinitely into the future. Being territorially organized, however, their very existence depends on the variety, quantity, and quality of the resources under their control, that is, on the totality of means, existing and potential, for meeting the evolving needs of the community. Resources may be divided into two broad categories: (a) the health and educational attainment of the people and (b) the physical environment.

The health and education of the people is clearly a communal responsibility, with primary control over the scale, organization, and delivery of services vested in the district, which are the focus of the needs-oriented economy of a communalist society. As communalist principles come to be realized in practice, a gradual deceleration of demographic movement can be expected, along with a greater feeling of attachment to place. (This trend may be reinforced by a flowering of all the arts--another results of the liberation of consciousness referred to earlier). With qualitative growth having displaced the tyranny of quantity, reflected in the diversity and variety of communal responses, the organization of basic services can be undertaken in an experimental spirit. The emphasis will be on specific qualities of the service in question, and may relate to the processes through which they are rendered as much as to their final outcomes. The intent is to deprofessionalize services and to reintegrate them with the community and household economy from which they have sprung. The sharp distinction between professional and client, so characteristic of the present period of capitalist accumulation, will be erased, drawing "student" and "patient" into the production of their own education and health.

With regard to the physical environment, the principle of communal control again applies, with primary though not necessarily exclusive control being vested in the district. The resource base of a community must provide for its continued sustenance. It is the physical grounding of its life. Multiple needs must be accommodated and uses carefully controlled. Beyond that, no general principles apply. Each community must learn from its own experience how to manage its basic resources in order to ensure their optimal use in perpetuity.

A territorial-political community can reproduce itself in three ways: through conquest, autarky, or trade. Because conquest lacks moral justification, it
can be ruled out from further consideration. Autarky and trade, on the other hand, are alternative, if extreme, forms of social reproduction. Especially for small communities, autarkical solutions would condemn them to a permanent condition of rusticity. Maximizing trade interdependence, on the other hand, would lead to the progressive loss of their historical identity. Obviously, then, some balance must be struck between autarky and self-reliance.

Trade interdependence raises the difficult question of the spatial division of labor. Under capitalism, which follows the principle of highest marginal return on capital, the tendency has been to articulate a space economy that has a high degree of internal differentiation. (In the location of economic activities, state socialist economies have adopted a similar accounting principle). This principle is commonly applied now on a global scale, a practice that is placing the economic fortunes of entire regions and countries at the mercy of decisions over which they have no effective control. In seeking to reestablish communal autonomy, needs rather than profits must be taken as the relevant point of departure. The implication of different kinds and degrees of economic specialization for the needs economy of the community must be calculated, and the resulting information used as a basis for extended political discussion. Though general principles may be worked out, the problem is likely to present itself on a case by case basis, each case being judged on its relative merits. Still, from time to time, a general accounting must be made to determine whether the direction which has been implicitly chosen is, in fact, and from a comprehensive point of view, desirable.

6. The Obligation of Reciprocal Service: Work-in-Lieu of Taxes and the Direct Production of Use Values

A communalist economy is one in which the separate claims of households on communal resources are made the subject of a political discourse. Its purpose is to accomplish a spatial and temporal ordering of needs for the whole of the community. This exercise in collective responsibility may be regarded as one of the principal bases for the moral authority of its political practice.

In the economy of moral judgments, the output of collective energy must be balanced. In the measure that a community assumes responsibility for meeting both survival and communal needs, individuals must render a reciprocal service. It is primarily through its reciprocal practices that the quality of communal life will be defined.

Reciprocal practices have principally two forms: payments of money and direct labor contributions. Both are widely in use, but with advancing capitalism, taxes paid in the universal medium of exchange have been encroaching upon the direct production of use values. The advantages of monetized taxes are obvious: they are easily differentiated, fungible, and collectible; they are sometimes invisible; and they are transferable. Though less well understood, the drawbacks are no less formidable: some people, excluded from paying taxes because they have no surplus income, are treated as dependents of the state; certain services, such as jury and military duty, can only be rendered in the form of direct labor contributions; and taxes are easily shifted from one group to another, a practice that often results in a grossly uneven incidence of costs and benefits. Because the cash payment of taxes requires no emotional commitment, it also fails to strengthen a commitment to community.

Under advanced capitalism, especially in the United States, reciprocal contributions in the form of direct labor are typically rendered outside the
framework of the state: they are voluntary and intended to benefit particular sectors of the local community directly. For the most part, they involve non-professional work, such as leading a scout troop, participating in choral singing, assisting with hospital services, working with volunteer fire brigades, helping with handicapped children, producing theatrical shows, serving on citizen commissions. Many of these activities are considered marginal to the "real" business of society which is production for exchange. And yet, without them, the quality of communal life would be greatly diminished. These voluntary contributions are instances of the direct production of use values.

Direct production for use is found elsewhere as well, in the household economy, for instance, where food is prepared, children are reared, festivals are celebrated, gardens are tended, and things are generally kept in repair. Though the practice is changing, the household economy is still being managed, in much of the world, by women and children.

In a communalist order, a certain proportion of all taxes would be rendered in the form of direct labor contributions. This would establish a transparent linkage between the rights and obligations of citizenship and further a sense of communal belonging. In addition, more subtle effects would be achieved, such as raising the social status of work performed outside the exchange economy and giving socially productive roles to both young and old people, who are experiencing the trauma of social redundancy.

If an obligatory system of work-in-lieu-of-taxes is to play the part assigned to it, certain conditions must be fulfilled. Everyone, without exception, must be required to work for a specified period on projects and tasks that have been previously identified by local political assemblies; to the extent possible, individuals should be allowed to choose the work they prefer; a well-organized system of accounting must be maintained; a standard unit of social accounting, such as time, must be agreed upon; a flexible system of rendering labor services should be arranged; and the whole system should be locally administered but allow for the transfer of work points to other areas of the larger community. To avoid regimentation, services should be organized on a democratic basis, with the direct participation of citizen-workers in the design of their tasks. To maintain citizen-workers during their tour of service, the community should provide the necessaries for their basic subsistence.

7. The Communalist State: a Complex of Autonomous Political Communities

In communalist society, the state is the principal instrument of collective self-determination. In such a state, the citizen appears as a sovereign subject, as both the ultimate source of legitimate power and the consenting subject of that power.

The formal contradiction between these two moments of citizenship is overcome by the concept of legitimacy. The communal will must be formed through processes that, in the eyes of the people, legitimatize their outcome. Such processes will supersede the powers of any single citizen, even as the sovereign rights of citizens are protected.

A communalist state stands for the totality of institutionalized processes through which the communal will is expressed and acted upon. Specifically, the state exists at each level of autonomous but linked community action. The lowest of these levels is the street and work assemblies. It is here that we find the ultimate source of sovereign power of the state.
Citizenship manifests itself in a political discourse that takes place at the point closest to the life of citizens, the street and work assemblies. There is not greater authority in the state than resides in these assemblies. All legitimate power originates with them, all power terminates with them. The fullness of public dialogue, of unlimited communication, occurs only within these settings that are inclusive of the entire people in both their residential and socially productive roles.

The highest level of autonomous community action is the national assembly which is linked, through a series of intermediate levels of governance, to the street and work assemblies. From these linkages there results a complex arrangement of autonomous political communities.

What, in this context, is the meaning of autonomy? In communalist society, the citizen is sovereign but also interdependent. The concept of autonomy suggests these contradictory aspects, and applies equally to nation, neighborhood, and place of work. None can act without taking into account the relevant interdependencies; none is entirely free to act as s/he pleases. But within a national state conceived as a complex of autonomous political communities, there is the further constraint of legitimacy which alone is capable of resolving the contradictions between sovereign and subject.

The constraint of legitimacy requires two conditions as a basis for autonomous action at each level of decision: first, the control over certain resources for collective action, exercised by right and not at the discretion of a superior power and, second, adherence to a norm of open and unrestrained communication. In practice, this last condition implies an extensive and indeed costly process of continuous consultation on questions of public concern. It is from a formalized process of consultation that public actions derive their legitimacy. It is, also true, however, that legitimacy acquires meaning only in the context of a continuous and, on the whole successful, struggle for equalizing access to the bases of social power.

One of the key tasks of the communalist state is to determine the structure of reciprocal services. This must be done at each level of autonomous choice, but especially at the level of district whose size and diversity allows attending to both survival and communal needs. It is equally clear that these needs will be differentially determined not only because of differences in community preference but also basic endowment. To eliminate this latter source of inequality, the state must take appropriate action to redistribute income and resources among the territories of the nation and to adopt differentially articulated policies that will make continuing adjustments in the organization of communalist society.

Political Practice

The preceding section presented a number of guiding principles for a communalist society. It would be more accurate to say that they are guiding principles for its political practice. This implies that a communalist society already exists, but is dispersed. It lives in the diaspora and now needs to come home to itself. It needs a territorial base.

The guiding principles evoke the moral vision of a communalist society. That vision is meant to inspire and infuse the actual practice of the communalist society in the diaspora, but it is not an image of its final state. Hence the famous problem of the transition disappears. Where there is no end, there is
also no transition. There is only the ever-changing and transforming practice of communalist society at different stages of its historical passage.

The political practice of communalist society is therefore not postponable. If communalism is in fact to displace the goals and practices of the existing functional order, it is necessary to "prefigure" the new society in the interstices of the old. Already there are many instances of progress towards a communalist order—a new concern with territorial values, disaffection from crude materialism, struggles for a technology compatible with human needs, a politics of self-reliance, democratic movements of liberation. The task is to multiply these instances and make them coalesce into a vast social movement of transformation from below.

The realization of communalist society is not a simple matter of smashing or even capturing the bureaucratic state. The struggle must be waged in all the relevant domains of public action, not only in the state, but also in the political, economic, and socio-cultural domains. What is involved is the continuous creation of the varied forms of a communalist society.

The crisis of capitalism (and of bureaucratic socialism) is the result of contradictions generated by the very successes these hegemonic systems have enjoyed. To advance the cause of communalist society, it is necessary to exploit these contradictions and to undermine the moral authority of the established powers by tracing obvious failures to their roots in the functional order of social relations with its basis in self-interest and its fetishism of quantitative growth.

The struggle for the recovery of political community is a territorial struggle. What is its relation to the more traditional forms of the class struggles in which working class and bourgeoisie confront each other in a contest for ultimate power? This contains two subsidiary questions: what are the objectives of the struggle and how are the opposing classes to be defined?

What are the objectives of the struggle? In the Marxist version, the intermediate objective is to capture the bourgeois state and to impose on the remnants of the capitalist class a dictatorship of the proletariat. As these remnants are gradually eliminated, the state as a coercive apparatus of class domination passes away.

Actual post-revolutionary societies, however, have seen as one of their main tasks the accelerated transition to an urban-based industrialism. At first competitors with capitalist countries, they finally emerged as partners in the global economic order. In central capitalist formations, on the other hand, class struggle has long ago ceased to be revolutionary and has concentrated on gaining limited economic advantage for the working class. This objective is being achieved, but only at the expense of the workers and peasants in the world periphery.

The territorial struggle of communalist society has another objective: the recovery of a genuine political community as the ground of people's sovereignty and dialogic encounter, the liberation of human consciousness, and the creation of a just society based on the satisfaction of human needs.

How are the opposing classes to be defined? Unless we have in view a political objective, class analysis can be treacherous. For every class division is
merely a theory-in-use. How social classes are to be correctly defined depends on the purpose of the analysis. If the object is the construction of a territorial order in which the people are both sovereign and subject, the concept of an oppressed social class must be expanded to include all those whose lives are actually manipulated and controlled by the class of financiers, super-technocrats, and ideologues who manage and control the global functional order. But this class of oppressors is very small—less than one percent of the world's population. The number of the oppressed therefore comprises nearly everyone in the society: blue and white collar workers, small farmers and peasants, small business people and industrialists, professionals, government workers, soldiers, sailors, and students. There are, of course, many "fractional" differences among them, and their short-term interests diverge. But all of them share equally a long-term interest of liberation into a territorial-political community centered in the political assemblies of a communalist society. For it is they—or rather we, nearly all of us, women and men alike—who have to bear the costs imposed by a miniscule and arrogant minority who exploit the world for their own gain. It is a massive disaffection from the existing order that will successfully destroy that order.

In the political practice of communalist society, we have a rich revolutionary tradition to draw upon, including:

---the spontaneous formation of communalist experiments patterned on an anarchist model of revolutionary transformation;
---the strike, including the General Strike, of syndicalist invention;
---non-violent resistance modelled on the practice of national liberation of Mahatma Gandhi;
---the critical learning method of Paulo Freire;
---Gramscian-style political and ideological struggle;
---mass-line political practice as taught by Mao Tse-tung;
---centralized leadership which is exercised through a vanguard revolutionary party (Lenin)

These techniques of political struggle, along with others, must be carefully studied for their potential application. However, the choice of appropriate technique is one of strategy rather than principle. To insist on the priority of one technique over another is to misunderstand the nature of the struggle which is locally diversified, depends for its actual configuration on the circumstances of specific settings, and must be continued as it attains to different stages in the evolution of communalist society.

The concrete analysis of settings for political practice may suggest methods that are altogether new for advancing the aims of a communalist society. In American metropolitan cities, for example, the cause of communalism may perhaps be advanced by the creation of local political parties, such as the Campaign for Economic Democracy in southern California, that would give substance to the demands for citizen control over their own neighborhoods and districts, the equalization of access to social power, and other communalist objectives.
The struggle for the return of communalist society from its diaspora in the deserts of capitalism and bureaucratic socialism requires methods that do not contradict its basic character and moral vision. In everything it does, it must foreshadow its later, more fully developed stages of transformation. Above all, communalist society insists on the practice of dialogue about its moral vision, the refinement of its theoretical understanding, and the strategies of its political practice. Communalist society is a learning society. In the final analysis, it must learn to transcend even itself.

Résumen (suite de p.1)

portée de chacun en termes d’échelle, de langage et de règles; la responsabilité collective devrait s’appliquer aux ressources fondamentales; l’obligation du service réciproque devrait être instaurée; et un état communалиste devrait être établi par l’autodétermination collective de communautés politiques autonomes.

Ces principes directeurs sont élaborés par l’auteur sur la base de la construction morale et théorique de la société communалиste et de manière à les traduire dans la pratique politique. La société communалиste existe déjà en tant que diaspora; elle pourrait se renforcer à partir d’une riche tradition révolutionnaire et de techniques éprouvées de lutte politique.

LA SOCIEDAD COMUNALISTA: ALGUNOS PRINCIPIOS PARA UN FUTURO POSIBLE

Resumen: Una "sociedad comunалиsta" se describe como alternativa al poder más y más coercitivo tanto del capitalismo como del socialismo burocrático. A medida que ambos sufren una disminución de su autoridad moral y van perdiendo la autoridad moral para prescribir lo que se debe hacer, se arriman contra los límites interiores de la tolerancia humana, y los límites exteriores del medio ambiente. Se formulan siete principios fundamentales de una sociedad comunалиsta: la gente debe vivir activamente, ocupándose de la vida política de la comunidad dentro de sus límites territoriales; se debe establecer una orientación hacia necesidades en las actividades productivas para el mantenimiento de la vida; hay que liberar la conciencia humana de las compulsiones neuróticas del consumo exagerado; hay que democratizar los lugares de trabajo, e igualar el acceso a las bases del poder político por medio del discurso político; se debe mantener una vida política íntima en cuanto a escala, idioma y reglas; y establecer la responsabilidad de la comunidad por los recursos básicos; hay que introducir la obligación del servicio recíproco; el estado comunалиsta debe construirse por medio de la autodeterminación colectiva de comunidades políticas autónomas.

El autor explica estos principios de un punto de vista que plantea tanto la base de construcción moral y teórica de una sociedad comunалиsta, como la posibilidad de traducirlos en práctica política. La sociedad comunалиsta ya existe en la diaspora; puede ganar y sacar fuerza de la rica tradición revolucionaria y de varios mecanismos venturosos de la lucha política.
Abstract: At this stage of international history the war system is global in scope, encompassing in character, and dangerous in its implications for the future. It cannot be ignored in dealing with other fundamental concerns: for instance, promotion of human rights, elimination of poverty, North-South disparities, control of population or pollution growth. This paper, drafted by Richard Falk and Yoshi Sakamoto, is the first policy paper resulting from the discussions of the Demilitarization Working Group of the World Order Models Project, whose members are listed on page 15. In this paper, the purpose of the authors is to assess the interconnections between the war system and development prospects, as well as to depict some line of positive, prescriptive response.

Basically, their viewpoint is that war in the nuclear age has become a fatal encumbrance upon the pursuit of other global goals. And yet no simple response is available. Proposals for disarmament have been around for decades, their wisdom debated, their claims to establish a higher form of all ideological persuasion and cultural background. Even the fear of nuclear holocaust has not moved political leaders to disengage from or to dismantle the war system.

And the dangers persist and grow. The perspective taken is one that conceives of demilitarization as a process, not an event (e.g. disarmament treaty), that is itself a fundamental human right. In effect, militarization by effect and intention is an abuse of human rights and demilitarization is a shift in the direction of realization.

UN MONDE DÉMILITARISÉ: UN BESOIN FONDAMENTAL

Résumé: A cette étape de l'histoire internationale, le système guerrier est global dans sa portée, total de nature, et dangereux dans ses implications pour l'avenir. Il ne saurait être ignoré dès lors que l'on s'occupe d'autres questions fondamentales, par exemple les droits de l'homme, l'éradication de la pauvreté, le déséquilibre Nord-Sud, la démographie ou la pollution. Ce rapport, rédigé par Richard Falk et Yoshi Sakamoto, est la première synthèse des discussions du groupe de travail pour la démilitarisation du World
Order Models Project'. La lista de sus miembros figura a la p.15. El objetivo de este documento es evaluar las ramificaciones entre el sistema guerrero y las perspectivas de desarrollo y de esbozar las grandes líneas de una respuesta positiva y normativa.

Sa thèse est que l'âge nucléaire est devenu un obstacle fatal à la poursuite d'autres objectifs. Pourtant, il n'y a pas de réponse simple. Des propositions pour le désarmement existent depuis des dizaines d'années, leur sagesse a été discutée, les efforts pour établir une forme supérieure de persuasion idéologique et culturelle n'ont pas manqué. Mais même la crainte d'un holocauste nucléaire n'a pas amené les dirigeants politiques à se libérer du système guerrier, ou à le détruire.

Le danger continue, et croît. La démarche adoptée ici considère la démilitarisation comme un processus, et non comme un événement (par ex. un traité de désarmement), et comme un droit fondamental. En fait, la militarisation, dans ses effets et son propos, constitue une violation des droits de l'homme, et la démilitarisation est un mouvement vers leur réalisation.

EL MUNDO DESMILITARIZADO: UNE NECESIDAD HUMANA BÁSICA

Resumen: En esta etapa de la historia internacional el sistema de guerra es global en su alcance, abarcador en carácter y perigoso en sus implicaciones para el futuro. No podemos ignorarlo cuando tratamos con otros problemas fundamentales: por ejemplo, la promoción de derechos humanos, la eliminación de la pobreza y de desigualdades entre el Norte y el Sur, el control del aumento de población y de la polución del medio ambiente. Este informe, preparado por Richard Falk e Yoshi Sakamoto, es el primer informe descriptivo de una política que resultó de las discusiones del grupo de trabajo para la desmilitarización del "World Order Models Project". Consulte la página 15 para una lista de sus miembros. En este informe los autores proponen determinar las relaciones entre el sistema de guerra y el porvenir del desarrollo, así como representar una reacción positiva y prescriptiva.

Fundamentalmente, el punto de vista de los autores es que la guerra en la era nuclear a llegado a ser un impedimento fatal a la busca para otros fines globales; y aún falta una simple respuesta. Propuestas para el desarme han existido por muchas décadas, y su sabiduría ha sido tema de largos debates. Hasta el miedo del holocausto nuclear no ha llegado a inducir a los líderes políticos a desmontar el sistema de guerra o a desembarazarse de él.

