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BUILDING BLOCKS

VALUE FOR PEOPLE: THE POTENTIAL ROLE OF A CONSUMER MOVEMENT IN THE THIRD WORLD

by Khor Kok Peng
Institut Masyarakat
9 Kucing Lane
Penang, Malaysia

Original language: English

Abstract: Through the work of the Consumers' Association of Penang, more and more people are becoming aware of food contamination, dangerous drugs, defective electrical appliances, false advertising. They have a place to which they can lodge complaints regarding the basic necessities of daily life. Instead of attributing problems to fate, villagers are now learning to protest against unfair incursions that threaten their traditional sources of livelihood. They now have the means to question the consumer culture which asks for conformity in the pursuit of fashion and products, whether or not these are good for health. They are able to envision alternative lifestyles and ways of development based on rational and simple consumption patterns, the conservation of natural resources, and a better quality of life.

LE RÔLE D'UN MOUVEMENT DE CONSOMMATEURS DANS LE TIERS MONDE

Résumé: Résultat du travail de l'Association des consommateurs de Penang (CAP), de plus en plus de gens prennent conscience de l'existence de la contamination alimentaire, de médicaments dangereux, d'équipement électrique défectueux et d'une publicité trompeuse. Ils peuvent désormais porter plainte quand les besoins essentiels de leur vie quotidienne sont en cause. Au lieu d'attribuer leurs problèmes à la fatalité, les villageois apprennent à protester contre ce qui menace leur existence. Ils ont désormais les moyens de résister à la culture de consommation qui impose le conformisme des choix sans considération de leur impact sur leur santé. Ils sont en mesure d'envisager des modes de vie alternatifs et des chemins vers un développement fondé sur des modèles de consommation rationnels et simples, la conservation des ressources naturelles et une meilleure qualité de leur vie.

(Resumen español en la página 13 (13)).

Khor Kok Peng

VALUE FOR PEOPLE: THE POTENTIAL ROLE OF A CONSUMER MOVEMENT IN THE THIRD WORLD

I. A world crisis in economy, environment and lifestyles

Although most of the Third World countries have now attained political independence, they are still subjected to economic and cultural influence and even domination by the institutions of the so-called developed countries.

The gross inequalities existing in the world can also be seen in the fact that the industrialized countries account for only 16 per cent of the world's population but use up as much as 57 per cent of the energy resources. Meanwhile the Third World countries of the market system have 52 per cent of the world population but consume only a mere 14 per cent of the world's energy resources. The irrationality of the world pattern of consumption is symbolised in the fact that American women spend more on cosmetics in a year than the budgets of all African governments combined.

Within the Third World countries themselves, the basic needs of perhaps two thirds of the population have yet to be satisfied. In many countries, the numbers of people living below the poverty line have increased significantly, despite moderate rates of economic growth. The degree of income inequalities between income groups has also increased as growth fails to solve the basic needs problems of the poor. In these Third World countries, planners and politicians more often than not strive for a style of national development which imitates the models set up in the industrialized countries. Much in the name of development goes towards the creation and sustenance of artificially high life-styles imported wholesale, or with some minor modifications, from the west.

Nor is the "transfer of taste" from the industrialized countries solely confined to the elites in the Third World. High-powered advertising and aggressive sales campaigns by transnational companies ensure that the imported consumer culture penetrates and permeates through to every social strata and every corner of the land. "The Taste of America" is painted in big, bold letters across a wall in busy streets, persuading everyone to smoke a cigarette. On the roadside newspaper stands, a woman's magazine cajoles women into having a "love affair" with the latest perfume. Inside the cinemas, thousands of ordinary people watch as the screen flashes bikini-clad girls singing, "This is the beer! This is the life!" In every big hotel, hundreds of young people dance to "funky music" while pinball-machine centres and bowling alleys are choked full of teenagers and students. In the countryside, poverty-stricken mothers have been persuaded by the sales tactics of transnationals to switch from breastfeeding to bottle-feeding, with disastrous effects on the health of their infants. Striving to attain the urbanised life-style, farmers buy modern furniture and motorcycles and motorcycles by installment after the harvest or when prices of their products are high, only to lose these goods during the off-season or in times of poor prices when other needs take

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1/ A case study of the Consumers' Association of Penang.

precedence. Coca-cola is sold in every village coffee shop and even the families of fishermen buy canned fish which is advertised on radio and in magazines.

Having an almost captive market in countries eager to adopt the high-consumption way of life, the transnationals are now practising a subtler but more deadly form of exploitation on the Third World. Dangerous and sub-standard products which have been banned or withdrawn from the markets in industrialized countries are being "dumped" into Third World countries in large amounts. The effect on the health of the people in Third World countries must be horrendous, all the more so because most Third World consumers are ignorant and unsuspecting of these unethical sales practices. Again, corporations and whole industries affected by stricter occupational safety and environmental laws in their home countries have exported their factories for production in many Third World countries.

The present type of industrialization being followed has also resulted in an environmental crisis of startling proportions. Actual events show that the environment and its resources are the very basis of development. The destruction of the environment will eventually also destroy the very basis for development and indeed the chances of man's survival.

This scenario of the present and future world problems is the background to the activities and concerns of the Consumers' Association of Penang (CAP). An independent and non-profit organization set up in 1970, CAP is based in Malaysia, a rather well-off Third World country which faces all the contradictions of development described above. It has a council of 10 members, many of whom are community leaders, university academics and teachers. Its activities are carried out by staff of about 50, most of whom are young people interested in contributing their bit to social progress. Unlike most other consumer organizations in the world, CAP's primary concern is not only to test which brand of a product is better, but to inform, educate and represent the people on such issues as basic needs, consumer protection and environmental destruction. This results in CAP's taking a stand on crucial matters involving development priorities (should we build more tourist hotels or more homes for the poor?), basic human needs (the availability of food, health services, housing, transport, education, etc.), exploitation of the consumer (sale of dangerous goods, cheating by producers and traders, inflation, etc.), and environmental deterioration (water and air pollution, deforestation, depletion of fisheries resources, occupational hazards, and so on). Far from following the concept of "Value for Money" adopted by consumer organizations which originated in the industrialized countries, CAP bases its activities on the concept "Value for People".

CAP's objective, according to its President, Encik S.M. Mohamad Idris, is to awaken the consciousness of the people to the present irrational and suicidal style and rate of development which destroys the environment and produces things which are useless or harmful to health, without satisfying the basic needs of the majority of people. CAP believes that only when development serves the needs of people and not the other way round will real progress be achieved. For this to come about, the awareness of the people must be awakened, and that is the role CAP sees for itself.

II. The approach and activities of CAP

As an organization oriented towards consumer protection and social reform, CAP sees its role as bringing up important development issues and in generating public consciousness on these issues.

CAP is organized into various sections, each of which reflect an important aspect of its approach to development work, and all of which seek to inform, educate and represent the public on basic issues. An examination of the various sections will give a clearer picture of CAP's approach and activities.

1. Handling complaints

The Complaints Section seeks to protect the public's right to redress and compensation in the face of cheating, exploitation or neglect on the part of producers, middlemen or government departments. A wide variety of complaints are lodged by the public at CAP's office either personally or through the post.

These complaints range from poor quality of goods, defective and dangerous products and cheating by housing developers, shopkeepers and moneylenders to the rudeness of government departments, poor services at the hospitals and absence of a proper drainage or transport system. On receiving the complaints, CAP staff investigate the particular cases involved and press for redress, compensation or better services from the parties complained against.

The popularity of this Complaints service can be seen from the increasing number of cases handled - 55 in 1972, 400 in 1975 and over 2,000 in 1978. This increase is due partly to the fact that CAP manages to settle about 80 per cent of the complaints to the satisfaction of the complainants, but also largely to the spreading knowledge that wrongs can be righted if one is willing to take positive steps to do so. "A single complaint is worth a thousand words of grumbling!" urges a CAP pamphlet. "All consumers have at one time or other been cheated or treated shabbily. Don't despair. Don't grumble to yourself. Do something about it. Make a Complaint!"

The value of the Complaints Service cannot be underestimated. In ex-colonial societies where the people have for too long been used to the passive acceptance of life's injustices, the successful lodging of a complaint changes the perception and attitude of individuals who now see that redress can be obtained if one is willing to do something positive about it. The Complaints Service thus becomes an effective means and channel through which the public is able to exercise its rights to fight business malpractices and to press for fair and better services from companies and government departments as well as to demand protection of these rights from the authorities. The Complaints Service is expecially useful for the poorer sections of the community who are usually not articulate or confident enough to take up grievances on their own, and who are certainly not able to afford legal services.

2. Surveying social issues and testing for dangerous products

CAP's Survey and Testing Section is responsible for carrying out basic research and alerting the public and the authorities to such problems as unfair price

increases; misleading advertisements; unscrupulous sales tactics and practices; the marketing of dangerous foods and drugs; the inadequacy of poor medical and transport services; poor conditions of housing; lighting and roads, and so on.

The Section carries out a weekly survey of market prices of essential commodities such as rice, meat, sugar, fuels, text-books, bus fares, medical fees, as well as regular investigations into shortages of such necessities. Any irregularities in the market, whether of price, quality or supply, are immediately made known to the public through the mass media. Details of the problem as well as concrete proposals to reduce or solve it are also forwarded to the government in the form of letters and memoranda.

Among the issues resulting from the regular CAP surveys are the following:

(a) The poor man's fuel crisis: CAP has raised the alarm over the high prices and acute shortages of kerosene, charcoal, firewood and matchsticks, which constitute the energy sources of the poor.

(b) The rising oil prices: CAP has fought against the increase in the domestic price of oil on the grounds that Malaysia itself is an oil exporter and the oil companies are already making super profits as a result of the OPEC price increases.

(c) Misleading advertising: CAP has called for the ban of advertisements which unethically make use of sexual themes, children and the appeal to health instincts to sell the product. A survey shows that more than half of all advertisements make use of such themes.

(d) Reading habits of the young: A CAP survey found that the standard reading fare of Malaysian teenagers comprised comics, movie and pop magazines and novels based on romance and spy thrillers. The habit of serious reading on social issues was sadly lacking.

(e) Quack opticians and dangerous nurseries: CAP is pressing for the proper registration of opticians and day-care centres after surveys showed that 90 per cent of "opticians" were not qualified, while the baby nurseries were found to be badly run (resulting in the deaths of two babies).

(f) Dangers of smoking: CAP has called for a ban on cigarette sales promotion and a ban on smoking in all public places.

Where the testing activities are concerned, CAP focuses on determining the safety, cleanliness, purity and quality products that are commonly used. Tests are also carried out on short weighting and other forms of exploitation which producers and traders practice on consumers.

Some of the more important of CAP's recent test findings are the following:

(a) Dangerous levels of dyes and additives (including banned chemicals) found in very popular foodstuffs and drinks;

(b) Fresh fish containing a level of human and animal faeces 11,000 times above the safety level;

(c) Popular brands of drugs and cosmetics containing lethal dosages of dangerous metals such as mercury, cadmium and lead;

(d) "Coffee powder" containing only 5% of real coffee grains and tea leaves heavily contaminated with dangerous dyes;

(e) Motor vehicles found to have defective gear boxes, bursting tyres and self-shattering windscreens;

(f) Loaves of bread and packets of rice found to be significantly short-weight;

(g) Toys with sharp edges and which are inflammable, being safety hazards to children;

(h) Defective electrical appliances which can cause fires and electric shocks to users.

The results of these tests are widely disseminated through the mass media to alert the public. Through memoranda and statments, CAP acts as a pressure on government authorities to establish and enforce safety standards so as to protect the health and lives of consumers. In a number of instances, the authorities have responded by introducing new legislation and withdrawing certain products found to be hazardous and CAP continues to press for reforms while educating the public.

3. Research into basic needs and social issues

The Research Section undertakes in-depth studies on important issues which usually arise from the activities of the other sections. These studies are usually on-going processes which draw on the raw data obtained from the complaints received, from the results of the tests and surveys, or specially collected for the specific studies.

Some of the major areas of CAP's long-term research work are as follows:

(a) Food and nutrition: Issues covered include the diminishing acreage of food-crop cultivation under the impact of development projects; inflation of food prices and acute shortages of essential foods; incidence and effects of malnutrition (from which 35% of rural children suffer); adverse effects of the marketing of junk food and drinks on the nutritional intake of the population.

(b) Health and sanitation: Diseases related to habitat and socio-economic conditions; poor sanitation, water and toilet facilities in rural villages and urban slums; hospital and private fees and services.

(c) Housing, habitat and transport: The acute shortage of housing; the problems faced by squatters (which comprise one third the population

in the major urban centres); housing conditions, including overcrowding, lighting and water supply; the problems related to public and private transport; the urban system as a whole.

(d) Sale of dangerous products: Third World countries as the dumping ground of dangerous foods, drugs, contraceptives, cosmetics, pesticides, high-tar cigarettes, defective cars, etc; comparison of standards and legislation regulating safety, unethical sales promotion tactics.

(e) Ill effects of the promotion of infant milk: The unethical sales promotion of infant formula and sweetened condensed milk for babies; the resultant switch from breast to bottle feeding of infants in Malaysia; the health effects on the babies.

(f) Inflation and scarcity: The causes and rates of inflation and its effects on real income of various groups; the increasing scarcity of essential goods; profiteering on the part of companies.

(g) The impact of TNCs: The study includes occupational safety in TNCs, the environmental effects of TNCs, the promotion of often unsuitable and sometimes harmful products to the local population (e.g. artificial milk for infants, cigarettes, etc.).

(h) Adverse effects of the consumer culture: The media and instruments of the consumer culture - advertising, magazines, pop songs, films, etc., the competitive striving for fashionable goods and an extravagant lifestyle; how the culture affects the young (400,000 drug addicts in Malaysia), women (increasingly falling prey to cosmetics and fashions), villagers (drinking Coca-Cola and buying tinned foods).

(I) Social problems: Investigations into such problems as drug addiction; increasing number of crimes and rape cases; the influence of television and films in fostering a climate for violence; alienation of the young from their elders and from society.

(j) Appropriate technology: CAP is the Malaysian institution participating in the United Nations University project on "Sharing of Traditional Technology". Areas studied include traditional fishing methods; the traditional Malay house; appropriate transport forms; traditional medicine.

The studies involve a combination of desk research and field research, including interviews with ordinary people and professionals. The aim of the research is to deepen the public's knowledge on basic needs and other crucial issues and on the basis of this increased awareness, to pressurise for urgent social reform to be carried out.

4. Fighting the environmental crisis

The right to a clean, safe environment to live and work in is one of the most basic rights of consumers. Concerned about the worsening crisis in the Malaysian and world environmental situation, CAP has been vigorously campaigning against

the rapid increase in pollution, the deterioration in the rural and urban environments and the dangerous depletion of non-renewable natural resources. The environment is one of the most crucial aspects of CAP's work because the present trend of development is wreaking havoc on the natural ecology and the continuation of this trend can lead only to economic and ecological catastrophe which will threaten the very survival of mankind.

Key issues taken up by the Environment Section include the following:

(a) Industrial and chemical pollution, which is destroying marine life, croplands and the livelihood of fishing villagers and farmers. In Malaysia, 50 major rivers are so polluted no fish life can survive.

(b) The rapid chopping down of forests, at the rate of 1 million acres a year, resulting in the complete depletion of timber by 1990. Deforestation has led to the silting of rivers, the flooding of towns and villages, and a reduction of water flowing to reservoirs.

(c) The rapid diminishing of fish stocks due to overfishing by trawlers and pollution of the seas and rivers. The resulting fall in fish catch is causing hardships to 70,000 fishing families and to a drop in protein intake of the population.

(d) Industrialization and problems in the working environment, including industrial accidents and occupational hazards. In Malaysia there are 50,000 recorded industrial accidents a year and workers also suffer from exposure to dangerous chemicals and gases.

(e) Dislocation of Villagers and the Urban Poor due to development projects. In order to have projects such as industrial estates, highway construction, housing estates, and urban renewal schemes (with shopping complexes), tens of thousands of families in villages and traditional urban communities are dislocated from their land and sources of livelihood.

(f) Deterioration of the Urban Environment, including traffic congestion, air and noise pollution, lack of recreational areas, poor public service.

CAP's environmental activities have earned it a reputation of being the most vocal organization in Asia calling for environmental protection. By raising the environmental consciousness of the public and policy makers, CAP hopes to eventually bring about a change in developmental priorities away from blind adherence to economic growth towards a policy of conservation and ecologically sound development.

5. Helping rural communities

More than two-thirds of the Malaysian population live and work in rural villages and estates. Typical of Third World countries, the rural communities produce the nation's food supply as well as much of the export products (Malaysia is the wold's chief producer of rubber, tin and palm oil) but continue to live in conditions of poverty.

In 1976, CAP launched a Rural Education Programme to inform, educate and represent the rural communities on consumer, environmental and basic needs issues. Under this Programme, CAP helps the rural communities to articulate problems affecting their livelihood and living conditions and provides them with basic consumer education on issues such as food, nutrition and health. Problems which have been taken up include the invasion of trawler boats into the inshore territory of small fishing villages; the dislocation of rice farmers and small cattle rearers from their traditional lands to make way for development projects; pollution destroying the crops and fishing grounds of dozens of villages; inadequate sanitation and night soil collection services, threatening villagers' health; exploitative credit arrangements, including high interest charges which lead to severe indebtedness, etc.

When such problems are encountered, CAP helps the affected community to represent its problems through its own action, such as the writing of petitions, meetings with government authorities, and interviews with the press. CAP also helps by publicising the problems in the newspapers or in its own publications and slides. As a result, the depressed villages become revitalised with the optimism that comes from positive action to solve one's own problems. In some cases, the situation is improved as the pollutants are stopped or compensation is paid, but in most cases the battle is prolonged and the villagers continue to keep it up for years with no immediate solution in sight.

Besides helping the farmers with their problems, CAP also carries out an education programme consisting of talks, discussions, slide shows, exhibitions and house-to-house counselling in the villages and estates. During the programme, advice is given to the families on suitable diets, foods to avoid, how to budget, how to avoid being victims of the consumer culture, and so on.

The Rural Programme helps to awaken the awareness of long-neglected communities to their rights to a fair share of the fruits of development, and to mobilise them to defend their livelihood if it is threatened. In rural areas where information is most scarce and exploitation by traders and moneylenders is most severe, the rural education programme also helps by providing counselling and advice to the people.

6. Education programme: Reaching out to all groups

Research into social problems is not enough - the results must be made known to as many people as possible. CAP's Consumer Education Section provides training and educational services for many groups, including school, college and university students, youths, women and workers.

CAP has helped to establish consumer societies in more than 50 schools. Among the activities of these school societies are the investigation of pollution problems in the neighbourhood, surveys on canteen food safety and school-bus services, discussions and debates on consumer themes. Several teachers are also using consumer articles and publications during their school lessons in subjects such as Language, Geography and Economics. In teacher training colleges and universities, consumer education is also spreading as more courses on basic needs and environmental issues are introduced.

In Malaysia, more than half the students drop out of school at the age of 15, without proceeding to upper secondary school. This large group will form the bulk of the labour force. In order to reach out to them, CAP also extends the education programme to youth organizations and trade unions, as well as with women's organizations, residents' associations and voluntary groups. House-to-house counselling is also carried out in the poor urban flats and other areas.

Through the Education Programme, CAP aims to battle the insidious influence of the consumer culture. Young students discover the nutritional bankruptcy of junk food and soft drinks, misleading advertisements, dangerous drugs and food additives. Workers become conscious of hazards in the working place and the effect of inflation on their take-home pay. Housewives and working women learn about dangerous cosmetics and contraceptives, the irrationality of falling prey to fashion and the value of breast-feeding. The Programme is carried out through talks, slide shows, films, discussions, work shops, exhibitions and joint surveys with the various groups.

7. Seminars and exhibitions

Seminars, workshops and exhibitions are also organized by CAP to highlight issues, bring together concerned individuals, and to educate the public.

Workshops and work-camps are also organized for university lecturers, teachers and students. During these sessions, the participants discuss the best methods of carrying out consumer activities or integrating the basic ideas into courses.

8. Communicating ideas: Publications and audio-visuals

Communicating the consumer message to the public at large is a vital component of CAP's work, for awareness is generated only when ideas and people meet.

Important results of CAP's testing, survey, complaints and environment activities are condensed into press statements, translated, and sent for coverage in newspapers of four languages. The continuous stream of press statements (about 2 or 3 a week) keeps the public fully informed of the latest developments. CAP also contributes regular weekly or fortnightly columns in ten newspapers and periodicals, dealing with case histories of consumer complaints, survey and test results and general articles on consumer problems.

CAP produces a 16-page monthly newspaper, the Utusan Konsumer (Consumer Forum), with two editions in English and Malay, and a current circulation of 30,000. The Utusan Konsumer carries critical news, comments and analyses on the latest developments in matters related to prices, food, and nutrition, health, complaints, pollution and resources, transport and housing. It also comes out regularly with expose features on dangerous goods, misleading advertisements, fraudulent companies, the apathy of government bureaucracies and the plight of rural communities.

Books, pamphlets, posters and postcards are also produced to inform the public and for eductaional purposes. Titles of such publications include, "Consumer Education Kit", "Crisis in Malaysian Fishing", "Pollution: Kuala Juru's Battle for survival", "Health, Food and Nutrition Sourcebook", "Noise Pollution:

An Awareness Problem" and "Five Traditional Technologies in Malaysia".

In order to communicate ideas or illustrate a story, audio-visual materials are often more effective than the printed media, especially where rural communities and students are concerned. CAP has produced several slide series on consumer, environmental and health topics, as well as a 22-minute colour film on the "Crisis in the Malaysian Environment". These are often used during the education programmes. The consumer message is now also heard over the air in Malaysia. CAP is helping to produce weekly consumer programmes in four languages over Radio Malaysia. Letters of comments and enquiries sent in by listeners show that the radio programmes are reaching the people effectively.

III. An evaluation of CAP's activities

In its ten years of work, CAP has had a significant impact on Malaysian society. A measure of the increase in public consciousness is the wide coverage now given by the Malaysian press to consumer and environmental issues, compared to a decade ago. It would appear that more press coverage is given to consumer and environmental issues in Malaysia than any other country in the world. Such issues have now become "news".

Through the work of CAP, more and more people are becoming aware of food contamination, dangerous drugs, defective electrical appliances, false advertising. They have a place to which they can lodge complaints regarding the basic necessities of daily life. Instead of attributing problems to fate, villagers are now learning to protest against unfair incursions that threaten their traditional sources of livelihood. They now have the means to question the dictates of the consumer culture which asks for conformity in the pursuit of fashion and products, whether or not these are good for health. They are able to envision alternative lifestyles and ways of development based on rational and simple consumption patterns, the conservation of natural resources, and a better quality of life.

In pressing for various social reforms to better the lives of consumers, CAP plays a complementary role with regard to the government bureaucracies. Complaints which CAP is unable to solve by itself (having no enforcement powers) are channelled to the relevant authorities for their action. Thus, problems which are so basic that they tend to be ignored are brought to the attention of the public and the authorities so that solutions can be found.

CAP also goes a step further by asking for the introduction of new legislation and strict enforcement of existing legislation to protect consumers from exploitation in the market place, dangers on the road and in the work-place, and environmental deterioration. Calling also for a switch in economic priorities from a stress on export earnings to one of producing for the local market, CAP has proposed the banning of exports of fish, vegetables, timber and other essential items which are in short supply domestically. CAP is also asking for emphasis to be placed on a development strategy that gives top priority to fulfilling basic needs, such as a comprehensive system of preventive health rather than a health system which is urban-based and curative in emphasis.

In its efforts to bring about enforcement of consumer legislation and the introduction of social reforms, CAP has succeeded to a certain degree. Some products reported by CAP to be harmful have been withdrawn, while in a few cases environmental problems in certain localities have been resolved. The setting up of a Division of Environment and the gradual introduction of environment legislation regulating the permissable standards for effluent discharge in recent years is at least partly attributable to the efforts of the environment movement started and led by CAP. The Education Ministry is also responding to suggestions to incorporate consumer education within the official school and college curriculum, while the Finance Ministry supports the part played by the consumer movement to keep prices down.

It can be noted from the above that departments which are seriously concerned about the solution of problems appreciate the role of a strong and effective concumer organization such as CAP, while there are other departments which respond less favourably. Understandably, CAP is not yet satisfied with the pace of progress in the solving of consumer and environmental problems. Sub-standard and dangerous products continue to be dumped and sold, basic needs are by and large still ignored under the shadow of the economic growth priority, and complaints keep pouring in about business malpractices and poor quality of services. Under the impact of inflation and shortages, the purchasing power of consumers has dropped. Most serious of all, pollution and environmental problems are adversely affecting the quality of life and the livelihood of people, while the total depletion of several of the country's natural resources within a decade spell potential economic catastrophe.

Says CAP's President, Encik S.M. Mohd. Idris: "Reflecting on the trend of events over the past ten years of CAP's existence, I am very doubtful that policy changes will come about soon enough or effectively enough. Even if such changes take place, we may be too late to prevent a deterioration in living standards, life quality and environmental disaster. This makes our tasks even more urgent and our responsibilities more heavy.

IV. Lessons from the CAP model

The experience of CAP can prove valuable to public interest groups or potential groups in Third World and even industrialized countries. There are many aspects of the CAP approach that can be used in other countries.

Firstly, the problems and issues with which CAP is grappling are common to all Third World as well as industrialized countries. The overpowering dominance of big business, the unethical marketing of dangerous products, the need for a basic needs development approach, the underprivileged position of the poor and their lack of access to basic necessities, the dislocations accompanying hasty growth, the environmental and energy crisis, the influence of the consumer culture and the resultant alienation of modern man - these are key developmental and cultural issues faced by all societies undergoing change today.

Secondly, some of the methods and means used by CAP to highlight the issues and to press for social reforms can similarly be used or adapted in many other countries. In disseminating information, two basic methods are used - dissemination through mass media channels (newspapers, magazines, books, pamphlets, films, radio) and dissemination through contact and activity at the

micro or grassroots people level (talks, slide shows, discussions, workshops, exhibitions, house-counselling). In reaching out to as broad a spectrum of people as possible, various groups in society are contacted for joint programmes - students, youths, women, housewives, educators, professionals, administrators, government officials, etc. Besides providing information and education, services are also rendered to the community in the handling of complaints and helping communities to represent their problems. Through these various facets of work, it is possible to communicate the results of tests and research to a wide range of people at various strata of society.

Thirdly, CAP's principal objective of raising the awareness and commitment of people to the necessity for basic needs and enivronmental reforms is becoming increasingly realised as the first but most vital and difficult step on the journey to genuine development. Traditionally, most development-oriented groups would place highest priority on charity aid, disaster-relief or school and hospital building programmes. CAP is showing that programmes which aim at conscientising people on basic needs issues, which protects their interests and which presses for basic social and environmental reforms are even more essential in the long run. CAP holds that unless people's consciouness changes, genuine socio-economic and cultural development will not result, however many roads and buildings are constructed and however many billions of dollars are poured into aid. CAP wants people to think out for themselves the values of development, the rationale of producing and consuming goods and services, the type of culture that will bring about genuine cooperativeness and happiness among fellow men and harmony between man and nature. On the basis of this reflection, people can then act to bring about the changes required for attaining this type of development.

The role of the development group is to connect the various links in the chain, and sometimes to even create the links that are missing. This analysis of the nature of development work and of the role of development groups will also be useful for organizations or individuals that are reflecting on the value of their activities and the appropriate part they should play in the development process. Eventually each public interest group and each development organization will have to decide its own role according to the prevailing local problems, needs and situations. The CAP experience will serve as a useful model for those who share its broad principles and outlook.

VALOR PARA LA GENTE: EL ROL POTENCIAL DE UN MOVIMIENTO DE CONSUMO EN EL TERCER MUNDO

Resumen: A través del trabajo de la Asociación de Productores de Penang más y más gente está llegando a saber de la contaminación de los alimentos, de las drogas peligrosas, de los artículos eléctricos defectuosos, de la falsa publicidad. Tienen en la Asociación un lugar donde llevar sus quejas relativas a las necesidades de la vida diaria. En vez de atribuir los problemas al destino, los aldeanos están aprendiendo a protestar contra las intromisiones injustas que amenazan sus fuentes tradicionales de sustento. Ahora tienen los medios para poner en duda la cultura de consumo que pide un conformismo en la búsqueda de la moda y sus productos, sin darle importancia a que éstos sean beneficiosos o no para la salud. Pueden imaginar estilos de vida alternativos y medios para el desarrollo basados en métodos de consumo razonables y simples, la preservación de los recursos naturales y una mejor calidad de vida.

HAIFA

حيفـــــا

And if I travel
The world wide
The horizon is the limit
Engulfing my home.
The echoes of new streets
Sound familiar
Strange faces
Mean nothing.
I am at home
Homeless.
The world is
Home for my wandering
And the beginning
Branches out
In my diaspora.
I keep on watering it
Waiting for a leaf
Perhaps it would
Lead me back.

ولو تجولت فـــى العالـــم
من بقعة الـــى اخـــرى
الافـــق هـــو محيطـــي
يطـــوق بيتـــي
صـــدى الشـــوارع الجديـدة
يـــرن كأصـــوات اعرفهـــا
الوجـــوه الغريبـة
لا تعنى شيئـــا
فـــأنـا بمنزلـــي
بـــلا مـــأوى
العـــالـم
هو بيت ترحالـــي
تشتتى فـــى البدايـــة
تفـــرع فـــى غربتـــى
ابقـــى ارويـــه
منتظرة نبتـــه
فربما قـــد ترينـــى
طـــريق الرجعـــه

Lynah Hamadeh

لينـــه حمـــاده

(Lynah Hamadeh was born in Haifa, which she had to leave with her parents when the State of Israel was established. She spent her childhood in Saudi Arabia and in the West Bank.)