Los peligros persisten y aumentan. Los autores toman la perspectiva que considera que el desarme sea un proceso y no un acontecimiento (tratados o convenios de desarme); que el desarme sea un derecho humano básico y fundamental. En realidad la militarización de hecho e intención es un ultraje y abuso de los derechos humanos y la desmilitarización es el cambio necesario para corregirlo.
World Order Models Project

WORLD DEMILITARIZED: A BASIC HUMAN NEED

A Policy Perspective

At this stage of international history the war system is global in scope, encompassing in character, and dangerous in its implications for the future. It cannot be ignored in dealing with other fundamental concerns: for instance, promotion of human rights, elimination of poverty, North-South disparities, control of population or pollution growth. In this undertaking our purpose is to assess the interconnections between the war system and development prospects, as well as to depict some line of positive, prescriptive response.

Basically, our viewpoint is that war in the nuclear age has become a fatal encumbrance upon the pursuit of other global goals. And yet no simple response is available. Proposals for disarmament have been around for decades, their wisdom debated, their claims to establish a higher form of all ideological persuasion and cultural background. Even the fear of nuclear holocaust has not moved political leaders to disengage from or to dismantle the war system.

And the dangers persist and grow. What is more the diversion of resources and energies to sustain the war system helps lock everything else into place, including dominance structures in economic and cultural realms. Another result is to militarize the governing process in sovereign states, making the abuse of human rights a normal and central feature of the operation of a modern state.

Cumulatively, the consequence is a dynamic of militarization that influences the pattern of both international and intranational political process and structures. Our objective is to explain the anatomy of this militarization and to propose a line of positive, hopeful, realistic response. The perspective we take is one that conceives of demilitarization as a process, not an event (e.g. disarmament treaty), that is itself a fundamental human right. In effect, militarization by effect and intention is an abuse of human rights and demilitarization is a shift in the direction of realization.

By demilitarization we mean some rather specific things:

- **First**, arms control is mainly a reflection of the militarization process, acquiescing in high levels of armament, indulging the main arms race, and leaving the discretion to use even nuclear weapons in the hands of national leaders; arms control agreements, for instance SALT II, may or may not contribute to demilitarization goals sufficiently to warrant its support; what is the position here is that arms control as an approach is too partial (doesn't deal with the wider aspects of militarization) and piecemeal (doesn't erode structures and processes) to be viable as a main path;

- **Secondly**, disarmament, as a comprehensive approach to war capabilities, is not an appropriate, current focus for demilitarization; the climate does
of poverty and inequality, seems like a way to freeze the exploitative status quo under idealistic auspices;

. thirdly, militarization distorts and inhibits the development process in all sectors of world society, especially in those which are weakest and poorest; repression is one effect; to achieve a desirable process of development for each national society requires a substantial progress toward demilitarization of the political life of the planet;

. fourthly, militarization and demilitarization are closely connected with a collision of values and belief-systems, including antagonistic images of what is possible and desirable in the future; as such, the question of choice is overwhelmingly political, as rational persuasion cannot bridge the chasm of opposing worldviews;

. fifthly, our search for understanding and prescription is based on the conviction that demilitarization needs to be conceived in collaborative terms, joining scholars of good will from all types of political space embodied in the life of the planet; furthermore, that the militarization is uneven in its effects, and, further, that opportunities for demilitarization exist in all social, political, economic, and cultural settings, but are also spread unevenly, depending on the special features of each given polity.

Political Structure of Armament Dynamics: Five levels

The efforts and movements that have called for disarmament since the end of the 1939-45 War have been driven by a sense of crisis that the human race faced a threat of extinction by nuclear war. No doubt, this threat persists today. At the same time, a system of peaceful coexistence has taken hold to a certain degree. The idea of "détente" expresses its positive, cooperative dimension.

One reaction to this development has been a lessening of concern about the arms race and danger of world war. However, an opposite way of thinking can also emerge as a logical reaction to détente, namely, to question why it is necessary, if tension is being relaxed, to engage in the arms race that threatens at some point to erupt nuclear war. It follows, then, that one can question the validity of the rationalization that the United States and the Soviet Union have been forced to engage in the arms race as a means of maintaining their respective military security vis-à-vis each other. It must be asked who is continuing the arms race, with what motivation, and for what purpose. It remains necessary to consider the issue of disarmament from the perspective of military security, but it is also essential to inquire into disarmament as a political problem. To do this, we must examine the political structure of armament dynamics, as well as comprehend its various economic functions.

It is from this perspective that we analyze the political economic functions of armament dynamics today, or of its medium, armament. By armament we shall refer to the process of research, development, experimentation, production, de-
ployment and use of weapons and the structures involved therein. Seen in its totality, there are five levels on each of which the armament system is performing distinct political and economic functions.

1. If we consider the armament system of the entire world as a single system and examine it from the top level down, on the first, highest, level are domestic systems of power known as "military-industrial complexes". The most representative and central of those are the military-industrial complexes of the two superpowers, the United States and the Soviet Union, the prime movers of the research, development, and production of nuclear and other ultra-modern weapons. This military sector of each superpower comprises an immense bureaucratic complex that has various components, "military" and "industrial" but also "scientific", "academic", and "public relations". The modern state is permanently oriented around the demands and capabilities of its military sectors, even at times of ostensible peace.

In socialist countries, a military and industrial complex oriented around profits, markets, and stimulated demand does not exist in the same sense as in capitalist countries. Nevertheless, in the Soviet Union for instance, it appears that the military bureaucracy and the technocratic-industrial bureaucracy now possess vested interests in sustaining the East-West arms race so as to maintain and expand their domestic power base.

2. On the second level is the related arms race that takes place chiefly between the two superpowers, and it needs no elaboration that weapons perform a competitive political function as the medium of arms race. Heretofore, most of the debate regarding arms build-up, arms race or disarmament has been centered on the problems and dangers of armament within the context of power relationships between states, in particular between the superpowers. For this reason the public is generally convinced on the need for given levels of defense spending "to catch up", "stay ahead", or "avoid falling further behind".

3. On the third level are the political functions performed by armament as it flows out of a given country, from the superpowers or other industrialized states, to military less developed countries, thus creating an international hierarchical network of arms transfers. In the last thirty years networks for such transfers have been institutionalized. The most important such network is the buildup of alliances to meet alleged security needs; another involves varying degrees of informal collective security relationships that tie countries on the periphery to those at the center. Through this network, weapons manufactured in the United States, for instance, flow to Western Europe, the Middle East, Latin America, East and Southeast Asia, etc.

Such a network of arms transfers leads not only to military dependence but also to political, or at least technological, dependence on the part of the recipient nation.

A phenomenon related to the armament transfer network is the manipulation of the dependency relationship. A case in point is Egypt, which for a certain period received arms from the Soviet Union but became disappointed with the relationship and abruptly switched to the United States as its source of arms supply, severing its political ties with the Soviet Union. As such, the dependent transferee of arms manipulated the competitive aspect of bipolarity.
Weak states would not have such an option, in all probability, if the world system were to evolve into a geopolitical cartel. The present system is continuously evolving, has highly political implications, creating tensions between dominance patterns presided over by military advanced states and autonomy drives by military less developed states. The outcomes here shape the character of North-South relations at a given time.

4. On the fourth level are arms races within the Third World, which has become increasingly evident. Those between India and Pakistan, Iran and Saudi Arabia, Ethiopia and Somalia are illustrative; the Middle East and East Asia are arenas of regional and sub-regional arms races. Arms transfer patterns help stimulate competitive security postures in Third World countries. Supplying arms of a certain quality to one country naturally agitates its rival, seeking offsetting supplies from the same source or one of equivalent reliability and stature in the world system. In the South, then, the arms race patterns of the North are being reproduced, sometimes with increased ferocity if calculated, for instance, as a percentage of gross national product.

5. On the fifth level, in many Third World countries, arms serve as a means of maintaining a repressive internal political system. They perform a political function of reinforcing the domestic hierarchy, as well as modernizing the military sector of the state bureaucracy more rapidly than other sectors, thereby inducing a military approach to governance. In many cases, linkages exist between the system of international dominance maintained by the industrialized countries on the one hand and the system of repression by the internal privileged elite on the other. Such a linkage is perhaps most visible through the activities of multinational corporations and covert intelligence operations (CIA).

Of the five levels discussed above, levels one, three and five represent vertical relationships and raise the problem of what political functions are performed by armament in structuring relationships between more powerful and less powerful states in the world system. Levels two and four represent horizontal power relationships that concern political functions of armament within the context of international rivalry. One of the salient features of the evolving global system is that the five levels discussed are more integrated, producing and interlocked armament system that permeates the entire world and generates a social reality that can be identified as "the war system".

Trends in Armament

To trace the historical development of the problem since the Second World War discloses the main trend-lines. At first, armament dynamics are heavily concentrated on the first and second levels. Arms transfer, the third level, existed to some extent, but it did not emerge as a point of sharp contention in international relations until the early 1960s. Soviet denunciation of U.S. overseas bases was a major issue on the third level, although intertwined with East-West conflict on the second level. A more acute problem was presented by the shift from a reliance on arms transfer modalities to that of autonomous national development of nuclear weapons on the part of China and France. To deal with the adverse perceptions of dependency the weaker partner breaks free, thereby proliferating nuclear capabilities, agitating regional arms races on level four. For instance, India's nuclear program responded to that of China,
while that of Pakistan to that of India, that of India at a later stage to that of Pakistan, and so on. In this process, ideas of national military capability have tended to supplant emphasis on hierarchical alliances.

Subsequently, since late 1960s, the focus has gradually broadened as it became necessary, in discussing armament and disarmament, to emphasize problems of the fourth and fifth levels. Multipolarization of world politics occurred in this period. Also the increasing weight of the Third World was observable. To some extent, the focus of interest has shifted from the top level to the lower levels.

What is more important, on each of the five levels the nature of the problem has changed through time. It would appear that, since the 1960s and particularly in the 1970s, the problems on each of the five levels has been exacerbated. We will consider them briefly in the same order as above.

Level One: Decreasing Control over the Military-Industrial Complex

As for the military-industrial complex on the first level, the problem was first prominently identified by President Eisenhower in his farewell address in 1961, when he warned the people of America against the formation of a "military-industrial complex". This was for the first time that this problem was acknowledged by a major political leader. The complex has then perceived to be an emerging threat to a democratic society. Underlying this warning was a clear image of a huge bureaucratic organism growing like cancer in the midst of the democratic body politic.

It was Eisenhower, a former leading general with close ties to the military, who sounded this warning. It is also noteworthy that Eisenhower was a President who represented the Republican Party. Republicans adhere more closely to classical liberal views of the governing process, including belief in minimum government. In particular the Democratic Party, particularly under Franklin D. Roosevelt, had become an advocate of big government, especially in the area of social services. It seems natural, then, that a "conservative" like Eisenhower should express a sensitive reaction to the growth of illegitimate power within the bureaucratic structures of government.

Level Two: Arms Race Between Superpowers

Two more recent developments seem also important:

First, reaction against the military-industrial complex has arrested its overall growth to some extent, but this development has been compensated by qualitative factors. Enormous stress on research and development (R and D) of new weapons systems has emerged. As well, economic justification for high levels of defense production have gained ground, at least tacitly, to offset trade deficits. Thereby the scale of military influence has been normalized, disconnected from any pretense of external threat, as, for instance, did exist during the period of the Cold War. This loss of ideological fervor in East-West relations, combined with the deterioration of the Soviet image as a progressive world force, has led the continuing high level of military commitment to be perceived from within as an undertaking of pure power. That is, the military-industrial complex is not a defensive necessity, but a structural element of the modern state caught up in the dynamic of the war system.
Secondly, the shift in arms competition from a quantitative to a qualitative framework. After a certain stage, quantities of megatonnage mean nothing, but weapons systems with new properties of precision, speed, reliability can threaten "breakthroughs". As a consequence, the image of winning and losing nuclear wars has entered discussions of national strategy, replacing the earlier conviction that nuclear war would be so devastating as to produce only a series of "losers". A complementary effort is to generate usable nuclear weapons, those that destroy only military targets or that do not devastate thins (e.g. the neutron bomb).

Level Three: Structuring of Arms Transfers

Next, on the third level, of the network of arms transfers, there are also changes and exacerbation of the situation. Until the 1960s, this network was characterized by two general patterns. One pattern, which existed throughout this period, was that military advanced states supplied and transferred mainly to their allies weapons that were used or more or less obsolete. The other pattern was that transfer of these weapons generally took the form of military aid, aiming at the maintenance of alliance network.

In the 1970s, however, for one thing there is a tendency to transfer not merely obsolete weapons but up-to-date modern weapons. For example, the United States is preparing to sell to Israel, Saudi Arabia and Egypt F-15, F-16 and other newest fighter planes.

The reason for this shift is related to the second aspect of the change, namely, that the nature of arms transfers has been gradually shifting from military aid to arms export and weapons have greatly increased their importance as a commodity in world trade. Viewed as a commodity, weapons which can be sold at a highest price are preferred, and modern-type weapons are offered for sale.

One effect is that the more modern the weapons are, the greater the dependence of the recipient state upon the state which supplied them. Since these weapons are quite beyond the capability of the recipient to produce, for each replacement part it must turn to the supplier states. From the supplier's point of view, these weapons can be sold at a high price and with strings attached. By ensuring the other state's technological dependence, political influence can also be exerted. Another consequence is that, since profit-making is a major criterion in arms transfer which have turned into business, even some highly destructive modern weapons begin to flow into arms trade. A shift from military aid to export sales has also been taking place on the Soviet side as well. As a result, countries other than the United States and the Soviet Union, can now acquire weapons which were previously utterly beyond their reach at a fairly early stage.

Since the Second World War, as indicated in part by the growth of military-industrial complex, armament transfer has become closely associated with the state apparatus. The state machinery, rather than arms merchants, tends to become instruments of arms transfer. Arms exports by "private" corporations require government license. Transfer is carried out always in close association with the government agencies. Since there exist linkages with the state machinery at various stages from research and development to export, it is
accurate to say that armament dynamics are closely integrated into the political system. That is one of the reasons why we must deal with the armament dynamics as essentially a political problem.

Level Four: Arms Race in the Third World

Turning now to the fourth level, that is, the level of the arms race among Third World countries, we find that here again the situation has deteriorated in two respects. For one, until the 1960s even when conflicts between Third World countries occurred, the overwhelming majority of weapons involved were literally second-hand weapons. Most were discards from the 1939-45 war. In contrast, a prominent feature of the 1970s is the presence of modern weapons in all regions of the world. There is a growing threat of nuclear proliferation. Capabilities of using nuclear energy on the part of Third World countries -- whether for peaceful use or otherwise -- have rapidly and widely spread. China demonstrated the viability of this path. The historical significance of China's nuclear development was that it showed the possibility for even an economically underdeveloped country to develop ultra-modern weapons.

Moreover, Third World countries are beginning to produce modern weapons domestically. Many weapons previously imported are now being produced at home. For instance, India has begun to produce fighter-bombers and tanks; South Korea has also begun domestic production of tanks. Brazil and Argentina are also beginning to produce their own military aircraft. This tendency toward indigenous weapons development in the Third World is likely to aggravate the arms race among the Third World nations.

The second problem is related to the first. Until the 1960s, disputes between Third World nations arose for the most part over unsettled boundaries that were in part the legacy of colonialism. Boundary disputes were part of the process of nation-building, establishing the definitive framework of a sovereign state. Of course, these disputes continue to exist.

Since the beginning of the 1970s, however, a new problem has emerged, namely, the issue of which country in a given region will achieve political hegemony. For instance, India has become a power in South Asia and her neighbours show concern over hegemony. In other words, India no longer has to assert her independence as a nation in relation to the South, but is becoming a power in the sense of a dominant state relative to neighbours. Brazil occupies a similar position in Latin America. In West Asia, Iran and Saudi Arabia are becoming powers in the region.

Those states that produce modern weapons domestically, gradually become states which wield hegemonic power. States that cannot produce modern weapons themselves must rely on imports from outside and tend, in one way or another, to be placed in more subordinate positions. In this way, military and political disparities are widening among the Third World nations. This emerging hierarchical political order will undermine the unity of the Third World. Splits are likely. Already notions such as that of the "Fourth World" are used to express the depth of subordination within the region. The overall effect of this trend is to weaken the impact and bargaining power of the Third World
vis-à-vis the industrialized states in the economic domain, thereby interfering with prospects for solving the North-South problem.

"Sub-imperialism" serves as a subcontractor for the imperialism of the advanced powers, or an international non-commissioned officer, as it were. Such a structure is not static. It evolves. The non-commissioned officers acquire an identity as young colonels and resent taking orders from distant generals. Under these circumstances, "sub-imperialism" tends to disintegrate. A growing trend toward regional imperialism or regional hegemony is emerging. At the moment, however, this phenomenon is still at the embryonic stage; therefore, in discussing the problem of global armament dynamics, it would be improper to over-emphasize this aspect while side-stepping the question of arms build-up by the industrialized states. It is nevertheless true that this danger can no longer be ignored. We may no longer be able to refer to the "Third World" as a single group and expect it to play a positive role as a unit.

Level Five: Modernization of Repressive Regimes

Finally, the fifth level. To be sure, systems of internal repression have long existed in the Third World. However, although there were differences from country to country, until the mid-1960s they were in most countries systems of traditional repression; that is to say, they represented a repressive order which was an extension or a legacy of traditional society, and therefore they consisted of discriminatory practices of the old class society characterized by autocratic rule.

Another characteristic of the Third World of that period was that, even if divisions existed within their country or society, they could be largely superseded by a consensus based on nationalism. Regardless of other considerations, the paramount issue of the moment was to gain independence from colonial rule and attain national liberation. In this quest it was possible to mobilize the masses, even the deprived classes. The struggle for national liberation could unite more or less the entire population.

In the 1970s, however, these two conditions have changed. First, today's repressive regimes are for the most part no longer of the traditional type. Growing "modernization" of society has widened in its process various economic, social and political disparities, and the system of repression has turned into a means of imposing an order by force. In this new situation, repressive measures are introduced mainly in response to intensifying class struggle.

Secondly, it follows that it is increasingly difficult to direct the political action of the entire society toward widely endorsed national goals. A system must then be devised whereby a privileged minority can impose its rule over the rest of the population. In this situation, a traditional system of repression is not always effective in imposing a new order upon the masses, particularly upon those who have become politicized in the course of national liberation struggle. The drive toward the technical modernization of repression is very strong, appealing to local elites confronted by the prospect of hostile masses. One example is the rise of the military regime in the Third World. The armed forces are often the most well-organized system of repression existing within a given country. If the military seizes power it achieves a monopoly of force
and establishes an efficient system of repression. Another method is to import from abroad the know-how for modernizing the techniques of repression. Among the examples are transmission of techniques of CIA of the United States to KCIA of South Korea; export of techniques of United States intelligence and police agencies to many countries in Latin America, including counter-insurgency techniques, "modern" methods of torture and other "transfers of technology" to improve means of oppression. In South Korea, for example, the repressive systems under Syngman Rhee regime and Park Chung Hee regime are quite different, illustrating the distinction between traditional and modernized repression. The Rhee regime was autocratic and repressive in a traditional sense, while the Park regime is clearly resorting to a technologically "modernized" system of repression. A similar trend can be widely observed in other Third World countries.

Assessing Militarization

Our analysis above leads us to conclude that, on each of the five levels, the situation is deteriorating. If we consider the problem solely within the framework of detente between the United States and the Soviet Union alone, we may hold an illusion that the situation has gradually improved. If, however, we examine the five levels more closely, it becomes clear that the condition has in fact deteriorated and, if left unchecked, will lead to grave consequences. Evidently, disarmament is a most urgent problem. And it is imperative that we examine the political structure of armament dynamics on a global scale in order to understand the real implications of the problem.

The problem of militarization will not be resolved unless all dimensions of the dominance/dependence relationship is transferred. Traditional theories of disarmament, which concentrate on the US-USSR relationship, are inadequate as an approach to demilitarization.

The issue of armament and disarmament is essentially a political problem. It is not merely a question of weapons or hardware. A political approach is alone capable of identifying who are the beneficiaries of the armament dynamics.

It is also vital that armament and disarmament should be perceived as a human problem, particularly in identifying the victims of the armament system. Who are being killed, injured, or threatened by these weapons? People in the industrialized countries are manufacturing and exporting weapons, but they seldom die in recent wars through their use. There are people in other places being killed by these weapons sold for profits and dominance. This is not merely a political question. It is a question that challenges our human sensitivity. Prospects for demilitarization today hinges to a certain degree on how they respond as humans to the tragedy of people who are being killed in seemingly remote places.

The basic thinking after World War II was to maintain the peace and security of the world through the possession by the Big Five of more powerful armaments than others, that is, to achieve peace and security through the military superiority of a wartime alliance. The idea was readily accepted. When discord or conflict arose among the allies, then the idea was to entrust the United States with the task of possessing sufficient armaments to maintain
superiority over other revisionist states, such as the Soviet Union. Thus, even though some proposals have been made and negotiations undertaken under the banner of "disarmament" in the postwar period, they were for the most part mere propaganda, or else part of a policy seeking to induce the other side to undertake a greater degree of "disarmament" and thereby gain a superiority for its own side, in a manner comparable to as if one's own side had carried out a greater degree of arms rearmament. As long as each side pursued superiority as a goal, disarmament was bound to fail and an arms race ensue.

Furthermore, this system of maintaining order by the big powers, having been created before the development of atomic weapons, was handicapped by its inadequacy as a response to the nuclear age. Even when the allies were united, to use nuclear weapons against those who violate the international law and order would amount to a "crime against humanity". What is more, it is clear that the possession or use of nuclear weapons when the Big Five are divided and opposed to one another would endanger world peace and jeopardize international justice. The United Nations system did not at all fill the security gap in the world arising from nuclear weaponry.

Dominance in the Name of "Deterrence"

Whereas the Soviet Union as a late-developing state has succeeded in attaining a position of parity with the United States through the process of arms race, such an achievement is virtually impossible for other late-developing countries. As they are facing the threat of unilateral deterrence by the superpowers, intense efforts to "catch up" to the maximum degree will continue to go on for some time. Among these late-developing countries, those which started relatively early were France and China, which succeeded in developing their own nuclear capabilities.

The other late-developing countries are trying to catch up at least in the peaceful uses of nuclear energy, resulting in nuclear proliferation in this field. For them, however, overcoming their disparities with France or China, not to speak of those with the United States and the Soviet Union, would be virtually impossible. While the disparities may not be overcome, nuclear proliferation in itself poses a grave danger. Furthermore, another serious problem is the distortion of the pattern of political and economic development of the late-developing countries which will result from their over-straining themselves in an effort to catch up militarily. In this instance, the problem arises not from "overtaking" which is unlikely anyway, but from the very process of trying to catch up.

When this structure of disparities is viewed from the perspective of late-developing states, a clear image emerges that the symbol of "deterrence", or the actual polity being pursued under this symbol, is nothing but a device to perpetuating the dominant and hegemonic position of the early-developing states.

Given the fact that the penetration of modern armament system throughout the world is thus proceeding hand in hand with the penetration of the system of dominance and repression, we can see that what is in progress at the same time is a growing challenge to this whole structure of world-wide domination. It
goes without saying that the New International Economic Order, though limited in its scope, is one of the strategies of resistance against the pyramid of power buttressed by global armament system.

The main question is how to dismantle this pyramidal system of domination and repression without provoking general warfare. Here we are faced with two opposite alternatives. We are now at the crossroads where we must choose whether to militarize further the whole world or to begin the radical process of demilitarization.

Earlier the Third World in the spirit of non-alignment accepted the existence of the two military pyramids of East and West as given; efforts were limited to the promotion of peaceful coexistence of the two pyramids. In contrast, what is beginning now is an attempt to topple both pyramids of dominance. Among the member countries of the Conference of Heads of State of Non-aligned Countries are economically powerful oil-producing countries. These countries are beginning to arm themselves with modern weapons. Many additional countries have now the capability for nuclear development. In effect, these countries are presenting the advanced countries, which have had up to now a virtual monopoly of the system of modern armament in the world, with a ultimatum, asking whether or not they really intend to pursue the path of demilitarization. A failure to demilitarize (including disarm) will induce these non-aligned countries with the capability to engage, in one way or another, arms build-up for themselves. In the sense, the situation is quite different from what it was in 1955 at the time of Bandung Conference. This new development testifies to the fact the the world now stands at a crucial crossroads. The relative failure of the Special Session on Disarmament confirms our worst fears of an extremely dangerous dystopia, namely, militarization of the entire world.

Toward an Initiative for Disarmament

How can such a prospect be averted? Very simply, one way is for the major military powers to stop increasing armament in the name of arms control and begin to take steps to reduce armament. And this has to be done immediately. At the same time, the late-developing countries would have to respond by voluntarily restraining their arms build-up, or at least by placing a moratorium on arms build-up, encouraging the advanced military powers to proceed with their reduction of armament. A dangerous situation will arise unless these two sets of initiatives are well coordinated.

What is needed now is not a lengthy negotiation and the agreement between the "advanced" military powers and the Third World countries. The conditions are too urgent to indulge in this leisurely process. What is needed, and what is also most realistic, is for each group of states to take the necessary action voluntarily and unilaterally. In particular, it would be necessary and effective for the "advanced" military powers to decide first to reduce armament regardless of what the Third World countries might do.

A great deal of analysis has been devoted to the question of how the tide of the arms race between the major military powers can be reversed. The rationality and practicability of the "unilateral initiative" has increasingly won
respect as the critical approach. "Unilateral initiative" means that, even in the absence of a firm proof that the other side will also disarm, we engage in an arms reduction on a scale that would not immediately jeopardize our security, and thus begin to eliminate the factors, among those which are obstructing disarmament by the other side, which are within our control. Without such a decision to disrupt the rhythm of militarization the vicious circle will not be broken.

Reliance on "unilateral initiatives" was originally proposed to break the deadlock in the horizontal relationship between the United States and the Soviet Union. A similar argument holds in relation to the asymmetrical relationship between the industrialized and Third World countries; that is to say an interaction based on unilateral disarmament on the part of the militarily advanced powers and by unilateral self-restraint with respect to augmenting armaments by the Third World countries. Based on the logic of "sovereignty" alone, there is no reason why the Third World countries should not possess nuclear weapons so long as the superpowers have them. Therefore, it is imperative that, first, the advanced military powers take the initiative for self-limitation of sovereignty in the form of significant degrees of unilateral disarmament. On the other hand, unless the Third World countries also take steps to limit their sovereignty unilaterally of their own accord, there remains a constant threat that the world will move further down the path of total militarization. In order to avert such a development, Third World countries must also beware the trap of insisting on national sovereignty without regard for world order. They must act to avoid the historical errors of the industrialized countries following in their wake. In the name of state sovereignty and nationalism, the industrialized states have engaged in arms races and imperialist wars over a long period of time. It is essential to break this cycle.

In the Third World countries are manifested today a self-awareness and efforts to build societies which are not predicated as a matter of course on Western values, not only on the political and economic levels but in the area of culture and inner human values as well. In economic development, for instance, it is widely recognized that following the same course pursued by the industrialized countries is both not feasible and inappropriate, since modernization Western-style obviously contains numerous errors and problems. A serious search is underway in the Third World for "alternative models" of development. In this sense, the people in the Third World are acting to achieve fundamental de-Westernization, an essential element of demilitarization.

The hope for demilitarization depends on the displacement of statist logic in both the industrialized and Third World countries. Each, in its way, has to rediscover the foundations of security in the nuclear age and depend on shifting toward a more global orientation. Demilitarization as process is operative on all five levels, eroding and dissolving structures of domination as well as security frameworks based on armaments. As we have indicated, values and politics, not reason and sentiment, will prove decisive. It is a matter of making fundamental adjustments in outlook and behaviour, enabling a successful adjustment to the relentless logic of militarization in the nuclear age.
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World military expenditure is running at over $400 thousand million a year. NATO and the Warsaw Treaty Organization together account for about 70% of this total. The Third World (excluding China) accounts for 14%.

Third World military spending has doubled during the 1970s, increasing faster than the GNP. The Third World spends three times more on the military than it receives in official development aid.

Increased military spending is one major indicator of the growing militarization of the world. The international arms trade is another. During the early 1970s, supplies of major weapons to the Third World rose on average by 15% a year. In the past 5 years, the average rate of increase was an alarming 25% a year. In 1978 the five largest major-weapon exporters were the USA (47%), the USSR (27%), France (11%), Italy (4%), and the UK (4%).

70% of the global arms trade goes to the Third World, most of it to the Middle East. In 1978 the largest importers were Iraq, Iran, Israel, South Korea, Saudi Arabia, India and Libya. The Third World countries increasingly export weapons produced in their own arms factories.

The strategic nuclear arsenals continue to grow. The USA and the USSR together deploy nearly 14,000 strategic nuclear warheads. With tactical nuclear weapons added, the world’s nuclear arsenals are equivalent in explosive power to more than one million Hiroshima bombs.

During 1978, 112 military satellites were launched, 91 of them by the USSR. In comparison, only 43 satellites were launched for peaceful purposes.

The capability to produce nuclear weapons continues to proliferate worldwide with the spread of peaceful nuclear technology. But efforts to develop an effective non-proliferation regime have so far failed.

There seems to be little chance of successfully negotiating a permanent and comprehensive ban on nuclear weapon tests, a measure which would help slow down the qualitative nuclear arms race. Meanwhile, underground nuclear tests continue at a high rate. Forty-eight nuclear explosions were carried out in 1978: 27 by the USSR, 10 by the USA, 6 by France, 3 by China and 2 by the UK.

The United Nations General Assembly's Special Session devoted to disarmament took place in mid-1978. This, the first Disarmament Conference for 46 years to involve most countries, showed the reluctance of states to take real steps towards disarmament. Most political leaders are unwilling to subordinate their short-term national considerations to longer-range global interests, even though they now realize the ultimate choice facing us in the nuclear age - nuclear disarmament or nuclear war.

*/ Excerpts from the 1979 SIPRI Yearbook. SIPRI is the Stockholm International Peace Research Institute, Sveavägen 166, S-113 46 Stockholm, Sweden.
BUILDING BLOCKS

CONTRADICTIONS BETWEEN NATIONAL AND TRANSNATIONAL PLANNING:
THE ROLE OF LABOUR UNIONS

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Abstract: The strength of transnational corporations (TNCs) lies in their capacity to transcend national frontiers and to exploit divisions in national and social interests, in pursuit of the corporate goal of profit maximization. Their optimum environment is a unified world economy coexisting with a fragmented policy. Yet TNCs depend on the state to provide a stable political and social framework for their activities.

The policy-making capacity of the state is impaired by the unaccountability of TNCs. Moreover, it is the state, thus weakened, which is left to cope with the macro-economic consequences (inflation, unemployment, energy shortages...) of TNC micro-operations. Yet the state often relies on the transnational system to provide the investment needed to produce economic growth.

The relationship between nation states and TNCs is thus both conflictual and co-operative. It allows states some leverage on TNCs, which may be used to ensure a measure of governmental control of their operations, through national, regional and international measures.

Organized labour should aim both to ensure that national planning responds to truly democratic aspirations and to build up a transnational countervailing force of labour solidarity within individual TNCs and in the process of democratic international organizations. Institutional obstacles to international labour solidarity and conflicts of interest between workers in different countries or productive sectors need to be analysed and overcome in order to work out a common strategy for confronting the logic of international capital.

CONTRADITIONS ENTRE LA PLANIFICATION NATIONALE ET TRANSNATIONALE:
LE RÔLE DES SYNDICATS

Résumé: La force des firmes transnationales (FTN) réside dans leur capacité de passer outre aux frontières nationales et d'utiliser, dans la poursuite de la maximisation du profit, les différences entre intérêts nationaux et sociaux. Leur environnement optimum est un monde économique unifié coexistant avec un monde politiquement divisé. Cependant, les FTN ont besoin de l'État pour assurer à leurs activités un cadre politique et social stable.
La capacidad de l’Etat de determiner sa politique est affectée par le fait que les FTN ne rendent pas de comptes. En outre, c’est l’Etat, ainsi affaibli, qui doit faire face aux conséquences macro-économiques des micro-opérations des FTN (inflation, chômage, pénurie d'énergie). Cependant, l’Etat s’appuie souvent sur le système transnationale pour assurer les investissements nécessaires à la croissance économique.

Les relations entre les États-nations et les FTN sont ainsi à la fois conflictuelles et coopératives. Elles donnent à l’Etat certains moyens de pression qui peuvent être utilisés pour réglementer dans une certaine mesure les activités des FTN, par le biais de dispositions au plan national, régional et international.

Les syndicats devraient faire en sorte que la planification national réponde aux aspirations démocratiques et que s’organise la solidarité des travailleurs comme contre-poids, aussi bien au sein de firmes particulières que dans les travaux des institutions internationales. Les obstacles institutionnels à la solidarité internationale des travailleurs et les conflits d'intérêt entre travailleurs de différents pays ou secteurs de production doivent être analysés et dépassez de manière à permettre la formulation d’une stratégie commune qui s'oppose à la logique du capital international.

**CONTRADICCIONES ENTRE LA PLANIFICACIÓN NACIONAL Y TRANSNACIONAL: EL PAPEL DE LOS SINDICATOS**

Resumen: La fuerza de las empresas transnacionales está en su capacidad de trascender las fronteras nacionales y de explotar las divisiones en los intereses nacionales y sociales para alcanzar la maximización de sus ganancias. Su medio ambiente óptimo es una economía mundial unificada que coexiste con un sistema político fragmentado. Pero las empresas transnacionales dependen del estado para proveerlas con una estructura política y social estable para sus actividades.

La capacidad del estado para formular políticas queda perjudicada por el hecho de que las empresas transnacionales no tienen la obligación de dar cuentas de sus actividades. Además, es el estado ya debilitado, que tiene que enfrentar las consecuencias macroeconómicas (inflación, desempleo, escasez de energía) de las operaciones microeconómicas de estas empresas. Sin embargo el estado cuenta con el sistema transnacional para proveer las inversiones necesarias para el crecimiento económico. De este modo la relación entre estados nacionales y empresas transnacionales es tanto una de conflictos como de cooperación. El estado puede usar su influencia en sus relaciones con las transnacionales, la que se puede usar para asegurar un cierto control gubernamental sobre sus operaciones, por medio de medidas nacionales, regionales e internacionales.

Organizaciones de obreros sindicados deben tratar de asegurar que la planificación nacional responda a aspiraciones verdaderamente democráticas a la construcción de una fuerza transnacional contrapesante de solidaridad de obreros dentro de las varias empresas transnacionales, y en los procesos de organizaciones internacionales democráticos. Hay que analizar y superar obstáculos.
Alberto Martinelli

CONTRADICTIONS BETWEEN NATIONAL AND TRANSNATIONAL PLANNING

States and markets

States and markets have historically been major agents of integration of the capitalist system, the former mostly at the national level, the latter at both the national and the international levels. These institutions existed earlier than the industrial bourgeois revolution, but have dramatically changed after that time, playing different roles and modifying their relative weight in the different phases of capitalist development.

The common view that sees the world market as the central integrating institution and the nation states as the political agents of fragmentation and rivalry contains elements of truth but is too simplistic, as is the case of the opposite view stressing market anarchy and state planning. The picture is more complex: on the one hand, it is true that national firms have integrated the international capitalist system through the world market, but it is also true that the shift from competitive to oligopoly markets paved the way to increasing inter-capitalist rivalries at the turn of the century and to the breakdown of the international economy in the 1914-1945 period. On the other hand, states have been major agents of political and military conflicts but also of international integration through periods of balance of power or phases of 'imperial peace' imposed by an hegemonic power and, besides, at the domestic level, states have striven to achieve social integration and consensus in the interests of their dominant social blocs.

It is then more appropriate to define the relative role of states and markets in the integration and planning of the system in terms of a division of functions between the markets and the firms, on the one hand, and the state authorities on the other: the former have historically had the responsibility for production and exchange decisions with all the inherent contradictions that these decisions entail - ranging from class conflict to market anarchy and monopoly wars - while the latter have been in charge of the social reproduction of capital (education, health, social security and the like), of income distribution and control of the economic style at the domestic level and of sustaining national capital in international competition.

Both states and markets are therefore agents of planning and disorder, of conflict and integration, at the same time. The contradictions which they manifest can be traced, first of all, to the fact that the capitalist system is both a complex network of national, regional and local systems and a global system which is more than the mere sum of its components, and second, to the different forms that class conflicts take domestically and internationally, within and among firms and markets, within and among states.

Transnational planning

In the present stage of capitalist development, after the second world war, a new phenomenon has complicated the picture, adding specificity to the traditional relationship between state and market forces, i.e. the transnational
corporation. The internationalization of capital has been a constant feature of the capitalist mode of production. Both the classical economic theorist and Marx stressed the powerful inherent drive to growth of the system, its capability to bypass and destroy pre-industrial constraints and to generalize capitalist relations to the whole world. Capital export is seen by Marx as a major countertendency to the falling rate of profit at home, since in the periphery a higher exploitation of labor can take place. With the transition from competitive to oligopoly capitalism, the relative importance of capital exports vis-à-vis international trade grows, as the representatives of the classical theory of imperialism point out. Hilferding, for instance, remarked that capital export accelerates the transformation of all old social structures and the diffusion of capitalism on a global scale. Bukharin pointed out the contradiction between the internationalization of economic life and the increasing nationalism of national bourgeois groups; and Lenin identified in the shift from export of goods to export of capital a basic feature of imperialism. It is only in the post-second world war period, however, that the twin processes of capital concentration and capital internationalization not only take a new great leap forward but come to be embodied in the same institutions, i.e. the transnational corporations, and that these institutions become also a major agent of planning of the world economic order, although at the microeconomic level.

The impressive growth of transnational corporations in the last 30 years has been facilitated by various factors such as the development of communication and transport, the increasing complementarity of technology and managerial skills, economies of scale, and trade and money liberalization as a result of conscious government policies. But the driving force behind this growth is the maximization of corporate profit and expansion and the preemption of foreign as well as domestic competition through take-overs, barriers to entry and other oligopoly devices. The emergence of transnational corporations has modified international economic relations. Today, real and money flows no longer circulate only among nation states. Trade flows and portfolio investments of course have not disappeared. But more and more, the internationalization of economic operations takes place directly within the corporate system and affects the structure of world trade. The value of United States international production, i.e. foreign production of U.S. based transnational corporations, is roughly more than four times the value of United States exports, whereas the ratio is to one in the case of Great Britain, and more than one for West Germany and France. According to a recent U.S. Government study, about 50% of all United States external trade involves intra-corporate trade. The data on the United States economy is of course higher than those of other countries since transnational corporations are to a great extent the result of the internationalization of American firms; but it is estimated that one third of all international trade actually takes place within the transnational corporations' system. Parallel to the control of a significant portion of international trade, transnational corporations control a total amount of capital which is greater than the total foreign exchange reserves of state central banks. A dual international monetary system has developed in recent years, where the official one made by the International Monetary Fund and the central banks has been joined by a transnational corporations-related one that is composed of transnational banks, special financial markets like the Euro-bond market, and specific financial centers and tax havens.