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BUILDING BLOCKS

AN ALTERNATIVE FUTURE FOR MALTA

by Peter Serracino Inglott, Grupp Alternattivi

Correspondence to:
Joe Friggieri
"El Ayoun", St. Mary Street
San Pawl tat-Targa, Malta

Original Language: English

Abstract: In a dialogue society, things would not be owned but used in the interest of society, participatory planning would be more important than prohibitive law, and State structures would be decentralized and decisions taken at the lowest possible level. Transition to such a society in Malta requires the promotion of subsidiary urban centres, conservation of open spaces and coast-line, self-managed industry, co-operative agriculture, reduction of the burdens of mass tourism, deinstitutionalization of social services, teaching young people to be critical of media messages. Sea-centred institutions could be an economic mainstay, recognizing that the Mediterranean region is not a group of countries but a series of coastal towns with their hinterlands. For a small country in Malta's geographical and historical situation, self-reliance means the ability to provide useful services to the world without being enslaved by external forces; its best contribution to a new world order could be the promotion of cross-cultural communication.

UN AUTRE AVENIR POUR MALTE

Résumé: Dans une société fondée sur le dialogue, les choses ne seraient pas possédées, mais utilisées dans l'intérêt de la société, la planification participative serait plus importante que la loi et ses interdits, les structures de l'Etat seraient décentralisées et les décisions prises aussi près que possible de la base. La transition vers une telle société, à Malte, appelle le développement de centres urbains secondaires, la conservation des espaces libres et des côtes, une industrie auto-gérée, une agriculture coopérative, la réduction du fardeau du tourisme de masse, la désinstitutionnalisation des services sociaux, et que les jeunes apprennent à recevoir les messages des media d'une manière critique. Des institutions orientées vers la mer pourraient être un point d'appui pour l'économie, la région méditerranéenne n'étant pas un groupe de pays, mais plutôt une série de villes côtières prolongées par leur hinterland. Pour un petit pays dans la situation géographique et historique de Malte, l'autonomie (self-reliance')

(cont. à la page 14(28)).

Peter Serracino Inglott, Grupp Alternattivi

AN ALTERNATIVE FUTURE FOR MALTA

1. A dialogue society

Man

The two main models of society at present available to mankind are built on two pictures of man which both, in their different ways, are partial. Liberals pictured man as essentially a thinker whose ideal was to contemplate the abstract structures of a mental world. Marxists pictured man as essentially a worker whose fulfilment lay in the transformation of the material world by his productive activity. Both thinking and working are, however, clearly sub-species of a mode of communication specific to man: the increase of information through the systematic use of material elements as signs or tools. The maximisation of open dialogue between human beings is therefore the objective and the correlative of establishing the most appropriate form of human relationship to the world.

Things

The way in which men appropriate things - count bits of the world as 'owned' - is clearly crucial to their interrelationship. Human bodies are so built that, besides such elements as food and air which they use up in the energetic exchange with the environment in order to live, they also require three basic complements to their organism for survival: clothes, shelter and tools; hence, all men can be said to have a natural need to 'own' these three types of thing. However, if man is pictured as essentially a thinker, since plainly it is physically impossible for all men to live a purely comtemplative life, it follows that the ideal has to be restricted to an elite - and it has to be decreed that the mass of the human race does not have the privilege of being really human. Correlatively, there has to be an unequal division of property rights. On the other hand, when the social ideal was postulated to be a "communistic" society, the same kind of property rights as had been attributed to individuals were attributed to the State.

The concept of property correlative to the concept of man as essentially a linguistic animal is that most things should not be the property of anyone - neither of individuals, nor of the state. They should not be appropriated at all; they may be used, but not owned. On the one hand, they should be regarded as the common heritage of mankind, and their use determined by the interests of mankind as a whole, including future generations. But on the other hand, and complementarily, all use should be as particular as possible. Some things (e.g. ocean resources, or outer space) could and should be reserved for management on behalf of mankind as a whole by an international organisation; but most things are best managed at the lowest level at which effective management is possible in the common interest (regional, national, provincial, or smaller groups) according to the nature of the resources in question - given the limits of (present) human potentialities.

Planning

The practical implementation of the stated concepts of man and of resources requires institutions appropriate to a form of government in which planning is more important than legislation as traditionally conceived. Planning is more like custom than like law. Law is basically made up of prohibitions, is conservative in effect, requires obedience to its letter; planning sets out positive goals, is future-oriented, and requires active co-operation according to its general spirit. It calls for constant revision of any blueprint all along the process of its implementation with the creative participation of all concerned. A framework of law is required to ensure a measure of stability; planning is required to ensure orderly and conscious change, such as a living language constantly undergoes.

Constitution

Government by planning requires a revision of state structures. It would appear more respectful of the central role of work in a dialogic society if the highest governmental level were to be composed of two types of delegate: (a) from localities; (b) from work-units and from other groups such as the elderly. In other words, each citizen would have a double representation.

But the 'principle of subsidiarity' should be always paramount: no decision is to be taken at a higher level if it can be effectively taken at a lower. The highest organ should not act if a decision may appropriately be taken by the local body or by an economic commission. Thus, in order to mitigate the vertical structure of power, means for horizontal integration (between producers in enterprises, inhabitants of localities, etc) should be created at lower levels. In this way, a modern version of the parcellisation of sovereignty current in Medieval Europe (when overlapping jurisdictions were the condition which allowed the survival of certain otherwise doomed freedoms) could be a practical move towards the de-absolutisation - but not the withering away - of the State, which would be required to function only as the last instance in both a co-ordinating and a conflict-resolving role.

Such a role requires the rejection not only of the absolute concept of state sovereignty (which is a correlative of the absolute concept of private property) but also of the Lockean distinction between the legislative, the executive and the judiciary functions (a distinction which, despite the lip-service paid to it in most constitutions, modelled on the US paradigm, has broken down in the age of planning). Plans cannot be applied by courts operating according to the established methods of applying laws. They require other institutional devices which allow the interplay of public as well as expert opinion, response to feedback, special cases, etc. The formal institution of planning institutions and procedures itself should be achieved through a complex, participatory process.

* * *

The following sections seek to use the concept of a dialogue society to indicate some key development alternatives for Malta.

2. The environment

The most basic sphere of action towards the creation of dialogue-promoting structures is the environment itself.

The first conditioning factor of action in this sphere is the received heritage. In Malta, until recently, there was a clear distinction between, on the one hand, the urban area (Valletta and the harbour district) and, on the other hand, the rural area (the villages). The Town (il-Belt) was a highly planned construction, with carefully defined suburbs, all superbly walled and each with a specific function. All systems of communication converged upon it. The villages, on the other hand, grew organically around a dominating church and square (social centre). Maltese farmers never lived in scattered farmhouses, but always clustered together in villages.

In recent times, however, building has taken place in a manner which is neither planned nor organic. The result is that one half of the island has become one subtopian conglomerate, threatening to destroy also the other half which is still almost totally unbuilt.

A threefold approach appears to be called for in the suburbanized area: to restore to the capital city an appropriate role at the national level; to develop subsidiary centres in the central villages of each region of the island; to enable each district which has a sense of identity to retain and develop it.

A "centre" in the sense used here is a physical place which operates as the locus of people's search for meaning in their lives, and of their expression of their collective hopes and concerns. In Malta today, it cannot be purely the church (or a fortress) as in the past; it should be a setting in which buildings and spaces for exhibits, performances, and other media, are made available to groups and individuals to express themselves in their diversity, to develop popular expressions of their ideas.

In Malta, there has so far never been any local government, except for a brief period in Gozo.

The remaining unbuilt area should be almost totally preserved as such and developed only in a rural sense. It is not only the little green area left, which should not be further reduced, but also the still open "wasteland" which constitutes a characteristic breathing-space for an island which (despite the by now almost over-controlled birthrate) is still overpopulated. The central problem to be tackled in relation to the agricultural area (viz. land-fragmentation) will be dealt with in a subsequent paragraph. Circumscribing urban sprawl is, in any case, an absolutely required preliminary condition.

Special importance should be given to the coastal area. Not only is the seashore an immense economic asset (especially for tourism), but it is also a great symbolic resource: it is the interface (or limen: both the limit and the link) between land and sea, and it should be treated as such. No

private appropriation should be allowed at all here (no private beaches) - but certain segments are to be reserved for specific uses, e.g. a marine park (which should have a nature reserve on its landside, in such a way that the migrant birds, at present massacred by hunters as they arrive exhausted after the trans-Saharan crossing, may find a sanctuary, and schoolchildren have a chance to study in situ, etc.), salt-pans, fish-farms, as well as leisure beaches, sport pitches and commercial ports. Coastal development should be rigidly controlled by a fully representative council on the basis of the fullest possible information and understanding of coastal protection technology.

3. Economic structures

Situation

The Maltese economy was until the 1960's based on services rendered to the British military base. The economic plans of both parties which have been in power since independence (Nationalists 1964 - 1971, Socialists 1971 to date) have professed to build on a tripod: industry, agriculture and tourism. In fact, industrial growth has lagged behind plans, resulting in practice only in a few transnationals successfully establishing themselves (mainly in textiles), while most other enterprises have failed to overcome the two main obstacles they have faced: marketing and management. Since 1971, the state has been increasingly taking over weak industrial enterprises, and quite often closing them down. Agriculture continues to decline in terms of cultivated land; the farming force grows increasingly older, female and part-time, even though production slowly increases because of improved techniques in some crops. Tourism has boomed, on the other hand, to the extent that it is raising problems about the island's capacity to meet the strains generated by the task of catering for a number of visitors which, over the year, is larger than the total resident population.

Proposals

It should be recognised that the only real resources Malta has, besides climate, are human or symbolic. It is a fact that it is in the field of services that the Maltese still show the greatest disposition to succeed. Need exists for skilled services of the type which many Maltese can provide as shown by several and various experiences ranging from the backing-up services to oil exploration companies to the UNEP centre against marine pollution in the Mediterranean. It should be pointed out that the back-up services to the oil exploration enterprises were not limited to the technical aspects (e.g. providing manpower for rigs) but essentially included matters such as schools for the children of the specialised staff working as far away as Iran.

There is no doubt that such services involve a considerable degree of dependency on factors outside national control, but they also are the expression of a perhaps extreme form of self-reliance. The reliance involved is not on material resources available in a politically-delimited area, but on the resources of the "self" itself, i.e. on the ability constantly displayed by the Maltese in millennia of history to live by their wits. There is a strong, Marxist-inspired prejudice against merchants as compared to industrialists,

based on Marx's view that the merchant bourgeoisie delayed the rise of capitalism in Western Europe, and hence slowed down the march of history. But it can easily be argued that, in so doing, they toned down the inhumanity of the process and ensured a more equitable balance between the interests of the present and the future generations. The flexibility of mind and other skills required to carry out a mediating economic function are plainly more humanly satisfying and self-reliant than the type of industry that has been set up in Malta in recent years in total conformity to the international division of labour which prescribes that only the mechanical execution of models developed elsewhere, for the needs of markets elsewhere, be set up in newly industrialising areas such as Malta.

The peculiar cultural history of Malta, forged as a result of its location at the crossroads of North and South, East and West, a small island in the middle of the sea, has made its people both multilingual and cosmopolitan, deeply attached to their cultural matrix precisely because it is a nursery of almost protean adaptability. In this sense, to rely on their specifically human resources represents the maximum of self-reliance, conceived not as isolation from external forces (an impossible dream for 300,000 people on an almost barren 120 sq. mile rock) but as the capacity to operate intelligently amid the external forces, in such a way that instead of being enslaved by them, they are made to fructify in constructive exchange to the greatest possible degree.

In this perspective, the following concrete developments may be envisaged:

(i) Sea-centered institutions

The promotion should be sought of more Mediterranean-wide, sea-centered international institutions of a functional nature, on the model of the UNEP anti-pollution centre - beginning with the strengthening of the Mediterranean Fisheries Council of FAO, and the consolidation of the various UNESCO and other Mediterranean bodies concerned with scientific research. A major development of the utmost importance both to Malta and all other Mediterranean countries would be the setting up of a similar body concerned with sea-bed mining, within the framework of the new Law of the Sea, which is the only way in which territorial disputes over oil-rich seabed areas can be transcended to the benefit of all. These functional bodies could then be co-ordinated, and complemented by an assembly of representatives of Mediterranean towns, of which the assembly which produced the Beirut Charter can be considered a fore-runner and which would amount to a practical recognition of the fact that the Mediterranean is really made up of a series of towns with their hinterland, each with its social identity. In this way, a type of sea-centred federation, quite different from such land-centred entities as the European Economic Community, would be created. There would not be the aspiration of constituting a supernation (or superpower) which is the capitalist (and self-contradictory) motive force behind the consolidation of a large industrial market, but functionally specific spheres of co-operation in areas where such co-operation is essential for any rational management of the available resources. A major concern of these entities should be the development of renewable sources of energy - given the extraordinary availability of sun-hours, winds, thermal gradients, marine currents and other natural resources.

Malta, in particular, is uniquely suited to serve as a centre for international institutions of the kind envisaged and as a central laboratory for the pooling of scientific research and dissemination of information to the neighbouring areas and ultimately to the whole world. Its natural and cultural advantages include central geographical location, availability at relatively low cost of supporting personnel and material structures, absence of any deep-set antagonisms with any neighbouring country and impossibility by reason of size of any kind of empire-building designs.

Sea-centred institutions already set up in Malta are the International Ocean Institute, the Marine Biology Station (both non-governmental) and the UNEP anti-pollution centre for the Mediterranean. In 1979, UNESCO approved funds for the establishment in Malta of a Mediterranean Cultural Centre, with the participation of all riparian states. Malta, whose previous government took the lead in launching the UN Conference on the Law of the Sea, has also advanced its candidature for the seat of the proposed International Seabed Authority. Indeed it was only the hesitation of the present government, when newly elected, to declare its interest in this matter that led the Group of 77, after a long wait, to endorse the candidature of another of its members.

Such ambivalence in the government's attitude is damaging to the prospects of realizing Malta's potential as an institutional base. The government needs to recognize the role it can play in marine affairs, especially in the Mediterranean, and to demonstrate its willingness to assume the consequent responsibilities. It must adhere clearly to the principle that specific benefits accruing to Malta from institutional location should only be seen as incidental results of arrangements which are to the advantage of all participating states. The government must grasp the opportunities available and not miss them through untimely or overambitious action.

Of course, there is no suggestion that Malta should claim any sort of monopoly of sea-based institutions. On the contrary, it should show a clear intention and an earnest disposition to serve them wherever they arise. In practice, the difficulty of finding suitable alternative locations is likely to lead to some of them, at least, being centred in Malta.

(ii) Industry

Although a future may be envisaged for Malta in which the tertiary sector (which became highly developed for historical reasons, while there was no "industrial" or secondary sector of any size) remains predominant although in a renewed and constantly evolving form, yet the growth of an industrial sector remains a necessity. The existing secondary sector - dominated by textiles, mostly governed by external factors - does not seem to be destined for a long life, since the interests of the transnational companies and the structure of the industry in the world economy appear bound to result, in a matter of some years, in the location elsewhere of the production (or, more precisely, of those parts of the process of production) at present done in Malta. Because of its small size, the local market cannot provide the needed outlet for any large-scale production unit.

Some sort of alliance between local firms and transnational enterprises is inevitable. What requires to be done is that, in contracting the alliance,

two conditions be sought. First, the role which Maltese industry can best fill is that of producing specialised products required by relatively small markets which, given the restricted demand, very large enterprises will not produce for them. Gaps of this kind in the actual world organisation of production do exist, e.g. certain electronic goods of a (simpler) kind more precisely adapted to some Arab markets than those currently produced mainly for the industrialised world's markets. Secondly, it must be ensured that the local firm shares in the marketing and technological decisions which particularly affect it.

Within industry (and indeed all fairly large work-units in different ways) the principle of self-management should be progressively applied. For a few years, a start in this direction was made, and at a certain moment Malta had 17 interprises in which various degrees of self-management had been introduced. The government also set up works committees in government departments. However, it soon turned out that self-management was a concept that had been invoked only in cases where the government needed a carrot with which to induce the workers to step up production because an enterprise was bankrupt (or in danger of becoming so). The once promised institutionalisation and transfer of legal ownership never occurred. On the contrary, state control was built into legislation in such a way that it has provoked a strong sense of disillusion and deception among workers.

For the road to self-management to be resumed, a progressive programme has to be launched in which workers in medium-sized firms have to be given responsibility in the taking of decisions first in welfare matters, then concerning employment, then on wages and conditions of work, then on all policy matters, until, finally, they can assume total responsibility, subject only to consistency with overall national plans and the payment of fixed rates of interest to those who provided the original capital, where appropriate. Such a programme would ensure workers' self-education through the process of increasing self-management itself, as well as through other means by which workers can acquire the necessary knowledge to interpret such data as has to be presented by technical staff and understood in order that policy decisions be responsibly taken.

(iii) Agriculture

The crucial problem as far as agriculture is concerned is the fragmentation of land, which prevents the two needed conditions for a considerable increase in productivity, viz. irrigation and mechanization. However, since the state itself and the church are by far the largest land-owners, a programme for radical land consolidation is perfectly possible, but requires considerable preparatory work, ranging from a cadastral survey (the present lack of which makes a systematic plan impossible) to the psychological persuasion of the still highly individualistic farmers of its need. State and church should together engage in a plan by which land ownership (of areas consolidated into economically viable units) is handed over to agricultural co-operatives. These should also take over the marketing operations from the state (as regards exports) and from middlemen (as regards local retailing outlets - the most lucrative part of the business at present).

It is also obvious that intensive glass-house production of special crops is

by far the most economic line to develop. For this, a programme of capital assistance is needed. The government should re-convert the former Experimental Farm (at present used for ordinary commercial production) back to its original purpose and seriously refurbish the Agricultural School (at present languishing uncared for both by the Agricultural and the Education Ministries) in order to make farming an attractive profession to the intelligent younger generation. The crucial problem of water is best dealt with through desalination of sea-water and purification of sewage, possibly by solar energy.

(iv) Tourism

Mass tourism is exerting a great deal of pressure on the yet underdeveloped infrastructure. There seems to be a limit to the number of tourists a country, especially a very small one like Malta, can take. While government boasts of its ability to break its own records in the number of monthly tourist arrivals, the Maltese housewife finds it increasingly difficult to buy fresh fruit and vegetables, the water problem becomes more acute (in some areas there is a chronic shortage or lack of this essential commodity), prices shoot up, there is congestion at the airport (and not only at the peak of the tourist season), the number of road-accidents increases, beaches are over-crowded, and so on. Moreover, the industry still depends to a very marked degree on the British market; more than 60% of tourist arrivals are British, as are many tour-operators who cater for them.

Obviously the time is ripe for a more rational and controlled development of this industry. A planned decrease in the number of tourists now, together with a more balanced spread over the seasons (considerably less tourists in summer and a few more in winter), can ensure a continued flow of tourists in the future and avoid the shock of sudden slumps. It will also decrease the dependence of too large a section of the working population on an industry which is notorious for its instability. In the meantime more people could be employed in those areas of the tourism infrastructure whose development and maintenance could also be beneficial to the local population (e.g. transport, cleaning of beaches, first-aid facilities outside the hospitals, etc.). Better means of communication between the islands would ensure a more constant and greater spill of day trippers to Gozo, whose share of the returns of tourism at the moment is too low when compared to the size of the trade. This would also bring immediate benefits to the Gozitans who have had to put up with all kinds of inconveniences because of the lack of adequate transport facilities between the islands.

4. Social services

In the past, social services in Malta were the concern of the extended family and of the church and its institutions. The state was involved in only a very small way. Today the family has become small and, although family ties are still strong, it can no longer adequately deal with the tasks of ensuring welfare for all. Still less can it deal with the task of promoting equality between all, at least in the sense of redressing in so far as possible those natural and cultural disadvantages to which some members of society are heir to, without their having any personal responsibility for it.

Yet the objective of social policy in a dialogue society should be the attainment of just such an equality. For instance, in education, the objective should not be equality of opportunity, which is calculated to allow the "brighter" or more-family-favoured boy to shoot ahead of the rest, but rather to give proportionately greater attention to the more deficient in order to reduce basic inequality as much as possible. This is likely to reduce the rate of economic growth, but that is a price which a dialogic society should be willing to pay in the name of a common humanity. Equality does not, of course, mean sameness; but diversity should be the result of the different dispositions and inclinations of different individuals which should be allowed the greatest room for complementary development. These twin principles - basic equality and maximum diversity - should be the ground of all social policy in a society based on the essentially linguistic nature of the human animal - all language having universally found features and yet distinctly used by every individual.

These principles applied to the social roles of man and woman imply that the basic difference between them should be recognised - i.e. woman's sexual life is unlike man's (regulated by rhythm) and involves pregnancy. At present, this still results in women being considered as disadvantaged vis-ā-vis men for employment (even where they are "protected" by laws, rather than discriminated against in this respect, as at present in Malta) and often have to bear an unfair share of domestic work in relation to men, even when they are employed. Legislation should recognise that the child-bearing role specific to women is a contribution to society and should be rewarded, not penalised. In order to ensure this, it is however necessary for the burden not to have to be borne by legal imposition on the enterprises which employ women (resulting at present in often concealed discrimination against them), but by the community as a whole.

Besides the natural difference, there is also a heavy cultural heritage which results in women being handicapped in relation to men for certain tasks. A real belief in the principle of equality should mean that not only should the laws manifestly discriminatory against women (especially married women) still in force in Malta be abrogated, but that women be given special advantages in educational and other areas in compensation for the handicaps inherited from history. On the other hand, the diversity inherent in different composition of each cell of their body, and especially of the rhythmical/ arhythmical pattern of their sexual life, has still to be fully understood and should be respected by a great tolerance of life-style choices.

The take-over by the state of most social services has resulted in their de-personalisation. This is most manifest in the institutionalisation of most people who require special care: the elderly, children who are orphaned through the death of parents or break-up of marriages, the mentally or physically ill (even when the illness is relatively minor). This tendency can be reversed, in the first place, by the state itself personalising to the greatest possible degree the social services run by it.

Most of the elderly usually can manage to live more happily and usefully in their own homes, with the provision of some assistance, than if they are enclosed in an institution where, generally, they soon die, or merely vegetate. Given the ageing population of Malta, gerentological study should

be given a high priority in all its aspects. Processes by which those about to retire from work are prepared and educated to make good use of their remaining years in as active a way as possible should be given almost as great importance as preparation for work in the education of the young, from the point of view of the maximal development of the potentialities of the entire population. Retirement need not be sudden and complete, but can be gradual and prolonged. All possible ways should be utilised in order that the old may remain valuable and valued active members of the community.

The present policy of deducting earnings from pensions should obviously be discontinued, since it clearly discourages work after retiring age. The only reason for the present policy (as for certain discriminatory meaures against the unemployment of women) is to leave more working-space for younger men who are supposed to be family heads and bread winners. But such measures do not provide any real solutions to unemployment problems and only depress the general level of total active life.

Adoption laws should be modified in order to make this solution generally preferred to that of the institutionalisation of the young inadequately cared for by their natural parents.

The health service should give a primary importance to health education and the enabling of persons to care for their own health themselves whenever possible. In Malta, it has been clearly established that most diseases leading to death are caused by inappropriate (excessive) nutrition. Education in this regard is probably more important than the most elaborate techniques of surgical or other interventions, when the damage has already been self-inflicted. On the other hand, well-established means of dealing with certain (often congenital) diseases (e.g. renal) should be available in the central hospital. For lesser health problems, decentralisation and treatment outside massive, impersonal hospitals is to be preferred; in particular, it should not be necessary for those whose illness (as is most frequently the case) implies necessarily only a partial incapacity for activity to be compelled to total inaction and passivity. The patient should be allowed the maximum use of his relatively restricted potentialities - especially in contributing to his own cure in as self-reliant a fashion as possible, instead of relying blindly on the quasi-magical powers of doctors and drugs.

For this purpose, besides popular education, the specific education of doctors in social medicine is of the utmost importance, since in our society, most disease is generated more by cultural than by natural factors. Above all, the sick man is still a human being who should be encouraged not to abdicate from his human responsibilities, but to continue to play the fullest possible part in family and social life. No radical reform of the health service is, however, possible without the co-operation of all concerned, in particular of the medical profession itself.

5. Education

Education is clearly the crux of a dialogue society. All education consists in the transmission of language. When one learns physics, or sociology, or theology, one learns a particular way of talking about the world, of seeing the world, which enables one to enter into communication with others who also

use that way of talking and seeing. In other words, all education is political - since having a particular world-vision and a particular common life-style is precisely what politics is about. There is no way of having a neutral or value-free education; hence the best course of action is to make the values as explicit and open to question as possible. Even when education is used to deliver a "conservative" message, however, since it tends to increase the communicative potential of human beings, it remains a "radicalizing" means. It becomes all the more so, the more it is freed from institutional strait-jackets and from being merely a ritual to be gone through in order to secure certain social positions by acquiring certificates and the like. But as it is not possible to de-institutionalise education completely (as Illich claimed: even in his scheme, the institutions return through the backdoor), the best course is to make it as critical as possible of institutions. In any case, most education is not nowadays given through schools, even in the case of children, but through the mass-media. The most constructive task that schools can accomplish in a dialogue society is to teach children to respond critically to the world-views transmitted through the mass-media. Once again a premiss for any radical reform of the school system is the active involvement of parents and teachers, as well as the children themselves, in the entire process.

One of the areas where dialogue is vital in Malta is tertiary education. In a small country like this, where there is no alternative to the state university, a mistake in the direction given to tertiary education will have incalculable short and long term effects not only on the individuals concerned but on the development of the country. And it is precisely because there is no dialogue between the politicians - with their concern for instant solutions to short term problems - and the educators - with their concern for quality in tertiary education and long term development - that tertiary education has taken a great leap backwards in Malta.

While the university recognised that it was socially and academically necessary to improve the accessibility of tertiary education and to produce flexible and broad-based first degree courses to permit specialisation as individual and national needs were identified, the system imposed by the government effectively restricted entrance to university courses to individuals sponsored by employers, and selected according to criteria decided by employers, while the courses at the university were narrowed to highly specific and inflexible job outlets such as: engineers, teachers, administrators and managers. In this way the concept of a liberal education at the tertiary level has been destroyed and, with the extension of the system into the upper level of secondary education which in the state system is being increasingly restricted to students sponsored by employers, a rigid subordination of the individual to the specific job he is channelled into is taking place. The implications of this policy for the ability of the individual to develop his critical powers, and his ability to adapt to changing situations and goals, or rather his inability to do either, need no further elaboration.

In a dialogue society access to tertiary education would be available to all who would benefit from it - even for employers who wish to sponsor their employees - through a varied system of entry and a highly flexible course structure. These would enable individuals to move up to or back into tertiary education as they or society desire.

Much more attention should be given to physical education and use of the body itself as a linguistic medium in the schools than at present. The ideal which the government should promote is not so much that of sports as a spectacle but of the maximum, active participation of all in appropriate games. Once again, sports organisations should be assisted by the state in a way which recognises their autonomy to the greatest possible degree, while ensuring that they stay free from the commercialisation which, without adequate state support, threatens to subjugate them. The exploitation of enthusiasm for sports in the interest of divisive, partisan ends should be guarded against, even by constitutional means, since it threatens the existence of the area of human communication where it is easiest for all human beings to meet irrespective of other differences. At the same time, it is necessary also to guard against twin dangers: first, unawareness that, in a stratified society, even equality on the sportsfield may be an illusion or an opiate; secondly, that the symbolic effect of over-emphasis on competitiveness may be hostile, instead of favourable, to the development of the ideal of solidarity. Hence, much more thinking should be devoted to the development of a philosophy of sport as bodily language, as the basis for a sports policy suitable to a dialogue society.

To the mass-media themselves a major role should be attributed. The problem of their control is vital. As in the case of the university, the best solution appears to be to have the staff selected by as representative a board as possible, and then giving the chosen staff the maximal autonomy possible, i.e. within broad lines such as the rule that all important shades of opinion should be given a fair chance to express themselves on controversial issues, and that as wide a popular access as feasible is to be aimed at.

In Malta, an island which is essentially a cross-cultural focus in the middle of the sea most laden with historical encounters between different varieties of men, the educational process should be particularly oriented towards the tasks of cross-cultural mediation and understanding. At the highest levels, especially, there should be a special concern with the understanding of the conditions of success and failure in the transmission of information across cultural barriers. At present, attention in this regard is concentrated on the transfer of technology from the more industrialised to the less industrialised countries. Even so, it has been recognised that not even technology is value-free or transferable indipendently of the culture which generated it; it is connected to particular ways of seeing the world, of talking about it, and of living together in it. An educational specialisation in the understanding of cross-cultural communication is perhaps the most useful role which a small island set in a unique environment can assume so as to render its modest contribution to a new world order.

Résumé: (suite)

veut dire capacité d'assurer des services utiles au monde sans tomber sous la coupe de forces extérieures. Sa meilleure contribution à un nouvel ordre mondial pourrait être la promotion de communications transculturelles.