Transnational planning of the world economy does not take place so much, however, through the control of international trade and financial flows as through the reproduction within the corporations themselves of a hierarchical division of
labor. Although the total number of employees of foreign transnational corpora-
tions' subsidiaries is not high when compared with the world labor force, the
centrality of these firms in the system makes their organisation of the social
relations of production on a global scale very important. In this respect, trans-
national corporations are a wholly new phenomenon with regard to comparable forms
of internationalization of capital in previous epochs. Unlike the great merchant
companies of the transition period from feudalism to capitalism and unlike the
big financial holdings of the imperialist stage studied by Hobson, Hilferding,
Bucharin, Luxemburg and Lenin, contemporary transnational corporations influence
the international division of labor directly through their hierarchical or-
ganization and not only indirectly through the market. While former companies
and holdings were separate national entities which interacted with each other
through the network of trade relations among countries, transnational corpora-
tions are complex productive units with highly specialized and connected work
processes and they develop within themselves a division of labor that reproduces,
but does not coincide with, the geopolitical division of the world into separate
national entities.

This latter feature of transnational corporations needs to be elaborated a
little further since it is the major instance of transnational planning, i.e.
of the integration of the world economy through corporate planning and of its
adaptation to the corporate objective of profit maximization on a world scale.
As I have already remarked, capital export has historically been one of the
basic ways to reconstruct profit margins eroded by the growing consciousness
and political strength of workers as the industrialization process goes on. More
specifically, the growing bargaining power of organized workers makes it more
and more difficult for the 'automatic' regulation of the labour market through
the industrial reserve army and induces corporations to recover profit margins
directly within the firm's organization distributed in a hierarchy of different
economic contexts.

The corporate planning of business activities and the international organization
of the firm allows a unified command upon separate fractions of the working class
and the exploitation of those ethnic, national and cultural elements which obs-
truct the formation of a unified consciousness among workers and of a coordina-
ted labor strategy among unions of different countries.

Nation states are not obsolete

To state that trade flows among states are no longer the only feature of interna-
tional trade, that transnational capital is the major component of the interna-
tional financial system and that transnational corporations directly integrate
the world economy through their complex productive structures, does not mean
to argue the obsolescence or the withering away of the state, as many people
do. On the contrary, the inadequacies of market forces to manage the contradic-
tions of capitalist development and to guarantee the dynamic equilibrium of the
system accounted for the continuing importance of the nation state, not only
for periods when inter-capitalist rivalries prevailed, but also, after the
second world war, when an open hegemonic system was implemented. A very strong
state, the U.S.A., was necessary to rebuild the open market system, and to
provide a favourable environment for economic interdependence and corporate
expansion; and the recasting of a bourgeois Europe and a bourgeois Japan also
implied the strengthening of their nation states. Today sovereignty is not at bay; on the contrary, oligopoly firms, profiting from economic interdependence, do need strong states to perform basic functions that the cannot perform. This need is mostly evident with regard to the state of the parent country. Transnational corporations have in fact a well defined nationality, which is that of the country where the strategic factors of corporate power, such as financial means, research and development, organization and information are located. But transnational corporations require also an active role of the host countries' states in creating a favourable environment for foreign investments and corporate profits. And, finally, besides their domestic role, nation state are required to play a continuing role internationally. In fact, transnational planning of the world economy through the reproduction of a hierarchical division of labor works primarily at the microeconomic level and international oligopolies contribute to foster economic problems, such as inflation, energy shortages, unequal distribution of resources, which have to be managed politically by other institutional actors.

Contradictions between national planning and transnational capital

The interrelated trends of transnational corporate expansion and nation states' continuing importance in domestic politics and in international relations account for a complex pattern of contradiction and interdependence, conflict and cooperation among them. This pattern varies to a great extent according to:

a) the type of transnational corporation we consider - raw materials oriented, market oriented, cheap labor oriented; privately owned, public owned; vertically integrated, horizontally integrated; etc.

b) the type of nation state we consider - according to the position of the country in the international division of labor and in the international distribution of power, the nature of the political regime, the quality and extent of class conflict, etc.

c) the relationship of the state with the transnational corporation, i.e. as either a parent state or a host state, and the scope of activities within a given country.

Some basic general features are however present. Given the nature of this paper, I will focus on these features, i.e., I will identify the basic contradictions and interdependent patterns in general terms, although special reference is made to industrialized host countries, and manufacturing transnational firms since they are the major focus of my research in this area.

Transnational planning and national planning conflict with each other in terms of objectives and strategies. Transnational corporations operate according to an overall strategy aiming at the highest long-term profits of the whole business and not of its single parts, however concentrated they may be in a single country. Nation states are basically concerned with control of the economic cycle, consensus formation, welfare policies, income redistribution and similar goals and activities which are often impaired by transnational operations.

Underlying these conflicts is a basic contradiction which can be formulated both
from the point of view of the nation state and of the transnational corporation. Host countries' governments are caught in the dilemma between the need to foster inward direct investments - in order to maximize the positive effects of international economic interdependence for effective demand, growth and employment - and the need to defend and restore their autonomous power. This contradiction is particularly acute since national governments have raised their ambitions to direct the details of the domestic economy, because of a more complex economic process and rising popular demands, at the very time in which international forces have made both many targets and several policy instruments less susceptible of domestic national manipulation than earlier. When a given country is both a host and parent country the dilemmas and the ambiguous position of governments are even greater, since states try to promote their own transnational corporations and to attract foreign direct investments at the same time, trying to control them both and make them comply with the objectives of national planning.

On the other hand, transnational corporations cannot renounce the traditional state functions, which are necessary to create favourable conditions for their viable functioning - such as defending property rights, guaranteeing the free circulation of factors of production, integrating the subordinated classes, legitimizing the capitalist social relations - while, at the same time, they weaken the very capability of the states to perform those functions by undermining their power. Transnational corporations need strong states and stable societies, but cannot help undermining them at least to some extent. More specifically, the basic contradiction can be outlined in a few simple propositions:

a) nation states are still the basic political institutions which generate social consensus, legitimate existing social relations and guarantee the social reproduction of society;

b) the successful performance of these functions is required by international - as well as domestic - capital in order to operate and continue to grow;

c) the successful performance of these functions depends on the government's capability to attain such standard economic goals as full employment, sustained rates of growth, balance of payments equilibrium, control of inflation, and the maintenance of a certain level of public expenditure, since a successful management of the economy, although for limited periods, has allowed the capitalist state to confine class conflict to the distribution of resources and has eased social conflict through the payment of higher wages to the organized workers and the granting of welfare benefits to the unemployed, the underemployed, the marginal groups;

d) practically each of the standard economic policy goals I have listed and each of the state policies implemented to pursue them are, however, affected and, to some extent, threatened by the very operations of transnational corporations.

There are several ways through which transnational corporations affect national planning. Just to make a couple of examples, let us focus on these firms' direct control of the terms of trade and investment flows of different countries in strategic industrial sectors. This control cannot be reduced to the control that oligopolistic firms have on the prices of their finished products. Insofar
as transnational corporations vertically integrate productive units located in
different countries, the prices at which semi-finished products are transferred
from one local unit to the next are not mere accounting terms for the firms,
but exports and imports for the countries involved. These prices can be changed
without affecting the quantities which are bought and sold. In other words,
they are not influenced by the limits that the market puts to the manipulating
of prices, while they do affect both the balance of payments and the level of
income of host countries. And, through overpricing and underpricing their pro-
ducts, transnational corporations can escape state regulations on trade flows,
such as selective fees for imports and selective subsidies for export.

Another major instance of transnational corporations' constraints on national
planning concerns international financial flows. These firms make profit,
control sources of money and decide investment over an area covering many
countries. The apportioning of these flows, i.e. self-financing through
undistributed profits, external financing and investment expenditures, needs to
be undertaken only for the firms as a whole and not for each national unit. Cor-
porate global strategy can therefore be at odds with state monetary policy,
insofar as the difference between financing - both from domestic and external
sources - and investment expenditures in the local branches located in a given
country represent import or export of capital for this country. In different
terms, one can remark that nation states and transnational firms conflict on
value appropriation, as they conflict on value creation - insofar as there is a
very high decision dependence of local subsidiaries on the corporate headquarters
located in the home country.

State strategies and corporate strategies

National governments try to limit the discretionary power of transnational cor-
porations and to make them comply with the directives of national planning in a
variety of ways. Selective fees for imports and selective subsidies for exports -
which I have already mentioned - increased protectionism in government spending,
the use of foreign aid to sustain and enlarge export quotas, credit and fiscal
incentives, public supply of capital, selective subsidies for production, in-
vestment, employment, research and development, product standards for environ-
mental protection are all instances of policies implemented in different com-
binations by various countries. These policies only to some extent can be
justified on the ground that they aim at managing the economic crisis and at
increasing market efficiency, since they are also intentionally geared to re-
covering national sovereignty in the world economy. These policies are to a
great extent neo-protectionist policies, which, however, do not imply the exit
or dissociation from the open hegemonic system; actually, they take
advantage both of the difficulties that political authorities of other countries
have in controlling them and of the lack of international regulatory agreements
in certain areas of economic activity. Although the outcome of conflicting
pressures toward liberal and protectionist policies can be very different in
different countries - according to their position in the international division
of labor, and the type of domestic coalitions of interest groups and of their
impact on government policies - the most likely outcome for most countries seems
to be increasing state intervention into the domestic economy, without seriously
threatening the continuing integration in the world market.
The effectiveness of government policies of the type I have mentioned is restricted to varying degrees by a parallel and contrary array of corporate strategies. First, transnational firms are very skilful in using a wide range of financial and organizational procedures which allow them to be insured against the risk of nationalization and to profit from diversity in state regulation of foreign investments. Second, transnational firms are often effective in mobilizing support among domestic groups, such as business groups, consulting professionals and government officials, in a variety of ways ranging from legitimate forms of cooption into the transnational network to bribery. Third, transnational firms can exert their influence in the parent country to bring pressure in order to 'convince' host governments to favor them. There are several other elements in corporate strategies vis-à-vis national governments, but those instances can be enough. What is important to stress here is that transnational corporations feel at ease in a unified world economy coupled with a fragmented political system, since they can profit from diversity and exploit their greater flexibility to adapt to different environments. However, transnational firms do not push their divisive tactics too far, since they seem to be aware of the fact that if political fragmentation reaches the point where it implies generalized protectionism and interstate rivalry, it would imperil their very existence as global units.

In synthesis, both nation states and transnational corporations try to maximize their major goals - which to some extent contradict with each other - i.e. the state's autonomous power and the corporation's drive toward the maximization of long term profit. But, in the pursuit of their respective goals, both actors take into account the goal of the dynamic equilibrium of the existing system of social relations, at least in the case of capitalist countries.

Toward a coordinated labor strategy

The relations between transnational corporations and nation states - at least for industrialized capitalist countries - are then both conflictual and cooperative. Actually, with very limited exceptions, all countries, both industrialized and not, accept foreign direct investment. And for those countries that have reached a certain stage of industrialization and have effective sovereignty, economic interdependence brings benefits as well as costs.

If we consider only transnational corporations and nation states, however, we miss other important political actors and risk to accept as inevitable a pattern of conflict and cooperation which, as it is now, is functional to the interests and values of a powerful social bloc made by international capital and domestic dominant coalitions. More specifically, if we remain at the national interest level, in the sense of assuming a homogeneous set of goals and strategies which are pursued in the interest of a whole nation, we neglect the basic dimension of class and organized interest politics. Contradictions and conflicts between national governments and transnational firms and among states can be mediated in the interest of powerful social coalitions which do not represent the subordinated classes. In other words, there is not only the contradiction between transnational planning and national planning, but also the class contradiction between capital and labor, both within corporations and within states. In confronting international capital, workers cannot therefore rely only on the policies of their countries' governments.
The working class, their allies and their political institutions - both unions and parties - should challenge corporate strategies of transnational planning at three different levels in a coordinated way:

- at the domestic level, wherever a democratic process of policy formation is at work, by making national planning to respond to broader goals than those of the domestic bourgeoisie and to become the result of a more decentralized decision making process;

- at the corporate transnational level, by coordinating the struggles of different fractions of workers employed within the same firm;

- at the supra-national level, by organizing workers' interests across national boundaries, so that they can become a powerful political force within international organizations of various kind (United Nations agencies, regional economic communities like the EEC, raw-material producers' cartels like OPEC, and the like).

There is no doubt that national planning tends to imply a more open and articulated process of decision than corporate planning and also to pursue goals which approach more a collective interest, insofar as their formulation and implementation is the result of a complex process of negotiation and mediation among organized groups, whereas corporate strategies are worked out by a restricted managerial class. Although influenced by a variety of organized groups, national planning is however not neutral, since it represents in its outcomes a weighted mediation in favor of the interest and values of the hegemonic social coalition. State planning can become a mere instrument of capitalist rationalization and work in symbiosis with private oligopolies, both domestic and transnational. In spite of inter-capitalist rivalries and of conflicts with transnational firms, state planning can contribute to maintain the existing international division of labor and the hegemonic position of transnational firms.

In order to make national planning a force of social change it is then necessary to have an active participation of labor unions and leftist parties in the planning process, linking it with forms of workers' control at the plant level. More specifically, planning should not be a set of policy objectives, positive and negative sanctions and legal procedures decided upon by a centralized government, but rather a two-way process flowing from top to bottom and back, where workers at the plant level can feed a flow of informations to their representatives in the planning process and exert systematic controls upon the way in which firms comply with state directives. Democratic planning and industrial democracy together can orient the role of the state in regulating the economy along lines which respond to interests and values other than those of big business, both domestic and foreign.

As I have tried to show in previous sections however, state action can be impaired and distorted by transnational strategies. Moreover, national planning, even when workers representatives play a role, could lead to conflicts of interest among nations and transnational firms can profit from that. For these reasons, even democratic national planning is not enough. Other political actors than nation states should strengthen their role, and could foster the development of an integrated world system while changing present unequal social relations.
First among these actors are labor unions. There is a strong need of coordination among unions of different countries and among the parties which are related to them, both at the plant level and at the level of supra-national institutions. Although it may be difficult to achieve, the aim should be the joint working of a democratic planning process in democratic international organizations and of industrial democracy in transnational corporations.

The obstacles to this labor strategy are great, and little has been done until now, although some recent developments, such as that of the European Confederation of Labour Unions, are encouraging. The growing internationalization of production and exchange has not yet fostered parallel developments of labour organizations at the international level and coordinated labor strategies. Workers much more than managers and entrepreneurs have local roots and, if they are not forced to migrate, tend to spend most of their lives in a restricted horizon of work and community life. Even if conditions of work and life are similar in countries with comparable degrees and patterns of development, cultural differences coupled with ideological differences in unions' politics and with institutional differences in unions' structures, are all elements which make the coordination of labor struggles in different countries a difficult task to achieve. This task is made more difficult by the 'divide et impera' strategy that transnational corporations employ toward the different segments of the labor force which they hierarchically integrate in the productive process, as I have discussed above.

The transnational strategy of organizing production on a world scale, however, can also create the conditions for common workers' interests and coordinated action. This statement must be qualified with regard to the type of transnational firms we consider. The growing importance of cheap-labor-oriented, manufacturing transnational firms as opposed to raw-materials-oriented agricultural and extractive ones, implies a shift in the potential conflict of interests between workers of the center and workers in the periphery - or, in different terms, between workers of the home country and workers of the host countries. In the case of extractive and agricultural firms, conflicting interests among workers exist, since rising wages in the periphery raise the prices of foodstuffs, energy and the cost of living in general in the center, whereas in the case of manufacturing transnational firms, the situation is different since rising wages in the periphery reduces the risk of exporting jobs and growing unemployment in the center.

Labor unions should carefully analyse situations like the one I mentioned, in order to identify concrete elements of convergence of interests, and work out from them well defined and pragmatic objectives. From an experience of common struggles they can later develop a broader political strategy to be implemented both at the corporate and at the international organization levels.

To conclude, first, national governments should strive to strengthen their control of transnational corporations and to subordinate corporate planning to national planning. Second, in order to be more effective, these efforts should be coordinated within a framework of institutional arrangements at the regional and international levels, which can set constraints to transnational operations, such as codes of conduct, financial regulations, technology transfer regulations, fair labor standards, and the like. Third, since international arrangements
are not enough, being easily influenced by transnational firms and their home governments, international organizations of interest groups different from international capital - first of all labor unions, but also to a more limited extent consumers' associations, ecological groups and the like - should be developed in order to build up a counter-strategy for harnessing corporate discretionary power. Transnational corporations profit from an integrated hierarchical world economy and divided world polity and labor movement; it is in the long-term interest of workers in different countries to fight for a more equal international system, where different countries and different working classes are not played against each other and are not all subordinated, although at different degrees, to the logic of international capital.
"OPENING UP" TO THE OUTSIDE WORLD AND ITS EFFECT ON THE NATIONAL ECONOMY: THE CASE OF CHILE

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Abstract: From "development" policies emphasizing industrial growth and promoting a predominant and dynamic role for the State - including a certain control of the external sector of the economy and a relative concern for the distribution of incomes - certain Latin American countries have, in the last years, drifted into a radically different perspective. The play of free market forces became the central element of the economy and a tendency emerged to eliminate any State intervention. The policy sustaining these new national experiments is characterized by an "opening to the exterior" both in trade and in the flow of capital.

The authors examine the evolution of the Chilean economy inside such a model and the consequences for the opening to foreign investment, and describe the following features:

. the expansion of exports based on the exploitation of natural resources rather than on industrial development;

. the clear change of the nature of imports with an evident increase of "luxury" items, reflecting the inequity pattern of income distribution;

. the capital goods component of external acquisitions has decreased in relation to the consumer goods component;

. the above described tendencies affect negatively the level of national savings and, though the financial gap is narrowed by recourse to short-term credits, the consequences may be very serious in the long-term;

. the present external debt is negotiated at higher costs and shorter terms, requiring new massive flows of imported capital and representing a heavy financial burden for the future;

. there is a definite tendency to concentrate economic power in the hands of a small number of owners ( corporations and persons) and the "opening" reinforced the centralizing tendencies of the model.
"L'OUVERTURE" ET SES EFFETS SUR L'ÉCONOMIE NATIONALE: LE CAS DU CHILI

Résumé: Abandonner des politiques de "développement" accordant la priorité à la croissance industrielle et favorisant le rôle prédominant et dynamique de l'État - y compris une certaine régulation du secteur extérieur de l'économie et un souci relatif pour la distribution du revenu, certains pays latino-américains se sont dirigés, depuis quelques années, sur une voie radicalement différente. Le libre jeu des forces du marché est devenu l'élément central de l'économie et une tendance à l'élimination de toute intervention de l'État s'est fait jour. La politique qui sous-tend ces expériences se caractérise par une "ouverture" à l'extérieur aussi bien en ce qui concerne le commerce que les flux de capitaux.

Les auteurs de cet article examinent l'évolution de l'économie chilienne dans le cadre de cette "ouverture" et les conséquences d'une telle politique. Parmi les éléments qu'ils analysent figurent les suivants:

- l'expansion des exportations sur la base de l'exploitation des matières premières plutôt que sur celle du développement industriel;
- le changement dans la nature des importations, dans lesquelles l'importance des articles de luxe a crû, reflétant l'inégalé distribution du revenu;
- la diminution de l'importation de biens d'équipement par rapport aux biens de consommation;
- ces tendances affectent de manière négative le niveau de l'épargne nationale et bien que le déficit soit comblé par le crédit à court terme, les conséquences à long terme pourraient être graves;
- les emprunts nouveaux ont été obtenus à des taux plus élevés et à plus court terme, et le service de la dette exige des flux massifs de capital supplémentaire représentant un lourd fardeau financier pour l'avenir;
- la tendance à la concentration du pouvoir économique entre les mains d'un petit nombre de sociétés et de personnes est évidente, et l'"ouverture" est renforcée par les tendances centralisatrices du modèle.