UN FUTURO ALTERNATIVO PARA MALTA

Resumen: En una sociedad de diálogo, no habría propiedad sobre las cosas, pero las cosas se utilizarían en el interés de la sociedad, sería más importante una planificación de la participación que leyes prohibitivas y las estructuras del Estado serían descentralizadas y las decisiones se tomarían a los niveles más bajos posible. La transición a una sociedad de diálogo en Malta requiere que se haga una promoción de los centros urbanos subsidiarios, la conservación de los grandes espacios y las zonas costeras, una industria auto-dirigida, una agricultura cooperativa, la reducción del peso de un turismo de masas, la desinsitucionalización de los servicios sociales, enseñar a la gente joven a recibir en forma crítica los mensajes que les llegan a través de los medios de información. Las instituciones relacionadas con el mar podrían ser el principal apoyo económico, reconociéndose que la región del mediterráneo no es un grupo de países sino una serie de ciudades costeras con sus territorios tras ellas. Para un país pequeño en la situación geográfica e histórica de Malta, la auto-suficiencia significa el poder dar ayuda al mundo en forma útil sin verse esclavizados por fuerzas externas; su mejor contribución a un nuevo orden mundial podría ser la promoción de la comunicación inter-cultural.

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BUILDING BLOCKS

"OVERCOMPENSATION OR EXPROPRIATION?" - FOREIGN INVESTMENTS IN THE THIRD WORLD

by Maurice A. Odle
Director, Institute of Development Studies
University of Guyana
Turkeyen Campus, Box 841
Georgetown, Guyana

Original language: English

Abstract: A code of conduct must be established complementary to the Code of Conduct on Transfer of Technology for the regulation of terms and conditions pertaining to acquisition of ownership and control of foreign investments. Systems of international law enunciated by the rich industrialized countries for the payment of compensation are inequitable to Third World countries and new norms must be established which are fair to the Third World. Cooperation among Third World countries and mechanisms for an exchange of information between them would assist in the negotiation of more equitable terms with transnational corporation, which systematically utilize their dominant economic power to drive hard bargains with Third World countries.

"SURCOMPENSATION OU EXPROPRIATION?" - LES INVESTISSEMENTS ÉTRANGERS DANS LE TIERS MONDE

Résumé: Un code de conduite qui réglerait les conditions de l'acquisition et de la maîtrise des investissements étrangers devrait être établi comme complément du Code de conduite pour les transferts de technologie. Le système légal international, établi par les pays industrialisés pour le paiement de compensation, va à l'encontre des intérêts du Tiers Monde; de nouvelles normes, plus équitables, sont nécessaires. La coopération et des mécanismes pour l'échange l'informations entre pays du Tiers Monde aideraient à la négociation de conditions plus équitables avec les entreprises transnationales, qui utilisent systématiquement leur pouvoir économique pour extraire des concessions excessives des pays du Tiers Monde.

(Resumen español en la página 16 (44)).

Maurice A. Odle

"OVERCOMPENSATION OR EXPROPRIATION?" - FOREIGN INVESTMENTS IN THE THIRD WORLD

1. INTRODUCTION

Expropriation is no longer taboo or non-fashionable. Host governments have within the last two decades exploded into expropriation activity in a truly world scale. This upsurge is not a mere expression of economic nationalism, but is symptomatic of a deep underlying distrust of the dependency path to economic progress. The Third World experience has been one of conflict between the objectives of the corporate (transnational) economy and those of the national economy, a frustrating contradiction between the profix maximization goal of the foreign subsidiary and the true development of the host country, and recurring crisis within the centre economies leading to even greater crisis within those economies on the periphery of the international capitalist system. Self-reliance is being seen as necessary for true development. In addition, United Nations resolutions and decisions at international and Third World fora have helped to create a certain climate of international acceptability for state ownership and control.

Expropriation has been on a scale that cuts across the ideological spectrum and cuts across all sectors. The more revolutionary states have undertaken a universal type of expropriation affecting all multinationals in every sector and every industry in which they existed; the entire set of expropriations may have occurred at one moment in time or over a relatively short period. The conservative countries, although not immune to the demonstration effect created by the radical states, have been more gradual in their approach and much more selective (although there are widely varying degrees of selectivity), choosing to expropriate one industry rather than another and sometimes, in order to prevent retaliation, preferring to nationalize the enterprise of a particular home country rather than that of another (e.g., the USA). The natural resource industries have been a favourite target, irrespective of ideology. This is particularly the case with petroleum, partly because of the considerable host country bargaining power inherent in a fairly inelastic demand for the product; but although the host countries have secured either outright ownership or an arrangement which serves to maximize their share of the profits, there has not been half as much progress towards achieving technological control - owing to the complex and sophisticated nature of the industry. A similar, though probably not as extreme, technological problem exists in the non-fuel mineral sector, where there has been a high incidence of either outright expropriation or joint ventures. The bargaining power of Third World countries in the finance (banking and insurance) sector is nearly as high as in the mineral sector, partly because the compensation involved is relatively low (since only buildings and equipment, and not the local savings, have to be paid for) and partly because the operational technology is quite simple and there is no dependency (except for the purchase of banking correspondence and reinsurance services) on an overseas market. Full ownership in this sector, therefore, tends to be equated with full technological control; a similar claim can be made for nationalizations in the retail trade sector and even the hotel (tourist) sector. On the other hand, export agriculture and export manufacturing

have correspondingly less bargaining power. For example, not only are the agricultural technologies highly specific to plantation activity and significantly different from the skills required for communal and peasant agriculture but the product also has to be finely adjusted to metropolitan tastes and constantly attuned to the informational requirements and international politics of overseas marketing. In the case of export manufacturing, the problem is compounded by the lack of a distinct market (since exporting may be merely intra-firm trading), the high incidence of patents and foreign brand names, and the dependence on importing tied inputs. (This dependence on purchase arrangements for the securing of inputs could bedevil even those industries which cater exclusively for the domestic market, such as public utilities). Despite the basic similarities, therefore, significant differences exist in the bargaining capabilities and nationalization experiences of the various sectors and industries. In addition, the larger the Third World country and the less the economic and technological backwardness, the greater the possibilities of striking a good bargain, ceteris paribus.

The spate of expropriations has not been for want of resistance on the part of capital and technology exporters. The multinational which has already committed its capital tries to delay the fateful day of expropriation for as long as possible by resorting to such strategies and tactics as restricting the training of locals, siting R & D activities in the metropole, locking-in the enterprise to the global network, and internationalizing financial arrangements (as in a joint venture) to such an extent that expropriation would antagonise as many financiers and countries as possible. The intention is to so increase the costs and reduce the benefits of nationalization as to act as a serious deterrent. When all this fails and nationalization becomes a reality, the multinational not only drives a hard bargain so as to acquire as large a compensation as possible but also tries to secure contracts, with high fees attached, pertaining to technological, marketing and consultancy services. In addition, those multinationals which are about to physically enter the periphery economies take suitable preventive action by minimizing the size of plant and maximizing the number of country locations or, as an alternative to direct investment, enter into a highly rewarding licensing arrangement for the supply of technology to local recipients.

The governments in the home countries of the multinations have a vested interest in lending maximum support to the multinationals since economic exploitation and control are at the very heart of imperialism. These governments manage to coerce a small minority of Third World countries into signing iniquitous treaties tantamount to a renunciation of expropriation; they also vigourously promote the dubious idea of an 'international law' of prompt, adequate and effective compensation and try to give legitimacy to 'international arbitration and settlement' doctrines which are totally at variance with existing United Nations resolutions. (But, in practice, hardly any expropriation has been accompanied by prompt or immediate payment.) Failure of the peripheral economies to comply with these metropolitan demands have resulted in direct economic pressure from governments and their agencies or an indirect squeeze from those international financial institutions that the centre economies control; where necessary, this has been accompanied by various acts of de-stabilization, including direct military intervention or a metropolitan-inspired coup d'état.

2. NATIONAL, REGIONAL AND THIRD WORLD POLITICS

There are a number of policy implications for individual host countries, groups of host countries, and for the Third World as a whole. For the purpose of economic transformation, a universal rather than excessively selective process of expropriation is being recommended, wherever possible. For example, the full potential effect of the nationalization of the banks can only be realised if ownership is also secured in the real sector. For the same reasons, a holistic approach would be recommended with respect to the expropriation of the banks themselves; the expropriation by a Third World country of some foreign banks but not others may create additional social costs and increasing social contradictions. Each host country ought to immediately institute concrete plans, and appropriate strategies and tactics, for the eventual expropriation of all remaining industries of import. This does not mean that no new foreign investment should be admitted in future. What it does suggest is that entry should be very selective with a known fade out timetable or date by which the enterprise would be wholly in local hands. Having achieved ownership, the problem of control can then be vigorously tackled since only with full ownership and effective control can any Third World country hope to really transform its economy. Joint ventures or 51% majority participations are therefore not being recommended as a meaningful or permanent solution to the problem; a host government needs to 'take all of the assets:

> "Meaningful participation begins, and I insist begins, at the point of outright ownership. It is only when we "take all" that we are in a position to develop a strategy of control. In other words, the history of these institutions precludes a divorce of ownership and control. Foreign ownership means foreign control. Complete local control can only come about through complete local ownership. Buying 51% avoids the issue and does not confront it." 1/

One of the most classic and celebrated cases of a state having majority ownership but almost no control was the Zambian 1969 agreement in which, in the words of President Kaunda on his announcement of its revision in 1974,

> "the effective control of the industry was vested firmly in the majority shareholders....the minority shareholders have power of veto in respect of a wide range of actions and decisions....the agreements provide that profits from the mines cannot be used for any non-mining activities.... give the minority shareholders the sole and exclusive right to provide sales and marketing services....management and consultancy services (and) on Zambianisation make no provision whatsoever."

1/ C.Y. Thomas, "Meaningful Participation: The Fraud of It", in D. Lowenthal and L. Comitas (Eds.), The Aftermath of Sovereignty, New York: Doubleday Anchor Press, 1973, p. 359.

The lesson to be learnt from the Zambian experience is that, despite the composition of the Board of Directors, "real control of the industry lies in management because this is the area that shares and directs the ultimate policy decisions that emanate from the highest policy-making bodies". 1/ An even more important implication is that, wherever possible, Third World countries should go for full nationalization rather than majority ownership. This does not mean that full nationalization will automatically guarantee greater control (than what obtains under majority ownership) since, for example, the Iran petroleum industry, supposedly nationalized for two decades, was really controlled by a 14 company consortium during the reign of the Shah. Similarly, although the Zaire copper industry was formally nationalized for twelve years, "transnational firms still exercise effective control over it through the propagation of technological myths", 2/ via expatriate technical personnel, Belgian and Japanese refining, and Belgian marketing. The situation in the nationalized bauxite industry in Guyana, where technical, marketing and purchasing services are contracted out, is no better. There is need to 're-nationalize' all these industries.

The capturing of managerial control, therefore, is critical to the development of an indigenous technological capability. There is truth in the maxim of 'learning by doing'. With managerial control it would be possible to contract out only those aspects of the technology that are definitely outside of the immediate grasp of the local skills. These contracts can be so formulated with respect to duration terms and conditions, as to give the government maximum flexibility, especially since there are increasingly rival (to the expropriated) multinationals who want to get into the act and mercenary (as OPEC has found out) technicians with very valuable skills. While all this is going on, the government must have embarked on a crash training programme designed to build up an indigenous technological capability. The training obligations of the multinationals were previously very imprecise, with respect to time span, numbers, categories, etc. The general indigenisation policies of the governments (in both majority and full ownership situations) were sometimes not explicitly stated or equally vague. There was insufficient emphasis on acquiring core technology (such as geological and production engineering skills in mineral activities and chemical engineering skills in manufacturing) and too much stress on periphery technology (such as electrical and mechanical engineering); in addition, a far from adequate amount of resources was devoted to R & D. As a result, nationalizing governments found that they possessed hardly enough 'static' technology to maintain, on their own, production at the existing levels and little or no 'dynamic' technology that would allow them a trouble shooting capability or the potential to expand and diversify production. India and a few large and semi-developed Latin American economies have gone some way towards developing an indigenous technological capability; but even in these countries there are serious limitations. For example, when India in 1977 attempted to intervene in the operations of IBM (a highly sophisticated technological enterprise that stretches across 127 countries in which not a single expropriation has taken place in the last 16 years) the company decided to uproot itself and transfer

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1/ G.K. Simivinga, The Copper-Mining Industry of Zambia. A Case Study of Nationalization for Control, University of Zambia, August 2, 1973 (Mimeo), p. 16.

2/ I. Ilunkamba, "Toward the Demystification of the New White Magic: The Case of the Zaire Copper Industry", IFDA Dossier No. 7, May, 1979

operations to China. This IBM ploy probably reinforces the need for concerted and simultaneous expropriatory action on the part of all Third World countries, a development that not even an IBM would be able to withstand.

Regional economic groupings can be a useful platform from which to launch forth on a policy of ownership and control. The grouping maximizes the negotiating strength and minimizes the bargaining weakness of each of its members. A multinational would be reluctant to antagonise or drive too hard a bargain with any one member for fear of jeopardising its relations with the group as a whole; the Andean Pact was quite an effective grouping until its virtual collapse in the mid 1970s. Similarly, despite their limitations, producer associations can significantly increase the bargaining power of their members in the quest for a greater share of ownership and control, especially if the members coordinate and synchronize the direction and timing of their various policies and actions.

Third World solidarity is necessary to complement the activities of the host countries, regional economic groupings, and producer associations. This could take at least three forms. First, the Third World countries should exchange as much information as possible on the terms and conditions pertaining to their nationalizations so that they could learn from each other's experience and become better acquainted with the accounting and economic structures and the negotiating strategies and tactics of the various multinationals; consequently, they would be in a better position to determine what constitutes a good bargain. Third World governments believe that by keeping their relations with transnationals confidential they are acting in their best interests but in the process they are all exploited. Second, the Third World countries should ask the United Nations' Agencies to provide information on nationalization terms and conditions, advisors during the negotiation process, and post-nationalization technological expertise. At the moment the UN Centre on Transnational Corporations does not systematically collect nationalization agreements and it should be commissioned to do so now. Third, the expropriating countries could tap the skills of Third World experts.

In the attempt to gain indigenous ownership and control, Third World countries have experienced such foreign exchange and technological problems, inter alia, that a danger exists of there being a mere exchange of one form of dependency for another. In addition, even as these countries nationalize, the multinationals are gaining further entry, particularly in the manufacturing sector, via both newly formed and acquired enterprises. The only real solution is probably a thorough going change in the international economic structure, the patterns of international trade, and the system of international economic relations. A Code of Conduct for the Transfer of Ownership and Control could be an integral part of any attempt to bring about such a New Order.

3. INTERNATIONAL POLICIES: TOWARDS A CODE OF CONDUCT RELATING TO THE TRANSFER OF OWNERSHIP AND CONTROL

(a) Preamble, Purpose and Principles

A number of United Nations resolutions have been passed within the last couple of decades extolling the legitimacy of a country's sovereignty over its natural resources. The resolutions have been phrased in progressively forth-

right and uncompromising language. In the last few years, a number of United Nations Conferences have also tried to reach agreement on an International Code of Conduct on Transfer of Technology. Agreement has still to be reached because the developed countries are insisting that the code be voluntary rather than legally binding. In a sense the natural resource resolutions and the code of conduct efforts have been perceived as separate activities but ought to be treated in a much more complementary manner. One deals with the problem of nationalization and ownership while the other is concerned with improving the terms of acquisition of technology by primarily manufacturing enterprises that are either locally owned or are multinational subsidiaries having an ostensibly arms length relationship with the parent enterprises. The code of conduct for the transfer of technology therefore tends to neglect the special needs of the non-manufacturing enterprises that have been either partially or fully expropriated by the host countries.

It is necessary, therefore, to bring about greater coordination and integration between the pressure exerted for national ownership and the terms and conditions for importing technology. This objective assumes added importance when we realise that the newly expropriated industries tend to be the commanding heights of the national economy and may have needs somewhat different from the typical light manufacturing industry. At the same time, the existence of a possible dynamic relationship between the striving for greater ownership and the quest for technology under better terms and conditions should be recognized. The more Third World countries expropriate, the more multinationals try to recoup via the sale of high-priced technology; conversely, the more effective Third World countries are in introducing a code of conduct for the transfer of technology, the more likely are the multinationals to revert to being intransigent over the transfer of ownership of the firms in their possession.

The multinational enterprises prefer to deal with host governments on an ad hoc and case by case basis. This way they are able to exercise their full bargaining power - derived from a monopoly of information and technology, the experience gained in dealing with other host governments, and the fact that a single subsidiary (though large in any one host economy) is frequently a very small part of their total global operations. The purpose of a proposed code of conduct relating to the transfer of ownership and control would therefore be to introduce a certain common set of principles and procedures and to standardize the terms and conditions related thereto. What follows is a bare skeleton or framework; it can be expanded to take into account differences in the nature of industries, and the particular circumstance of host governments, inter alia.1/

There are at least five basic principles that should underpin any code. First, the terms and conditions for the transfer of ownership and control should be 'fair and reasonable' to both parties, taking into account the overwhelmingly special needs of the Third World countries, the history of their exploitation, and their ability to pay. Second, the nature of the code should in every

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1/ The code proposed herein is oriented toward the specific needs of the Third World vis-à-vis the industrialized countries, even though many of its clauses could have meaningful application to the relationship between one industrialized country and another and between one Third World country and another.

respect be conducive to maximizing the rate of economic transformation of the Third World countries. Third, the terms and conditions of the transfer of ownership and control should embody the precept of 'most-favoured-nation' treatment so as to prevent the excessive exercise of multinational discriminatory monopoly power; equity and justice should at all times prevail. Fourth, the code should be consistent with the New International Economic Order. Fifth, any finally accepted code should be legally binding on all parties.

(b) Status, Sovereignty and Settlements

As a legally binding code, it should supersede and replace all practices and precedents of the past that conflict with its five basic principles. In particular, the old maxim of 'prompt, adquate and effective' compensation should no longer have a valid international status since it had been a product of the dictates of the strong imperialist capital exporting nations and was officially accepted (as expressed in their constituitons) by only a minority of the weak capital importing countries, under conditions of extreme political and economic pressure.

Despite its legally binding nature, the code should not derogate or detract in any fundamental way from the sovereignty of the territories in which the economic activities are taking place i.e. the capital and technology importing Third World countries. The latter should be able to reserve the right to act in an independent manner when it is in the national interest. (Of course, such reserve powers are not to be used in a flippant and arbitrary manner). Thus, the Third World countries would have full legislative powers with respect to fiscal, monetary and administrative acts, even when these impinge on the interests of extra-national entities.

For the settlement of disputes relating to the actual transfer of ownership or in connection with the post nationalization technological arrangements, local courts of Third World countries should always take precedence. This is partly due to the fact that the site of the particular activity is the capital and technology recipient country whereas the 'international' tribunals and their members tend to be located in the capital and technology exporting countries and, given the history of unequal relationships, are of questionable objectivity. For reasons of competence, relevance or convenience the Third World country should have the rights to delegate this arbitral authority to a third party or other court (regional or international) but such an act of relinquishment of its rights must be voluntary and done on its own free will and not as a result of political coercion or economic pressure.

When a dispute arises, home governments of the multinationals should not apply pressure on the host governments and "diplomatic relations with confiscating governments should not be broken off." 1/ In the past there has been gunboat diplomacy, but in recent years the home governments have resorted to the more covert, but just as effective, economic blackmail and outside engineered coups.

1/ M. Bronfrenbrenner, "The Appeal of Confiscation in Economic Development", Economic Development and Cultural Change, April, 1955.

For example, one author is of the opinion that, "although never the only issue, nationalizations of foreign companies undoubtedy made a substantial contribution to the 1954 coup in Guatemala, the 1970 abortive and 1971 successful coups in Bolivia, the 1973 coup in Chile, and even the unsuccessful efforts to oust Fidel Castro in Cuba in 1959-61." 1/ It is therefore necessary to have included in any code a Calvo-type clause preventing the home governments from intervening on behalf of the multinationals and restraining such actions which are inconsistent with the full exercise of host government's economic and political independence. But besides removing governments which are expropriation prone, imperialism goes to all lengths to prop up those regimes which are pro foreign capital and therefore would obviate the need for any direct metropolitan intervention. Bronfrenbrenner made reference to this counter productive (even for the protagonists) policy in the following words, as long ago as 1955:

> "Imperialistic repression of confiscation now operates generally in disguise, as a necessary concession to worldwide nationalistic aspirations. Its usual present form is the supply of military assistance to maintain in power governments in underdeveloped countries which can be trusted not to confiscate foreign property, however little may be said for them on other grounds and however little support they may be able to generate among their subjects. But many of the objections to gunboat diplomacy apparently apply with almost equal force to this successor. It too often fails, outside the military orbit of some Western power. And when it succeeds, it too may not be worth its cost in the long run, when the regime maintained in power is a stench in its neighbour's nostrils and the method of maintenance alienates these neighbours politically and economically." 2/

The code should also prevent international financial institutions such as the World Bank and the IMF, regional agencies like the IADB, and surrogate metropolitan bodies, for example the Trilateral Commission, from applying economic pressure on behalf of the multinational companies. This would be difficult to implement without fundamental restructuring of these bodies. To be effective, therefore, the code should be seen as being merely part of a New International Economic Order that, inter alia, injects democracy into the international institutions and forces them to act in the interests of the majority of their members.

(c) Compensation Criteria

A basic tenet of any equitable system of compensation should be that the terms of sale offered by a multinational to any one host government should in no way be inferior to that offered to any other host government. This most-favoured-nation principle would help to prevent a multinational from extracting unduly harsh terms in its relations with a weak government. This comparability can be extended to include the terms and conditions offered to nationals for property acquired by the state:

1/ G. Philip, "The Political Economy of Expropriation: The Three Peruvian Cases", Journal of International Studies, Vol.6, no.3, Winter 1977-78.

2/ Op. cit.

> "No more favourable treatment should be demanded for Western nationals in the event of confiscation than is given to citizens of the confiscating country. (If more favourable treatment is offered, without pressure, there is no reason for non-acceptance)." 1/

With respect to the method of valuation of the assets of the multinational, the depreciated book value or written down value for income tax purposes should be employed, instead of either replacement value or market value. Any variation in this valuation method should only be at the initiative and discretion of the host country. For example, a government may want to utilize an earnings basis if the multinational had been continually making losses in the past; a multinational should not be allowed to employ transfer pricing and other accounting practices in order to show losses and then not expect this loss situation to be reflected in the valuation of its assets. Similar variations can be entertained at the request of the host country given the nature of the particular economic activity; for example, when the Indian government nationalized the 48 foreign general insurance companies (including 6 American) in 1973, its offer was based on the formula of nine times net earnings over three years 1967-69. Also, in arriving at a valuation, there are a number of asset types that should not be included or only partially so. There should be no compensation paid for assets accummulated out of specially provided government funds; likewise, no compensation should be paid for goodwill, since this is not only dependent on 'future expected earnings' (a concept of doubtful validity) but also is partly related to the vast public infrastructure and generally favourable business climate provided by the host country. Similarly, the return of concessions, leases or reserves should receive no compensation since these landed property were always technically owned by the state. Even the buildings constructed thereon should perhaps only be partially compensated (as obtained in Tanzania), especially if these assets had already been fully written off; this principle could be partly extended to other assets, especially since many enterprises would long have recouped their original capital investment anyhow.

In seeking the best of both worlds, the multinationals not only want to have certain assets included but also tend to be adamant in refusing to have certain deductions made from the value of their assets. However, deductions should be made, not only because of the recouping of capital many times over, but also for historical exploitation of labour, and excess (over 12%) profits, irrespective as to whether the latter was earned directly or, as so often happens, indirectly as a result of transfer pricing and other tax fiddles. Such a suggestion was made decades ago:

> "Amounts to be paid should be estimated on the merits of individual cases, with consideration for (a) the manner in which the property was acquired, (b) the historical and reproduction cost of the assets confiscated, (c) the record of the claimant's relations with the government and people of the confiscating country prior to confiscation, and

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1/ M. Bronfrenbrenner, op.cit.

(d) the returns already paid prior to confiscation."1/

There should also be a deduction for environmental damage. In addition, a case could be made out for a depletion deduction, especially since countries such as the USA accord depletion allowances (for income tax purposes) to their citizens who own and exploit certain local mineral resources; moreover, some multinationals divest only after resource exhaustion.

The method of payment of compensation can be expected to vary between industries and between countries depending on the ability to pay. The ability to pay for a nationalized industry is partly related to the profitability of the industry. For example, a petroleum industry would normally have no problem in generating enough funds out of which to pay compensation. The ability to pay is also related to the standard of living of the country, the liquidity of the government, and the foreign exchange position; thus a petroleum rich country should be easily able to pay compensation for other industries it nationalizes. The terms and conditions agreed to by an oil producing country should not be treated as the norm; for the same reason of ability to pay, specially favourable concessions should be accorded to the least developed countries.

It is implied that the ability to pay is related to the rate of profits; the latter in turn determines the rate of accumulation. Therefore, in order to ensure that the country has in its possession the required level of surplus to generate economic development, and to demonstrate that the expropriated multinational has no interest in sabotage, not more than one-third of the annual proceeds of nationalized industry should be devoted to the payment of compensation. 2/ Any agreement on the part of a government to repay at a faster rate should be an entirely voluntary undertaking, with no pressure from the multinational. The rate of payment out of profits would naturally help to determine the length of the repayment period, which should not normally be shorter than 20 years. 3/ Payments should be automatically convertible for those export oriented and foreign exchange earning industries (e.g. mineral and plantation agriculture activities) but, in the case of service industries like banking and communication, ability to pay in foreign exchange should be subject to an appropriate balance of payments surplus/deficit formula and payment postponed or offered in kind when the situation warrants.

It is difficult to propose a specific rate of interest as being the maximum rate not only because of rapid inflation but also because the principal, downpayment, and number of years within which to pay can easily be altered by the multinational in order to offset the lowering of the rate of interest.

1/ M. Bronfrenbrenner, op.cit.

2/ This is also the rate suggested by M. Bronfrenbrenner, op. cit. and N. Girvan, Corporate Imperialism: Conflict and Expropriation, New York: M.E. Sharpe Inc., 1976, p. 219.

3/ The entire payment should be by way of equal annual instalments. There is no need for a downpayment, especially if the latter exceeds the level of net profits that the multinational had earned in a recent average year.

The rate of interest and other conditions of payment are therefore integrally related. For the same reason the rate of interest has varied quite widely in practice, with a known low of 2% in the agricultural case of Honduras' payment to United Brands. Within the last decade or so, the most common figure has been 6%, but there have been recorded payments as high as 8 7/8 - 9% in the case of Jamaica's 1975 purchase of Continental Telephone Company's holdings, 9½% (over 10 years) for Trinidad's purchase of the same company in 1973, and 10% in the case of the post Allende Chilean final settlements, with Anaconda in 1974 and ITT in 1975. Some of these rates are related to the London Interbank Rate (the Jamaican settlement having been designated as 2¼% above this rate), the securities rate in the home country of the multinational, and the bond rate in the host country. The first two bases are unacceptable for obvious reasons; the only overseas rate that should be entertained is the World Bank soft loan rate. 1/ Even the bond rate in the home country is not fully acceptable, unless there is a withholding tax on the interest income, similar to what local residents bear. 2/

The requirements concerning payment for any post-nationalization management and technology services should be no less rigorous. It is difficult not to agree with the suggestion that any such payment, within the context of a joint venture, should consist of a low fixed fee plus a fee based on volume of output above a certain level plus a fee based on size of profits (with a maximum amount that the total fee cannot exceed). 3/ This type of formula ensures that the multinational has a vested interest in the genuine success of the enterprise. 4/ A similar formula is recommended for services rendered to a fully nationalized undertaking; in addition, there should be guarantee and penalty clauses concerning the training of locals and relating to the attainment of a certain minimum indigenous technological capability within a specified period of time.

1/ The soft terms are usually a 50 year repayment period, a grace period of 10 years and an interest rate that hardly ever exceeds 2%.

2/ The terms of acquiring ownership and the development of technological capability may be related. It is conceivable for the terms to be so onerous and disruptive in an economic and foreign exchange sense that mere survival becomes the watchword and that for a long time the government is diverted from its effort to develop an indigenous technological capability.

3/ See, R. Green, "A Guide to Acquisition and Initial Operation: Reflections from Tanzanian Experience 1967-74" in J. Faundez and S. Picciotto (Eds.), The Nationalization of Multinationals in Peripheral Economies, London: Macmillan, 1978.

4/ A percent of sales method should never be the sole basis of payment since it does not take into account the level of cost and, therefore, the rate of profits; moreover, inputs bought from abroad are likely to be heavily overinvoiced, inflating the costs of the goods being sold and allowing the multinational to enjoy a double benefit for essentially the same technology service.

(d) Rights and Responsibilities

Confiscation is not here being advocated. The rights to property already held in a foreign country should be recognised. However, such a right is subject to a large number of qualifications, the most important of which is the sovereignty of the host state and the non-restriction on its ability to nationalise such property in return for fair and reasonable compensation. As mentioned earlier, this compensation figure should both exclude a number of doubtful asset claims and include a number of deductions owing to seizure, fraud and other historically unfair practices; given these considerations, the net compensation figure is likely to be zero or negative in a significant number of cases.

In exchange for this official recognition of the right to receive compensation payment, the multinationals must in future observe certain strict patterns of business behaviour.

First, international standards of accounting and reporting should be scrupulously observed, 1/ (and information supplied should be meaningfully disaggregated when so requested). In particular, the multinationals must acknowledge that a state has the right to increase the rate of income taxation, providing there is no prior agreement involving a fixed taxation regime. 2/ Any recalcitrance on the part of the multinational is to invite expropriation, with deductions from the assets valuation equivalent to the unpaid taxes. The detection of transfer pricing, where inputs are overvalued and outputs undervalued so as to reduce tax liability, should result in similar deductions. Foreign exchange control violations should be treated just as seriously, or even more so. 3/ All such acts should be classified as 'unjustifiable provocation' which, in the USA, would not qualify for OPIC insurance benefits if expropriation resulted.