LA APERTURA AL EXTERIOR Y LA ECONOMÍA NACIONAL: EL CASO DE CHILE

Resumen: De las políticas "desarrollistas" que enfatizaban, el crecimiento del sector industrial, un rol preponderante y dinámico para el Estado incluyendo cierto control sobre el sector externo de la economía y una relativa preocupación por la distribución del ingreso, ciertos países latinoamericanos en los últimos años, han pasado a una perspectiva radicalmente distinta. El elemento central lo constituye el libre juego del mercado, con una tendencia a eliminar la presencia del Estado en la economía, caracterizándose la política de estas nuevas experiencias nacionales por la "apertura" al exterior de las economías, tanto en el comercio cuanto en flujos de capitales.

Los autores examinan la evolución que dentro de un modelo de este género ha sufrido la economía de Chile, como consecuencia de la apertura financiera externa y describen los siguientes elementos:
"OPENING UP" TO THE OUTSIDE WORLD AND ITS EFFECT ON THE NATIONAL ECONOMY: THE CASE OF CHILE

Over the past few years some economic experiments have been developing in Latin America which constitute a radical departure from traditional development policies attempted in the 1950s and 60s. At that time, the emphasis was on the "local" development of the industrial sector, a dynamic and dominant role for the state, relative control over the external sector of the economy (imports, foreign investment, income from foreign capital), and an active preoccupation (at least in theory) with the problématique of income distribution. Recent experiences in the economic policies of Argentina, Brazil and Chile, however, indicate a very different perspective in the analysis as well as in concrete application. Now free play of the market assumes the central role, the state drastically reduces its activities and responsibilities, transforming itself into a subsidiary entity, and favours the "opening up" of these economies to the external world - both in terms of external commerce and in capital flows.

This paper concentrates on the theme of the opening up to the external financing and examines the Chilean experience in this respect during the last five years.

For a complete appreciation of the consequences and effects which the new "open door" model has on the internal economy of Chile, it is first necessary to note that the short time since its application does not yet permit a significant evaluation on an empirical basis. Given the inevitable delay with which the various internal and external economic adjustments adapt themselves to the new conditions of the functioning of the economy, the prevailing circumstances represent more of a transition period than a final model of operation. It is therefore not possible to form final judgement, nor to draw categorical conclusions from an examination of the present situation.

An examination of the evolution of the Chilean economy in the last 5 years allows us to separate some areas in which it is already possible to show some significant tendencies or to discern some important phenomena worth emphasizing. In what follows some central themes will be presented in relation to the impact of the "open door" model as applied to the Chilean economy in the last few years. Rather than final conclusions, they have the character of working hypotheses which should be deepened and perfected in future investigations.

1. Changes in the level and composition of commercial exchanges with the outside world

Without a doubt one of the most outstanding phenomena in the evolution of the Chilean economy in the last 5 years has been the large growth experienced in

* From a more extensive study entitled, "La inversion financiera externa en los modelos de desarrollo hacia afuera: El caso de Chile, 1974-1978", available on request from IFDA in Spanish only.
both imports and exports. Between 1970 and 1978, for instance, non-mineral Chilean exports went from US$304 million to US$937 million (1978 dollars), representing a growth of 224% in that period. Total imports, which in 1970 reached US$1,775 million (1978 dollars) now reach US$2,786 million in 1978, an increase of 57%. In the same period, the Gross Domestic Product only grew a little more than 10%, which determines that the relationship between imports and domestic production raised from 11.6% in 1970 to 16.5% in 1978. Beyond this significant increase in the level of external commercial transactions, it is interesting to note here the changes in its composition as an indicator of the effect which these sales and purchases of goods abroad have on the internal economy, as well as the future outlook of its basic components.

In Table I we show a classification of Chilean exports in 1970 and 1978, distinguishing five principal groups: the export of mineral products (copper, iron, saltpetre, etc.), the export of agricultural products (fruits, beans, wool, etc.), the export of partly processed raw materials (timber, cellulose, fish meal, etc), petroleum products and the remaining exports.

As can be inferred from an examination of the figures shown in Table I, it is clear that the dynamism of Chilean exports in these years has been provided by groups B and C, the export of agricultural products and partly processed raw materials.

From the point of view of its economic productive significance, both kinds of products share the characteristic of being natural resources with little or very elementary industrial processing (an observation which obviously also applies to group A - mining and mineral products).

It would seem clear that the accelerated expansion of Chilean exports in the past few years has been fundamentally based on the commercial exploitation and utilization of natural resources rather than on the expansion and development of genuinely industrial activities.

From a more forward looking perspective, the observed tendency poses some important questions. The first of these has to do with the very viability of selling primary products as the principal basis for increasing commercial exchanges with the rest of the world, and also with the implications of this type of specialization on the development pattern of internal productive forces. Moreover, it would do well to remember the known features of most of the international markets in raw materials, the vulnerability and instability which has so often and harshly affected peripheral economies.

1/ Total exports in the same period show an increase of only 12.5%, from US$2,141 million to US$2,408 million (in 1978 dollars), due primarily to the lower real price of copper in 1978 compared to 1970.

2/ Figures for the Gross Domestic Product according to ECLA, Historical series on growth for Latin America, 1978
Table I: Chilean exports according to type of product
(in millions of (1978) dollars)

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1978</th>
<th>% variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Mining products</td>
<td>1,837</td>
<td>1,422</td>
<td>-22.6%</td>
</tr>
<tr>
<td>B. Land and cattle products</td>
<td>63</td>
<td>203</td>
<td>+222.2%</td>
</tr>
<tr>
<td>C. Semi-processed raw materials</td>
<td>132</td>
<td>459</td>
<td>+247.7%</td>
</tr>
<tr>
<td>- Fish meal</td>
<td>30</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>- Frozen shell-fish</td>
<td>12</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>- Timber</td>
<td>17</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>- Cellulose</td>
<td>32</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>- Semi-processed copper</td>
<td>27</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>- Molybdenum Oxyde</td>
<td>9</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>- Iron molybdenum</td>
<td>5</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>D. Petroleum products¹/</td>
<td>14</td>
<td>106</td>
<td>+657.1%</td>
</tr>
<tr>
<td>E. Other exports</td>
<td>95</td>
<td>218</td>
<td>+129.5%</td>
</tr>
<tr>
<td>TOTAL EXPORTS</td>
<td>2,141</td>
<td>2,408</td>
<td>+12.5%</td>
</tr>
</tbody>
</table>

Source: Central Bank bulletins, March 1974 and February 1979

¹/ Despite the fact that Chile is a net importer of oil, because of the nature of its internal production of oil it must export part of its own oil for technical reasons and exchange it for imported oil with different properties.

As a central question from the point of view of the real feasibility of a development strategy which responds to the needs of the majority of Chileans, it would be of interest to clarify the possibilities for generating employment related to the expansion of these kinds of activities. Unfortunately, the necessary information to form a clear judgement on this issue is not yet available. In addition to the merely quantitative effect of employment generated, it will be important to determine the kind of manpower required, the permanent or seasonal nature of jobs, their levels of qualification and productivity, and the wage levels associated with these jobs.

Going on to an examination of the composition of imports in 1970 and 1978, in Table II a classification of these is presented according to imported products. It has been attempted in Group A to combine the items of a clearly "luxury" or omittable character, products which in significant proportion represent the pattern of consumption of a minority of not more than 10-15% of the total population. Since we do not have at our disposal
Table II: Composition of imports, 1970-78 (in millions of (1978) US$)

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1978</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Non-essential goods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perfume products</td>
<td>2.1</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>Prepared meat &amp; shell-fish</td>
<td>0.8</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Cocoa and confectionery</td>
<td>4.0</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>Beverages (whiskey &amp; other)</td>
<td>0.7</td>
<td>13.4</td>
<td></td>
</tr>
<tr>
<td>Prepared foods</td>
<td>3.9</td>
<td>9.1</td>
<td></td>
</tr>
<tr>
<td>Cigarettes &amp; tobacco</td>
<td>7.4</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td>Soaps</td>
<td>4.7</td>
<td>8.6</td>
<td></td>
</tr>
<tr>
<td>Carpets</td>
<td>1.7</td>
<td>17.6</td>
<td></td>
</tr>
<tr>
<td>Garments &amp; accessories</td>
<td>11.4</td>
<td>44.0</td>
<td></td>
</tr>
<tr>
<td>Footwear</td>
<td>0.9</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Photographic material</td>
<td>7.4</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td>Musical instruments</td>
<td>4.0</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>Furs &amp; leather goods</td>
<td>8.2</td>
<td>12.0</td>
<td></td>
</tr>
<tr>
<td>Toys &amp; sporting goods</td>
<td>3.2</td>
<td>24.5</td>
<td></td>
</tr>
<tr>
<td>Watches &amp; clocks</td>
<td>5.5</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Radios</td>
<td>2.4</td>
<td>32.8</td>
<td></td>
</tr>
<tr>
<td>Televisions</td>
<td>4.8</td>
<td>64.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>73.0</td>
<td>274.7</td>
<td>276%</td>
</tr>
<tr>
<td>Cars &amp; other vehicles</td>
<td>185.4</td>
<td>326.6</td>
<td>76%</td>
</tr>
<tr>
<td></td>
<td>258.4</td>
<td>601.3</td>
<td>133%</td>
</tr>
<tr>
<td>B. Fuel</td>
<td>109.6</td>
<td>485.0</td>
<td>343%</td>
</tr>
<tr>
<td>C. Other imports</td>
<td>1,407.5</td>
<td>1,700.1</td>
<td>21%</td>
</tr>
<tr>
<td>TOTAL IMPORTS</td>
<td>1,775.5</td>
<td>2,786.4</td>
<td>57%</td>
</tr>
</tbody>
</table>

Source: Central Bank monthly bulletins, May 1974, February 1979. To change to 1978 dollars the IPM, USA, was used.

All of the comparable detailed information for both periods it has been decided to include only those categories which, due to their individualized presentation in the import statistics, allow for their easy identification. In this sense, the total presented here for "luxury" imports underestimates the real value since the coverage of our list is not exhaustive. Fuel importation is classified in group B, and group C covers the remaining imports, that is, industrial raw materials, capital goods and consumer goods originating from the land or from cattle.

The figures in Table II are sufficiently eloquent. In terms of their
evolution between 1970 and 1978 it is clear that there has been a spectacular increase in the importation of fuel, the reasons for that being well known. Excluding this element from the analysis, because of its exogenous nature, it becomes evident that in the period under analysis there has been an important change in the composition of Chilean imports. The importation of non-essential goods expands very rapidly in this period, more than doubling in the 8 years under consideration, and its proportion relative to the total increases from a little more than 14% in 1970 to more than 21% in 1978.

To properly appreciate the relative magnitude of this process, it is important to remember that the total domestic product in the same period grew only 10%, from US$15,335 million (1978 prices) in 1970 to US$16,900 million in 1978. From this viewpoint it can be understood that the increase in the value of "luxury" imports is equal to almost 22% of the total increase in domestic production between 1970 and 1978.

All of the above leads us to raise two general considerations. In the first place it is patent that the profile which the composition of total imports has been adopting clearly reflects the unequal pattern of income distribution in the Chilean economy. The "needs" of a small minority of the population, through their buying power, increasingly determine the kinds of goods that the Chilean economy acquires from abroad. In terms of its projection and future economic significance, it calls attention to the effect which the unrestricted opening of the Chilean economy seems to have had on the composition of imports. From a productive point of view it is undeniable that the capital goods component in our acquisitions abroad has reduced in relation to the consumer goods component. This trend would support the hypothesis that one of the inescapable effects of openly linking an underdeveloped economy (with the known features of concentration of power and wealth) to the industrialized capitalist centre is, in its transmission of types and levels of consumption which might be considered normal given the high level of industrialization of the capitalist centre, but which bear little relationship to the real conditions of a peripheral economy. In short, the liberalization of imports in these economies through the "propensity toward imported consumption" among high and middle income groups, tends to increase the level of total consumption to the detriment of the level of domestic savings. In the short term, the financial gap is not apparent thanks to the relatively abundant flow of private foreign credits in these situations, but in the medium and long term the situation becomes obviously difficult to maintain, and the awakening will necessarily occasion strong disturbances and painful adjustments. We return to this subject in the next point.

1/ For instance, imports of "machines, coudrons, mechanical appliances" which in 1970 were US$353 million (1978 dollars), would have gone up to US$362 million in 1978. But its part in the total imports went down from almost 20% in 1970 to only 13% in 1978.
2. The flow of foreign capital and its effect on the balance of payments

In the last five years the Chilean economy has counted on an abundant flow of foreign financial resources, basically in the form of foreign loans. As will be seen, the availability of foreign capital has been fundamental in making the "open door" economic policy feasible in this period under conditions of financial equilibrium in the rest of the world. In effect, in the five year period (1974-78) the Chilean economy, in addition to its own generation of foreign exchange (from exports), had to disburse close to US$4,600 million (1978 $) in order to pay off its foreign debts, had to finance a deficit in the balance of payments which in that period reached US$1,900 million (1978 $) and, lastly, increased the level of international reserves by US$750 million (1978 $). All this has been possible only because in these years foreign capital income upwards of US$7,250 million (1978 $) could be counted on.

This massive entry of foreign credits in the last few years (foreign receipts in the 5-year period do not exceed US$200 million) has meant not only an increase in the foreign national debt but also implies a significant alteration in the profile and conditions of that debt. That is because newly contracted credits in most cases tend to come from private international banking, loans which to a significant extent are used to pay off "old" debts with multinational or international organizations. Towards the end of 1975 almost two-thirds of Chile’s total foreign debts stemmed from credits of multinational and international organizations./. During 1978 these same sources provided a mere 8.8% of the new net foreign debts incurred./. As is known, the conditions of "official" credits in terms of duration as well as interest rates are much "softer" than the commercial loans of private international banks. Consequently it seems clear that the new loans imply a significant increase in future debt servicing.

Although we lack the information necessary to attempt a precise estimate of this higher cost, available data allow some indirect estimates. Concerning the payment of interest, for instance, the total sum paid in 1977 represents the payment of an average interest above the stock total of foreign debt equal to 6.5% per year. This rate should be compared with the interest rates charged by the private financing institutions responsible for the greater portion of newly contracted debts (87% in 1978), a rate which presently fluctuates around 11-12% a year. If we estimate that in this period around US$4,600 million at an annual interest rate of 6.5% has been replaced by an equal volume of new credits at 11.5% per year, one would find a higher expenditure for interest amounting to US$230 million per year.

Concerning the period of loan repayment, our estimates show that the new loans contracted tend at the most to have a maximum total duration of five years, a period which should be compared with the usual terms for official loans which allow from 8-12 years for repayment.

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1/ Central Bank, Chile’s foreign debt, 1977

2/ Central Bank, Chile’s foreign debt to 30.11.1978.
The proceeding indicates that for the next 3-4 years the Chilean balance of payments must sustain a heavy financial load derived from the repayment of and interest on debts. In effect, according to the information published by the Central Bank, the servicing of the "traditional" foreign debt (repayment plus interest) between 1979-82 means an annual expenditure of around US$1,000 million. The stock of financial credits of Article XIV alone reached US$1,400 million towards the end of 1978. If one keeps in mind that these credits represent mostly loans for not more than 5 years, an estimate of around US$450 million a year for repayment of loans and interest (US$300 m. for capital payments and US$150 m. for interest) seems reasonable.

In brief, during the next 4 years only, in order to fulfil its obligations derived from its external debts, the Chilean economy must finance an annual volume of payments on the order of US$1,500 million. To give an idea of the financial burden this represents, we should bear in mind that total exports for 1978 reached almost US$2,500 million. That is, even assuming a uniform growth of 20% for the next few years, which means a level of exports on the order of US$3,000 million, the servicing of the external debt would represent 50% of the total income.

Given the recent and probable tendencies of the Chilean trade balance (a deficit of US$60 m. in 1977, US$420 m. in 1978 and an estimated deficit of US$400 m. in 1979), the proceeding shows that in order to maintain a reasonable equilibrium in the balance of payments the Chilean economy will depend during the coming years on massive flows of foreign capital to the order of US$1,500

1/ Does not include credits from the IMF, supply credits, financial credits to the private sector (Articles 14, 15 and 16 of the Exchange laws) and lines of short-term credit to the banking system.

2/ The authors cite changes in Articles XIV and XV of the International Exchange laws which were intended to remove barriers to Chile's foreign economic relations in-keeping with the new "open door" policy. These changes occurred in the last 5 years. Article XIV of the International Exchange Law (Act 471, 1977, Ministry of the Economy) regulates external credit (capital which enters the country as foreign loans to the public or private sectors). This article essentially establishes the authority of individuals and corporations, both national and foreign, to import capital into Chile in foreign currency and to exchange this into local currency. Such persons can then freely re-export this capital and its interest either totally or in part, subject to conditions established by the Central Bank which are in force at the date of the importation of said capital. Article XV concerns the procurement of foreign exchange for payments abroad (debts abroad, imports). The changes in the rules governed by Articles XIV and XV had had a profound and largely adverse impact on such areas of the Chilean economy as flow of capital, cost of external finance, use of credit (marked shift away from domestic resources such as agriculture and mining), structure or external and internal credit, interest rates, the creation of money, and foreign debt.

to US$2,000 million. It seems reasonable to conclude that the policy of openness to foreign financing which began as an official programme objective now constitutes a necessity if the model is to survive.

Before ending this analysis on the foreign resources obtained, a brief commentary on the nature of their insertion in the national productive system might be worthwhile. According to official arguments, one of the basic roles assigned the competition for foreign capital is in strengthening and reinforcing insufficient efforts at capital accumulation by local economic forces. In its links with the national production system, foreign capital in addition to its being a resource in itself would provide technological and production efficiency of an "international" standard and "know-how" that would include access to world markets for the export of goods.

However, the evidence of the performance of the Chilean economy during the last 5 years does not seem to conform to this view. In the first place, we have already mentioned the almost negligible effect which direct foreign investment has had in the 5-year period. Concerning foreign resources which have come to Chile in the form of credits, it seems clear that most of these loans are either short-term financial credits (loans Article XIV) associated with the working capital needs of national enterprises, or they constitute lines of credit for the financing of imports, coming generally as loans to the Central Bank. In other words, the entry of substantial foreign capital which took place in the last few years seems to be linked more to joint ventures of a commercial nature than suggesting the use of foreign capital in the expansion and generation of new productive capacities. Moreover, the figures concerning the behaviour of investments in the Chilean economy confirm that the significant flow of resources obtained in the last five years has not been translated into a process of expansion of the internal productive capacity.

Table III shows the evolution of gross investment and its relation to the Gross National Product between 1974-78. As reference, it should be borne in mind that the amount invested in 1974 as well as its relation to production during the same year give figures which describe the reality of the Chilean economy during the last ten years.

Table III: Investment and Gross Domestic Product, 1974-78
(in millions of pesos)

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross investment</td>
<td>161.5</td>
<td>4,263.0</td>
<td>12,814.3</td>
<td>28,830.1</td>
<td>50,956.6</td>
</tr>
<tr>
<td>GDP</td>
<td>9,660.5</td>
<td>42,091.0</td>
<td>146,648.2</td>
<td>321,187.8</td>
<td>492,824.3</td>
</tr>
<tr>
<td>GI/GDP</td>
<td>16.7%</td>
<td>10.1%</td>
<td>8.7%</td>
<td>9.0%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>


1/ The previous Table may be modified by a change in the price of copper. //.
If one considers that the depreciation of existing assets is approximately 8% of the annual GNP, it must be concluded that the results achieved as regards the expansion of productive capacity in the economy are insufficient and incompatible with an acceptable rate of future economic growth. If these low levels of gross investment are related to significant flows of foreign capital within the economic system in that period, it must be concluded that those funds have not succeeded in fulfilling the creative and dynamic role that official policy would assign to them.

Taking up again the argument expressed at the beginning of this paper, it seems reasonable to state the hypothesis that the significant volume of foreign savings which has come into the Chilean economy in the last 5 years seems to have been used primarily as a mechanism to finance levels of consumption which exceed the internal capacity of the domestic economy. A definitive judgement in this matter would require more information than is available; in any case if this hypothesis were to be confirmed the wisdom of an economic policy which leaves a legacy of heavy financial burdens in the form of payment for excessive levels of consumption previously realized is doubtful. Moreover, given the above which indicates that during these years a definite process of income redistribution has been induced to the detriment of the wage-earner, obviously affecting his consumption possibilities, evidence would indicate that for the most part foreign financing has been used to pay for the consumption aspirations of middle and high income sectors.

3. The entry of foreign capital and the ownership structure of the production system

Among the most outstanding features of the evolution of the Chilean economy in the last 5 years one distinguishes a definite trend toward the concentration of economic power among a smaller number of owners. The period witnesses a process of creation and expansion of a small number of economic conglomerates which begin to have an overwhelming influence on property and the management of the national productive system. These conglomerates tend to cover a wide spectrum of different economic activities operating through a variety of apparently independent enterprises; they have especially concentrated in the industrial field, commercial activities (imports and distribution), the exploitation of natural resources (timber and fisheries) and especially in the financial sector.

1979 estimates assume a price of 80 cents/pound. Each 10 cents on the dollar per pound means an increase in income on the order of US$200 m.

/ According to latest available data, the share of wage-earners in domestic income, which in 1970 reach 52.3%, was down to 41.2% in 1976. Considering the total volume of production in both years, this evolution shows a reduction in the absolute level of income wage-earners in 1976 in relation to 1970. Source: Office of National Planning, National Accounts 1976
Moreover, from this overall favourable development climate without restrictions on private initiative, two specific phenomena have become decisive for the formation process of these groups: the "privatization" of the great majority of the enterprises which had been under State control in 1973, and the "free" development of the private financial system since that date. As is known, towards the end of 1973 a large number of productive, commercial and financial enterprises were under State control, representing altogether a considerable portion of the national productive assets. In-keeping with the economic philosophy inspired by the military government, a strong process of privatization of economic activities was initiated since 1974, which naturally involved a transfer to the private sector of most economic units formerly State-controlled. The usual method of transfer was the closing down of sale by auction to the highest bidder. This procedure obviously favoured those private groups with established means or with access to financial credit.

In almost all cases the sale operation was contracted with a variable percentage of cash (15-30%) with the rest to be paid over periods of 4-6 years at relatively low interest rates (6-10% per year of the value in dollars). In this way, between 1974 and 1978 the Chilean Government, through the Corporación de Fomento, handed over around 130 businesses principally in the areas of finance and industry to the private sector. Given that most of these companies found themselves at that time in an uncertain and difficult economic and financial situation which was the result of the abnormal circumstances in the Chilean economy of 1973, the sale prices were relatively low and in most cases had no relationship to the potential revenue of these enterprises. All in all the value of the transfers was close to US$600 million of which US$400 million was for industrial concerns and US$200 million from the sales of shares of 10 commercial banks. Consider that the transferred financial sector represents two-thirds of the private banking system valued according to their assets.1/

Along with this process there has been an accelerated development of the national financial system (mostly controlled by 6 or 7 large business groups) as a result of the suppression of various controls to which the banking institutions had had to comply in their operations. To cite only two indicators which illustrate this process, the national assets (capital and reserves) of private commercial banks which were - towards the end of 1975 - at US$226 million reached US$423 million towards the end of 1978 (an increase of 87%). On the other hand total deposits of private commercial banking - which were US$214.3 million in 1975 - reached US$1,980.3 million at the end of August 1978, a little over 9 times the 1975 level.

Even though the property structure of productive assets in the Chilean economy has long shown a clear trend to concentration, this reality has become very much more acute during the last 5 years. Unfortunately, we still do not have complete information which would allow the measuring of the full extent of this phenomenon.

1/ Source: Corporación de Fomento de la Producción.
The partial data which we have show that at present 10 established economic
groups control an extremely high proportion of the productive private assets
in industry, construction, the exploitation of natural resources, the
financial sector and commercial activity\(^1\). In the area of financial
services, for example, 11 groups, through their control of 8 commercial
banks, operate in effect with almost 80\% of the total assets of Chilean
private banking, in addition to which they manage 78\% of the total holdings
of the private banking system.

More generally, we rely on information concerning the whole group of limited
companies registered in the commercial stock exchanges of Santiago and
Valparaiso, a group comprised of 200 industrial, commercial and financial
enterprises\(^2\). In-keeping with these figures, the market value (according
to stock market quotations of 31 December 1978) of the spectrum of private
business under consideration reached US$ 2,031 million at the end of 1978.
As an example of the prevailing degree of asset concentration, note that the
enterprises of the 5 principal national business groups plus the group of
foreign-owned enterprises represented 78.6\% of the total assets of the enter-
prises under consideration. Equally significant is the data which shows
that the 2 principal national consortiums controlled 50.5\% of the assets of
all enterprises\(^3\). It is worth noting that none of these groups existed in
1970.

Returning to our theme of primary interest, that is the process of "opening
up" the Chilean economy to the outside and the repercussions of this process
on the pattern of control and concentration of Chile's assets and wealth, we
find without doubt that this process has served to reinforce the tendency
towards concentration of the existing economic model. In the first place
and observing the effect of the opening of markets to foreign goods, it
seems clear that it is big businesses, with their better levels of producti-
vity and greater access to foreign financial resources and technology, which
have been in the best position to resist and adapt themselves to the impact
of foreign competition. In the same way and for similar reasons, it is also
big business which can best take effective advantage of the possibilities
of foreign markets for the export of its products. In this respect it is
worth noting that in 1978 only 24 private exporters controlled 55\% of the
total exports from the Chilean private sector\(^4\).

\(^1\) Source: A paper on the concentration of national productive assets,
Institute of Self-Management (work in preparation to be published in
June 1979

\(^2\) Since there are many businesses which are not registered on the Commercial
Stock Exchange, this group, though significant within the total, does
not cover all important limited companies within the national production
structure.

\(^3\) The market value (according to Stock Exchange shares) of the enterprises
of each group is as follows: Cruzat group, US$560 m., J. Vial group
US$446 m., Matte-Alessandri group US$214 m., Angellini group US$96 m.,
Luknic group US$75 m., Foreign Enterprises group US$184 m.

\(^4\) Central Bank, *Indicators of Foreign Commerce*, November 1978
Secondly, the significance which access to foreign financial credit has had between 1976-79 must be pointed out. As explained earlier, the rates of interest of the national financial market during the past few years have been, to say the least, abnormal. The real annual rate of interest for an applicant for credit has fluctuated between 40% and 70%. It is unnecessary to make explicit what that means for the survival and development of any production unit. In this same period, however, the free and direct inflow of foreign financial credits begin to operate basically through Articles 14, 15 and 16 of the Law of International Exchange previously mentioned. In fact, two separate and different financial markets have operated and continue to operate in the country: the international market, with prohibitive interest rates, which governs the large majority of small and medium-sized businesses which must finance their needs for working capital in this way, and the foreign market, with reasonable interest rates based on the conditions of the international market for capital. The possibilities for foreign credit, logically, are in fact not open equally to all kinds of enterprises. Once more it is rather the big business which can obtain a foreign loan directly or do so indirectly through the services of a bank.1/

Under the conditions described, it is not surprising that small and medium-sized businesses should have had serious financial difficulties during the period - difficulties which did not equally affect those of a larger size - which were compounded by a depressed internal market and vigorous foreign competition aided by lowered customs duties. A total of only 514 private businesses and individuals, nationals or foreign, shared the total volume of credits deposited between July 1976 and December 1978, a sum of approximately US$1,100 million. It should be taken into account that there are more than 1,500 limited liability companies and several thousand other companies, that is, it seems clear that access to foreign credit has been reserved for a certain group of local businesses. But there is more, beyond the complexity of the ramifications of the diverse economic groups available information shows that around 70 businesses which are controlled by 10 business groups and which include foreign-owned enterprises received, in that period at least US$511 million, i.e. 49% of the total deposit of credits. From another angle and considering only the size of the principal recipients of the credits, one sees that the 40 main debtors hold credits totalling more than US$470 million i.e., a little over 44% of the total.

It can be concluded that the forms and conditions with which the internal production system projects itself towards the foreign market, both at commercial and financial levels, reflects in part the high level of concentration which exists in property and national assets and the conditions which produce this insertion stimulate and promote the concentration process itself.

1/ The commercial banks were authorized to contract external credits and to use these resources to grant loans in local currency only towards the end of 1977.
(cont. resumen en español)

. La expansión de las exportaciones se ha basado en la explotación de recursos naturales, no en el desarrollo industrial;

. El marcado cambio en la composición de las importaciones, con un notorio incremento de las 'suntuarias' refleja el desigual patrón de distribución de ingresos;

. El componente bienes de capital en las adquisiciones al exterior ha disminuido en relación al componente bienes de consumo;

. Lo anterior actúa en detrimento del nivel de ahorro nacional, y aunque la brecha financiera se cierra con créditos de corto plazo, las consecuencias a largo plazo pueden ser graves;

. La nueva deuda externa es más cara y de plazo más corto, requiriendo para la economía nuevos flujos masivos de capitales, legando a futuro una pesada carga financiera, que ha beneficiado al consumo de los sectores medios y altos;

. Hay una definida tendencia a la concentración del poder económico en un reducido número de propietarios (conglomerados y personas) y la "apertura" ha reforzado las tendencias concentradoras del modelo.
TARZAN GO HOME!
Address by President Julius K. Nyerere to
The FAO World Conference on Agrarian Reform
and Rural Development (Rome, 12-21 July 1979)
Mr. President: Your Excellencies: Ladies and Gentlemen.

This Conference can be thought of as a natural successor to the United Nations World Food Congress of 1974, which made obvious the urgent matter of human hunger in an era of increasing prosperity. It has been preceded by the holding of Regional Conferences, by careful planning, and by the preparation of Papers discussing the problems and the efforts which have been made to deal with them.

The facts about rural conditions and progress are set out in the Country Reports, and in the "Review and Analysis of Agrarian Reform and Rural Development in the Developing Countries since the mid 1960s".

One overwhelming fact shines through all Reports. With the possible exceptions of China and Cuba, our nations have not found the answer to absolute rural poverty. It is estimated that there were in 1972 some 700 million people who were victims of absolute poverty, and about 85 per cent of them lived in the rural areas. This 700 million figure was larger by 43 million than it was ten years earlier; by 1982 it will be very much larger still.

In the face of this situation there is a general recognition that "something must be done". The purpose of this meeting is surely to promote the achievement of a minimum objective—even although there are some who might add "if possible". I would like to state that minimum objective in the now old fashioned phrase: the elimination of Poverty, Ignorance and Disease.

If this is our objective, the past fifteen years provide, on balance, a lesson on how not to succeed.

The "Trickle Down" Policy:

Under the economic, political, and social systems at present operating, the world's people are divided into two groups; those with access to its resources, and those without
access. Those with access to existing resources—the rich—can afford to invest heavily in the production of greater wealth, so they get richer. The poor have very little to invest; their productivity consequently remains low, and they remain poor. Worse still, the market laws of supply and demand mean that the wealth of the few diverts the world’s resources—including the labour of others—from meeting the real but ineffective demand of the poor into satisfying the luxury desires of the rich. Land and labour are used to cultivate grapes instead of grain; palaces are built instead of houses for the workers and peasants.

The automatic market tendency to favour the rich is aggravated by the fact that political power also flows naturally to the “haves” of the world—the educated and those persons or societies which have inherited public or private capital. The result is that publicly produced wealth also benefits the wealthy more than the poor, accrues to the towns rather than to the rural areas, and serves the educated rather than those without academic opportunity or ability. We are all more aware of those problems which affect us than we are of the problems which affect others, and the word “need” is very elastic. Those of us in Government are likely to be closer to the man who “needs” a second car or a University education, than we are to the man whose “need” is for shoes to protect his bare feet or the ability to read and write.

Until now we have, in general, been trying to tackle the problem of poverty—including rural poverty—by directing resources into the existing system and hoping that it will “trickle down” to the poor. Some of it does. When a factory is started, there is always some unemployed person who gets a badly needed job. When more productive seeds are made available to a farmer and his output goes up, he may give a temporary job to his landless neighbour. And so on.

But the major benefit of the new investment stays where it began—with the man who already has, and in proportion to the wealth which he already has. The poor benefit—or sometimes suffer—from the side effects; or they receive
the crumbs left over. Even nationally, the net result of a new private investment, described as an asset in the fight against poverty, is frequently a large foreign exchange commitment for the payment of interest and profit, and also the destruction of indigenous and widespread local production systems. Similarly, giving higher education to the wrong person in an exploitative system does not result in the uplifting of the poor, but in their greater exploitation by a more skilled operator!

**Rural Development requires Political Decisions**:

The lesson to be drawn is surely that fighting poverty is not just a question of production techniques and capital investment. It is a highly political topic. It involves matters relating to the existing wealth distribution and the present location of power within nations and between nations.

If this Conference is to inaugurate an effective fight against world poverty, it has therefore to face up to the political questions implied in its title and in the subject matter of its Agenda. In the modern world there is nothing more domestically political than land ownership; and rural development affects social relations between men and groups. Further, there are few things more internationally controversial than the demand for a New International Economic Order—which is the substance of the Conference international Agenda items.

Yet Rural Development, and what is called the Basic Needs Approach, has become the fashion among intellectuals concerned with development matters and international assistance Agencies like the World Bank, as well as among the Aid Donor countries. Most of the developing countries also espouse this strategy in words. I believe this new fashion is to be welcomed, provided we do not allow it to become a fetish, or an incantation, and thus ignore its practical implications.

For the root of world poverty, as well as the mass of it, lies in the rural areas. Urban poverty is more obvious—the slums and degradation of some towns in the developing
countries force themselves upon the notice of the richest citizen and upon the most casual visitor from other states. But the bulk of the slum inhabitants and the beggars on our streets have migrated to towns because they are pushed out of the rural areas by landlessness, joblessness, and hopelessness. It is therefore in the rural areas that we can most effectively tackle the long-term problems of urban poverty, as well as dealing with the mass of misery which now exists unseen—but not unfelt by its sufferers. Trying to deal with mass poverty by improving conditions and providing work in the towns simply attracts more and more people from the depressed rural areas. You could just as well try to solve the world problems of poverty by allowing the people of the poor Third World nations to migrate to the industrialised countries.

An effective attack on world poverty can only be made by going direct to the rural areas and dealing with the problems there. We have to deal with them in the light of the objective. And that objective is not maximising the value of production in money terms. The objective is, and must be, the provision of food, clothing, shelter, education, and health services, for everyone, under conditions which provide for universal human dignity.

Land Reform is a Prerequisite:

That objective can only be achieved if certain basic facts are recognized and acted upon. First among these is that those who own the land will use it for their own benefit. If the land in a state is owned by a small number of people, these can be relied upon to maximise their own private income from that land by using it for whatever crop will bring most profit to themselves. If the land is owned by the peasants, either individually or collectively, it will be used to meet their needs. Actions which transfer land to the people are an essential first step in the fight against poverty.

Experience suggests that where the ownership of land is inequitable, securing change is not just a question of passing Land Reform Legislation. There are now only a few
states without some kind of Land Reform laws. But in too many cases these laws are cosmetic; or else the machinery of the state does not enforce them against the opposition of local or international vested interests.

And even if effective Land Reform is carried out, that is not enough. The poor who have gained land under it—again whether privately or co-operatively—have to have access to credit, to improved seeds and tools, and to new knowledge, if the transfer of power over the land’s resources is to be permanent and to lay the basis for future development. It takes a great deal of political commitment, and a strong political will, to implement Land Reform and to give the necessary economic support to the beneficiaries. These things can never be done painlessly.

**Rural Diversification:**

But “Land to the People” is not a solution on its own.

If poverty is to be abolished in the rural areas, farming activities must be efficient. They have to produce a surplus so that the rural economy can be diversified by the development of alternative sources of production and employment. Rural industries must be established to process the farmers’ crops and provide many of their domestic and agricultural goods. Forestry and animal husbandry must use land not suitable for arable farming; these activities can provide fuel, wood for housing and furniture, animal protein, and also incomes for the rural community. Water control and land conservation measures must be built to increase the productivity of the land at the same time as they provide clean water and possibly power. Schools, dispensaries, sports facilities, and so on, need to be established and supported in the rural areas to improve the lives of all who dwell there. This kind of diversification of the rural economy is an essential part of the struggle for human development and human dignity.

Rural Diversification, however, requires that technology should be suited to the needs of the people. We have many unemployed and under-employed people in the
rural areas. Leaving them to rot while we “save labour” with foreign purchased, expensive and sophisticated machinery, will lead to an increase—not a decrease—in poverty, regardless of what it does to the Gross National Product. It seems that at least in the initial phases of development our agriculture and our rural service industries need to be labour-intensive rather than capital intensive.

The Use of Rural Surpluses:

But to say that the rural areas must produce a surplus to finance diversification is to beg the question. Rural areas do produce a surplus now. The trouble is that it is extracted and used to finance luxurious consumption patterns of the rich and the kind of development in urban areas which will support the present economic structures. The surpluses are extracted by the comparative pricing of primary products and manufactured goods. It is done also by the combination of regressive taxation and the allocation of government expenditure to services needed by town dwellers rather than those needed by the people in villages.

Rural development, and the diversification of the rural economy which it involves, will not take place without fundamental changes in the present approach to development and to government activities. These have to be redirected in order to encourage rural production, and to ensure that the surpluses produced in the rural areas are not used for the development of the urban centres in the interests of the economic or political elite.

Policies to this end cannot be divorced from the rest of government activities. National pricing and taxation policies designed to ensure the retention of rural surpluses in the rural areas are unlikely to be consistent with import or incomes policies which allow the purchase of foreign luxury goods by the better off. Social and Public Utility policies are also involved in a fight against rural poverty. For this implies giving priority to universal primary and technical education in preference to advanced studies in the
humanities, or indeed to much in the way of post-graduate professional studies. It also implies that Rural dispensaries and Health Centres will have to be given preference over sophisticated Hospital services for the few. And so on.

**Transfer of Resources:**

Such a radical reorientation of a nation’s economic and social organization would take time to implement even if there were no political difficulties involved. Yet people are suffering from malnutrition in their millions now, not in twenty years time. Further, the extraction of rural wealth has been going on for centuries; some of that wealth has been used to establish self-sustaining income-generating enterprises in the urban areas as well as to build the infrastructure for civilised town life. And in any case, many things have to be mass-produced if they are to be manufactured at all; not all industrial activities can be dispersed over the countryside. The wealth produced by a diamond or copper mine also inevitably comes from one locality.

The urban areas and mines may thus be a nation’s biggest wealth producers in economic terms—whatever the policies of the government. Indeed, a policy which ignored the potential of such activities within the nation would not be contributing to the abolition of poverty. What is needed instead is that some of the wealth from this inherited capital and from new national developments of this kind should be channelled into the rural areas—and in particular to those rural areas which are most backward for reasons of history, geography or geology.

Once again this requires Government action. Although internationally we are still at the stage of regarding a transfer of resources from the rich to the poor as being a matter for the voluntary decision of the rich, there is no excuse for such an attitude within nations. Giving land to the people, and acting to ensure that rural surpluses are retained in the rural areas is essential; but it is only the first step. By itself, it is not enough. It has to be combined
with deliberate policies which transfer resources from these wealth-producing sectors to the financing of social and productive capital in the rural areas. This can be done either by government control and pricing policies, or by the taxation structure, or by a judicious mixture of the two. What matters is that it is done.