Second, the multinationals should desist from practices which are deliberately intended to make it difficult for the host countries to nationalize their enterprises. Such practices include the non-payment of taxes in full and the holding of pension funds abroad, both of which can be used as a lever or pressurizing device to force the host country to make concessions during the negotiating process. (Multinationals also sometimes offer shares to the host population merely in order for these shareholders to act as a pressure group against expropriation). Just as reprehensible is the deliberate running down of the assets of an enterprise when it is suspected that expropriation is imminent. Some host countries, with bargaining power and foresight, have been able to lessen the impact of this multinational tactic. For example, five years (i.e. in 1971) before nationalizing its petroleum industry in 1976 the Venezuelan government, as part of its Petroleum Reversion Law, had required the companies to deposit in the Central Bank over a period of years up to

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1/ This is in addition to certain labour standards and accepted patterns of consumer protection.

2/ Even in such a situation, the state has the right to invite the multinational to enter into renegotiation talks.

3/ For example, in January, 1976 the Mauritanian government reduced Citibank's equity from 49% to 14.7% because of foreign exchange control violations.

10% of the original cost of certain petroleum company assets as a "guarantee fund" for the delivery of the assets to the state in good condition upon expiration of the respective concession periods.

Third, the multinationals should behave like "good corporate citizens" and not be involved in the bribery and corruption of officials in an attempt to forestall expropriation; similarly, the multinationals should not participate in any unethical activities to further either their interests or those of their home governments. In particular, acts designed to destabilize the existing government should not be countenanced and the multinationals should behave towards governments of differing political ideologies in a non-discriminatory manner.

Fourth, the multinationals should not be engaged in psychological warfare. For example, during the course of a negotiation the multinationals should not make outrageous claims and, when these are rejected, use this rejection as an excuse to whip up propaganda against the state and damage the latter's international credit worthiness. Multinational corporations should also stop giving countries bad publicity and a 'bad name' in their selfish effort to maximize profits:

> "When I observe the many major corporations with profitable businesses in Latin America, I often wonder why the area is regarded as such a dangerous place to invest. I sometimes suspect that many companies are not unhappy with this image, as it tends to keep out potential competitors." 1/

Fifth, as was indicated earlier, the multinationals should so gear their operations, and relate to the nationals in such a way, that, following expropriation, the government would be able to carry on the business without too much dislocation and with a certain degree of self-reliance. There should be no attempt to sabotage the government's efforts through denial of patent usage and access to spare parts, inter alia. The same spirit of cooperation should inform joint venture operations.

4. CONCLUSION

Almost every Third World country has expropriated at least one multinational. But whereas the radical states have fully nationalized most of their foreign enterprises, the more conservative governments have nationalized more selectively and, in some cases, only a majority or minority part of each enterprise. The evidence seems to indicate that joint ventures are not such a great success and that Third World countries should strive for the attainment of full ownership as soon as is practicable, due allowance being taken of the degree of complexity of the operations, the extent of the dependence on multinational sources for inputs and outputs and, particularly with respect to manufacturing,

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1/ J.B. Utley, "Doing Business with Latin Nationalists. The prospects for profit are much better than the reports of revolution and expropriation might lead us to think", Harvard Business Review, Jan.-Feb-, 1973.

the incidence of patents and brand names attached to the products. The fact that after dozens, and even hundreds, of years of multinational operation a state cannot run an industry on its own is not an argument against expropriation but an argument in favour of taking it over earlier so that indigenous control can rapidly, and eventually, be attained.

The bargaining power of regional economic groupings and producer associations could significantly aid this ownership process. To help to secure a good bargain, Third World governments should also de-mystify and de-privatize the expropriation process by exchanging as much so-called confidential information as possible among themselves on the terms and conditions of acquisition and related experiences. There is also need to expand the activities of the UN Centre on Transnational Corporations and to entrust it with the task of athering and disseminating as much of such information as possible and with securing expert negotiation advisers and post nationalization technological assistance for Third World countries.

The capital and technology exporting countries should, in their dealings with the Third World, recognise such principles as equity, justice, non-discrimination, and the active promotion of economic development. These principles, in turn, should be buttressed by an enlightened system of international relations based on certain well known tenets, including political sovereignty, economic independence and non-interference in internal affairs. These principles and tenets should be embodied in a code of conduct which should take precedence over previous practices and in which the host country's judicial and arbitral paramountcy in its interpretation should be recognised. The principles and tenets should have concrete and just expression in the choice of methods of valuation, the assets that are to be included and excluded, the deductions that are to be made for past corporate misconduct, 1/ the size of the rate of interest on outstanding payments, and the post nationalization marketing and technological arrangements, if any. At present, the terms and conditions of nationalization are generally much too favourable to the multinationals.

But despite the rationality and fairness of its constructs, even a legally binding code is likely to be only as effective as the spirit in which it is observed. While recognising that the capital-exporting countries have certain property rights, it is abundantly clear that they also have certain inalienable and ineluctable responsibilities and obligations to ensure that the transfer of ownership is a smooth one and that indigenous technological control is quickly attainable. Such a code, despite its limitations, should therefore be an integral part of any New International Economic Order that seeks to change the structure and patterns of international production, international marketing and international finance.

1/ In Angola, it was decreed that "the saboteurs of the national economy and the traitors of the struggle of liberation will not have rights to any indemnification, the nationalization of their goods being the response of the Angolan people to the crimes they have committed". Fifteen such crimes were identified. See Revolutionary Council Law No. 376, Official Organ of the People's Republic of Angola, 3rd March, 1976, pp. 2-4.

Finally, the expropriation of the multinationals should be in the interests of the masses rather than any privileged or elitist group. Expropriation gives a government enormous state power and the capacity to wield almost unlimited patronage which may be used to merely keep itself in power rather than to transform social and economic relations and the quality of life. There is nothing revolutionary with a series of expropriations, per se; it could turn out to be a first step towards socialism or it may assume a seemingly permanent form of state capitalism.

Having got rid of imperialist foreign investment, the ruling class oft resorts to the zig-zag and contradictory course of extolling the virtues of state ownership and greater productive effort and at the same time brutalizing and repressing the public enterprise workers in order to extract the desired amount of surplus; when the alienated and unmotivated workers rebel against this new form of domination and the economic crisis worsens, the government makes alliances with multinational banks, IMF, and foreign government capital. The situation is explosive and the options clear - a further degeneration into an incipient fascist dictatorship or a movement towards a state in which there is genuine workers' participation and workers' control.

SOBRE COMPENSACIÓN O EXPROPIACIÓN: LAS INVERSIONES EXTRANJERAS EN EL TERCER MUNDO

Resumen: Se debe establecer un código de conducta como complemento al Código de Conducta sobre Transferencia de Tecnología para la regularización de los términos y condiciones relativos a la adquisición del derecho a la propiedad y el control de las inversiones estranjeras. Los sistemas de leyes internacionales, enunciados por los países ricos industrializados para el pago de una compensación son innegables para el Tercer Mundo y se deberían establecer nuevas normas más justas para el Tercer Mundo. La cooperación entre países productores y los mecanismos para un intercambio de información entre países del Tercer Mundo ayudarían en la negociación de reglas más equitativas con empresas transnacionales que sistemáticamente utilizán su dominante poder económico para sacar provecho de los países del Tercer Mundo.

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BUILDING BLOCKS

COOPERATION FOR DEVELOPMENT IN SOUTH ASIA/ A PROGRAMME OF SUB-REGIONAL COLLECTIVE SELF-RELIANCE

by Marga Institute
P.O. Box 601
Colombo 5, Sri Lanka

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Abstract: The initiatives to promote a programme of studies for cooperation in South Asia were a response to a long-felt need. The South Asian group of countries, particularly India, Pakistan, Bangladesh, Nepal, Sri Lanka and Burma, have continued to remain in conditions of persistent poverty and relative economic stagnation in comparison with most other regions of the Third World. There has been little evidence of any concerted effort to increase trade within the region or create a framework for closer economic cooperation. The South-East Asian countries, on the other hand, have endeavoured for a long time to foster cooperation within their region. These efforts have no doubt been prompted by a common concern for regional security within a changing political context, but in the process they have succeeded in establishing a basis for closer economic cooperation. In contrast, the South Asian region has witnessed political conflicts which have aggravated the economic problems of these countries and tended to push them further apart, making the prospects of economic cooperation more remote. The following paper is based on contributions from members of the Committee on Studies in Cooperation for Development in South Asia and attempts to summarize discussions held at three Committee meetings.

COOPÉRATION POUR LE DÉVELOPPEMENT EN ASIE DU SUD: UN PROGRAMME POUR L'AUTONOMIE COLLECTIVE DANS LA RÉGION

Résumé: Les initiatives prises pour promouvoir un programme d'études pour la coopération en Asie du Sud répondent à un besoin ressenti depuis longtemps. Les pays de l'Asie du Sud, en particulier l'Inde, le Pakistan, le Bangladesh, le Népal, le Sri Lanka et la Birmanie, connaissent toujours la pauvreté et une stagnation économique relative si on les compare avec la plupart des autres régions du Tiers Monde. Peu d'efforts ont été entrepris pour accroître le commerce intra-régional ou mettre en place les structures d'une coopération économique plus étroite. D'autre part, les pays de l'Asie du Sud Est se sont efforcés depuis longtemps de promouvoir la coopération régionale. Ces efforts ont certes été encouragés par un souci commun de la sécurité régionale dans un climat politique changeant, mais ce processus a établi les bases d'une coopération plus étroite au plan économique. En revanche, la région a connu des conflits politiques qui ont aggravé les problèmes des pays intéressés et ont contribué à les éloigner les uns des autres et à rendre plus difficile les possibilités de la coopération économique. L'article qui suit est basé sur les contributions des membres du Comité d'études pour la coopération pour le développement en Asie du Sud; il constitue un résumé des discussions au cours des trois réunions tenues par le Comité.

Resumen en español en la p.14(58)

Marga Institute

COOPERATION FOR DEVELOPMENT IN SOUTH ASIA: A PROGRAMME OF SUB-REGIONAL COLLECTIVE SELF-RELIANCE

Introduction

The project on studies for cooperation in development in South Asia formally commenced its work in September 1978 with a Seminar which included participants from six countries in the South Asian region. The discussions at this first meeting were directed at defining the scope and objectives of the project, deciding on the countries which should be included in the programme of co-operation and identifying the main themes for the studies.

The participants agreed to collaborate in a programme of research and decided that the national institutes which they represented should function as a co-ordinating network for the programme. The programme included ten countries in the region of South Asia - Afghanistan, Bangladesh, Burma, Bhutan, India, Iran, Maldives, Nepal, Pakistan and Sri Lanka. The seminar participants recognised the fact that Afghanistan and Burma, althoguh they had evinced some interest in the project, may not be able to participate actively in the project from its inception. The Marga Institute which was appointed as the overall coordinator of the Programme and the Indian Council of World Affairs were requested to continue their efforts to interest these countries in the project and secure their participation. With regard to Bhutan and Maldives, it was felt that there would be no serious problem in including these two countries in the programme as the work progresses.

At the second meeting of the group it was decided that the participating institutions formally constitute themselves into a Committee on Studies in Cooperation for Development in South Asia. The two meetings identified the programme of work which consisted of twelve major themes which covered the areas which had a major potential for cooperation in the region. The programme was conceived in terms of studies and activities which would be a continuing process, setting in motion a wide-ranging cooperative effort in diverse forms and in a variety of fields. The first phase of the project was defined as a programme of foundation studies which could lay the groundwork for more intensive in-depth research and inquiry for the succeeding phases. This initial phase which was planned to provide an input into the Third System Project of the International Foundation for Development Alternatives focused on the four items of the programme which had been formulated. These included (i) an overview of the economy of the South Asian region, its resources and prospects, (ii) the national development perspectives and strategies and the scope for complementarities among the countries of the region, (iii) the emerging pattern of the import-export trade and the potential for trade expansion within the region, and (iv) the scope for cooperation on North-South issues. The third meeting which was held in Kathmandu from the 3rd to the 8th of September 1979, reviewed the progress of work on the three themes, discussed some of the main conclusions emerging from the work and redefined some of the priotities for future work.

During the initial phase of the programme, participants have begun the task of creating the institutional framework to promote a major programme of collaborative studies on regional cooperation. For this purpose, it has established a regional Committee for coordinating and organising the studies, identified research teams in the participating countries, defined some of the main conceptual issues pertaining to cooperation in South Asia, prepared a programme of work and made substantial progress with the overview studies.

II. Scope and Conceptual Framework of the Project

The initiatives to promote a programme of studies for cooperation in South Asia were a response to a long-felt need. In the Third World the South Asian Group of countries, particularly India, Pakistan, Bangladesh, Nepal, Sri Lanka and Burma, have continued to remain in conditions of persistent poverty and relative economic stagnation in comparison with most other regions of the Third World. There had been little evidence of any concerted effort to increase the trade within the region or create a framework for closer economic cooperation. The South-East Asian countries on the other hand have endeavoured for a long time to foster cooperation within their region. These efforts have been no doubt prompted by a common concern for regional security within a changing political context, but in the process they had succeeded in establishing a basis for closer ecnomic cooperation. In contrast, the South Asian region has witnessed political conflicts which have aggravated the economic problems of these countries and tended to push them further apart making the prospects of economic cooperation more remote.

In the recent past, however, there has been a visible improvement in the political relations of the countries of the region, a growing awareness of the need for increasing economic exchange among themselves and some recognition of the immense potential for accelerated development through collective self-reliance in the region. But whatever efforts that have been made by the South Asian countries at closer economic cooperation have generally been restricted in scope and have been limited to trade negotiations of a traditional pattern. In these negotiations the trading partners have most often endeavoured to protect or extend the markets they already enjoy in certain selected commodities. On the other hand, various factors have continued to militate against the expansion of trade among these countries. The trade during the pre-independence era and during the period immediately following Independence, followed a pattern which was essentially colonial - the exchange of primary products for manufactured goods. The main links were the vertical trade flows between the colonised countries and the imperialist country, in this case Great Britain. The trade within the region was therefore confined for the most part to the exchange of a few primary commodities. In the post-independence era the possibilities of achieving self-sufficiency in food and other areas of primary production have contributed to the restriction of trade within the region. Balance of payments difficulties in most of these countries have been an additional factor in promoting inward looking policies which have resulted in programmes of import substitution and have caused a further contraction of trade which existed among them.

In this context there has been no concerted effort to promote a process of cooperation and trade expansion which can respond dynamically to the structural

changes which are taking place in these countries. The approach to economic cooperation among the countries in the South Asian region would therefore not only require comprehensive and detailed studies of the existing structures of imports and exports, but more important, would also need to take account of the basic changes that are taking place in these economies and the future developments that are being planned in order to carry through their structural transformation. It is only on the basis of such inquiries that it would be possible to indentify the complementarities and interdependencies that would emerge in the future among the countries of the region.

The discussions held by the Committee in formulating a programme of work focused on several issues arising out of the political, economic and social characteristics which are specific to the South Asian region. Paramount among these were the special problems presented by the relationships which are envisaged in any programme of cooperation for the South Asian region. These problems arise form the sub-continental size of one country in the region - India - and in comparison the small size of all other countries in the region. With the exception of the CMEA region, it was not possible to think of any other programme of regional cooperation in which one partner is overwhelmingly superior in size and economic power to all other partners taken together. Within such a situation there would be structural inequalities which can result in relationships of dominance and dependence. It is therefore important at the outset to define the objectives of economic cooperation in a manner in which these inherent tendencies do not assert themselves, and to conceptualise a framework of economic relationships which can promote a regional division of labour and flows of trade and pattern of exchange based on terms which move in the direction of equality. To achieve these objectives, the goals of economic cooperation would have to be different from the conventional goals of trade expansion where the increase in the volume of trade between countries by itself becomes a desirable objective and is expected to function as a prime mover of the economy. Economic cooperation would have to be placed within a perspective in which the strategies of national development and achievement of national development goals are given the central place. Trade expansion and the external relations within the region would then be perceived primarily as an instrument for accelerating the internal socio-economic changes and reaching the development objectives which the countries have set for themselves. The internal transformation will necessarily give the highest priority to the elimination of mass poverty, the enhancement of national self-reliance, the advancement of technological capability and the establishment of socio-economic systems which provide for greater participation of the people. The strategy of South Asian cooperation would have to be directed at strengthening and supporting the national development processes which achieve these objectives. Such a programme of economic cooperation would be conceptually different from the conventional models of economic cooperation in which the growth of trade and the expansion of economic linkages are approached as objectives independent of their impact on the pattern of internal change in the trading countries.

There are several conceptual issues of a controversial nature which arise, when the objectives of regional cooperation are so defined. How does national self-reliance in the South Asian region relate to a programme of cooperation and to collective self-reliance? Would not a strategy of national self-reliance by itself result in patterns of development which reduce the potential for

complementary growth and collective self-reliance? The inherent characteristic of the South Asian situation mentioned earlier make it crucially important that the small countries of the region achieve a high degree of national self-reliance. It is only through the pursuit of such development strategies that the countries could avoid a pattern of relationships in which the small partners become heavily dependent on one major dominant centre. It would be essential for the region to face the fact that India with its enormous human and natural resources, its high level of technological capaicty and its sub-continental size would emerge as the main centre of political and economic power in the region. It is in this context that the framework of economic cooperation has to be so designed that the smaller nations are able to enter into a pattern of relations which is mutually beneficial and becomes a firm basis for collective self-reliance. This first demands at the national level development strategies which created the productive capacities for satisfying the major part of the basic needs of the population in each country. Such a development outcome would require both a well developed agricultural sector and an efficient manufacturing sector. An economic structure of this kind however does not imply an economy which is autarkic or which aims at self-sufficiency for its own sake. It would be a system of production in which the physical and human resources would be utilised to the maximum extent possible to meet internal demand and thereafter create surpluses for trade with other nations to secure the requirements which cannot be met through domestic production. Such a strategy perceives the external sector essentially as the by-product of the internal process of development and transformation.

Nevertheless, given the resource endowment of individual countries and the inescapable constraints within which any national economy would function, the external sector would continue to be critically important for development. This is certainly likely to be the case for almost all the countries in the region and for the small nations in particular. Even India with its sub-continental economy and its low level of external dependence would still require an assured source of energy to sustain its accelerated development. It is the manner in which the external sectors in the different countries in the region become related to each other in the course of development that will determine the pattern of economic relations among them. Self-reliant economic relations would require the capacity for managing the external linkages in a manner which protects and promotes the national interest, the capacity to engage in trade and economic exchange on equal terms. First, in order to possess such a capacity, country would have to develop an economy and a production system which is not heavily exposed to external shocks. Its pattern of trade would have to be one which does not rely on a few commodities, particularly primary commodities. The small countries of the region in particular would need to strengthen the linkages among themselves and diversify their trading relations outside the region to establish the right balance in their relationships with the major partner. Next, the trade between the countries should be an exchange of goods which embody a mix of factors of production reflecting levels of technology which are not widely disparate. Such an exchange implies a division of labour where there are no great disparities in the levels of skill and technology of trading partners, or at least where the disparities between the different levels of technology in the countries trading with each other are being rapidly narrowed. A division of labour of this kind within the South Asian region would call for the type of specialisation within the manufacturing sector which results in balanced technological growth in the region. It would resemble the

pattern of exchange that exists in the industrialised North where a small country such as the Netherlands or Switzerland conducts trade with U.S.A. and West Germany, or in the Socialist bloc where Hungary trades with the USSR. The basic imbalance in the relationship between the "small" economy and the big economy would of course persist, but this would still be within a framework of national self-reliance and technological capability that would reduce dependence and inequality. It is within this conceptual framework that the programme of studies for cooperation in development in South Asia is being planned.

The goals of development which have been discussed so far have been defined essentially in terms of material well-being and economic advancement. The conceptual framework for a programme of cooperation in South Asia cannot overlook the cultural and non-economic dimensions of development. The pattern of development in the South Asian countries will be inevitably shaped by the deep-rooted spiritual and cultural traditions of the region. The quality of life in these societies has been nourished by several great religious traditions which formed the ideological and moral base of major human civilizations - Hinduism, Buddhism, Islam, Christianity. These societies would therefore need to respond critically and autonomously from what is most positive in their own value systems to the models of development offered by the industrialised societies. They will have to seek solutions to the problems which industrialised societies have created for themselves - whether they be problems of ecological imbalance and disharmony between man and nature, problems arising from an ethos of ever-increasing consumption, or problems of spiritual deprivation. The South Asian societies would have to evolve their own image of the better life, the future man and the future society which would be the product of their development, and in doing so they would need to draw on their own profoundly rich spiritual and cultural heritage in order to achieve the right balance of material and spiritual well-being. These aspects of development would be kept in focus in the programme of studies that is being undertaken.

The conceptual design for the programme of research on South Asian cooperation needs to pay specific attention to the new concerns which have been expressed regarding the environmental dimension of development. Where relevant, the studies would have to be cast in a framework which takes account of the major ecosystems of the region. In this context two important components - the Himalayan region on the one hand and the Indian Ocean on the other - would need to be studied at a regional level and their implications for cooperation among the countries in the region investigated in depth. In both these cases, the strategies for protection of the environment, the management of the ecosystem and the full utilisation of resources have to be conceived in regional terms, in which the national units cannot be considered in isolation from each other. The issue relating to these aspects of the study would be examined in greater detail in a later section of this paper.

III. The Institutional Network and Research Priorities

During the discussions that were held at the three meetings of the Committee it was recognised that the possibilities of cooperation in development would have to be explored in depth in the areas which had been identified for the programme. In each of the selected fields, the Committee decided to establish research teams which would include scholars and institutions working in the given areas in each country. One of the first tasks of the Committee was to ensure that the

national institution which functioned as the focal point or link institution for the programme in each country identifies the various research teams which could be organised to undertake the studies set out in the Committee's programme. These research teams were thereafter to engage in a collaborative programme of studies in close consultation with each other. The link institution would act as the national coordinator for the programme, while the various research teams that were identified will function as networks for the region in each of the selected areas. By this means the Committee hoped to set in motion a process of intensive collaboration in research on a wide range of subjects which offered prospects for regional cooperation.

In deciding on this modality for the implementation of the programme, the Committee considered several alternatives. One alternative would have been to establish an inter-country team which would have undertaken the work as one unified project. Such an approach would have required that the team of professionals work together preferably in a single location. If the work was undertaken by a single team, the form and content of the programme itself would have had to suit this method of implementation. One possibility would have been to organise the work somewhat on the lines of the Bariloche project and to prepare a regional model of economic cooperation within the conceptual framework and the development objectives that had been discussed. However, any elaborate model building exercise of this nature was considered premature and not entirely in accordance with the more qualitative and holistic approach that was accepted as desirable. The modalities which were finally adopted by the Committee for undertaking the work are therefore different both in its organisational mode as well as its research content.

As described earlier, the Committee felt that the whole process of cooperative research could be more productive and richer if the project could generate a broad-based and continuing dialogue within the region among scholars and intellectuals on the major themes of cooperation for development. This would by itself be a substantive achievement of the project as the institutional infrastructure for carrying forward an intensive process of collaboration and exchange among the research groups in the different countries would be a key element in the programme of cooperation. Once this infrastructure has been firmly put in place and clearly identified networks commence their activities, the ensuing studies would contribute significantly to substantive programmes of cooperation. The Committee recognised the limits in the existing system in so far as it deals with regional cooperation. The intergovernmental system for trade negotiations and economic cooperation worked within inherent constraints where government negotiators are often unable to provide a long-term perspective and help in promoting dynamic and new patterns of cooperation and economic exchange. A network of scholars and institutions which are not an integral part of the official system, while working in close collaboration with government, could undertake a more objective analysis of the issues and would be able to identify the mutuality of interests among countries in the region within a long-term perspective, thereby providing a convincing technical, economic and scientific base for regional cooperation. Such a base would be of immense value in bringing the benefits of regional cooperation to the attention of government and promoting positive governmental action in regard to the economic and other relationships within the region.

The content of the programme was accordingly designed to suit these objectives. For the time being the programme has eschewed any model-building exercises. It concentrates on two major components of cooperation in the region. One component is the sharing of development experience among countries in the region. This activity would support the main objective of the programme of cooperation which is the strengthening of the national effort in the pursuance of development goals. The programme therefore covers a wide range of development activities on which countries of the region could benefit from each other by exchange of experiences. Each country would have experiences of both successes and failures which it encountered in the process of its development and which it could transmit to countries who are currently coping with similar situations. The sharing of experience in a context in which countries are in similar socio-economic conditions and more or less following each other in sequence in the development continuum, provides an opportunity for a unique form of technical cooperation and the transmission and diffusion of development know how. In such conditions, skills and technology could be assimilated more effectively and readily than the transfers which take place between countries which are technologically, socio-economically and culturally far apart.

The second major component of the programme of studies is the identification of existing and potential interdependencies and complementarities among the economies of the region. It is this component which would require a detailed analysis of national development plans, the changes that are taking place in the structures of national economies and their implication for the economy of the region as a whole; based on this analysis the studies would need to identify the potential for economic linkages between the countries in the region. The studies will also examine how the optimal distribution of benefits could be obtained from the growing links, and how best an efficient and equitable division of labour within the region could be promoted and the economic base for collective self-reliance established. This component of the study has six major areas. One deals with the transport and communication linkages which would facilitate market access and accelerate the economic trade and cultural linkages. The second deals with the institutional infrastructure of tariff systems, banking, finance, insurance and other commercial institutions which could remove impediments and promote the rapid expansion of trade and related regional economic activities. The third area deals with a major component of resource use - cooperation for the development of the resources of the Himalayan region. The fourth component deals with the potential for cooperation in the development of marine resources and the management and exploitation of the Indian Ocean. The fifth component would be the potential for cooperation in the industrialisation of the region; in this part of the programme the focus is on a few selected manufacturing subsectors which are related on the one hand to the growth of technological capability, and on the other to the satisfaction of mass consumer needs. These subsectors are iron and steel, cement, capital goods, fertilizer, agrochemicals, textiles and pharmaceuticals. The sixth deals with the potential for cooperation in the region in its relations with the Third World countries.

The selection of the themes for the programme of studies was guided by the overall conceptual framework for the project. The substance of economic co-operation was closely linked to the central goals of development concerning self-reliance, satisfaction of basic needs, environmental protection and quality

of life. With regard to the last item, the programme includes a collaborative inquiry into the cultural dimensions of development, the patterns of consumption, life-styles and cultural values in the countries of the region and their implications for the future societies which would be the product of development.

IV. An overview of prospects for South Asian cooperation

The countries of the region contain some of the poorest societies in terms of per capita income. The per capita incomes range from approximately US $100 for Nepal to about US $165 for Sri Lanka. Outside this category of poor nations is Iran which belongs to the upper middle income group primarily on account of its oil resources. But even with Iran included in this group of nations, the gross domestic product of the region is only about 2.8% of world G.D.P. although the group contains approximately 880 million people or 22% of the world's population. If Iran is excluded, 2% of the world's G.D.P. is shared by 21% of the world's population. In comparison to South East Asia, per capita income remains significantly lower; the only exceptions are of course Iran which is much higher than the average for South Asia, and Indonesia which is much lower than the average for South East Asia. Similarly, the growth of the economies has been at a much slower pace as is indicated in the same table. In regard to demographic changes rates of net increase of population continue to be high in most of the countries with the exception of Sri Lanka. Afghanistan, Nepal, Bangladesh and Bhutan have birth rates which exceed 40 per 1,000 and death rates in the region of 20 per 1,000. It is therefore likely that for some time these countries may record increasing rates of population growth as socio-economic changes provide better access to health facilities and mortality rates decline faster than birth rates. In the case of India and Pakistan where death rates are in the region of 15 per 1,000 with birth rates still continuing at a relatively high rate, it is likely that the growth of population has passed the peak. The projections for the region however indicate one of the largest increments in the share of world population by the year 2,000 A.D. Unlike in many other parts of South-East Asia, South Asia does not offer any large unsettled arable extents of land which could absorb the growing population.

The rapid increase of population, per capita incomes which are among thelowest in the world and limited land resources which do not permit any significant extension of the land frontier, are among the main parameters which will determine the future development of South Asia. It is within this context that global models which have attempted to forecast the possible growth of the world economy by the year 2,000 A.D. have all produced dismal projections for the component which includes South Asia. In the Club of Rome Model (discussed in "Mankind at the Turning Point"), South Asia is projected as the region facing the severest develoment crisis. In the Leontieff model low-income Asia which includes South Asia remains still in the poorest and most depressed part of the world by 2,000 A.D. Even in the Bariloche model which attempts to test the capacity of the global economy to satisfy the basic needs of the world's population of the twenty first century the Asian region which includes South Asia comes out as the component which has the most vulnerable food economy. In the Leontieff model the Asian region has not been disaggregated to separate South Asia from South East Asia, while in the Bariloche model Asia encompasses the entire region including the centrally planned developing countries in

Asia. The existing differentials in income and rates of economic growth as between South Asia and the rest of Asia suggest the South Asian scenario in these models would be significantly worse than the average for the Asian region depicted in the models. These depressing forecasts would therefore suggest a future in which the South Asian region would still remain the hard core of world poverty at the turn of the century. By itself it would have limited capacity to carry through the socio-economic transformation which could significantly raise the standards of living of the mass of the population of this region. In such a situation it might be argued that regional co-operation would seem to be little more than an effort at sharing poverty. Regional co-operation can only succeed in conditions in which economies are capable of rapid growth, with fast expansion of purchasing power and effective demand, and growing markets for regional trade. The gloomy prognoses that have been repeatedly offered in regard to South Asia do not seem to provide conditions for the dynamic inter-relationships which are envisaged in a programme of economic co-operation.