**Power to the People:**

It is surely quite obvious that as rural development has all these implications it will not occur unless governments are absolutely committed to attacking poverty at its roots in the rural areas, and unless they can create a capacity to carry out that policy despite the opposition of those who now batten on the rural poor. But that is not the whole answer. Governments by themselves cannot achieve rural development. They can only facilitate it and make it possible. They can organize, help and guide; they cannot do. For rural development is people's development of themselves, their lives and environment. And the people cannot do it if they have no power.

Michael Lipton, in his book “Why Poor People Stay Poor” puts his finger on a serious problem when he says: “The sincere egalitarian rhetoric of say, Mrs. Gandhi or Julius Nyerere was, allowing for differences of style and ideology, closely paralleled during early industrial development . . . . But the rural masses of India and Tanzania lack the power to organize the pressure that alone can turn such rhetoric into distributive action against the pressure of the elite”.

If the people are to be able to develop they must have power. They must be able to control their own activities within the framework of their village communities. And they must be able to mount effective pressure nationally also. The people must participate not just in the physical labour involved in economic development but also in the planning of it and the determination of priorities. At present the best intentioned governments—my own included—too easily move from a conviction of the need for rural development into acting as if the people had
no ideas of their own. This is quite wrong. At every stage of development people do know what their basic needs are. And just as they will produce their own food if they have land, so if they have sufficient freedom they can be relied upon to determine their own priorities of development and then to work for them.

Both political and economic power has to be held by the people within the village, in the region, and in the nation, if development is to be in the people's interests. People are the best creators and defenders of their own human rights—including the right to eat. Freedom is essential to development and not just a product of it. But freedom does not mean, and must not be allowed to mean, the freedom of the Rich and the Clever to exploit the Poor and Ignorant. The individual is part of the conscious human race or he is an animal grubbing for sustenance. It is through co-operation that each of us develops his own potential and receives personal identity. And co-operation has its own requirements and makes its own demands upon us all.

Rural Development is National Development:

A policy of rural development is thus a policy of national development. You cannot have "rural development" as an extra, tagged on to the other policies of Government. That would be a continuation of what we have been doing until now. Rural Development must be a description of the whole strategy of growth—the approach to development, and the prism through which all policies are seen, judged, and given priority.

I want to stress this point. There is now a widespread tendency for any proposal to build a modern factory to be condemned as contrary to the priority needed for rural development. An example of this attitude is that when developing countries ask for external aid to finance a new trunk road, a railway, an airport, or a Consultant Hospital, they are at present liable to be told that prospective donors want to support rural development, not industrialisation, communications systems or sophisticated medical services. And again, within our developing countries there is a tendency to think that if you have made a budgetary allocation
for something called "rural development", then the rest of Government policies and expenditure patterns can go on as before.

Such attitudes defeat any hope of rural development, or of implementing a "basic needs approach". Rural development, for example, requires greater use of fertilisers—both organic and chemical—with the consequential need for a fertiliser plant or a phosphate mine, or both. It needs a factory to produce animal-drawn ploughs, harrows, seeders—and another producing tractors and bulldozers. It needs electrical power, both for decent living in the rural areas, and for village industries. It needs roads, railways—and ports—to transport farming inputs and the products of rural areas as well as to enable rural people to participate in national affairs. A Rural Development strategy thus requires a whole industrial and communications development policy which is geared to the needs of the rural areas and the masses who live in them.

Nor is this all. However much a young nation is trying to build an economy oriented towards the needs of its own people, it will still have to export something in order to pay for essential imports. So it will need to develop export industries—either agricultural or industrial; and the more its primary exports are processed, the more imports it will receive for them—which implies a need for another layer of industrial-type development. And industries cannot all be labour-intensive. When you have plenty of labour but little capital it is important to give preference to small sugar mills, small ceramics factories, local furniture making and so on. But you cannot produce electricity on a labour-intensive basis, nor build lorries or tractors without heavy capital investment relative to the labour which will be employed.

Every aspect of government and public activity, in other words, has to be angled towards promoting mass welfare in the rural areas, while yet enabling the urban areas to
service effectively the rural areas from which their sustenance comes and which are their justification for existing.

I repeat. Rural Development means development. It indicates an approach, and the order of priorities. It involves every aspect of government and social activities. It means acting to reverse the traditional flow of wealth from the rural areas into the towns and forcing that wealth into channels which will benefit the workers who actually produce it with their hands and their brains. It means transferring to the poorer and rural areas some of the wealth produced in the richest economic sectors. In practically all developing countries these things require a revolution in the present patterns of government expenditure and of taxation. They will be done if, and only if, the people can organize their own power in their own interest.

The Rural Areas of the World:

Mr. Chairman: Up to now I have been speaking almost as if poverty in the Third World was exclusively a matter for action by the developing countries themselves, with the developed countries being relevant only as Aid donors and sympathisers. Tackling the subject in this order was deliberate. We do have national governments which can act. If we in the developing countries are not actively working to overcome absolute poverty among our own citizens, we have no right to complain about the contrast of poverty and wealth between nations.

But it is necessary that we should face facts. When a country like mine prevents a few individuals from exploiting others, or tries to give priority to the rural areas, we are doing only one thing. We are distributing poverty more fairly. When the National income per head is about $190, your Budget arguments are about where in 360,000 square miles to build one small bridge, while everyone knows that hundreds of bridges are needed urgently if people and goods are to move freely around the country.
It is not only within nations that we need to give priority to Rural Development. World growth, and world development, must also be based on a strategy of rural development. And for the world, the rural areas are the developing nations. This Conference cannot do its job properly if it pushes to one side the question of world practices about investment, prices, education, services, and the distribution of present and future wealth sources.

Everything which I have said in relation to the implications of a strategy of rural development within nations can also be applied to international economic and political relationships. The only exception—and it is an important one—is that we have no world government which can make decisions and enforce them.

But there is a world economy, and there are international institutions, even if there is no world government. Our national economies are linked; the poverty or prosperity of one country affects the economy of all others. When potential customers are too poor to buy, the manufacturer suffers—internationally as well as nationally. And under the present world economic order the rich and the industrialised areas—regardless of whether these are capitalist or socialist—automatically, as well as by the exercise of naked power, extract from the poor and rural areas even that little which they have.

It is done through the pricing mechanisms of primary products relative to manufactured goods, by the virtual monopoly of international transportation facilities, by the control of world currency and credit which is exercised by the rich nations—and by a hundred other so-called market forces. Among these should not be forgotten the industrial and financial activities of the great transnational corporations, and their manipulations to increase the wealth of the already rich at the expense of the desperately poor.

The present world economic order is not working very smoothly, even according to its major beneficiaries. For it works smoothly only when the dominant sectors can go on
expanding and exploiting without hindrance, and when the major power centres are unchallenged in their access to raw materials and untrammelled by considerations of sovereign or human rights. That was the importance of the end of colonialism politically, and the importance also of the rise of lesser industrial and political power centres.

Yet on a world scale we are still being told that the solution to the present economic ills is for greater investment and greater wealth accretion in the already developed areas. We are told that the real problem comes from the oil producers among the developing countries, who have found a way of preventing their wealth being extracted in the interests of cheap transport and cheap power in the industrial economies. The fundamental imbalance between the world's rural and urban nations—between the industrial and the primary producer areas—is not yet universally recognized as the root cause of world economic problems and world poverty. Rural Development as a strategy on the world scale is not—unfortunately—the fashion among the economists and politicians of the developed nations. When it appears on international Agendas under the guise of the demand for a New International Economic Order, the reaction is still resistance—not co-operation for its orderly introduction. The recent UNCTAD Conference provided yet another example of the determination of the Rich to remain rich, and to go on getting richer at the expenses of the poor.

Yet it is clear that a strategy of Rural Development for overcoming poverty has two aspects. One is internal within the nations of the Third World. The other, equally important, is external to any single nation; it involves the whole world. The problem of poverty cannot be effectively tackled unless there is action on both fronts, simultaneously.

Conclusion:

Mr. Chairman: let me try to sum up what I have been saying. Rural Development is a way of approaching development; it is not something different from it. It has
to be tackled at two levels; nationally and internationally. At both levels it is the only way in which we can hope to defeat absolute poverty—as well as relative poverty. For poverty and riches are two sides of a single coin in the modern world. To abolish poverty we must create wealth. But the creation of wealth does not abolish poverty. Wealth creation has to be accompanied by at least the reduction of riches if poverty is to be eradicated.

At the international level the struggle for Rural Development is, in essence, what the demand for a New International Economic Order is all about. There is no simplistic answer to it. Aid, Trade, international credit and currency systems, shipping, the Law of the Sea—all these and many other major questions of international relations are involved in the evolution of a world rural development strategy.

Within the nations of the Third World the struggle for Rural Development has to take many different forms. We all start from different power and economic bases, and there is no universally applicable policy blueprint which we can use. But by the different routes appropriate to our starting point and our cultural heritage, we each have to create five conditions.

Our land ownership and control patterns must allow its use for the benefit of all, with priority for those who live in the rural areas of our nations.

The economy of our rural areas must be diversified. Farms must be efficient, producing food for all rural inhabitants as well as a surplus which can be sold to meet other needs. That surplus must be retained in the rural areas and used to finance rural industries and rural services, based on local resources, and meeting local needs.

There must be adequate economic communications systems, and also adequate political links between the rural areas and the rest of the economy, as well as between our nations and the rest of the world. These links must be designed to reverse the traditional flow of wealth from the rural areas and to serve the interests of the rural people.
The taxation, pricing, education, health, and other policies of the nation must be directed towards meeting the basic human needs of all, not at fulfilling the desires of the more privileged members of the community. They must encourage the development of the rural areas and the people who live there.

And finally, but underpinning everything else, effective decision-making power—political and economic power—must lie with the inhabitants of the rural areas. Political power has to be exercised by the poor if the present flow of wealth towards wealth is to be stopped and the co-operative activities of man directed towards the abolition of poverty everywhere.

Your Excellencies: Rural Development is a matter of investment and technology. But it is also a matter of politics. It is the very stuff of government. I hope this important Conference will help us all in the struggle to make Rural Development strategies a reality as we advance into the 1980s.

I wish you well in your labours.

13th July, 1979

J. K. N.
Women have always been at work; only the definitions of work and work-place in history have never been pragmatic. A pragmatist today would not neglect to include the working day of a women worker who, with her bare hands, fashions the daily life of rural communities everywhere.

It is estimated that 70 to 90 per cent of women in the Third World live and work in rural areas. It is also calculated that about 250 million of them work and struggle on land as their basic resource for survival. Working on a range of defined and undefined occupations, they till, sow, weed and harvest wheat, rice, cereals and other basic foods. They work long hours in the sun and the shadows in an attempt to maintain a delicate balance between hunger and nutrition in the subsistence sector of most Third World countries. In a technologically advanced world, their tools and techniques are frequently traditional; their major source of energy being only their muscle power. This large number - a substantial portion of humanity - are among the major group of food producers in the world. With traditions, values and cultures handed down from generations and social practices sharpened for centuries, rural women also perform specifically "feminine" roles - those of food gatherers, food makers and food distributors. And yet, paradoxically, they themselves are the most undernourished, economically the most vulnerable and socially the most depressed group of workers in society.

The workplace of rural women is often a small farm connected with the household or a large field (mechanized and non-mechanized), where crops are spread over distant spaces requiring back-breaking labour. These places are usually situated outside the network of roads and modern communications, away from urban lights. There, they frequently work in informal family groups or in unorganized communities mostly beyond the reach of labour legislation. Even where there are cooperatives or other rural associations, they rarely participate in their management and are usually not involved in decision-making.

Another major group of women living in the small villages and hamlets of poor countries are "employed" in non-agricultural activities. As far as their work is concerned, there are several economic myths that neatly put a lid on social reality. Who works at which jobs and in what number? While the answer to these questions is not clear, it is much easier to describe their workplace:

it is a rural shed or a small corner of a hut or a large courtyard without any semblance of basic amenities. Although not recognized as such, they are also "economically active" and are processing food, weaving carpets, baking bricks, transporting tiles and doing a range of other "manual jobs". These tasks, jobs and occupations are often not counted officially and rarely accounted for economically. Their work is characterized by the fact that they are heavily dependent on intermediate or outside agents who supply raw materials, distribute work and fix prices for their products. Their continual and consistent dependence on third parties makes their hours of work irregular and their incomes uncertain and unstable. This group of "women producers" - a category apart - in different ways are also contributing to the "strategies of survival".

The two faces of rural women sketched above, working on farms or in handicraft, artisanal or small-scale industry, give only a glimpse of their arduous and hazardous living conditions; leaving areas of darkness on the landscape. What makes their economic activity difficult to examine, monitor or regularize is a simple fact, that most of their activity is generally considered as an integral part of the household as a unit. Until recently, the household economy has been analysed with the traditional tools of most disciplines and on the basis of unreal assumptions, which made women's work invisible and insignificant. Even where she was a wage earner, her economic contribution was relegated to a secondary position. That this is so is borne out by recent evidence which suggests that during the last two decades, with the steady increase in the number of landless families, there has been a rapid decrease of income-generating employment for women. The phenomenon that rural women are working longer hours, with heavier workload, with little or no income, has acquired serious dimensions. Whatever the key components of an agrarian system - the pattern of land ownership, the organization of agricultural production or the structure of incentives - the significant point is that little is known of the impact of the work of rural women on an agrarian economy. To an observer of the rural scene it is quite clear that women have unequal access to land, finance and technology; the core elements of modern agricultural productivity. It needs no emphasis to add that rural women neither own nor control agricultural resources or output.

It is apparent therefore that the first step towards understanding the processes of development in rural areas is to redefine and reanalyse women's work. In order to gain better knowledge of the causes of stagnation or higher agricultural output or to understand the main obstacles to a more equitable distribution of food resources in rural societies, it is further essential to quantify their contribution, role and position in rural communities. In this connection, some of the questions that would need to be answered are, for example: what is the effect of land legislation or land reform on women's work? How does it affect women's access to land or non-land resources; does it affect women's access to land or non-land resources; does it increase or decrease their workload? What is the impact of technological innovation on their productivity and, finally, does the existing institutional infrastructure promote or obstruct their income-earning opportunities? It was for some of these reasons that the ILO Programme of Action/ adopted by the World Employment Conference in 1976 recommended that "the work burden and drudgery of women be relieved by
improving their working and living condition and by providing more resources for investment in favour of women in rural areas”.

In describing women’s contribution to economy and making their work visible socially, new meanings will need to be given to the notions of “labour” and “paid jobs”; the concept of “employment” and “productivity” and ideas about intensity and efficiency. A great majority of rural women work in a world where definitions of “market”, “money” and “machines” acquire a different meaning. In that world, neither the range of their activities nor the variety of the tasks are economically rewarded or socially recognized. Assigning an economic or a social value to women’s work has implications beyond national income statistics. Firstly, it means that women’s work is not socially undervalued or underrated; secondly, it signifies that they are “producers” in their own right and therefore contribute economically to the developing process; and thirdly, that they are the direct beneficiaries (rather than through the household) of national planning programmes and projects. And, finally, in any legislation affecting ownership, distribution or control of land, that they are claimants in their own rights.

The problems of food production and food distribution and, indeed, the issues concerned with agricultural output and the development process itself are intimately linked with the extent and degree to which rural women are ignored, neglected or involved. Until the end of the century, during the next two decades, in national planning food resources, the crucial issue of women’s economic contribution and its social implications will need to be seriously investigated. Otherwise, we might be concentrating on the clouds appearing in one half of the sky.


LESOTHO MINISTER DECLARES AGRARIAN REFORM CONFERENCE A HUGE AND EXPENSIVE HOAX

by Blamuel Njururi*

The World Conference on Agrarian Reform and Rural Development (Rome, 12-21 July) was declared a “huge and expensive hoax” organized to hoodwink the rural masses whose power has been usurped by the elite. In a scathing attack on the Conference, the Lesotho Minister for Agriculture, Cooperatives and Marketing, Mr. Morena Makhola Leortholi, charged: “the harsh reality is that the world elite have convened here to stalk the progress of the rural masses, not to seek ways to alleviate their sorry plight. The elite from richer countries are here to repeat at one more forum how little

*/ Correspondent of Inter Press Service - Third World News Agency.
they are prepared to commit themselves to the liberation of rural masses. Their liberal quantities of amendments and reservations on all issues before the Conference is a living testimony of their intent. By the same token, their counterparts from the poorer countries are expected to oblige in a 'spirit of compromise and mutual accommodation'. They are to shut up when their rural representatives are denied a fair platform of participation at this Conference, in the name of exclusive participation of State governments".

Lesotho, an enclave in the Drakeneberg Mountains of southern Africa, was one of the few countries to send farmers' representatives to the Conference. Mr. Leortholi said because the Conference had excluded participation of the rural masses, it could not be successful in alleviating the plight of the rural poor. "Furthermore", he argued, "the Conference has been trapped in a mission impossible. It cannot be the task of world bureaucracy and elitism alone to transform rural societies of the world. The fact that the world has lost a sense of direction on agrarian systems is the fault of human societies as a whole. The power to turn the head of the world in the proper direction, therefore, does not repose in governments and their bureaucratic State apparatus, but in the nations of the world, in the citizens of our nation-states, in the sons of the soil - the rural societies". The Lesotho Minister lamented that the representatives of rural societies who found their way to Rome would be disappointed and frustrated. "They are wandering around the Conference rooms to sit tight-lipped and listen to narratives of glorious country policies on agrarian reform and rural development by their expert elite, misleading the world that efforts are being made to improve the rural circumstances. They discover in disbelief that no country statements admit that their own countries are in a bad situation because of the mismanagement of their own elite, let alone their governments ... they can only watch in agonized, but helpless, silence".

Mr. Leortholi lashed out, as faces reddened and beads of sweat trickled down the faces of delegates in the air-conditioned FAO Headquarters, "this Conference has been trapped. First in the characteristic verbosity of elitism with thousands of words that do not decide upon any action to remedy the wrong we have set out to correct. Frankly, international - or rather inter-governmental - conferences of our times closely resemble a musical concert of nations where national soloists present their respective tunes, get cheered off the stage out of mere formality, courtesy or simply because their songs made curious noises which the audience could understand. In fact at the end of the concert none of the soloists know the others' songs at all. They all, therefore, return to their respective countries knowing only their song, which they continue to sing even if in discord. That mode of communication of nations has become inefficient, wasteful and irrelevant to the needs of human societies, in whose name these conferences are held.

The Lesotho Minister argued further that the Conference had set out to internationalize agrarian reform and rural development so as to escape the reality that any reforms would be the responsibility of individual states. He wondered "if there is as much serious effort and achievement concerning the rural issues by every country represented here, as has been disclosed at this Conference in speeches, then why are we here and whose rural circumstances do we scorn, and have set out to deliberate upon? What a paradox!"
Mr. Leortholi proposed that FAO should organize a World Congress of Farmers (WCF) within two years. After July 1979, he predicted, governments will ignore the paper conclusions of the WCAARD and continue to follow their own original ways because the power of their own rural peoples does not stand behind conclusions reached in Rome. "The perpetual misery of rural societies will continue. To that extent, this Conference is doomed to failure. Our minds must stand adjourned from this exercise in futility, a conference without proper form and character, until a forum for the expansion of thought by the people is established. And we do formally suggest that, to salvage itself this Conference, when concluding its proceedings, should request the FAO to organize a World Congress of Farmers within two years".

The Conference was also bitterly criticized by the non-governmental organizations (NGOs) which felt they had been left out despite their close relationship with rural people in many countries. Mr. Maxime Rafransoa of the World Council of Churches, speaking on behalf of NGOs in the Plenary, said the language of official documents frequently referred to the rural poor as "target groups", thus they were treated as the object of someone else's action rather than the principal actors in their own development.