In addition to what has been stated above there are the prevailing trends regarding inter-regional trade. Almost in all countries of the region the share of trade within the region consists only of a very small proportion of their total trade. The exception is Nepal, a landlocked country which has a significant share of its trade with India. But this remains almost a captive and highly dependent relationship and Nepal has been making determined efforts at diversifying her trading links. The result has been the decline in the share of her trade with India. On the average the intra-regional trade is below 10% of total trade. Even within this small component there are considerable imbalances in the trade that takes place. India's trade with her neighbours appears to be reproducing some of the features of North-South trade. A large proportion of her exports to the region consists of manufactures and most of her inputs from the countries in the region are primary commodities. Added to this asymmetrical pattern of trade is the large favourable balance of trade she enjoys with all the countries of the region with the exception of Iran.

The trading pattern in the region and the changes that have taken place during the post colonial era highlight the difficulties which beset efforts at the expansion of intra-regional trade. During the colonial era a great deal of the trade between the countries of the region consisted of the exchange of primary commodities. The trade flows with industrialised countries followed the usual colonial pattern consisting of primary commodity exports and imports of manufactures. In the post colonial phase, India has successfully embarked on a major programme aimed at creating an industrial sector capable of supplying the entire range of goods including capital goods, intermediates and consumer products. She was helped in this task by an internal market of a sub-continental size. In carrying through these structural changes India was able to alter the pattern of colonial trade which relied on primary commodity exports and manufactured imports and to achieve a remarkable level of industrial and technological self reliance. In the other countries of the region the development strategies almost always included an important component of import substitution in both agriculture and manufacture. These policies resulted in a reduction of the level of trade and economic exchange that had existed in the earlier period. The direction in which the economies of the region have moved

has had the effect of increasingly reducing the markets for each other's goods. In India's case both her production capacity and the pursuit of a policy of self sufficiency in a vast range of production lines provide little prospects for significant increases in the flow of imports to India from the countries of the region. On the other hand, there has been little or no effort as yet on the part of the neighbouring countries to explore the possibility of production of goods for the Indian market other than traditional commodities which had been included in their trade during the colonial period.

Apart from the overall trends which are discouraging there remains the special problems of economic relationships within the region. In terms of population, India is only a little less than three times the size of all the other countries combined. In terms of gross domestic product, when Iran is excluded, India has over three times the combined gross domestic product of the other countries. Iran by herself has a G.D.P. which is nearly half of that of India. In such a situation it is possible to predict an intensification of economic links and trading relationships between Iran and India while the other countries continue to remain in the periphery of the regional economy. Although the neighbouring countries other than Iran can potentially provide a market which in terms of population is equal to nearly 1/3rd of India's market, India's economic interest in the periphery does not show any evidence of assuming important proportions. Her own internal market enables her to pursue a development strategy geared to the satisfaction of domestic needs without being significantly dependent on the external world. The only critical area of dependence for India remains energy and this dependence brings her closer to Iran. If we apply the criterion of trade dependence most of the countries of the region with the exception of Sri Lanka have a relatively low degree of participation in the international economy and consequently a low level of trade dependence. Bangladesh, Afghanistan, Nepal and Pakistan all have a volume of exports which is below 10% of their G.D.P. This low level of trade dependence, however, has different contributory factors when compared to the Indian situation. In most cases the small proportion of trade in GDP reflects the low levels of economic growth, and the absence of external links derived from the fact that marketable surpluses are small. This brief account of the pattern of trade in the region and the nature of the trade dependence of countries illustrates the highly asymmetrical nature of the relationships which exist.

It is in the context of what has been described above that the programme of studies that has been launched would have to explore the possibility of a positive pattern of development co-operation in the region. As against the negative features which have been emphasised, there are several potentially positive elements which require closer attention. Many of the existing projections for South Asia have been made by scholars outside the region. These appear to have been based on assumptions which have failed to take full account of the potential of the region. It would be sufficient here to highlight a few elements which can lead to a scenario of development for South Asia very different from what is contained in existing global models. The South Asian region contains one of the most glaring contradictions in the world economy which itself can be transformed into a positive factor of far reaching significance. On the one hand it has been able to create a technological capacity and an infrastructure for skill formation of a high order. The technological capacity in India covers the entire spectrum of industrial

production and reaches out to the frontiers of science and technology. On the other hand the region including India contains the largest number of people in absolute poverty. While the application of the available stock of science and technology in the region for the eradication of mass poverty would require far reaching structural changes in these societies, it has to be noted that a great deal of technological capacity required for the process of transformation already exists in the region. Second, the resources of water and land in the region are adequate to make the region self-reliant in regard to its food requirements at accepted standards of nutrition. Preliminary studies that have been made of possible increases in productivity have demonstrated this capacity. Third, the resources in the Himalayan region both in regard to hydro power and water are an enormous asset which would enable the region to achieve self-reliance both in food and energy. In a world economy where non-renewable sources of energy would become increasingly scarce, South Asia offers the possibility for a totally different scenario in which it could substantially rely on renewable sources of energy.

The programme of studies has therefore focused on selected areas where the potential for regional co-operation would be substantial. Both the studies on the Himalayan resources and the Indian Ocean illustrate the importance of providing a regional perspective within which the countries of South Asia would co-operate. An underlying approach to the whole programme would be one which examines some of the key resources such as those of the Himalayan region as regional resources which, in order to bring its full benefits to individual countries, need to be managed efficiently within a framework of close regional co-operation. The studies would therefore have to examine first the prospect of resource utilisation without taking the immediate national contraints into account and to demonstrate the magnitude of the benefits that would accrue to the region as a whole. Thereafter the studies would have to examine how prevailing constraints to regional co-operation would have to be overcome through regional co-operation to implement the programme and achieve the best distribution of the benefits.

When the expansion of economic activity in the region is seen in relation to development goals which are directed at the satisfaction of basic needs, the potential for regional co-operation would have to be identified in sectors which are relevant to the achievement of these goals - food, clothing, health, education, housing. The efforts at reaching food self-sufficiency in the region would depend a great deal on the co-ordination of the national policies relating to both domestic production of food as well as the procurement of supplies to make good any food deficits. In some countries in the region, deficits in food items are likely to be a continuing feature owing to agro-climatic and other resource constraints e.g. Nepal and other landlocked countries would be deficient in sea food. Sri Lanka is likely to have to depend on imports to meet its requirements of wheat and wheat flour. In the latter case, even though the region may have the capacity to supply Sri Lanka's requirements, the dependence on food aid and supplies under PL.480 programme may act as a constraint on procurement of wheat from the region. In all the economies in the region, agriculture is the largest sector and contributes the biggest share to the Gross Domestic Product. In many items of agricultural produce, particularly food, seasonal variations result in scarcities and gluts with which countries find it difficult to cope when acting solely within the limit of the national economy. There is likely to be considerable scope for increased trade in

vegetables, fruit, cereals, pulses and similar items of food consumption which could relieve problems of scarcity and glut, if there is greater co-operation in planning and marketing of these products for the region as a whole. The programme of food production at the national level could be greatly reinforced and strengthened by regional efforts for South Asia as a whole directed toward collective food self-reliance and food security. The programme of studies also emphasises a cluster of industries which are closely related to the satisfaction of basic needs. This will include building materials such as steel and cement, agro-chemicals, pharmaceuticals and textiles. If the distribution of industrial capacity in the region is to promote trading relationships and exchange on the basis of equality, what will be required is a programme of co-operation in the development of these industrial sectors so as to allow for a fair degree of intra-industry specialisation among these countries. This would mean that most of the countries would have significant components of each of these industries but would try to specialise on selected lines for trade among themselves. In the capital goods sector, the region could aim at creating adequate capacity to meet its requirements of machinery and equipment for the rural sector, both for increasing productivity through selective mechanisation and for improvement in the quality of life. This would include a wide range of products such as irrigation pumps, spraying equipment, agricultural tractors, bio-gas plants, motor cycles, scooters, bicycles and so on. Similarly, intermediate agricultural products such as fertilizer, agrochemicals etc. would form part of the trading pattern geared to basic needs. It has to be noted that despite the low level of intra-regional trade, in some of the growing key branches of the industrial sector in India such as machinery and transport equipment, between 15-20% of Indian exports are to the countries in South Asia. A well conceived programme of economic co-operation can vastly expand the market for India's industrial exports, assist in the transformation of national economies with a population of 200 million people and consequently benefit from the expansion of markets which in time can absorb a major share of manufactured exports.

An important area in which regional co-operation becomes significant for South Asia is its relationship with industrialised countries. The problems in South Asia encompass the entire range of topics which have been the subject of North-South negotiations - the Integrated Programme of Commodities, transfer of technology, shipping, protectionism, access to markets for manufactured exports, assistance to the least developed countries, balance of payments upport, reorganisation of debt, transfer of real resources and so on. While all the countries in the South Asian region do not have the same identical interests in every one of these issues, the region contains a group of countries which taken together are concerned with the entire range of issues. Nepal, Afghanistan and Bangladesh as poorest countries are concerned with the special programmes of assistance which are being proposed at international level for these countries. Bangladesh, Sri Lanka and India have a stake in the Integrated Programme for Commodities, particularly as these countries have among them a controlling share of tea and jute in the world market, both commodities being among those included in the programme. As countries with severe balance of payments constraints, they have common interests in the reform of the international monetary system, and action to improve the support system for the process of adjustment. Again, as countries which have either already established a growing export sector in manufactures or are beginning to develop such a sector, they are concerned with the problems of market access to the

industrialised countries. The programme of regional co-operation which gives first place to national and regional collective self-reliance would enable these countries together to develop common strategies in their relations with industrialised countries. These common strategies would of course have to be co-ordinated with the other Third World countries, but what is important to emphasise is that regional co-operation will enable these countries as a group to devise ways and means of strengthening themselves to cope with external shocks and to that extent enhance their bargaining power. This will be particularly true of the two commodities in which they hold a major share of the world market i.e. tea and jute. In this there is potential for co-operation in a wide ranging programme of development, diversification, processing, marketing and research which take into account on the one hand the intra-regional market, and on the other the markets outside the region, both industrialised and Third World.

In the component of the programme on the sharing of development experience, the potential for modes of co-operation which could be of benefit to all the countries of the region is undoubtedly very great. The unique opportunities in this area have already been commented upon in Section III of this paper. The programme has given high priority to areas which are crucially important to national development strategies - rural institutions, peoples participation, rural industrialisation, agrarian reform, educational innovations, primary health care systems, appropriate technology and management of the public sector. In each of these areas there has been a significant accumulation of knowledge and experience in one or more countries of the region which could form the basis for an effective programme for sharing of development experience and the improvement of national strategies.

COOPERACIÓN PARA EL DESARROLLO EN ASIA DEL SUR: UN PROGRAMA PARA LA AUTONOMIA COLECTIVA EN LA REGION

Resumen: Las iniciativas tomadas para la promoción de un programa de estudios para la cooperación en Asia del Sur fueron la respuesta a una necesidad largamente manifestada. Los países en Asia del Sur, especialmente India, Pakistan, Bangladesh, Nepal, Sri Lanka y Birmania siguen aún bajo condiciones de persistente pobreza y de un relativo estancamiento económico si se las compara con la mayoría de las otras regiones del Tercer Mundo. Se han hecho pocos esfuerzos para incrementar el comercio intra-regional o para crear las estructuras de una cooperación más estrecha. Por otra parte los países de Asia del Sur se han esforzado desde hace largo tiempo para promover la cooperación regional. Estos esfuerzos, sin duda han sido apoyados por la preocupación común de seguridad regional dentro de un contexto político cambiante, pero en este proceso se lograron establecer las bases de una cooperación económica más estrecha. En cambio la región del Sur Asiático ha conocido conflictos políticos que han agravado los problemas de los países de la región y los ha separado aún más, haciendo así más remota las posibilidades de cooperación económica.

El siguiente artículo se basa en contribuciones de miembros del Comité de Estudios sobre Cooperación para el Desarrollo de Asia del Sur y constituye un resumen de las discusiones que durante las tres reuniones del Comité se han tenido hasta el momento.

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BUILDING BLOCKS

NORTH-SOUTH INTERDEPENDENCE, DEVELOPMENT AND TRADE

by Graciela Chichilnisky
Columbia University, Dept. of Economics
International Affairs Building
New York, N.Y. 10027, USA

Original language: English

Abstract: This paper discusses issues arising from development centred on the satisfaction of basic needs, and more generally, questions of distribution and of North-South relations. A critical review is made of prevalent approaches to development and trade, which are based on economic theories that disregard some of the most important aspects of interdependence at present. An economic model of trade and distribution for another development is discussed, which model emerges from recent work. It questions the role of the international market as an "engine of growth" and reevaluates some of the more wide-spread economic notions on the role of this market in shaping distribution of wealth among the regions and within them. The results may explain the persistence of certain patterns of inequality and of international division of labour which support them. Policy conclusions for more equal distribution, and more efficient and self-sustaining development patterns are briefly discussed.

INTERDÉPENDANCE, DÉVELOPPEMENT ET COMMERCE

Résumé: Cet article examine certains problèmes posés par un développement axé sur la satisfaction des besoins fondamentaux et, plus généralement, les questions de la distribution et des relations Nord-Sud. L'article passe en revue d'une manière critique les démarches prédominantes en matière de développement et de commerce, qui sont fondées sur des théories économiques négligeant certains aspects fondamentaux de l'interdépendance Nord-Sud. L'auteur discute également un modèle économique de distribution et de commerce qui favoriserait un autre développement. Ce modèle résulte de travaux récents. Il met en doute le rôle du marché international en tant que "moteur de la croissance" et reconsidère certaines des notions, largement répandues, sur le rôle de ce marché dans la distribution des ressources entre les régions comme à l'intérieur de celles-ci. Les conclusions que l'on en tire pourraient expliquer la persistence de certaines structures d'inégalité et la division internationale du travail sur laquelle elles reposent. Finalement, l'article offre quelques brèves conclusions pour l'action en faveur d'un autre développement, fondé sur un distribution plus égalitaire, plus efficace et susceptible de s'autoentretenir.

INTERDEPENDENCIA NORTE-SUR, DESARROLLO Y COMERCIO

Resumen: Este documento examina los temas resultantes de un desarrollo centrado en la satisfación de las necesidades básicas y más en general asuntos de

(cont. en la página 16(74)).

Graciela Chichilnisky [1]

NORTH-SOUTH INTERDEPENDENCE, DEVELOPMENT AND TRADE [2]

1. Introduction

This paper will discuss issues arising from development centered on the satisfaction of basic needs and, more generally, questions of distribution and of North-South interdependence. This paper is a condensed version of another, with the same title, that serves as a background and provides technical support as well as data documentation of the work reported here. [3]

The paper is divided into two parts. The first attempts to provide a succinct critical review of prevalent views on interdependence and basic needs that derive from major formalized approaches to development and trade in general equilibrium theory. The second part is intended as an analysis of basic needs and interdependence in the context of a different approach to development and trade theory that emerges from recent work (8) (10), also in a general equilibrium approach. Our work is also contrasted, in terms of assumptions and results, to that of some critics of the neoclassical development and trade general equilibrium literature, in the background paper. An appendix prepared by Ellen Evans at Columbia University is also provided.

Neither a positive nor a negative verdict is reached here on the effects of North-South interdependecne. I argue, instead, that interdependence must be critically examined and evaluated anew. This is because our present understanding of interdependence is based on theories of economic growth, development and trade that fail to consider some of the most important current aspects of interdependence. For instance, most economic models of development do not consider the issues of scarce resources, do not regard the fact that different patterns of population growth and migration exist in the North and in the South; that different technologies are used (and should be used) in these two regions, and that labour market characteristics are also sharply different.

Current theories tend to regard the international market as an "engine of growth", in the sense that more international trade activity is believed to be beneficial for overall growth, and also to increase rates of growth of the

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1/ The author is an Argentinian economist who teaches both at Columbia University, USA and Essex University, England.

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3/ This paper, as well as a two-page bibliography (references in brackets), is available from the author or IFDA on request.

Third World, through its effect of more employment and increased output in the exporting regions. This latter effect is usually referred to as "gains from trade". More international trade is seen also as promoting more equality in the regions concerned, since it sees the prices of factors (labour, capital) as tending to equalize through the flow of international trade among the regions. However, we shall argue here that certain forms of interdependence may have less benign consequences than generally thought. In particular, the role of the international markets as an "engine of growth" and in shaping the distribution of the economic product, both at the national and international levels, requires careful re-evaluation.

We shall show that the liberalization of international markets, even under perfect market regimes, affects domestic markets and the domestic distribution of income within the trading countries in the South in ways that may conflict under quite general conditions with goals of satisfaction of basic needs. In particular contrary to existing notions of gains from trade, an increase in North-South trade caused for example by an expansion of the Northern economies may lead under the present trade patterns to a decrease in growth in the South. This is becuase under present trade patterns, the South is specializing in the exports of goods whose increased production and sale does not necessarily favour the economies of the South. Furthermore, this increased specialization of the Southern consumption (raw materials, agricultural by-products, certain manufactures) may reduce overall employment, and real wages in the South, as well as produce a mix of economic output that is not conducive to sustainable efficient development paths. Therefore such an expansion of the Northern economies and of North-South trade may also lead to a worsening of the distribution of income in the South. Because of this it is impossible to view the question of basic needs in the South as a purely domestic issue, independent from existing relations with the North. It is, instead, an issue that has to be placed firmly within the context of North-South relations.

It is not possible, therefore, to reject Northern concerns with basic needs in the South as unwarranted intervention in domestic affairs, as is often argued by spokespeople for the South within the North-South debate. Indeed, a reversal of this view may be more appropriate. It has to be recognised that the North has always historically exercised some form of intervention, first through colonialism and, later on, through market relations based on the specialization of the South on the exports of raw materials (these comprise 30% of all exports from the South at present), and an almost complete domination on all other markets of exports from countries in the North, with a high degree of market concentration (32). These forms of intervention make the North one of the partners responsible for the present dramatic failure to meet the basic needs of the majority of people in the South. The role to be re-evaluated and discussed with these facts in mind.

2. Basic needs and interdependence: a review of prevalent development and trade approaches.

The concept of basic needs was brought to the attention of the international

development community in its present form by the work of the Bariloche model 1/ (1971-75). On the basis of this work, the International Labour Office (ILO) World Employment Conference of 1976 subsequently endorsed the satisfaction of basic needs as a central goal of development. Since then the concept of basic needs has won many adherents and increased attention, and has been adopted by many international agencies as a cornerstone of efforts to rethink development policy.

Paradoxically, while the concept of basic beeds stemmed from the work of the Third World scientists of Bariloche who were dissatisfied with existing patterns of development and ways of thinking about development in the North, it appears at present to be a concept more congenial to Northern oriented institutions and interests. Furthermore, within the United Nations and other international organizations, Third World spokespeople often oppose the introduction of basic needs issues in the agenda. The reason presented is that they represent an unwarranted intrusion on domestic affairs. More informally, it is felt that by focusing on the issue of distribution within the South, the North evades focusing on the issue of North-South inequalities instead. This is because the moral legitimacy of claims of the South for more North-South equality is felt to be undermined when the inequalities within the South are focused on. As we shall discuss next, this is also used as a tool for questioning the legitimacy of the pricing policies and general market behaviour of exporters of raw material and of natural resources in the South, a source of great concern to the Northern economies at present. For instance, the market behaviour of the exporters of oil is often seen as (at least partly) responsible, for the existing and continuing recession in Northern economies. When the growth of the North is seen as a precondition for the growth of the South, as is often the case in conventional development and trade theories 2/, then the market behaviour of the oil exporting countries is perceived as damaging to the South's growth as well. Therefore, as seen in the above, if overall growth is necessary for the satisfaction of basic needs then the focus on the problem of satisfaction of basic needs in the South appears to be an argument against the market power policies of the oil exporters. 3/ This, of course, applies to the market behaviour of other resource and raw material exporters as well. It is, therefore, not surprising that basic needs arguments are rejected by Southern representatives in a period when the South has finally achieved a certain amount of international market power, if very limited, and a certain attention of the international development community for its claims towards more North-South equality.

It follows that the issue of basic needs cannot be posed in isolation. It is already part of a wider debate on international growth and trade relations,

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1/ See (7) (18).

2/ See, e.g. "An International Order for Everyone's Gain", R. Cooper (13).

3/ Of course, this does not follow if the oil exporters were to offer different prices to the poor and to the rich nations, a so-called 'discriminating monopolist' behaviour that is presently being discussed.

and therefore, on North-South interdependence. However, the chain that connects basic needs with interdependence issues is a long one, and several of its links depend largely on underlying development and trade theory, and require critical examination.

As our results will show, it may not be in general the case that the growth of the North is necessary for or even favourable to the growth of the South. It is also not true that the international market has in general a positive effect in the transmission of growth, at least with historically given and present trade patterns. Finally, it is not true that growth is in general favourable to the satisfaction of basic needs. It is by now an accepted and well documented fact that overall indices of growth are not connected with the betterment of distributions of income that are necessary for satisfaction of basic needs. In effect, certain patterns of growth emphasize production and/or consumption of certain luxury goods or the use of technologies that are inadequate in terms of use of local resources, or dilapidate energy use. Such patterns of growth may not only lead to maldistribution, but also to decreased future growth as well. 1/ For a more detailed discussion of these issues, see the background paper (9).

One question that begs clarification, over and above what is available in formalized development and trade theory, is the relationship between the distribution of income and wealth between Third World and Industrialized regions, and the distribution of income and wealth within these regions. In the UNITAR study reported in (12) we have concentrated on this question. The development and trade model we shall now discuss does not consider the distribution question as an after thought, a variable whose behaviour is to be deduced from others (and, as a result, appears more difficult to formalize or to measure) but rather as a central characteristic, which not only is determined by but also determines other main economic variables. In order to formalize the distribution question in a manner which is sufficiently simple to allow the use of economic analysis (and not just computer manipulation) and yet respects the complexities of the subjects and data analysis, we chose to concentrate on three income groups. These are characterized by their endowments of factors of production, labour and capital, and by their patterns of consumption. Two types of labour are distinguished: skilled and unskilled. The low income group owns proportionatley more unskilled labour; a middle income group owns proportionately more skilled labour and some capital; and the high income group proportionately more capital. In addition, the three groups consume (demand) different proportions of different goods. In order to focus on the pattern of goods and on their distribution (as opposed to an aggregate GNP measure) while keeping a simplified framework of analysis, we distinguish three types of goods: basic consumption goods, luxury goods, and capital goods. The low, middle and high income groups consume different proportions of these goods.

1/ See for instance the work of the Bariloche Model (18), and "Development Patterns and the International Order", G. Chichilnisky, Journal of International Affairs, 1977.

At the regional level, the first version of the model considered two regions: the North and the South. 1/ At present, six regions are being considered. 2/ Each region trades with all others, and all groups in each region produce and trade all goods, so as to obtain a total general equilibrium system. Changes in one income group, therefore, affect all others and their effect can be analytically traced. The way this system differs from conventional neoclassical general equilibrium models and from other development and trade theories is discussed in detail in the background paper.

The usefulness of an economic model, i.e. its ability to explain and predict, can only be tested as it is developed and applied, sometimes over a period of years. Yet, we have already found the explanatory power of the North-South model sufficient to produce theory that can answer some of the questions mentioned above. Furthermore, and perhaps more important, it has raised other theoretical and policy questions that can be well formulated within our model structure, and thus analysed in detail. For example, in the North-South debate trade policies in the international market (such as the by now almost defunct Lima target, protectionism measures) and of North-South transfers (such as in the United Nations World Model) are usually presented together in a more or less confused manner with questions of distribution. Some of these questions were already discussed above, with respect to interdependence and basic needs, and will be discussed further in the next section.

In the following we shall focus on the role of the international market, both in existing theories and in our work. The importance of international markets and North-South trade on the domestic economies of the North has been acknowledged only recently within certain Northern economies (notably the United States) and this is mostly due to the present energy and resource crisis. In the South, instead, the international market has always been considered important because of the traditional reliance that many of those economies have on international trade.

For the last thirty years a consistent body of formalized theory has been developed in the North on the effect of trade on domestic economies. This theory has two main pillars: the Heckscher-Ohlin result on gains from trade and the Stolper-Samuelson result on factor price equalization. Both these results have been generalized, expanded and applied to an extent that their conclusions have trickled down to the non-economist and become "common knowledge" with the North. These results substantiate claims that more trade is better for all, especially when relative advantages in the trading regions

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1/ This first version, called also the North-South model, was estimated with data of the United Kingdom and Brazil by Sam Cole and John Cole of the S.P.R.U., University of Sussex.

2/ They are the technologically advanced industrial countries which have a significant role in world trade, all other industrialized countries, newly industrialized countries, resource exporting Third World countries, all other Third World countries and socialist countries.

are exercised. 1/ The assumptions and results of these theories are elaborated in detail in the background paper, to which the reader is referred.

We now discuss briefly the effect that different technologies in the two regions have on the results of the Heckscher-Ohlin model. The fact that the regions have different technologies is formalized in our model simply by assuming that the difference between labour/capital intensities in the production of goods of different sectors of the economy is much larger in the South. We have emphasised the similarity of our model to the Heckscher-Ohlin model in order to exhibit how the duality and elasticity of labour supply conditions make a crucial difference in the results. We assume different overall capital/labour intensities in production in the two regions, a readily observable characteristic. We also assume, as is usual, that the basic good A is proportionately more labour intensive than B in both regions, and that the difference of intensities of factors is much more pronounced in the South. 2/

The fact that the differences in capital/labour intensities between the technologies of the two sectors in the South are larger than in the North is readily observable. Third World economies have significant differences in the production systems of different sectors. This is because the more traditional sectors use naturally different technologies than the more industrialized sectors. The goods produced and patterns of production used in the more industrialized sectors tend to reproduce those of the more industrialized countries. Subsistence sectors tend, instead, to be left out of these so-called 'modernization' and thus use different models of production. This has been pointed out in the theories of dualism which have been discussed for many years in economic development.

The Heckscher-Ohlin and Stolper-Samuelson theories failed to explain the fact that during the twenty-five-year post-war period (1945-1970) wealth differences and specialization between the North and the South significantly increased, while the volume of the international market increased in an historically unprecedented fashion. Furthermore, the North-South wealth differentials and the distribution of income within the South also did not improve during that period as these theories would predict. Neither the gains from trade nor the factor price equalization theories can be made consistent with these facts. Of course, exogenous explanations for those facts could be invoked, in which case the explanatory power of the theories is significantly reduced.

Alternative explanations to the neoclassical theories have been proposed in regard to the developments of the world economy during the 1945-1970 period. However, these have failed to produce a body of formalized theory with the

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1/ In the conclusions and in (9) particular successful export led policies (e.g. Korea, Taiwan) are discussed.

2/ It is well known that the factor price equalization result would not follow, for instance, if the production of capital goods was the more capital intensive activity in one region, and the more labour intensive activity in the other, see e.g. (30). We assume here, instead, that the same good is the more capital intensive one in both regions.

rigor (and therefore policy utility) and the conviction of the theories previously discussed, so that they did not provide a real alternative. The most significant representatives of these theories can be divided into three categories, according to the weight that they assign to market as opposed to the non-market factors in their analysis, explanations and predictions. Significant representatives of the more market focused analyses are R. Prebisch, W.A. Lewis, H. Singer, and J. Bhagwati; different levels of formalization were attained in their work. The dependencia theory in Latin America, some of whose representatives are F. Cardoso, P. Baran, G. Frank, T. dos Santos, O. Sunkel and M.C. Tavares, combined explanations of underdevelopment based on post-Marxist power relations, with consideration of market power relationships, and their implications. These theories had little or no formalization that would have allowed them to be used for instance for policy prescriptions. Finally, there are a number of authors who largely disregard the behaviour of t' market as having significant explanatory power, and address themselves instead to the power structure of classes and certain historical developments of capitalism, such as accumulation of capital within and between the Industrial and Third World regions. Among these, most significant are the Marxist economists A. Emmanuel and S. Amin. Their works did not attempt formalization of their assumptions or results.

The formalization of economic theory is important, of course, because it allows for more accurate empirical testing, and also for development of policy. Furthermore, formalization is important because it allows for more adequate, consistent thinking through of ideas, if not always for the creation of new ideas. Formalized theories, therefore, grow, disperse and are applied better than non-formalized ones. 1/

In our particular case we found another relatively important advantage of formalization: it allowed us to compare in a precise manner our assumptions with those of previous theory, so that the discrepancies in the results could then be traced with precision, thereby improving the level of the analysis and criticism, and clarifying the validity of the results. In particular, we have produced very simplified versions of our model, so-called submodels, which are as close as possible to the previous general equilibrium trade models of Heckscher-Ohlin and Stolper-Samuelson (to the point of being at times almost indistinguishable unless one is very close to the subject) and yet which under the conditions discussed above, reverse the conventional results on gains from trade and factor price equalization.

It is of interest to discuss certain significant similarities and differences between our framework and those of some of the authors critical to the neoclassical theory mentioned above: we have done so in the background paper, and the reader is referred to it (9).

1/ With this understanding we decided to develop a body of formalized theory within our UNITAR project, see (12), that could be helpful in analysing certain stylized facts of development and trade that defied the analysis of the existing formalized theories.

3. A Model of Trade and Distribution for Another Development

In this section we present a simplified version of the UNITAR North-South model. It differs from the Heckscher-Ohlin model basically in two aspects, already discussed. One is the duality in the production system of the South and the other is a high responsiveness of labour supply to real wages in the South. This model was estimated with simulated data corresponding to Brazil and the United Kingdom trading with each other, and the estimation confirmed the results that we shall discuss next (see Table 1 in (9)). Brazil and the United Kingdom were chosen to estimate the parameters of the two trading regions, because labour is quite abundant in Brazil and more elastic in supply than in the United Kingdom, and the technology of these two regions corresponds roughly to the North-South stereotype.

The characteristics of the model that are shared with the Heckscher-Ohlin model are discussed in the background paper.

A summary of some of the results of our model follows. When the economies of the South have a very abundant labour supply and demonstrate significant dualism in the production of goods, if following an increase in demand by the North an increase in the exports of the basic consumption good by the South occurs, the price of the exportable good will decrease with respect to that of the importable good. Furthermore, the domestic purchasing power of wages will also decrease. This effect is accentuated with increases in domestic investment demand for further growth. We now briefly summarise the rationale for this result. For details, see the background paper.

In order that an increase in the exports of the basic goods occurs, when the North's demand expands the amount of output that exceeds domestic consumption of basic goods, it becomes necessary to consider the effects of increased employment and accompanying increased demand for the exportable good by the local population when production is increased. In fact, if increased output and employment in the basic good sector of the economy brings about a significant increase in the domestic demand of the good, then the "surplus" available for exports may actually decrease. Since wage income tends to be spent on basic goods, this implies that significant increases in the demand for these goods domestically will occur when production of basic goods is stepped up. The net result is that exportable supply of basic goods can only be obtained t the expense of domestic consumption under the conditions described here. Therefore, in particular, it is only by curtailing domestic demand that exportable supply can be increased. Also, if total exports of basic goods do increase in the new market equilibrium (and thus domestic demand and supply decrease) then the prices of these goods will necessarily be lower than previously. This is proven in (8) and (10).

Since wages and prices of the basic goods and in general are positively related, as exports increase and the price of the basic good decreases with respect to those of the investment goods, wages will also decrease. In addition, the purchasing power of wages in terms of the basic good is also shown to decrease, see (10).

The results discussed show that with an elastic labour supply in the South, and significant duality in technologies, factor price equalization theories no longer hold. More trade decreases rather than increases wages in the exporting region. If in a previous trade equilibrium factor prices were unequal in the North and in the South as trade is increased, factor prices are moved further apart. Therefore the relative advantage of the South, which depends on low labour costs as well as labour availability, is accentuated. In this case, as opposed to that of the neoclassical model, inequality and division of labour perpetuate themselves through the operation of the international market, even under perfect market conditions.

The above results seem consistent, then, with the overall international experience of the 1945-1970 period in which further specialization and increases in wealth differentials occurred between the Industrial and Third World countries.

We shall now briefly discuss the 'gains from trade' results in the context of our model. Since it is possible that further trade could bring further growth, even if maldistributed, then a rational policy prescription for the South could be in principle to increase trade and then redistribute the proceeds so as to prevent the negative effects discussed in the previous paragraph. For this purpose we examined in (8) (10) the effect on the economy of the South as a whole of an increase in its exports to the North. Since a shift that increases in exports are produced by an expansion of the demand from the North for exports of the South. This increase in demand for exports of the South was shown to occur in our model whenever the North's growth is increased. We have therefore the most optimistic scenario, the one envisioned in the liberal perspective: the North's growth is stepped up, and this increases the demand for exports of the South.

The increased growth of the North is generally assumed to produce an increase of growth of the South through expanded export markets. This is also seen as a "pull" for growth of the South produced by the "engine of growth" of the North. We found, instead, that under the export led policies studied here increases in the exports of the South may actually decrease the total revenues from trade of the South. Furthermore, they also decrease local consumption of basic goods in the South. In addition, more investment goods must be produced locally in the South in order to obtain the same level of growth as before the increase in trade took place, so that the growth of the South may actually decrease. These results indeed question the logic of gains from trade, at least under the general conditions specified here.

Our technological duality assumption can hardly be questioned. Such conditions obviously prevail in the South as a whole; yet it may be of interest to find if this assumption is necessary for the results. That labour supply is very abundant, however, may not be true in many cases. We are therefore led to re-examine our results without these conditions. It should be noted, however, that since our results are of an aggregate nature it is undisputable that institutional factors such as labour organization in the North, population increases and rural migration within the South, and, in general, relative lack of labour power in the post-colonial period, sustain the assumption that labour supply is quite abundant and thus very responsive to wage changes in the South

relative to the North. However, we have investigated conditions under which the results may still obtain when both the North and the South have similar labour market characteristics.

Both the economy of the North and of the South were then modelled with relatively homogeneous technologies and relatively inelastic labour supply. The South exports wage goods or substitutes, i.e. goods whose demand comes mostly from wage income. Under these conditions, even if labour is not very abundant in the South, when the South pursues an export led growth policy not only will the terms of trade deteriorate against the South, but also total revenues from the exports of the South decrease. Also, the purchasing power of wages within the South decreases. The market in which these effects take place may also be stable. Results from empirical testing in the two and five region model are included in (9).

4. Relationship of our assumptions and results with main theories of development and trade.

The relationship of the assumptions and results of our model with the works of R. Prebisch, H. Singer, W.A. Lewis and J. Bhagwati is given in detail in (9). A brief summary is given here. The Latin American dependencia theory and the works of the Marxist economists G. Frank, S. Amin and A. Emmanuel are obviously more difficult to compare with our work since basically no formalization for those works exists, and, also, market behaviour in those works is given a lesser role than in ours. A very brief comparison will nevertheless be attempted.

R. Prebisch (1950) and H. Singer (1950) developed the thesis that there is a systematic bias in the distribution of the gains from trade against Third World countries, see J. Flanders (16) and R. Findlay (15). This is revealed by the so-called secular deterioration of the terms of trade of the South, a tendency to decrease the prices of the goods exported by the South, and increase the price of goods exported by the North. While no formal model was presented, the economic basis of this process was given as follows. Firstly, the demand for imports from the South does not respond much to increases in income in the North, while the opposite is true of the demand for imports from the North. In the second place, technological progress in the North reduces the demand for imports from the South, while the opposite is true of technological progress in the South and imports from the North. Finally, the concentration of economic power in the North (large corporations and unions) was seen as causing a decline in the relative price of exportables in the South and a rise in income by the North. One of the significant effects of Prebisch's "terms of trade" thesis was the protectionist "import substitution" policies in Latin America in the late 50's and early 60's, in which tariffs were imposed so as to protect the 'infant' industrial sector in manufactures and capital goods.

Our appraoch is different from these both in assumptions and in results. First of all, there is no assumption in our model about the response of demand to income for the goods exported by the North and the South - rather, our assumptions are on the abundance of labour supply of the South. Thus our assumptions are quite different - they can in effect be called "dual" to the Prebisch-

Singer assumptions, in that instead of applying to goods, they apply to factors of production. Secondly, the hypothesis of technological progress is not used in our model - in effect, only the hypothesis of dualism in production is needed to produce our results. Finally, our model is consistent with perfectly competitive markets of goods and factors, and therefore differs from the Prebisch-Singer work in their third assumption also. With respect to policy implications, certainly "import substitution" of the form discussed just above is not a policy implication of our model, because "import substitution" deals only with the protection of production. In our work, instead, the whole structure of the markets, production as well as income distribution must both be considered. The protection of local demand seems at least as important as of the supply.

To discuss the work of W.A. Lewis, we shall refer to his celebrated model of economies with an unlimited supply of labour (1954), especially his last section in which he discusses development and trade. Lewis' model considers two regions trading with each other. One, the North, has the characteristics of a neoclassical economy. The other region, the South, is characterized by unlimited supplies of labour and a dual economy, a part of which is capitalistic labour and a dual economy, and another is traditional. This work, therefore, diverges from the neoclassical models in the treatment of labour markets as well as in the asymmetric treatment given to the economies of the North and the South.

Clearly, the assumption of a high elasticity of labour supply in our model is deeply linked with Lewis' assumptions. However, several major differences exist. Lewis' model assumes that the economy is divided into a 'capitalist' and a 'traditional' sector. In the capitalist sector the motive for employment is to generate profits, while in the traditional sector labour is considered as essentially self employed (as in the peasant family) or engaged in petty trade, or in service occupations. The real wage in the capitalist sector is exogenously given, and it exceeds earnings available in the traditional sector, so that employment in the formal sector is constrained by demand and not by supply. It is in this sense that he speaks of "unlimited supplies of labour". Each region produces two goods, one of which is common to both. The terms of trade between the two regions are determined purely by relative labour productivities in food, independently of demand conditions.

The fact that the real wage in Lewis is fixed in the Third World region (and is equal to the subsistence wage) is a major difference with our model, since we assume that both returns to factors of production (wages and profits) are determined by all markets interacting throughout. Furthermore, the endogenous determination of wages in our model (as opposed to the exogenous wages in Lewis) is of importance since it contributes to the understanding of the relationship between international market behaviour (terms of trade, volume of trade) and domestic output and distribution of income. Furthermore, in our model there are no unlimited supplies of labour (i.e. employment is not constrained by the demand side only) but rather supply and demand for labour both determine employment and wages. Our assumption about labour abundance implies that the supply side is very responsive to real wages, but not that employment is purely demand dependent. Also, in our model there is one integrated economy (as opposed to Lewis who considers different sectors; a capitalistic

and a traditional one). In our economy, market behaviour can be made consistent with the hypothesis of profit and utility maximization of the agents throughout. We also consider that each economy produces, consumes and trades two goods while Lewis considers three, only one of which is shared by both regions (food). These facts make Lewis' model difficult to compare directly with the two-region, two-food and two-factor Heckscher-Ohlin model, and thus his results, while critical in principle, do not necessarily contradict or support the neoclassical model. Since our results are posed in a manner completely analogous to that of the Heckscher-Ohlin model, a more thorough comparison of assumptions and result is possible, and thus criticism can be better formulated.

The model of "immiserizing growth" of J. Bhagwati (1958) was able to show in more general cases the results of Edgeworth (1894) that a country could be "damnified" by a productivity increase. This damnification is in the sense that the consequent deterioration of the terms of trade after the productivity increase makes the country worse off than it was initially. The analytic framework is that of a two-factor -- two-good -- two country neoclassical trade model. While no secular patterns are derived from this model, the result emerges that when the offer of the North for exports from the South is not income responsive or else when growth actually reduces the domestic production of importables at constant relative commodity prices, then the possibilty of immiserizing growth arises. Whether a country is made worse off or not depends on what happens to the quantity of imports supplied as the terms of trade are adjusted. The terms of trade may deteriorate acutely enough to impose a loss of real income outweighing the primary gain in real income due to the growth itself.

Several differences with our work can be pointed out. Firstly our results give sufficient conditions for a decrease in welfare after increased trade takes place, based on elasticity of supply factors of production and duality in the production technology. In this sense, our conditions are 'dual' to those of Bhagwati since instead of studying the effects of different elasticities of demand or supply for goods produced by the two regions, we study the effects of different elasticities of supply of factors in the two regions. Bhagwati's results therefore appear to be more akin to the Prebisch-Singer results on terms of trade which were not, however, formalized in a neoclassical model.

In terms of policy implications, moreover, the difference with Bhagwati's results are somewhat striking. While 'immiserizing growth' is more likely to occur when the South attempts to increase its growth, it is also less likely to occur when the North's growth is increased instead. In this sense, Bhagwati's results would agree with a neoclassical view of the "engine of growth" for the South being outside of the South, in the North, and therefore with the conventional view that the North's growth is necessary, or favourable to the South. As we discussed above, this latter point is in contradiction with our results under duality and elastic labour supply conditions in the South.

Finally, a very brief comparison with the Marxist economists and the dependencia theorists of Latin America is given. While both these groups give less importance to market behaviour than we do, yet a subset of their conclusions may be made consistent with a subset of ours.

G. Frank concentrates on the secular trends in the international accumulation of capital as determining terms of trade (17), while our work does not produce results that predict any secular trends in this sense. However, if the labour market behaviour that we study in our model could be related to the stages of the international accumulation of capital corresponding to the South, then the deterioration in terms of trade he predicts could be in part attributed to market forces. A. Emmanuel's unequal exchange work measures the terms of trade by the amount of unit's worth of Northern labour in exchange for a unit's worth of the South's labour. Trade between economies with different wage levels, in this conceptual scheme, must result in "exploitation" of the one with the lower wage. This view is in certain cases consistent with W.A. Lewis' terms of trade results, when productivity is related to wages, and in this sense, it relates also to our result that the terms of trade with the North deteriorates together with decreases in real wages in the South. However in Emmanuel's work (as in Lewis') the real wages is exogenously determined in each country, while as we have just explained the determination of real wages in relation with terms of trade is a significant feature of our results.

With respect to the Latin American dependencia theorists, a certain amount of coincidence of outlook is evident. Firstly, as in Lewis', and in our work (and in contrast to the neoclassical model) the dependencia theory stresses fundamental asymmetries in the structures of the economies of the North and of the South. These asymmetries, and the existence of the other region, are seen to have a very large role in shaping the economies of each region. It is a matter of continued controversy within the dependencia theory to what extent these asymmetries are determinants of the economic development patterns in the South. Another related similarity with our outlook appears in our emphasis on dual techniques of production, and on the international sector as affecting the behaviour of the domestic economy. It should be noted however that the dependencia theory refers to a different type of duality, that produced by the existence of a traditional sector and another capitalistic sector closely related to the 'center' and through which dependencia is transmitted. However, at the level of assumptions and structure, as pointed out before and discussed by G. Palma (29), neither formalization nor consistency with competitive market behaviour can be found in the dependencia theory literature. At the level of results, or predictions, a particular case of the differences with our work are seen easily. For instance, as explained by Palma, dependencia theory never produced a clear answer to the problem of whether "dependencia" was either favourable to growth or conducive to stagnation instead. In fact, opposing outlooks on this matter were proposed in the last 20 years with the same dependencia theorist's work, see the discussion in M.C. Tavares (35).

Our model, instead, offers a clear resolution to this question: it indicates in what cases the growth of the North (and its effect through trade) will be favourable and when it will be unfavourable to the growth of the South. Furthermore, our work indicates precisely how these international effects work through, and affect, the domestic economy. Of course, our model does not correspond to the more sophisticated (and elusive) verbal descriptions of dependencia theory, as in Cardoso (5). However, no formalization of those theories, is available; thus comparison and criticism is not a simple task. It has been widely accepted, in fact, that this lack of formalization constitutes a major drawback of dependencia theory, that has restricted its

growth as a consistent body of thinking, and its policy utilizations.

5. Policy Conclusions

The results contained in the larger paper pose doubts about the general reliance on export led growth to help bring about equal development in the South, especially when relative advantages are emphasized. These results occur when labour is very abundant and there is a significant level of duality in the sectors of the production system of the economies. Therefore, careful appraisal of case by case studies about the advantages of increased trade, especially focused on the parameters studied here (labour markets, technologies, and structure of the demand), seems in order.

The results discussed here also show that the growth of the South cannot be, in general, based on the cheap labour provided by extreme mass poverty. Such conditions are consistent with very abundant (and elastic) labour supply and, therefore, will, in the long run, seriously adversely affect the terms of trade and export revenues of the exporter, even though in the short run total revenues for exports accruing to a small elite could be increased.

However, if better income distributions within the South are achieved that imply stronger, larger domestic markets and if this is accompanied by lower rates of population growth (for instance through the satisfaction of basic needs), then the results quoted above on deterioration of terms of trade may be reversed. This is, in a sense, the main point: the strengthening not only of local production (i.e. import substitution, infant industry protection) but also of local markets (demand) seems necessary in order to prevent deterioration of international terms of trade and export revenues in the long run. In this case, the required strengthening of local markets implies an overall improvement of the lot of the large majority of people. Since in market or semi-market economies the income of factors is related to their productivity, increase in productivity of the rural and other low income groups in the economy seems necessary. In general, a trade policy can be considered favourable only if it increases the consumption of the low income groups and improves their position in both the labour markets and the markets for goods: otherwise it can be considered self-defeating. 1/

The results discussed here also indicate a significant relationship between the North-South terms of trade and the distribution of income within the South.

1/ Examples such as Korea and Taiwan are used to support these claims. As it is discussed in (9) these are countries that do not have the overall characteristics of economies of the South, in particular, the elasticity of labour supply and dualism that characterizes many of these economies is not present in Korea where the labour intensity of the economy is more uniform, and labour is quite educated so that together with the Japanese induced land reform, labour supply is relatively more price inelastic than in most of the South. A further discussion of these issues is given later on.

Better terms of trade with the North are linked with the improvement of domestic distributions of income within the South. The international market is therefore an important actor in shaping domestic distribution within each region, and the interaction of domestic and international factors is clearly quite strong, even for variables considered usually purely domestic such as the distribution of income. Briefly put, a Third World country should avoid embarking on export policies in sectors which are very labour intensive with respect to the more industrialized sectors of the economy and in which labour supply is very abundant and/or very responsive to wages (due for instance to internal migration). Such export policies will be defeating in the medium or long run to the country as a whole.

A sound export policy should be coupled with a strengthening of the domestic market for the good in question; labour intensive goods that do not offer this possibility should not be in general exported. 1/ Capital goods exports may be exempt from this rule: our results do not apply to them. However at present almost all exports of capital goods are generated in the North, and almost all exports of the South consist of raw materials. To the extent that a country exports a good for which no adequate market structure exists at home (due, for instance, to a depressed economy, or maldistribution of income) its bargaining power in the international market is decreased. The general rule is to increase, rather than to worsen, this bargaining power. Stronger domestic markets, based on better distributions, and the corresponding adequate mix of economic output, and a subsistence economy which is productive enough to allow workers to allocate their labour in a more selective and efficient way, thereby decreasing the undiscriminate "labour abundance" appear to be necessary to back up export policies. Indeed, such economies would stand a better change of sustained growth, and a rapid eradication of extreme mass poverty, the most offensive crime that humanity is inflicting upon itself at present.

1/ Japan's export strategy of the last twenty years has been consistent with these prescriptions.

Resumen: (cont.)

distribución y de las relaciones Norte-Sur. Se hace un estudio crítico de los alcances prevalecientes del desarrollo y el comercio, basados en teorías económicas que no toman en cuenta algunos de los aspectos más importantes de la actual interdependencia Norte/Sur. Se examina un modelo económico de comercio y distribución para otro desarrollo el cual emerge de los trabajos recientes (8) (10) (12). Interroga el rol del mercado internacional como una "máquina de crecimiento" y reevalúa algunas de las nociones económicas más conocidas acerca del papel de este mercado en la forma de distribución de la riqueza entre las regiones y dentro de ellas. Nuestros resultados pueden explicar la persistencia de algunos modelos de desigualdades y de la división internacional del trabajo que los apoya. Las conclusiones de políticas para una distribución más equitativa y la promoción de modelos de desarrollo más eficientes y autónoma se discuten brevemente.

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BUILDING BLOCKS

A REVIEW OF THE NORTH-SOUTH NEGOTIATING PROCESS: ASSESSMENT AND POLICY CONCLUSIONS

by Arjun Sengupta
The Chr. Michelsen Institute and The Centre for Research on the New
Fantoftvegen 38 International Economic Order
N-5036 Fantoft, Norway Nuffield College
Oxford OX1 1NF, England

riginal language: English

Abstract: If North/South negotiations are to be more effective, the South must redefine its strategies. The commodity issue was probably a good focal point in the arly stage of these negotiations immediately after the OPEC action in 1973. However, the South must now consider negotiations with the North on the basis of a package of issues relating to money, finance, trade and commodities where concessions can be traded off over a broad spectrum of measures. Negotiations on a single issue such as the Common Fund led to repeated concessions that ultimately questioned its very purpose. For the Third World to negotiate on the basis of a package, a permanent mechanism for the Group of 77 is an essential element for the coordination of the varied interests of its Members.

UN EXAMEN DU PROCESSUS DES NÉGOCIATIONS NORD-SUD: ÉVALUATION ET CONCLUSIONS

Résumé: Pour que les négociations Nord-Sud deviennent effectives, il importe que le Sud redéfinisse ses stratégies. La question des produits de base a probablement constitué un bon thème central quand ces négociations ont débuté à la suite de l'action de l'OPEP en 1973. Aujourd'hui, cependant, le Sud doit envisager les négociations avec le Nord sur la base d'un "paquet" de questions - problèmes monétaires et financiers, commerce et produits de base - permettant des arbitrages entre ses divers éléments. Les négociations sur une seule uestion, comme le Fonds commun, a conduit à des concessions répétées qui, en ,in de compte, remettent en cause leur objectif même. La négociation d'un "paquet" appelle un mécanisme permanent du Groupe des 77 en tant qu'élément essentiel de la coordination des intérêts divers de ses membres.

Arjun Sengupta */

A REVIEW OF THE NORTH-SOUTH NEGOTIATING PROCESS: ASSESSMENT AND POLICY CONCLUSIONS

1. The political nature of the negotiations

The nature of the North-South negotiating process is essentially political. The objectives are economic, related to restructuring of the international economic relations. The instruments to achieve these objectives are also economic, related either to institutions or to policies. The proposals concern economic and commercial measures to solve the problems of Third World countries in international trade, finance, industrialisation, transfer of technology and the operations of the transnational corporations. The arguments are expressed in terms of economic logic, and the negotiations are conducted on the economic feasibility of costs and benefits of the different programmes. But the course of the negotiations, and their outcomes depend primarily on political factors - on the politics of international relations and the evolution of the negotiating strength of the contending parties, their political perceptions about the need for reforms or the immediacy of the problems, and their stake in the success of the negotiations.

Any international negotiation between sovereign states involves politics; but the negotiations between the North and the South involve politics much more crucially, because the contending parties are of unequal power and the problems that are vital to one party, are usually perceived by the other as only marginal to their interests. The preconditions for any negotiation between sovereign nations are at least two. First, there has to be a perception, by each participant in the negotiation, that the problems that are sought to be solved are of sufficient importance in terms of national interest. Second, there has to be a recognition that the international solutions to these problems would yield better results, again in terms of national interest, than the effects of individaul national policies. The concept of national interest itself is political, involving the resolution of conflicts between different interest groups. If the problems that are posed do not affect the immediate self-interest of some dominant groups but relate to some uncertain, distant and not-so-obvious national interest, the political pressure of solving these problems becomes weak and often ineffective. In addition, if the contending parties are of unequal power, the more powerful nations may regard their national policies dealing with these problems more effective than international solutions. Otherwise they may impose such international solutions, if necessary, on the weaker parties without going through a process of negotiations. A negotiation involves trade offs and compromises, and there is

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*/ This is the concluding chapter of a Report on "A Review of the North-South Negotiating Process": by Arjun Sengupta of The Chr. Michelsen Institute, Bergen and Centre for Research on the New International Economic Order, Oxford.

little prospect for such a negotiation unless an international solution, arrived through negotiations, can make the more powerful nations better off, either because it yields a positive net benefit, after balancing the costs of compromise, or because in its absence, the conflict situations make them clearly worse off.

The problems of Third World economies did not receive much attention in the international economic negotiations, till about the middle of 1960's. In the immediate post-Second War period, the industrialized countries were preoccupied with the problems of reconstruction. They were engaged in negotiations about the rules governing the international economic relations in trade and finance and the institutional mechanisms enforcing those rules, such as the IMF, the IBRD and the GATT. The interests of the Third World countries were only incidental to the problems that were of principal concern of the industrialized countries in these negotiations. The trade and financial transactions between the Third World and the industrialized countries were marginal to the relations between the industrialized countries themselves. Where such transactions were of some significance, as in the fields of trade in manufactures or commodities, the operations of the multinational corporations or private investment, the Third World countries could not help but accept the rules of the game decided by the more powerful industrialized countries for themselves. The reason why the Third World countries were still asked to participate in some of the international negotiations, was dictated by the changed political context of the post-war international relations. First, with the emergence of the United Nations, where the Third World countries had a numerical majority, the universality of any arrangement or proposal resulting from international negotiations would not have been complete without their participation. Secondly, in the conditions of Cold War, the considerations of the balance of power motivated the more powerful nations to accommodate the Third World countries within their spheres of influence. Moreover, the international solution to the problems of development was perceived at that time by the industrialized countries mainly in terms of aid, which seldom called for any negotiations with the recipients, and which could also be used by the donors as a leverage to serve their own political and strategic ends.

It has been described in Chapter 2 of the Report, how such political factors and the deliberations at the UNCTAD led to the growth of a politcal consciousness of solidarity among the Third World countries. From the middle of the 1960's there was increasing evidence of the Third World countries asserting themselves, with growing self-confidence, at different international forums and within the different commodity arrangements. But throughout the sixties, the economies of the industrialized countries were growing satisfactorily and the volume of trade was expanding rapidly. The economies of the Third World countries were still marginal to, or at the periphery of, the requirements of the industrialized economies. Neither for the markets of their products, nor for the supplies of their inputs, in the aggregate, industrialized countries depended crucially on the Third World countries. At the micro level, for the supply of specific commodities, or the demand for particular products, some industrialized countries or multinational corporations occasionally depended on a few Third World countries. But given the unequal strength of the parties involved, the problems, if they arose at these levels, were resolved before they could reach the stages of global bargaining. As a result, international

negotiations between the industrialized and the Third World countries, upto about the meetings of UNCTAD III, were confined to the Third World countries making demands, and the industrialized countries engaging them in unending discussions on the technicalities of the proposals with occasional offers of marginal concessions, such as the GSP, extending the GATT to the problems of Part IV or accepting a target for aid. These did not affect any of their fundamental interests, or cost them substantial resources. The new spirit of self confidence and solidarity of the Third World countries, which were reflected at different international forums at that time, underlined for the industrialized countries the need for keeping the political process of dialogue going. But there was no urgency for serious negotiations or calculating trade-offs, because the industrialized countries did not perceive the seriousness for them of any problem, coming from the Third World countries, which required international solutions arrived through negotiations.

The situation changed sharply in the early 1970's, because of the oil crisis and also because of the monetary crisis, inflation and the commodity boom. The success of the OPEC and the Commodity boom, enhanced the political consciousness about solidarity among the Third World countries, with a sense of the so-called commodity power. This was reflected in several negotiations on commodities such as bauxite, copper and coffee, the declaration relating to the NIEO, discussions on the Charter of Economic Rights and Duties of States and the deliberations of the non-aligned group of countries. The industrialized countries on the other hand for the first time faced a crisis due to the increase in oil prices, which needed an international solution that could be secured only through negotiation with a group of the Third World countries. Due to the political rivalry among the industrialized countries, and also partly due to the differential impact of the oil crisis on the individual countries, they could not put up a common front of the consumers. Sensing this disarray among the industrialized countries, and the heightened sense of power and identity among the Third World countries, the OPEC globalized the oil issue by insisting that energy and development problems were related to each other and that any commitment by the OPEC on matters of oil was predicated upon commitments by the industrialized countries on the issues of the New International Economic Order. This frustrated the attempts of the industrialized countries to isolate the OPEC by negotiating only with them and only on the questions of energy. The crisis was so severe and the possibility of a split among themselves was so serious that the industrialized countries had to agree to negotiate with the Third World countries. That was how the protracted dialogue between the countries of the North and the South was converted into serious negotiations.

A number of conclusions follow from this analysis. In a set-up where the initial distributions of power, wealth and incomes are unequal, negotiations usually involve concessions from the stronger to the weaker nations, either as financial transfers or as changes in the rules and institutions from which the stronger nations have benefitted. The process and outcomes of such negotiations do not necessarily depend upon the intensity of the problems of the weaker nations or the technical finesse of the solutions proposed. They depend upon the creation of situations when the stronger nations, in exchange of concessions to the weaker, would expect a return in terms of either a solution to some of their pressing problems that would satisfy their self-interest,

or the removal of a threat that could make them worse off and hurt their self-interest. Such self-interests should be clearly perceived and imminent. The more distant, uncertain and theoretical such self-interests are, the less is the urge of the stronger nations to agree to negotiate. In order to create the situations for negotiations, the weaker nations have to concentrate on the issues about which the stronger nations are most vulnerable at a particular point of time in history. They also have to support their positions on those issues with all their power, and the power of the weaker nations essentially depends upon their solidarity, whose impact increases positively with fragmentation, if any, among their opponent stronger countries.

All these processes are basically political. They relate to the perceptions of national self-interest, appraisal of the relative strength and weaknesses. and the appreciation of the timing and the political configurations that make a particular issue of critical importance at a particular point of time. They also involve adopting measures to increase solidarity among partners and if possible disarray among opponents. Such solidarity, to endure a long time, has to be based on reconciliation of interests. But it may become a potent instrument of power at a given time through political consciousness, even if a firm objective basis for it is lacking.

2. The relevance of economic analysis

Although favourable political factors are a necessary condition for the beginning of a negotiation, the course of its development and the success of its outcomes, they are not a sufficient condition. This is where economic analysis becomes relevant in a process of negotiation concerned with economic and commercial relations. It is true that the technical superiority of a proposal or the economic analysis revealing the intensity of a problem affecting the Third World countries cannot, by itself, initiate serious negotiations. Nor can they lead such negotiations, once started to a successful completion, unless conditions are favourable. But once the political situation is mature, the relative strengths of power are suitably balanced and the political climate is appropriate for the more powerful to agree to make concessions, the economic characteristics of the issues and the proposals become critically important to decide the progress of the negotiations.

There are three ways in which economic analysis can play a crucial role in the process of the North-South negotiations, - in the choice of issues, in the formulation of proposals and in the building up of solidarity among the nations of the South. In the choice of issues, appropriate concern has of course to be displayed for the most critical problems of the Third World countries requiring international solutions. But while the purpose of all such negotiations is to accelerate the pace of development, or removal of poverty, the issues which have the largest impact on such objectives are not necessarily the issues which are most suitable for negotiation. The choice of issues has to be related to an assessment about the prospects or the outcomes of the negotiation, which would depend upon the feasibility of proposals for resolving these issues, the chance of accpetance of these proposals by the industrialized countries given the conditions of their economies at a particular time and their willingness to accept their costs. They should also be able to generate sufficient enthusiasm among the Third World countries in their support.