The structural reforms needed as a basis for genuine rural development in terms of access to land, water and other resources, argued the NGOs, are essentially political not technical issues. They require a transfer of power to the rural poor which may not be in the interests of governments in a number of countries controlled by the rural elites. "The indigenous people of the world, wherever they live, are the losers in our societies. They are marginalized culturally, economically and politically. They suffer this fate because their values and their attachment to the land are different from those of the dominant societies".

The NGOs warned that, without radical re-orientation of existing strategies, the world faced the prospect of drastically worsening inequality in the next ten years. "A new strategy is imperative. The third decade for development will be a challenge both for governments and for the people. Therefore, we call for the proclamation of the third decade of development to be: decade of people's participation".

THE MEXICO DECLARATION: A NEW START FOR SOCIALISM IN LATIN AMERICA?

by Frida Modak*

The Chilean Radical Party has commemorated its 116th anniversary with a series of meetings, to one of which the vice-presidents of The Socialist International were invited.

* Frida Modak, a Chilean journalist, is the Mexico correspondent of IPS Third World News Agency. She was a press assistant to President Salvador Allende.
There were two main topics for discussion concerning this particular meeting. Firstly, there were the advances made in defining the concept of socialism in the development of a plan for Latin America, worked out jointly by Latin Americans and Europeans. Three influential Europeans signed the declaration drawn up in Mexico. They were: Mario Soares (former Portugues Prime Minister, Secretary General of his country's Socialist Party and Vice President of The Socialist International), Felipe Gonzales (First Secretary of the Spanish Workers Socialist Party and also Vice President of The Socialist International) and Bernt Carlsson (Secretary General of The Socialist International). The delegates were assured of support from observers from the Mexican Revolutionary Institutional Party (PRI), the West German Social Democratic Party and the Uruguayan Socialist Party. The meeting and its objectives had the advance support of Daniel Oduber, former Costa Rican President and Vice President of The Socialist International. Oduber was involved in the preparatory work for the meeting and stayed in Mexico until the proceedings began on 10 April.

The Mexico Declaration is a significant aspect of the Latin American project to introduce a social democratic alternative to the continent, which had already been outlined by Senator Anselmo Sule in a congress of The Socialist International at Vancouver last November. The Declaration may well represent the beginning of a remarkable political phenomenon on the continent.

The substantive part of the Mexico Declaration is reproduced below:

Historically, the countries of Latin America and the Caribbean have suffered under a system of exploitation and subjection from which they have not to date liberated themselves despite their conquest of national independence. The savage capitalism which governs them has led their peoples to remain subject to a kind of neo-colonialism and to imperialism through its various forms of intervention and has thus prevented their social, economic and cultural emancipation.

This area's development has always been characterised by the imperialist exploitation which has, in its various stages, adopted forms that lead to a greater dependence. The import substitution policy did not have a liberating effect but, on the contrary, did even greater harm to commercial exchange conditions. This situation has been worsened at present by technological dependence and by economic models designed for Latin America by the most brutal of capitalisms represented by multinational corporations.

At this stage imperialist policies have prompted the emergency of military dictatorships of characteristics different from those which had become traditional in this area, namely the so-called "banana republics" or "gorilla dictatorships".

This is particularly true of the southern cone of the continent, where new dependent forms of fascism are emerging (e.g. Chile). In this case North American imperialism together with the local bourgeoisie and monopolist capitalism cause military defeat for the democratic and constitutional government of President Allende and impose a bloody military dictatorship in which one and all of the human rights and basic freedoms of the individual are systematically violated, thus creating a political and economic model that establishes the terrorism of the state, hands the riches of the country to the voracity of
multinational corporations, de-nationalizes its economy and culture, establishes
an over-exploitation of workers and increases the privileges of the ruling
class in the name of the Washington-borne "doctrine of national security". Under such circumstances Chile becomes a satellite of a central system, a new model of capitalist accumulation.

We hold the firm belief that the system that agrees most with the culture of the peoples of this area, their traditions and their historical necessity in the process of liberation is democratic socialism, a system of ideas which is viable for Latin America and the Caribbean and adapted to every country's own characteristics. The different degrees of development make the solidarity of industrialised countries, particularly of those in which the parties of the Socialist International have some capacity for power or influence, necessary for the success of this option.

Formal democracy has shown in this area particularly to be insufficient to ensure full freedom and the participation of all social classes. We therefore propose an active and authentic democracy based on the full participation of the people in which an ever more egalitarian and participating course will lead the work forces to the enjoyment of the fruits of progress in a pluralistic system and end man's exploitation by his fellow men.

This democracy must be based on participation and apply a just distribution of income, seeking to ensure full employment, an economic structure that will guarantee the participation of the workers and benefit the people at large and in which the strategic means of production which condition socio-economic development and also the basic natural resources can be transferred to the economic social sector by means of a policy of socialisation and promotion of cooperativism. In short, a historical process that will substitute democratic socialism for the capitalist system.

The deepening of the gap between rich and poor countries makes the creation of a new world economic order essential, but this does not merely mean better prices, industrialisation and access of products manufactured in peripheral countries to markets of centre countries for us, i.e. economic growth making use of the technology of industrialised countries in order to attain the level of development of a consumer society. This would be illusory and would favour some of the semi-periphery countries to the detriment of others of the Third World. To quote the essence of the resolution adopted by the Socialist International in Vancouver, "basic relations on a world level must be based on a well-defined scale of values. It is essential for these values that it be accepted, on the one hand, that development should be based on the well-being of mankind and not on the requirements of capital and technology and, on the other, that progress should be directed towards the creation of harmony between nations and their environment".
THE SMALL FISHERMEN OF INDIA

What is the fishing situation in the Indian Ocean?

The current annual estimates of fish resources in the Indian waters are about 4.5 million tons of fish. 50% of these fish resources lies in the depth zone of 0-50 meters, 40% in the depth zone 50-200 meters and the other 10% in the depth zone 200 meters. This shows that 50% of the entire fish wealth lies in the shallow and inshore waters, with this zone extending to a distance of average 50 km. from the shore.

50 km. away from the Indian coast, the Taiwanese, Korean, Soviet and Thai trawlers exploit the fish wealth and in the shallow waters are the Indian trawlers which rob the small Indian fishermen of the fish resources as well as cause ecological imbalance and destruction.

How did this situation come about?

The entry of foreign mechanized fishing in the Indian Ocean is the result of reckless trawling by many of the world's leading fishing nations in their own fishing waters. Countries like Norway, Iceland, Peru and Britain, seeing the great decline of fish catch in their waters after years of irresponsible deep-sea fishing, have set up drastic measures to regulate fishing methods, catch, etc. In their countries there is now a trend for these countries to go back to softer, smaller scale fishing technology.

Since 1975, these countries and others have also rushed into other fishing areas less exploited, using the cover of "joint ventures" and "cooperative ventures". International aid agencies help these countries to get various fishing rights and privileges from the Indian government by giving the virtues of deep-sea trawl-fishing in the name of bringing "valuable" foreign exchange which only really benefits the rich Indian businessmen. There are also the corrupt links between government officials, politicians and rich business to encourage trawl fishing.

What is happening to the small fishermen of India today?

The 6.5 million Indian people who survive on traditional methods of fishing have suffered most with the entry of trawl fishing in the Indian Ocean. After 25 years of irresponsible mechanized trawling and purseinuing in shallow waters by Indian trawlers, the small fishermen of India are facing a crisis. There is an alarming decrease of fish resources and, therefore, of daily fish catch which leaves millions of poor fishermen unemployed. The invasion of mechanized boats into their fishing area, together with the cutting of their nets, have resulted in many violent clashes which have already resulted in 50 deaths in 2 years.

There have been hundreds of arrests of fishermen demanding their basic right to continue their fishing in peace and without disturbance from big fishing. The fishermen know that they can only obtain this right if they fight for it. And they continue to do so.
The foregoing is taken from Fishnet, col. 1, no. 1, March 1979:

Fishnet attempts to continue and deepen the dialogue among fishermen which was started at the Small Fishermen’s Workshop sponsored by ACFOD held in Bangkok last May 1978.

The newsletter hopes to provide information on the situations, problems and actions of the small fishermen in Asia.

It is hoped that the issue of Fishnet will be translated into the local dialects of the fishermen in the different countries so that they can better understand the contents of the newsletter and they can then give their comments in the process of continuing dialogue.

Please send in your ideas, articles, comments, to ACFOD, Room 221, 399/1 Soi Siri, Silom Road, Bangkok 5, Thailand.

COMMENTS ON LAN PHUONG’S “AGRICULTURAL COOPERATIVES IN VIETNAM - WHICH LESSONS TO DRAW?”

by D.D. Narula*

I have enjoyed reading Lan Phuong’s paper on “Agricultural Cooperatives in Vietnam - Which lessons to draw” since it brings out the important specificities of the Vietnamese experience in agricultural cooperatives from 1930 onwards. It clearly underlines the lesson that the building up of the agricultural cooperative movement in Vietnam was inevitably linked up with the Vietnamese class struggle as well as the national struggle.

However, after reading it, one reaches an “unintended” conclusion that agricultural cooperatives cannot be a success, from the point of the rural proletariat, unless Third World countries have been able to successfully launch a revolution (or radical transformation). I feel the author should have brought out in her concluding paragraphs, the possibility of using agricultural cooperatives as a weapon of struggle by the rural weak against the exploiters. For example, in India, there is considerable legislation and a number of agencies with the avowed purpose of helping the rural poor, which is never effectively implemented. But this is what should become the starting point of the struggle of the rural poor, through cooperatives (of only the rural poor) for implementation. At least in a few States in India, such as West Bengal, Tripura and Kerala, the State could effectively intervene on the side of the “rural weak and oppressed” against the exploiters, with popular peasant organizations and organizations of landless labour taking an active role in the cooperative movement. This is precisely what the Vietnamese Communist Party did from 1930 to 1953. In Third World countries, the left parties and peasant organizations have considerable political space for action in this struggle.

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PLANNING FROM THE BOTTOM UP

by Halfdan Mahler*/

The health sector has in the past been considered by many development philosophers and economists as essentially consuming scarce resources and not as a sector contributing in its own right to economic development. Fortunately this concept has, over the past few years, undergone a radical change. There is now a much clearer understanding that little if any real development, that is socio-economic development and not merely economic growth, will be achieved without man himself being the focus for it. (...)

In September 1978 an International Conference on Primary Health Care took place in Alma Ata, USSR, jointly organized by the World Health Organization and UNICEF. The Declaration of this Conference states, "economic and social development, based on a New International Economic Order, is of basic importance to the fullest attainment of health for all and to the reduction of the gap between the health status of the developing and developed countries". (...) 

Also in the Alma Ata Declaration, governments are called upon to "... formulate national policies, strategies and plans of action to launch and sustain primary health care as part of a comprehensive national health system and in coordination with other sectors." I am pleased now to report to this Council that the World Health Assembly in May this year agreed unanimously on how Member States, individually and collectively, should go about formulating policies, strategies and plans of action for "health for all by the year 2000..."

The overriding concept in this global endeavour of formulating medium and long-term strategies is that these are formulated first and foremost by countries themselves, and that regional and global strategies will be based on those prepared at the national level. This, in my opinion, is crucial if Member States are to achieve the common goal they have set themselves individually and collectively. No amount of central, bureaucratic planning and programming will influence countries' decisions concerning their strategies. It is only when countries themselves muster their political will and take in hand their own preparations for their national strategies that a sound and realistic basis for developing regional and global strategies will emerge. All Member States of the World Health Organization have endorsed this "bottom-up" approach to strategy formulation within the health sector which will allow for the preparation of regional strategies and culminate in the presentation to the World Health Assembly in 1981 of an overall, global strategy for "health for all by the year 2000" based on primary health care. I hope you will not consider it presumptuous if I suggest to this Council that it may wish to consider promoting the adoption of a similar approach by other social and economic development sectors when they formulate development strategies in their respective fields. It is my firm opinion that a genuine country-based formulation comprising all related sectors would bring about what we are all striving at within the UN system, namely integrated socio-economic development to which all sectors contribute on a mutually supportive basis without wasteful and overlapping competition for scarce resources. (...)

*/ Director General of WHO. This is an excerpt from Dr. Mahler's statement at the July session of the United Nations Economic and Social Council.
WHY AUTONOMY? WHAT HAS IT TO DO WITH TECHNOLOGY?

by John Turner*

Why not HETERONOMY, or dependency on decisions by others, from above? Why must we decide what our own needs are, for ourselves? Why not trust commercial advertisers or the State to decide what is good for us and leave it to them to supply our wants? Or, on the other hand, why not AUTARCHY, or total independence from others? Why don't we organise our lives into an archipelago of self-sufficient islands dependent on no-one?

I am sure we all agree that the idea of an autarchic world of self-sufficient islands is an absurd Utopia and that we can dismiss this alternative. So this leaves us with the alternative system of dependency or heteronomy, and interdependency or AUTONOMY.

What, then do these alternatives have to do with technology? This question is asked by Barnett & Müller in their book: Global Reach, the Power of the Multi-National Corporations in the following way: "Can the planet (Earth) be organized by ever-larger pyramidal (that is, heteronomous) structures through centralizing technologies?"

We can answer this in three different ways, of course: YES, we can organize the planet heteronomously for which we need centralizing technologies, or NO, we cannot and so we must do away with centralizing technologies and use only decentralizing technologies. Or, thirdly, we can say that we need heteronomous systems and technologies for some things but we must not use them for others.

I suppose that very few people would answer yes to Barnett & Müller's question. I suppose that many would answer no. And I believe that most would give the third answer. I myself believe that we must seek a new balance between autonomy, autarchy and heteronomy. And I believe that the most critical political questions of our time have to do with the limits to dependence and independence and the establishment of a predominantly autonomous system, anyway in the spheres of production for the satisfaction of basic material needs: for food, for clothing and for housing.

I believe this because of what I have seen in the 3 countries and 3 continents where I have lived and worked (for more than 7 years in each); In Peru in South America, in the USA, and in Britain and Europe I have seen that centrally administered systems and centralizing technologies for housing are anti-social, highly uneconomic and produce aesthetically revolting environments. I have seen in all 3 continents - and, more briefly, in Africa and Asia too, that when people are in control of their own housing, through local organizations and enterprises using decentralizing technologies which they can manage, good use is made of land and of people by themselves. On the other hand, when people are deprived of rights to decide for themselves and when they are not free to use themselves and the resources that they possess, people have to be substituted by large organizations and obedient, capital intensive machinery. These are

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exceedingly wasteful and, therefore, financially inflationary.

Justice and therefore peace cannot be achieved as long as the production of necessities depends on counter-productive systems that exploit the poor today and which will impoverish future generations.

However, in case anyone has forgotten that I am among those who believe we must establish a new balance between autonomy and heteronomy, and that I am not saying we can do without any central administrations and capital intensive industry, I will conclude by pointing out that personal and local access to scarce resources, and protection of freedom to use them within socially acceptable limits depends on good Government and the rule of the Law.

RESEARCH PROJECTS ON RELATIONSHIPS BETWEEN DISARMAMENT AND DEVELOPMENT

Research projects commissioned by a United Nations expert group are now being carried out in an effort to find practical ways to promote reallocation of resources from military purposes to development. The 25-member group, which approved its first series of research proposals at its session in Geneva in January, is carrying out the mandate of the General Assembly "to produce results that could effectively guide the formulation of practical measures" to reallocate part of the $400 billion spent annually for armaments and military purposes. The group is chaired by Inga Thorsson, Under-Secretary of State in Sweden's Foreign Ministry and member of the IFDA Executive Committee. It is seeking to complete its report in time for presentation to the 1980 Assembly session.

Twelve of the research projects approved in January are to be financed by the United Nations Disarmament Project Fund, and will cost $257,000 - the entire amount available to the group so far through voluntary contributions made by Sweden and Norway. The projects chosen include an examination of the ways in which military technology has influenced the direction of industrial change in both rich and poor countries; an assessment of the total resources devoted to military purposes in sub-Saharan Africa; the impact of arms spending on Egyptian economic development; the effects of cuts in military spending in South America; the impact of the arms trade on markets for food, raw materials, manufactures, energy and capital goods; the effects of military spending on investment, balance of payments and growth in Third World countries; the effects of local arms industries on the scientific and technological capabilities of Third World countries; problems associated with economic conversion in market, planned and Third World countries as a result of disarmament; and the relationship between military expenditure and employment in countries with differing social systems.

Since the 16th Century the Caribbean has been a dynamic, innovative, pluralistic society where settlers and exploiters, masters and slaves, Africans and Europeans, have coexisted because they had to, and because each fulfilled reciprocal functions in an almost unique setting of social engineering. Franklin Knight's study provides a rare internal Caribbean perspective as it traces the development of mini-nationalism in an area which has fluctuated between being the periphery and the centre of the Western world. It journeys through five centuries of economic and social development, emphasizing such areas as the slave-run plantation economy, the changes in political control over the centuries, how the USA has influenced Caribbean politics and economies, and the effect Castro's Cuban revolution has had on the area. This is the latest volume in "The Latin American Histories" series.

Fran P. Hosken, The Hosken Report: Genital and sexual mutilation of females (Lexington: WIN News, 1979). Fran Hosken is also the editor of WIN (Women's International Network) News, a quarterly whose publication started in 1975. Address: 185 Grant Street, Lexington, MA 02173, USA.

Alternativas para el desarrollo de Venezuela, número 1 de Perspectiva Democrática, publicación del Centro de Estudios de la Realidad Latinoamericana (CEREL). Este primer número recogió la discusión que se planteó en el seminario organizado por el Consejo Nacional de Investigaciones Científicas y Tecnológicas (CONICIT) y FIPAD en Macuto, Venezuela, en septiembre de 1978. El presidente del CEREL es Luis Raul Matos Azocar, miembro del Parlamento Venezolano y miembro del Consejo de la FIPAD. Dirección: Apartado 68369, Caracas 106, Venezuela. Se puede obtener este número de CEREL o de la FIPAD.

Ignacy Sachs, "Medio ambiente y desarrollo", Socialismo y Participación. no. 6, marzo 1979 (Apartado 1, Lima 4, Peru).


Antony J. Dolman, The like-minded countries and the industrial and technological transformation of the Third World (Rotterdam; RIO Foundation, 1979).
Social change is nourished by experiments in new ways of living. But the people involved in these innovative projects - whether working individually or in groups, through the system or counter-culturally - are often isolated and unable to learn from the approaches others have taken, cut off from each other by differences in values and goals. Making contact can be very difficult. The Atelier for Social Creativity and Experimentation (a non-profit organization) ("l'Atelier pour la création et l'expérimentation sociales") aims:

- to provide material assistance (including financial aid) and legal assistance for social innovators;
- to encourage exchanges among participants in different French and foreign social experiments by organizing meetings, conferences, and educational trips, and by distributing instructive publications;
- to set up an information network for mutual assistance which will allow individuals and organizations interested in social experimentation to contact each other;
- to organize an education programme centering on French and foreign social experiments and the political, economic and social environments in which they are situated. The programme will be geared to people currently involved in such experiments either as participants or as leaders, social workers, government employees and private sector businessmen interested in social innovation.

L'Atelier, 73 rue de Turbigo, 75003 Paris, France

NEW DIMENSIONS OF APPROPRIATE TECHNOLOGY (10-11 November 1979): A symposium of the International Association for the Advancement of Appropriate Technology for Developing Countries hosted by the Massachusetts Institute of Technology, Appropriate Technology Group. The symposium will be directed at technical aspects of appropriate technology as well as actual experience in transferring technology. For further information regarding the symposium and the quarterly journal APROTECH, to which contributions are invited, write: Ike C.A. Dyeka, President, IAATDC, 603 East Madison, University of Michigan, Ann Arbor, MI 48109, USA.