For these reasons, the criticism that is often repeated that the issues chosen by the Third World countries for negotiations are not always related to maximising development or minimising poverty is really misplaced. The programmes, whether they are like the supply of basic needs, rural development, expansion of local employment and the spreading of small scale production, or like investments in large scale industries and infrastructural projects, all involve transfer of real resources from the industrialized to the Third World countries, and that also mostly in the form of untied aid, to generate local funds. The experience of the Third World countries about the aid commitments of the industrialized countries has not been encouraging. The targets that were generally accepted as a recognition of the technical case made for development requirements of the Third World countries, have seldom been fulfilled. It is not surprising then that the Third World countries should deemphasize the aid issue in the North-South negotiations except as a point of moral pressure. After all the aid issues have to be settled on the appeals to charity or moral sense of the industrialized countries. In the present conditions of recession and economic difficulties, attempts to negotiate aid flows as obligations of the industrialized countries in the form of an international tax or automatic transfer, may become counter-productive.

Aid or resource transfer from the industrialized to the Third World countries may conceivably be proposed as an instrument in reforming the structure of the international economy in such a way as to benefit in the long run the donor countries, as much as the recipients. This is the logic of chosing an issue for negotiation that would make a short-term zero-sum game, where the gain for one party involves a loss for the other, into a long-term positive sum game, where there is a net positive gain to be shared by both. Most negotiations between parties of unequal strength imply a zero-sum game, because the status-quo always favours the more powerful party, whether or not the proposed changes involve a financial sacrifice. Nevertheless, the Third World countries have often followed a strategy, to propose programmes of action in such a manner that while the Third World countries clearly benefit from them, the industrialized countries would also be expected to benefit, if not immediately, over a period of time. Issues of price stabilization, trade liberalisation or multilateral balance of payments financing facilities are examples of this strategy. Whether the benefits from such programmes are clearly visible to the industrialized countries or not, they at least are easier for them to negotiate and accede to, than the proposals like indexation, price enhancement or debt cancellation.

The choice of commodities as the critical issue for negotiation at the UNCTAD IV, was regarded by many as quite appropriate considering the state of the North-South negotiations at that time, and the political clout it attracted among the Third World countries. The solidarity of Third World countries was then based on a political consciousness of "commodity" power, which the OPEC had demonstrated in oil, and other Third World countries hoped, if not quite expected, to demonstrate in other commodities in the future. The industrialized countries also, having agreed to relate the negotiations on energy to those on raw materials, and having sensed the strength of the feelings of the Third World countries, especially after a period of the commodity boom, were expected to concede to demands on the commodities. So the political climate was regarded as ideal for serious negotiations on commodities.

The fact that the outcomes of the negotiations at the UNCTAD IV or at the CIEC were not very substantial or that the North-South negotiations after 1976-77 reached a stalemate could be explained by a number of reasons. While the choice of the issue of commodities as central to the negotiations may have been right, the proposals for solving these issues or programmes of action were either weak or not properly formulated. According to this view, making the Common Fund the central element of the commodities programmes was improper judgment. The effectiveness of this instrument to serve the objectives of promoting new and strengthening the existing, international commodity arrangements had not been technically worked out. Because of this, and also because the distribution of gains from the functioning of this fund among the different Third World countries was not balanced, the support for such a measure even from the Third World countries was weak. So it was possible for the industrialized countries to protract the negotiations for a long time and then secure an agreement that was patterned very much the way they wanted it to be, and quite different from the way it was originally conceived. And since Common Fund was made almost into a symbol of accepting the commodities programmes, once an agreement was reached on it, of whatever kind, the enthusiasm around the commodities issue got exhausted.

It is also possible to argue that when the industrialized countries after the Seventh Special Session agreed to engage in serious negotiations with the Third World countries, and realized the need to make concessions, the Third World countries should have offered a package of proposals in different fields, all yielding substantial benefits to them. The OPEC made the entire gamut of proposals related to the NIEO as negotiable in exchange for, or as a precondition of, commitments on oil, and not just the price stabilization of commodities or the Common Fund. It might have been good tactics to make commodities the central issue of negotiations to keep up the pressure. But if the Third World countries or the UNCTAD could not produce concrete programmes in that field to keep up the momentum of negotiations, they should have tried to gain concessions in other fields such as finance, manufactures or trade liberalisation and technology, instead of compromising on commodities with weak proposals. As the industrialized countries recognized the need to make concessions, and if they could not agree to strong proposals in the field of commodities, such as improvements in the terms of trade or producers association or the promotional and entreprenurial role of the Common Fund, they should have been provided with the choice to agree on other suitable proposals as a compromise. This presupposed a strategy of negotiation of the Third World countries based on a package of well balanced proposals in different areas of the North-South relations, where one proposal could be traded off with another, if need arose. The chance of securing a meaningful concession from the industrialized countries was lost by the Third World countries by offering compromised proposals at the very start, and that also in the field of commodities where the pressures were built up.

By 1977 the political climate favouring the North-South negotiations had changed and the pressure on the industrialized countries for making concessions had eased. First it was clear to them that while the commodity issues inspired political enthusiasm among the Third World countries, the specific proposals that were being discussed lacked their total support. Secondly, by that time the impact of the oil crisis on the industrialized countries had

dissipated. Recycling of the oil surplus, and adjustment of their economies to increased oil prices, together with prospects of new oil sources reduced the urgency that the industrialized countries felt earlier for coming to terms with the OPEC, even if that meant conceding to some of the other demands of the Third World countries. Thirdly, the problems of recession and economic management within the industrialized countries became so serious, that resolving conflict situations within themselves acquired a much higher priority than negotiating with the countries of the South. Besides the negotiations on the Common Fund, which were concluded in early 1979, and some continuing dialogue in the commodity associations, the period following the CIEC has been spent by the industrialized countries, almost exclusively on negotiations among themselves, whether on monetary reforms or on the MTN. The Third World countries figured in them, because by now there was a clear recognition of the interdependence of the world economy and the importance of the Third World countrie both as a supplier of inputs and as a market of the products of the recession-ridden industrial economies. But there were not much negotiations between the North and the South.

All these highlight the importance of the proper formulation of proposals or programmes of action. Once the parties agree to negotiate, the technical characteristics of the proposals being negotiated become an important factor in shaping the outcomes of the negotiations. The proposals will, of course, have to be instruments for achieving the agreed objectives of the negotiations, and they will naturally have to be feasible to merit serious consideration. The feasibility, however, has to be defined not only in terms of technical applicability, but also in terms of operational management, requirements and availability of expertise and enforceability of the provisions.

The optimality of a proposal, in the sense of yielding the best results given the technical conditions of production and marketing and the amount of resources, is however neither a necessary nor a sufficient condition for its being accepted or negotiated seriously. In fact the technically best proposal need not have much chance of acceptance, and from the point of view of negotiations, a feasible proposal which has a higher chance of acceptance by the different parties, is a better proposal, even if it is not the best. A proposal should have a better chance of being accepted if, at a given time and given conditions of the international economy, it can muster larger political support in its favour. This it can do, if in addition to contributing to the development objectives, it can also yield some benefits to the industrialized countries. The examples of such a proposal are the buffer stocking measures, increases in the productivity of primary products, guarantees or investments and export credits, international facilities for debt refinancing, withdrawal or removal of tariff and non-tariff barriers. If such proposals can benefit some sections of the populations or dominant interest groups in the industrialized countries, the prospects of their acceptance might be increased by an alignment of interest groups in the industrialized and the Third World countries. Within a Third World country also, different proposals have different degrees of acceptability, and a proposal which has the largest support will have the highest political backing necessary for its acceptance by the other party.

This leads up to the third area of the role of economic analysis, in promoting solidarity among Third World countries. The principal source of power of the Third World countries, in a set-up of negotiations between parties of unequal strength, is solidarity among themselves. A political consciousness of identity, among themselves as partners or in contrast with the industrialized countries as opponents, together with similarity in history of colonisation or exploitation may generate a perception of solidarity. But it has to be built up on a firm and enduring basis through economic measures.

Any proposal or programme of action would yield differential benefits to the countries concerned, so that some of them may gain and others may lose, in different proportions. To ensure the support of all the countries concerned for such a proposal, it must contain sub-proposals or a package must be composed of complementary proposals to compensate the losers. In commodity arrangements, where the chance of a positive benefit depends on the united action of all the producers, such compensatory schemes are crucial, because the greater the chance of the success of a cartel, the higher is the reward for an individual member to break away from it. It may be possible to use threats of retaliation or trade warfare to prevent such a breakaway, especially if there are only a few dominant producer-suppliers who agree to collude against such a deviant action. But incentive measures to compensate the small gainers or potential losers may be more useful to make them fall in line with the major producers and to diversify. The failure of the diversification fund in the Coffee Agreement showed how difficult it was to work out such schemes within a single commodity arrangement. The chance of the success of such schemes of compensation, would surely improve if they are attempted on the basis of a package of proposals, some of which would be attractive to some of the countries and others for the rest.

It is, of course, not always possible to estimate exactly the magnitude of the costs and benefits of a proposal for different countries. What therefore is required is a mechanism to effect such compensation when the need arises or to balance the gains and losses of the different countries through co-ordinated action. When the Integrated Programme was first conceived, it was felt that the different elements it contained would yield positive benefits to many countries, and thereby ensure their support. The Second Window of the Common Fund was supposed to provide something, like the Diversification Fund, to countries who could not gain much from the commodity measures. But this needed to be complemented by programmes in other fields, of money and finance, manufactures and trade liberalisation, industrialisation and technology. They should have been dovetailed to each other, so that the Third World countries could have a complete package of proposals that would benefit most of them.

The formulation of a package of proposals with appropriate balancing of gains and losse, so that they yield a net benefit to all to a large number of Third World countries, would strengthen the basis of their common negotiating stand. If, in addition, it were supported by mutual interdependence of the economies of the Third World countries, the solidarity of their common stand would have an enduring material basis and negotiating strength. The solidarity of the OPEC with the Third World countries in the 1970's was mainly based on political perception - the OPEC needing the non-oil Third World countries to withstand the pressure of the industrialized countries on the energy issue, and the Third

World countries needing the OPEC to secure concessions from the industrialized countries on their backing. The financial assistance provided by the OPEC was not enough to build up a material basis of dependence of the Third World countries on the OPEC, nor was there much investment or supply arrangements to make the OPEC dependent on the non-oil Third World countries. One of the reasons for the stalemate of the negotiations after 1976-77, as mentioned above, was the effective integration of the OPEC economies through their surplus deployments, with the industrialized countries. If a properly co-ordinated planning of investments and supply arrangements could achieve instead an integration of the OPEC countries with the rest of the Third World economies, the course of the North-South negotiations might have been different. Similarly, if fruitful interdependence could be built up among the non-oil exporting Third World countries themselves, it could have lent to the solidarity of the Group of 77 an element of power, which might have been used in the negotiations to secure concessions from the industrialized countries, even without the support of the OPEC.

3. The prospect of the negotiations

The prospects of the negotiations, as should be clear from the above analysis, would depend upon the issues chosen by the Third World countries and the programmes proposed by them for negotiation and upon how much power they can muster behind their position. The choice of the issues has to be related to the economic conditions in the industrialized countries and the evolving perceptions within those countries about the interdependence of the world economy. On many issues, particularly involving finance, capital flows, and trade, there is an increasing awareness in the industrialized countries that most of their national problems require global solutions which could not be effective if they are confined to an understanding between the industrialized countries only. The international capital markets have so pyramided, and the exposures of the financial institutions to the Third World countries have made them so vulnerable that problems of Third World countries would have magnified impact on the economies of the industrialized countries. On trade, the interdependence has become even more obvious, as the Third World countries as a whole now constitutes a very significant market for a number of industrialized countries. On the other hand some of the imports from the Third World countries have created serious problems for the competitive producers in the industrialized countries while being lucrative to the end-users and consumers. The problems of adjustment in the industrialized countries to the prospects of increasing and competitive supply of labour-intensive and materials-intensive products from the Third World countries could provide a sufficient basis for reaching an understanding through negotiation with the Third World countries. Thus, in the fields of finance and trade, given the conditions of the world economy and alignment of interests in the industrialized countries, there may be some opportunity for the Third World countries to formulate proposals for negotiation which can be positive sum, yielding benefits to both the parties and therefore increasing the chance of their acceptance.

There may also be some issues in the field of commodities, which can be effectively negotiated in the future, in addition to the individual commodity arrangements. But the process and outcome of the negotiations would very much depend upon how the solidarity in the position of the Third World producer

countries are built up, through the balancing of costs and benefits and mutual interdependence in terms of production and investment. In fact, if such a solidarity can be built up, the Third World countries can possibly negotiate, with success, proposals which are clearly zero-sum in the short-run, with concessions from the industrialized countries in commodities as well as in other fields, in a situation as of today. When all the contending parties have sufficient bargaining power, a situation of warfare or discord may make everybody worse-off. An orderly re-arrangement of the international economic system has a high premium for all the industrialized countries when the previous arrangement proved to be deficient even for them. A reformed system with a new set of rules and institutions, protecting the interests of the Third World countries may be better for them than the breakdown of the entire system of international relations.

The call for "collective self-reliance", given by the Third World countries in a number of conferences in the last couple of years, indicates the move to firm up the solidarity of the Group of 77. But the role of the OPEC in this process might turn out to be critical. The surpluses of a number of OPEC countries have all but disappeared, and those who still have surpluses, may find it difficult to resist the pressures from those who do not, for increasing the oil prices and reducing their supplies, even in the face of strong opposition from the industrialized countries. It is not unlikely that the situation of the mid-1970's may again be repeated in the near future, when the OPEC, feeling the pressures from the industrialized countries, would want to consolidate their position with the other Third World countries. Even if such a situation does not actually arise, the prospects of its arising may be sufficient for them to act in this manner. Moreover, a consolidation of the OPEC with the economies of the other Third World countries, built up through investments, complementary production and supply co-ordination may actually be highly beneficial to the OPEC countries, considering the way the purchasing power of their surpluses deployed in the industrialized countries have eroded over time. If the OPEC countries perceived their long run interest in their association with the other Third World countries, they could conceivably provide a leadership to the Group of 77, either by using their own negotiating strength with the industrialized countries, or by providing the Third World countries with, what President Nyerere described as "the strike fund". That could alter the balance of negotiating power sufficiently to lead to successful outcomes of the North-South negotiations.

4. Policy conclusions: The mechanism of co-ordination

The above analysis leads to certain broad policy conclusions for the North-South negotiations to be conducted effectively from the point of view of both the industrialized and the Third World countries. The first, as has been discussed elaborately in the paragraphs above, is the need for economic analysis and a mechanism for working out the appropriate issues and proposals for negotiations and the programmes for building up solidarity of the Third World countries. Secondly, if this is accepted, there would be a need for institutionalizing this mechanism for the Third World countries. Co-ordinating the interests of the different Third World countries, balancing the gains and the losses from different proposals, and adjusting the proposals simultaneously, keeping both the distribution of net gains and the objectives of the overall

negotiation in view, would involve a continuous process of dialogue, if not some negotiations, between the countries of the Group of 77. This would call for an institutional mechanism to conduct such dialogues in a systematic manner and not as an ad hoc response to specific situations. Thirdly, such an institutional mechanism should be served by a secretariat to provide technical support to the consultation machinery. Again this should be a permanent body, and not an ad hoc agency, to keep track of the almost continuous developments in the different areas of negotiations and also to let it acquire an image of neutrality among the Third World countries by not being reliant on the support of individual countries for periodic renewal of its lease of existence.

5. Research and information

All these follow naturally from the requirements of the Third World countries to make a success of their negotiations. The fourth conclusion, which complements the above three, but can be supported even if the above is not accepted, relates to the need for research and information. For any negotiation to be effective, all the contending parties should have information, as full as possible, on all the implications of the different proposals and their impact on their economies. The North as well as the South would depend upon such information and research, carried out objectively. From the point of view of the South, however, the requirement of research and information is somewhat different and much more crucial, because in addition to negotiating with the North, they have to carry on a process of negotiation among themselves. To arrive at a consolidated platform, which would reconcile the different interests within their own rank and which would also serve as a basis for negotiations with the North, they would need research and information, first on the costs and benefits of the proposals differentially affecting the countries within their own group, and second on the strength and weakness of the position of the North. The differences within the North, between countries and between dominant interest groups, may have to be utilized for the support of the South. The objectivity of research and information in this context is different from the objectivity of global research on the technical aspects of the proposals alone.

6. The format of negotiations

The effectiveness of the process of negotiation would also depend on the format of negotiation. It has sometimes been noted that the UNCTAD format of negotiations on the basis of Group positions has often been an obstacle to the progress of negotiations. But even if it is true that the division of countries between Groups of 77 and B, or the South and the North, is somewhat arbitrary, it does not necessarily detract from their usefulness in a process of negotiations. The group of 77 may have substantial differences among themselves. In terms of interest alignments, levels of development, stages of industrialisation or the impact of different problems, it may be split into a number of overlapping groups of countries. If the world was rational and the negotiations were not based on bargaining strength but were conducted purely on the merits of the cases or the problems, it might have been more useful to negotiate on the basis of functional groups, between countries which are affected differentially by a particular problem. But if the concessions that the Third World countries hope to derive on any of the issues depend on their bargaining strength, it would not be unjustified if they insisted on negoti-

ating as the Group of 77 as a whole with the Group B countries as the adversary. At most forums of the North-South negotiations the Group of 77 usually conducted the negotiations through one chosen spokesman, who had to go through a process of prior consultation every time a new issue cropped up. In the asbence of a parallel machinery for conflict-resolution, it often meant delay, procrastination and occasional filibustering. But it also ensured that at every stage the Group of 77 had one unified negotiating position. If, as suggested above, the Group of 77 could establish a permanent machinery to reconcile the conflicts among themselves and formulate alternative negotiating positions parallel to the formal process of negotiation with the industrialized countries, the weakness of the existing system of ad hoc consultations could be removed. This would increase the effectiveness of the Group of 77 negotiating strategy. It would also improve their solidarity and bargaining strength.

In most of the North-South negotiations the Group B countries behaved as a group of heterogenous countries, with little co-ordination of their position. The statements of the official spokesmen of Group B were often, especially when critical issues were discussed, followed by the statements of other representatives, such as from the United States, the EEC and Nordic States, and their statements were not infrequently contradictory. This, of course, gave these countries some advantage of flexibility of responding to the G-77 position at different levels of accommodation. They could also shift their stand with relative ease, as if to adjust among themselves, which kept the Third World countries guessing at the prospects of their proposals.

So long as the objective of the Group B countries was to block the negotiations and prevent the changes, this method of functioning would have served their interest. But if there is a genuine intention to reach some agreement, they may have to change their approach. The main characteristic of the Group B position up till now was that it was reactive and not autonomous. It was formed in response to the position or the demands of the Group of 77 and not as a suo motto initiative to solve the problems affecting them. The initiatives that the United States had taken, for the Development Security Facility or the International Resources Bank, were not well thought out, nor were co-ordinated with other members of the Group B. If the Group B countries came out with their own co-ordinated proposals, on their solutions to the problems of development, it might alter the course of the North-South negotiations. So the issue is not whether the Group format of the negotiations should be abandoned, but how to make the most effective use of it in the negotiations.

7. The forum of negotiations

The essential political nature of the negotiations would also determine the choice of the forum of negotiations. The Third World countries prefer the United Nations to agencies like the World Bank, the IMF or the GATT as the appropriate forum for negotiations. They consider that agreements in principle can be worked out only in a political forum, on the judgements of relative power configurations, and the political implications of acceptance or rejection of a proposal. The Bank-Fund agencies are technical bodies which can come in at the second stage of negotiation when the principles have been agreed upon, but the technical details have to be worked out. There also, if possible, they would prefer ad hoc, technical or preparatory groups under the

UN to hold such discussions, as was done for the Common Fund negotiations. The voting system in the Bank Fund agencies is weighted against the Third World countries, while at the UN their numerical majority protects them from being outvoted. Further, as borrowers from the Bank-Fund system, they are at a disadvantage in raising issues of fundamental reform, based on a criticism of the operation of the international lending agencies.

Even if the reservations of the Third World countries are appreciated, the importance of technical expertise in the negotiations about the details of the proposals cannot be denied. Since the supply of expertise is limited, and since the appropriateness of different proposals, especially in the fields on money, finance and tariff and non-tariff practices cannot be examined in isolation from the experience of the actual operation of the institutions, the role of the Fund, Bank and the GATT agencies cannot be denied. But what may have to be ensured is that they are involved purely in their technical capacity and not as a forum for political negotiations. So the principles of a programme, its objectives and instruments of implementation should be negotiated in a political framework, like that of the United Nations. The details should however, be discussed and worked out in technical groups, either constituted ad hoc or at the Bank, Fund and the GATT forums where they have necessary expertise. If there is a disagreement at these levels, it should be referred back to the political level for arbitration and settlement. In case there are question of jursidiction and hierarchy, the arbitration body would need to be an apex body of the United Nations, as the Committee of the Whole.

The questions of majority or minority of votes are irrelevant for programmes of international co-operation. If there are some positive outcomes of the negotiations, their ultimate sanction is the universality of their acceptance. The choice of the negotiating forum is based on how such outcomes can be most effectively achieved. If some forums, because of their past history, method of operation or position of influence, inhibit the free and frank negotiations, insistence on holding them there on jurisdicational ground will be counter-productive. Similarly if such forums are to be avoided because one party does not have a voting majority, that would be an irrelevant consideration.

8. The public opinion

In the ultimate analysis, the acceptance of NIEO proposals depends upon public opinion, particularly in the industrialized countries, but not less significantly also in the Third World countries. Any proposal that involves a transfer of resources, or of giving up a position of advantage, even if short term losses are more than compensated by long term gains, must command sufficient support of public opinion for it to be implemented. It is therefore in the interest of the Third World countries, and the agencies concerned with an orderly evolution of the international system - to educate public opinion in the industrialized countries. Similarly if solidarity among the Third World countries is their principal source of strength in the negotiations, public opinion in each of these countries has to be built up, both on the community of interests of the Third World countries and on the programme of action to which they all have to commit to serve such interests.

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MARCAS EN EL CAMINO

UNA PERSPECTIVA LATINOAMERICANA

LIBERACION Y AUTONOMIA EN LA DECADA DEL 80*

por Juan Somavía**

La década del 80 nace en la incertidumbre; aparece a la vez peligrosa y llena de posibilidades.

Peligrosa, porque seremos testigos de una lucha masiva por la redistribución del poder a nivel mundial y nacional. Hay una reestructuración en marcha no completamente prevista por las mentes mágicas de las computadoras ni por la sapiencia del pensamiento; como siempre los procesos sociales reales son más espontáneos, más ricos, más complejos y más inesperados que las previsiones. En estas circunstancias la mantención de la paz mundial será una obligación de todos, no sólo de las grandes potencias. En los últimos meses hemos sido alertados de que la Tercera Guerra Mundial y Nuclear dejó de ser una realidad impensable en el corto plazo. Y en la mente de muchos ha surgido con violencia y pasión una pregunta que la "détente" adormeció: ¿qué derecho tienen las grandes potencias para tomar la decisión de aniquilar el globo?

Pero es también una década llena de posibilidades por la potencialidad que han demostrado en el mundo periférico los nacionalismos populares y los nacionalismos religiosos. Nicaragua e Irán son casos específicos de una forma nueva de irrupción en la política internacional de países que se sacuden las estructuras de dominación para buscar sus propias formas de autonomía.

El marco internacional

El "orden" internacional de postguerra bajo hegemonía norteamericana ha mostrado signos de desintegración en el correr de los años 70. Los efectos y ramificaciones de esta situación marcarán la historia inmediata.

Como en política todo vacío tiende a llenarse, el orden antiguo defiende sus intereses tratando de sortear sus crisis, mientras un nuevo equilibrio está en gestación sin que tenga aún perfiles claramente definidos. La lógica de esta situación global dominará la década del 80 expresándose principalmente en tres procesos centrales que ya es posible observar:

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** Juan Somavía es Director Ejecutivo de ILET, el Instituto Latinoamericano de Estudios Transnacionales (Apartado 85-025, México 20, D.F), y un miembro del Comité Ejecutivo de FIPAD.

- la pugna entre los esfuerzos por afirmar la autonomía local, nacional y regional, y la intervención de hegemonías externas, ya sea económicas, políticas o culturales;
- la pugna entre los esfuerzos por identificar y proteger el ser nacional de cada sociedad, afianzando el desarrollo en las raíces propiamente autóctonas, y la presencia avasalladora de un modelo transnacional de desarrollo, que para la mayoría de los países de la tierra es elitista, extranjerizante e inadecuado;
- la pugna entre un capitalismo en crisis que necesita renovarse y un socialismo que se desarrolla en búsqueda de sí mismo.

La manera como estos conflictos se vayan planteando y resolviendo fijarán un marco de apoyo o contención a los procesos nacionales tanto en el Tercer Mundo como en los países industrializados.

América Latina

A pesar de la enorme y creciente influencia de los factores internacionales con sus limitaciones y estímulos, los fenómenos nacionales estarán al centro del quehacer social latinoamericano.

El pensamiento popular y la acción política continuarán girando principalmente en torno a las acciones necesarias para lograr la liberación integral de los pueblos frente a las estructuras de dominación que los oprimen a nivel local e internacional. En definitiva, la problemática nacional continuará siendo el eje en torno al cual se articule la historia de la mayoría de los pueblos de la región y del Tercer Mundo. Esta es, para más de 2,000 millones de habitantes de la tierra, la verdadera agenda social de la década del 80.

En términos generales, América Latina viene de un pasado desalentador. La década del 70 entrega el testimonio dramático del retroceso en las conquistas populares y en la convivencia democrática, en el marco de una penetración creciente del modelo transnacional de desarrollo. Pero, al iniciar la década del 80, vastos sectores nacionales en América Latina están creando nuevos espacios políticos para las luchas populares en contra de los autoritarismos políticos y económicos, locales y extranjeros. Buscan saber cómo y de qué manera se podrá promover un cambio significativo de esa realidad latinoamericana, concientes de que es necesario ir definiendo las ideas matrices y las formas de articulación política que permitan la puesta en ejecución estable y mayoritaria de esos cambios.

Frente a esa tarea no se puede tener ni un optimismo irreal por lo subjetivo, ni un pesimismo inmovilizante por lo mecánico. Planean sobre América Latina "modelos", "salidas" y "recambios" fraguados por intereses ajenos a las mayorías nacionales y que responden a diversos esfuerzos por impedir que se desencadenen las fuerzas sociales que pugnan por modificaciones radicales en la vida diaria de los hombres y mujeres del continente. Por diversas vías y en distintos idiomas la consigna parecería ser: "Hay que abrir el juego siempre que se pueda con-

trolar la situación". Como tantas otras veces en el pasado, hay y habrá grupos nacionales que desempeñarán su clásica función de caballos de Troya.

Pero, igualmente, hay signos que alimentan la esperanza y, como la praxis social misma, nunca son completamente nítidos ni completamente definitivos. Hay una dialéctica en curso que no se puede negar ni sobrevalorar; hay que estar atentos para recoger de la historia inmediata los datos que permitan avanzar tanto como sea posible en el camino de una auténtica democracia integral. La caída de la dictadura somocista en Nicaragua, los signos de democratización en Brasil, la búsqueda de un quehacer democrático en Ecuador, Perú y Bolivia, la lucha del pueblo salvadoreño, el inicio de la recuperación de la soberanía de Panamá sobre el Canal, son antecedentes que permiten ubicar las perspectivas latinoamericanas en el ámbito de un cambio popular posible aunque no realizado. Conscientes, también, de que las fuerzas del statu-quo tratan de contener y hacer retroceder los avances que se produzcan y que en más de algún caso lo lograrán.

Creatividad en la diversidad

En términos prácticos esta situación plantea a todos un gigantesco desafío de creatividad política tanto en el terreno del análisis como de la acción concreta.

Los años 70 proporcionan evidencia suficiente para afirmar que los modelos incuestionables y las biblias ideológicas han tocado fondo. La praxis social ha demostrado que no se logrará una liberación integral imitando experiencias más allá de nuestras propias realidades. Necesariamente será la comprensión de las especificidades de cada formación social, de cada cultura nacional y regional, de cada estructuración de clases, de cada base material, de cada situación geográfica y geopolítica la que irá definiendo el camino y el ritmo del cambio. El pluralismo en los enfoques y soluciones tendrá que ser tan amplio y diversificado como las diferencias de las distintas situaciones. Ya han surgido y surgirán en el futuro diversas combinaciones de experiencias progresistas y revolucionarias que servirán de estímulo y fuente de aprendizaje, que serán útiles como instancias para recoger conocimientos y experiencias, pero sin que ninguna de ellas pueda aspirar a erguirse como modelo universal.

Este proceso forma parte de una lucha común que involucra a la gran mayoría de los pueblos del Tercer Mundo en donde, aunque las soluciones puedan ser autónomas, hay y habrá múltiples relaciones y conexiones entre todos los esfuerzos locales. En este sentido los desarrollos nacionales tienen propiamente una dimensión internacional y colectiva. Por ejemplo, el curso político que ha tomado el proceso brasileño en América Latina no será simplemente copiado por el resto de los regímenes autoritarios de la región. Sin embargo, no se puede olvidar tampoco que ha sido un caso ejemplar para la "intelectualidad castrense" y por lo tanto hoy ofrece una visión general de las condiciones de subsistencia o agotamiento del Estado autoritario en la región.

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Desde la perspectiva de las ciencias sociales en que este análisis se ubica aparece evidente que la creatividad política necesaria para avanzar en la concepción y desarrollo de los procesos de liberación nacional tendrá que dar respuestas a muchas interrogantes que en distintos lenguajes se plantean a nivel popular. Una observación de los fenómenos sociales y políticos pareciera indicar que hay cuatro áreas de fundamental importancia que requieren un enfoque innovador: la concepción del socialismo, los instrumentos de la democracia, el desarrollo de la identidad cultural y la consolidación de la autonomía regional y nacional.

La concepción del socialismo

Los pueblos del Tercer Mundo que siguen pensando y actuando crecientemente en el marco de las ideas socialistas sienten que el capitalismo ha sido incapaz de constituirse en una posibilidad viable para eliminar la pobreza, la desnutrición, el desempleo, la falta de vivienda y educación, y en general, de dar satisfacción a las necesidades básicas de la población. En su actual fase transnacional promueve modelos de concentración del ingreso, de marginación social y de homogenización cultural que termina por crear enclaves sociales desnacionalizados en cuyo interior sus miembros se sienten y actúan como verdaderos ciudadanos transnacionales. Peor aún, cuando tiene "éxito" en las cifras viene acompañado de sistemas políticos autoritarios fuertemente represivos como en Corea y Taiwan. La lógica de este modelo extremo no es susceptible de modificarse parcialmente. No se trata de hacerlo un poco más justo, un poco menos abusivo. Es necesario asumir que la lógica concentradora que lo impulsa produce necesariamente sociedades de explotadores y explotados. Por esto es que la utopía socialista sigue vigente en el corazón de los pueblos y se fundamenta en la necesidad profundamente humanista de rescatar su propia dignidad.

Pero no basta con decir que se quiere llegar a una sociedad socialista; el voluntarismo desvinculado del conocimiento analítico-práctico de cada sociedad y de los márgenes de acción que ella y el sistema internacional permiten, ha conducido ya a demasiados fracasos. De ahí la enorme responsabilidad que pesa sobre la llamada clase política en los países del Tercer Mundo. Son muchos los que han sido incapaces de darle a la política el contenido de imaginación y creatividad necesario para plantear soluciones adecuadas en el momento adecuado. Nos encontramos todavía con la reiteración de gastados "slogans" y de conceptos mil veces repetidos y frecuentemente alejados de la realidad social a la que se pretende aplicarlos y, por lo tanto, ineficientes como solución de los problemas que quisieran enfrentar. El divorcio entre la viabilidad real del discurso político meramente ideologizante y la naturaleza de los problemas concretos y diarios con que se enfrentan los hombres, mujeres y niños de los sectores populares y parte de la clase media han adquirido caracteres críticos en las últimas décadas.

En los años 80 habrá que responder a una exigencia legítima de los pueblos a nivel nacional: cuál es el significado concreto del socialismo que se está postulando y por ende en qué consiste el socialismo para cada caso. Porque ya está claro a estas alturas que no se puede decir que

el cuerpo de conceptos básicos tras el ideal socialista tenga una única forma de ejecución que se exprese en un modelo singular, y que en definitiva exista una sola matriz universalmente válida. Son los valores de liberación, los objetivos de justicia, las aspiraciones humanistas, el deseo de igualdad y democracia los que constituyen los elementos comunes de la búsqueda. Pero la propuesta nacional que los sectores progresistas y revolucionarios postulen para cada país tendrá que responder en sus formulaciones, en su contenido y en su forma de ejecución a las particularidades que hemos mencionado.

Los instrumentos de la democracia

Todo lo anterior lleva también a plantearse un aspecto central en la construcción de sociedades alternativas, igualitarias y participativas: cuáles serán los instrumentos de la democracia. Aquí hay dos perspectivas claras que definir. Por una parte, la democracia no es sólo el voto, no es sólo la antigua y clásica división entre los poderes ejecutivo, legislativo y judicial. No es sólo la respuesta justa a los problemas de la gestación del poder. Esta es una condición necesaria pero no suficiente. Pensamos que la democracia del siglo XXI que aspiramos a construir debe resolver la cuestión del ejercicio democrático del poder. Debe valorizar particularmente las conquistas del sufragio universal, la protección de los derechos humanos y las experiencias que proceden de diversos procesos revolucionarios, ampliando la gestión del proceso político y la responsabilidad colectiva en la consecución de los fines de cada sociedad. Se trata de una democracia integral: objetivamente democrática en lo político, económico, social y cultural, que permee los diversos niveles de organización de la sociedad y que estimule las distintas formas de articulación de los grupos sociales organizados. Ella no se construye de una vez y para siempre, no queda momificada en los marcos estrechos de una constitución sino que queda impresa como un carácter que "invade" la sociedad civil en donde la institucionalidad jurídica es un instrumento flexible que estimula la penetración y expansión de la democracia.

En términos prácticos, esto significa reconocer un eje fundamental: es la participación popular la que le da vida y oxígeno a una democracia. Las sociedades sin participación son sociedades mudas, son sociedades donde progresivamente el tejido social se va desintegrando por falta de ese oxígeno vital. Cuando la orden reemplaza al diálogo, cuando la autoridad no rinde cuentas, cuando unos mandan y otros sólo pueden obedecer, se aplasta la savia vital que significa la confrontación organizada de las ideas. Por eso es que la participación no puede nunca ser considerada como una concesión gratuita de la autoridad; es por esencia y definición un derecho popular. Nuevamente nos encontramos aquí con que las formas concretas que adopte el proceso democrático y los instrumentos específicos a través de los cuales se exprese la participación responderán a circunstancias muy variadas. Y en eso consiste precisamente el desafío. Es siempre más fácil ordenar que consultar. Es siempre más cómodo decidir entre pocos que entre muchos. El ideal de la participación no es fácil de organizar y tiene costos y problemas de distinta naturaleza. Siempre habrá quienes planteen que es "eficiente" restringir la partici-

pación en aras de la productividad. Todos éstos son problemas reales, que deben enfrentarse en las circunstancias propias de cada país y en la etapa de su desarrollo social en que se encuentra. Pero el postulado inamovible queda planteado: no hay democracia integral sin estructuras de participación real para las mayorías nacionales.

La vida cotidiana nos indica el lugar central que esta temática ocupa para los grupos sociales y los partidos y movimientos políticos reprimidos por una variedad de regímenes autoritarios. También señala hasta qué punto la cuestión del ejercicio democrático del poder es la frontera entre la revolución que se hace histórica y popular y aquella que se burocratiza.

Identidad cultural

Vinculado a las especificidades que nos preocupan, que necesariamente impulsan hacia un pluralismo en la concepción del socialismo y las formas de la democracia, emerge un tema que en el correr de los 80 tendrá una particular relevancia: el desarrollo de la identidad cultural de cada país y de los diferentes grupos étnicos, religiosos o culturales que puedan existir al interior de cada nación. La cultura nacional es un bien nacional. Pertenece y debe estar al servicio de todos. De alguna manera es la memoria colectiva que nos vincula con nuestro pasado y nos proyecta creativamente en la relación con otras culturas y religiones. El sedimento cultural constituido por los valores que históricamente se han ido conformando en una sociedad, constituye a la vez una riqueza y un dato histórico. Es una riqueza porque le da raíces a una nación, pero es también un dato histórico porque el marco cultural puede constituir tanto un impulso como un freno a las necesidades de cambio en beneficio de las mayorías. Es por esto que, como el socialismo y la democracia, la cultura no puede concebirse como algo estático sino como un proceso contínuamente renovado que permite conservar de las herencias históricas aquellos valores que le dan fisonomía y dirección constante a una formación social pero que también permite ir incorporando las nuevas aportaciones que surjan de la construcción de sociedades alternativas.

En esta relación dialéctica entre la cultura ancestral y la cultura a que nuestras vidas dan origen, se encuentra un vértice fundamental en el desarrollo de la capacidad de creatividad política. Este es el lugar e instante histórico en donde se expresa y se afirma la identidad nacional, y donde surge como un envolvente del quehacer social lo propiamente nacional. Por ello es que entender cabalmente los fenómenos culturales nacionales es un componente indispensable de la comprensión de los fenómenos políticos globales. Esta verdad se le ha escapado a muchos en el pasado y ha conducido a errores, tanto en la concepción de los cambios como en la sensibilidad respecto de cómo y de qué manera había que hacerlos y explicarlos en el marco de una cultura determinada. No es accidental que en la historia del Tercer Mundo tantos poetas y hombres de espíritu hayan sido también los liberadores y conductores políticos.

Consolidación de la autonomía

Ninguna de las expresiones y desafíos mencionados anteriormente podrán lograrse o enfrentarse adecuadamente si no es en el marco de un efectivo ejercicio de la autonomía nacional. No se trata de batir los tambores ni de agitar las banderas en torno a falsos nacionalismos históricamente superados. Sí se trata de reclamar y exigir el derecho para que cada sociedad tenga la posibilidad de adoptar democráticamente las orientaciones políticas, económicas, culturales y sociales que estime adecuadas. No se busca la autarquía, pero tampoco se acepta la dominación. En la lucha por la liberación, el desarrollo del nacionalismo se transforma en una fuerza integradora y movilizadora. Es una fuerza que debe amalgamarse --no para enfrentarse agresivamente a otras naciones en un proceso de reversión histórica-- sino para afrontar la solución de los problemas propios.

No obstante, la afirmación de la autonomía nacional no depende tan sólo de la voluntad de ejercerla. Es aquí donde se vinculan esencialmente las exigencias del quehacer nacional con las realidades limitantes del sistema internacional en los cuales están insertos los países del Tercer Mundo. La capacidad de autonomía nacional --y el reconocimiento de las necesarias autonomías regionales, religiosas y étnicas-- no resultará como un regalo de la historia. La búsqueda de autonomía siempre se enfrenta a una hegemonía preexistente. En la escena contemporánea el mundo industrializado, la estructura transnacional y las grandes potencias ejercen diversas formas de poder que se articulan con aliados internos para promover u obstaculizar la consolidación de la autonomía según los intereses en juego.

Algunos actores latinoamericanos

La exigencia de creatividad política se expresa en un desafío dirigido especialmente hacia tres actores sociales fundamentales: las organizaciones populares, los partidos políticos y las fuerzas armadas. Quisiera tratar estas materias desde la perspectiva y la experiencia que me es más cercana: aquélla de los países latinoamericanos.

Las organizaciones populares

El pueblo como actor organizado tendrá la responsabilidad fundamental de transformar la agenda social de los años 80 en realidades políticas concretas a nivel nacional. Quienes recurren a la fuerza y al autoritarismo para moldear las sociedades en beneficio de intereses minoritarios, tarde o temprano se encuentran con que ese pueblo aparentemente silencioso no estaba realmente silenciado, y tras la fachada del "orden" impuesto por la autoridad surge la legitimidad de las mayorías. Sin embargo, todo esto puede ser tan sólo bellas palabras si no hay organizaciones sociales y de clase adecuadas en todos los niveles de la sociedad. Sin una dedicación constante, sin un laborioso trabajo de hormiga, sin la articulación de múltiples formas de movilización popular y sin la conciencia política de que más allá de las antiguas o actuales divergencias, la gran masa del pueblo tiene intereses básicamente comunes, será muy difícil crear las condiciones necesarias para la liberación nacional y popular.

Es en el seno de cada pueblo, en cada país, en cada condición histórica particular, donde debe surgir como fuerza promotora del cambio la capacidad y la decisión de articulación popular, desde los sindicatos hasta las organizaciones femeninas, desde el movimiento estudiantil hasta las organizaciones profesionales, desde las comunidades de base de la iglesia hasta los partidos políticos, desde el vecindario hasta la provincia. Más allá de las condiciones particulares en que surgió la consigna de que el "pueblo unido, jamás será vencido", la praxis política ha demostrado que esa idea tiene una fuerte validez objetiva. La división, las divergencias, la desunión y el sectarismo en el seno del pueblo, conducen a la parálisis de las luchas populares y democráticas y a la continuada dominación de las minorías. Por el contrario cuando hay unidad, hay condiciones para la victoria.

Los partidos y movimientos políticos

Pero este problema de la división en el seno del pueblo tiene mucho que ver también con la crisis profunda por la que atraviesan los partidos y movimientos políticos latinoamericanos, tanto de centro como de izquierda. Entrando a la década del 80, hay una renovación tan urgente como indispensable que debe producirse en la llamada clase política y en quienes aspiran a,o pretenden transformarse en líderes y conductores políticos. Se ha producido una rápida y dramática obsolescencia de un cierto "estilo" de hacer política. El bello discurso ya no puede reemplazar al conocimiento de los problemas y la convocatoria puramente ideológica desvinculada de los problemas cotidianos suena y se percibe como teórica, dogmática o ambas.

La renovación abarca, entre otros, los siguientes aspectos:

a) La superación de las divisiones que pareciera ser una plaga histórica que persigue a los sectores progresistas y revolucionarios del mundo. Como dijo Tomás Borge, para no capitular ante el enemigo "a veces tenemos que capitular ante nuestras discrepancias".

b) La capacidad de enterrar el sectarismo en el debate político, en donde la convicción propia se eleva a la categoría de ley universal que excluye y condena toda otra visión de la realidad.

c) El desarrollo de un lenguaje popular que describa los problemas y sus soluciones a partir de la forma como se expresan realmente en la sociedad y no enclaustrado en una semántica plagada de arquetipos ideológicos y doctrinarios. Como dijo un escritor latinoamericano, se trata de "aprender a hablarle a la gente y no a la secta".

d) El reconocimiento de que la eficiencia, la capacidad y el conocimiento técnico deben transformarse en un patrimonio a valorar, en vez de considerarlas características supuestamente "tecnocráticas" y por ende subalternas y despreciables en la decisión política.

e) La aceptación de que las estructuras partidarias no pueden pretender controlar las acciones de las organizaciones sociales autónomas. Supone convencerse que los sindicatos, las organizaciones populares y gremiales y otras formas de movilización social no pueden ser consideradas como apéndices políticos de los partidos. Debe reconocerse su vida propia y los intereses particulares que representan.

f) Tomar conciencia de que el mundo está plagado de nuevas realidades que deben abordarse desde una perspectiva política renovada; ello exige un desarrollo analítico en áreas tan diversas como la expansión del modelo transnacional de desarrollo, el resurgimiento de la convocatoria religiosa, los conflictos armados entre países socialistas, el creciente desgaste de la ecología, el potencial autoritario de las nuevas tecnologías en telecomunicaciones, los problemas que plantea la informática, y la concentración del poder de comunicar y otros temas de igual relevancia.

Todo esto supone una concepción de partido en donde pueda entrar el sol y la luz, en donde la participación no se transforme en conformismo tácito, cualquiera sea la tendencia, sino que se viva del oxígeno fresco y abundante del debate abierto y democrático y del respeto personal y político, tanto a las decisiones de las mayorías que fijan la conducción y orientación como a las opiniones de las minorías que existan en el seno del partido.

Hay dos prácticas que se debe saber superar. Aquella que le tiene miedo al cuestionamiento y construye la unidad en torno de un aparente consenso promovido verticalmente. La segunda, aquella que le teme a la disciplina y construye la unidad sobre la base de tratar de incorporar todas las visiones cualquiera sea su representatividad relativa. Ambas actitudes olvidan que participación y disciplina son dos caras de una misma moneda; la una no existe sin la otra. El acto de participar lleva implícito la aceptación disciplinada de las decisiones colectivas que resulten del debate y la legítima exigencia de disciplina se fundamenta en el carácter participativo de la decisión.

La tarea es de magnitud. Es de esperar que en el camino algo se haya aprendido y que las fuerzas progresistas y revolucionarias sean ahora capaces de enfrentarse a los años 80 con la unión, la visión, la imaginación y la falta de prejuicios que les permita crear nuevos hechos políticos. Hay muchos complejos de izquierda que superar, muchas ataduras mentales que cortar para generar propuestas de cambio que sean realmente capaces de convocar a las mayorías nacionales, desde los sectores populares hasta sectores de la clase media.

Las fuerzas armadas

Las fuerzas armadas de América Latina se han constituido en un actor político central, cuya capacidad de orientar el destino de sus países sobre la base de doctrinas orgánicas e institucionales no tiene ya nada que ver con la de la antigua guardia pretoriana de los clásicos tiranos.

Como resultado, en muchos lugares de América Latina el mundo parece al revés: en nombre de la nación se deshace lo nacional y se transnacionaliza al país; invocando el "libre juego de las fuerzas del mercado" se establece una economía concentradora y monopólica; en nombre del bienestar se agiganta la extrema pobreza; y en nombre de la libertad se recurre a la represión y al terrorismo de Estado. Se instalan así modelos políticos que sustituyen la libre expresión de todo un pueblo por el libre consumo de unos pocos.

A pesar de todo su poder aparente muchos sectores de las fuerzas armadas en estos países inician la década con temor al futuro. El devastador proceso que han desatado se está volviendo en su contra. La distancia que hay entre un pueblo atemorizado y un pueblo indignado hasta la acción violenta y desesperada es corta. Esto lo sabemos todos.

Por ello, en América Latina la cuestión de las fuerzas armadas es un tema inevitable. Es mucho lo que ya se ha dicho y escrito. No se pretende aquí retomar a fondo este debate, sino tan sólo resaltar algunas implicaciones que, en el marco de lo antes tratado, tendrá su actuar sobre los acontecimientos de la década del 80. Sintéticamente, una observación de la situación revela los siguientes aspectos centrales:

a) Ciertas experiencias históricas del Tercer Mundo han dado ejemplos de situaciones nacionalistas en que personalidades o integrantes de las fuerzas armadas se han comprometido en mayor o menor grado con las necesidades de los desposeídos. No han sido siempre ni necesariamente una fuerza antipopular. (Nasser, Velasco Alvarado, Torres, Arbenz).

b) En América Latina, particularmente a partir de la Revolución Cubana, la obsesión con la subversión y los "enemigos internos" ha impedido a amplios sectores de las fuerzas armadas comprender las raíces profundamente nacionales y populares que tienen las demandas por los cambios de estructura. Todo se interpreta a través del prisma mundial de los intereses imperiales en la región y se tiende a mirar el país propio con ojos extranjeros.

c) Más allá de los orígenes reales de la doctrina de la "seguridad nacional" y de los estragos sociales y políticos que ha producido en tantos países de la región hay una pregunta fundamental que todos tendrán que enfrentar en el curso de la década, particularmente en el marco de los países del Cono Sur y algunos de Centroamérica: ¿Continuarán las fuerzas armadas, con su actual función institucional de protectoras de intereses minoritarios nacionales y transnacionales, o son concebibles cambios tan importantes en su orientación y perspectiva que les permita renovarse hasta el punto de sumarse a las fuerzas democráticas que reflejen una alternativa nacional y popular en beneficio de las mayorías? Sin duda no habrá una reacción uniforme en todos los países de la región y en cada circunstancia particular surgirán alternativas producto de la articulación de los poderes en pugna, de la experiencia concreta y de las tradiciones de cada sociedad.

d) Si la respuesta es positiva, ¿este cambio de orientación surgirá de modificaciones internas en el seno de los institutos militares o de presiones sociales externas que las induzca a caminar junto al pueblo?; o, ¿qué combinación de ambos elementos?

e) Si la respuesta es negativa, ¿estarán todos los integrantes de las distintas ramas de las fuerzas armadas dispuestos a aceptar las consecuencias de esa decisión? Principalmente, la de dar pie a que

el logro de las aspiraciones de justicia, igualdad y participación no tengan otro cauce posible que la insurrección en todas sus formas. Lo fundamental en la década será saber cuándo, en cada situación nacional, los integrantes de las fuerzas armadas ya hayan cruzado para siempre el Rubicón y se encuentren definitivamente en el punto de no retorno, situación a partir de la cual la confrontación se hace históricamente inevitable.

f) Todo lo anterior lleva a la conclusión de que el reiterado llamado a una nueva creatividad pasa igualmente por los hombres de uniforme. También su papel tiene que estar definido por las realidades y necesidades concretas de los pueblos de cada país, por un auténtico nacionalismo que refuerze la autonomía patria, y no por la importación de ideologías ajenas al ser nacional. También ellos y cada sociedad tienen que repensar su verdadero papel hacia el futuro. En ese marco, la legitimidad de su función social solo puede resultar del consenso y no de la autodesignación autoritaria.

Comentario final

Uno sólo: no se puede nunca olvidar que tras todos estos temas hay seres humanos de carne y hueso; personas que viven y sufren; hombres, mujeres y niños para quienes el concepto de liberación y su autonomía no son meras palabras sino que la esencia de una nueva vida personal, familiar y social que quieren construir para ellos y su patria.

Achmad Rofi'ie
Institute for Development Studies
Indonesia

Dearest IFDA DOSSIER,
Let me thank you very much by publishing this 'cartoon' on your next Bulletine as I read regularly through my office: Institute for Development Studies Indonesia. I am working there, and I love my job.

Sincerely yours,

Achmad Rofi'ie
Jl. Salam 30, Pejompongan, Jakarta Pusat.
Indonesia

DOSSIER FIPAD 18 . JUILLET / AOÛT 1980

INTERACTIONS

DECLARATION DE DAKAR

Les participants au Premier Congrès de l'Association mondiale de prospective sociale, réunis à Dakar du 21 au 23 janvier 1980,

D E C L A R E N T

1. Que l'aggravation des tensions et des conflits internationaux et intranationaux qui divisent le monde au début de la présente décennie, conflits qui sont divers mais liés dans leur essence même, est déjà à un stade très critique et menace les libertés fondamentales des individus et des peuples.

2. Qu'il s'agit, plus que de simples situations conjoncturelles, d'une réalité de relations internationales injustes, d'un ordre international inacceptable et explosif.

3. Qu'il est nécessaire d'établir un nouvel ordre international global, basé sur la justice sociale internationale.

4. Qu'il faut, une fois pour toutes, dénoncer et se désolidariser de ce concept du "développement" synonyme de "simple croissance économique" pour le remplacer par celui d'un développement endogène global, économique, social, politique, et culturel, qui permettra la pleine réalisation de l'homme, de tout l'homme et de tous les hommes.

5. Qu'il est indispensable de définir les besoins réels - matériels et spirituels - de l'homme et de lutter contre les sociétés de consommation qui symbolisent le superflu, l'accessoire et l'accidentel et peuvent mener à la perte de l'être humain.

6. Qu'il faut établir une nouvelle hiérarchie des valeurs et accorder une plus grande place aux valeurs socio-culturelles de chaque peuple afin que l'éducation et la culture deviennent des buts fondamentaux. Participant de plein droit, le peuple assurerait aussi sa propre réalisation et définirait sa propre vision du futur dont un élément essentiel est bien l'autodépendance collective.

7. Que le concept de "transfert de technologie" tel qu'il s'entend aujourd'hui est inacceptable. Il doit être résolument critiqué, rayé du vocabulaire international et remplacé par celui d'échanges et de coopération scientifique et technologique fondés sur la créativité de tous les peuples.

8. Que le nouvel ordre international global ne saurait être atteint sans de justes structures sociales, elles-mêmes impossibles à réaliser sans que s'établissent de nouvelles structures mentales pour cet homme nouveau, pleinement conscient, capables d'utiliser la totalité de son potentiel intellectuel grâce à un nouveau type d'apprentissage.

9. Qu'aujourd'hui - plus que jamais - l'étude du futur et la prospective sociale sont indispensables, cette prospective qui doit prévoir, ajuster, corriger, réorienter l'action des pays en vue de l'accomplissement de leur devoir social et pour construire un avenir enfin vivable pour tous les hommes.

10. Que le développement de l'homme, matériel et spirituel, est un impératif auquel on ne peut renoncer. Le développement de toutes les "potentialités humaines", de la créativité et de l'intelligence est donc un devoir social, à la fois des Etats et de la Communauté internationale. C'est aussi un droit humain fondamental.

11. Que la solidarité internationale, basée sur le respect de l'autre, sur la justice sociale et l'équité est l'alternative possible et désirable pour assurer la paix, la justice et le vrai développement des peuples, - et pour apporter une solution raisonnable aux situations de marginalité et à la lutte contre la misère; cette solidarité se fonde sur un engagement contractuel, impliquant le droit à la rupture avec l'ordre existant.

12. Que le "Contrat de Solidarité" pourrait devenir un instrument essentiel de la coopération régionale et internationale pour que cette coopération soit réellement, effectivement, au service de l'intérêt supérieur de l'humanité. Alors, et alors seulement, notre monde deviendra un monde possible, humain et fraternel.

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Fait à Dakar, le 23 janvier 1980.

QUELQUES REMARQUES SUR LA MAITRISE DES BESOINS

par Serge Antoine*/

L'analyse d'un sujet comme celui de la maîtrise des besoins peut être entreprise à nature de besoins constants, en éliminant l'analyse du mouvement et des nouveaux besoins.

A le faire ainsi, les recommandations pour la "maîtrise des besoins" risquent alors de privilégier l'existant, la norme, la répartition distributive, la règlementation.

Si l'on introduit par contre le changement, la germination et la naissance de besoins nouveaux, on donnera alors plus d'importance à l'écoute des jeunes générations, à l'éducation, à l'expérimentation sociale.

I. Je serai bref sur l'analyse à besoins constants. Les discussions à Dakar ont été riches à cet égard. Je dirai seulement que même à besoins constants, il y a des éclairages qui n'ont, à mon avis, pas été suffisamment mis en valeur.

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*/ Ministère de l'Environnement, Paris, France.

1. Le premier éclairage vient du progrès constaté, depuis quelques années, dans l'analyse de la notion de besoins de base. Je ne crois guère à la valeur scientifique de ce critère ni même à sa valeur politique réelle; mais l'intérêt de cette notion est, tout de même, d'être une manière d'entrée dans le débat public sur les "styles de vie"; une manière de discuter des finalités sociétales, une manière de prendre la dimension du monde et du nombre de ceux qui n'y ont pas ce minimum vital.

2. Le deuxième éclairage résulte de la redécouverte de la notion de "gaspillage". Là encore, malgré le flou de la notion, l'on va bien au delà d'une discussion sémantique. Parler de gaspillage est une manière de faire entrer, dans la discussion économique, une référence à une échelle de valeurs dont l'économie politique avait stérilisé, depuis longtemps, la saveur.

3. La notion de ressource, elle aussi, apparaît, de plus en plus, dans le débat; elle oblige, à travers la rareté, à un dialogue vrai entre les besoins (éphémères ou de consommation) et les stocks. Mais, peut-être, n'a-t-on pas encore suffisamment mis l'accent sur la notion de "ressource renouvelables" ou pas renouvelables. La satisfaction des besoins à ressource renouvelables ne pose pas du tout les mêmes problèmes que pour des biens à ressources non renouvelables.

4. Enfin, il est évident que d'éclairer le débat des besoins par une dimension internationale fait appel à une problématique où l'égalitarisation rencontre les problèmes d'indentité culturelle; il y a, entre ces deux aspirations, des tensions ou des oppositions qui sont enrichissantes pour le débat qui peut exister entre l'économie in situ ou l'économie mondialisée.

Peut-être, dans ce débat public sur l'internalisation des besoins, n'a-t-on pas suffisamment mis en relief les communautés de voisinage? Peut-être n'a-t-on pas suffisamment souligné le progrès dans la mondialisation par la création de stratégies de discussions entre voisins? Cette discussion, chez les économistes, se traduit, par exemple, par des hypothèses de solidarité de "zones" (cf. Jacques Attali). Mais, elle peut se traduire, au delà des "zones" institutionnelles ou monétaires, par le développement de concepts et de solidarités entre "écorégions" ou milieux gégraphiques.

II. Au delà de la discussion à besoins constants qui simplifie l'interrogation mais qui l'ampute de la vie, il y a celle qui prend en compte les besoins nouveaux, dès la naissance de ceux-ci.

Doit-on, en effet, se borner aux besoins élémentaires et se contenter de "rattraper" les différences ou les évolutions purement démographiques? Ne doit-on pas se préoccuper, dès leur apparition, des "nouveaux besoins" qu'ils s'appellent objets: (moto, télévision, télématique) ou qu'ils répondent à de nouveaux créneaux (communication, éducation sabbatique, ...)? Il est bien évident que cette approche dynamique ne concerne pas seulement les pays riches (où il ne s'agit pas seulement de gadgets); elle intéresse les pays pauvres, à la fois par la création de besoins nouveaux chez eux, par les transferts qu'ils appellent ou par les répercussions de certains gaspillages éventuels de ressources.

Cette approche dynamique fait appel, à notre avis, à quatre types ou moyens de maîtrise des besoins:

- le premier est l'internalisation des finalités sociales dès le début de la phase de recherche, d'expérimentation ou de production des réponses aux nouveaux besoins. Il est trop tard quand le système est en route sur des réponses jugées non essentielles ou même nuisibles à la société. Il faut internaliser la problématique des besoins dès le stade de la recherche technologique.

- Le second moyen consiste à favoriser une approche décentralisée. Beaucoup de besoins inutiles et de mauvaises réponses à la maîtrise des besoins proviennent de la centralité ou de la diffusion en tâche d'huile de modèles "stéréotypés". Par exemple, en France, tout un gachis résulte de la diffusion de normes de standards ou d'appétits de modèles d'habitat monotypes dans tout le pays, à partir de modèles propres à une région très dense (la région parisienne). Les collectivités locales sont un bon cadre pour satisfaire des besoins si elles ont, en même temps, les responsabilités nécessaires (par exemple, finances prélevées par impôt sur l'habitant).

- Cet appel à la responsabilisation du citoyen ouvre la voie à une troisième piste: c'est celle de l'éducation, ou plus généralement, de la formation. Mais, il faut ici bien préciser que l'éducation réellement utile doit être celle des responsabilités et non celle qui suscite des utopies gratuites ("les autres paieront; la nouveauté n'a pas de prix"). Le système éducatif de nombreux pays est, hélas, une fabrique à besoins sans référence aux conséquences. S'il faut laisser la place au rêve et à l'utopie dans toute la mesure où ils obligent à préciser les finalités, il n'est pas bon de laisser se créer une obsession de besoins inatteignables et souvent superflus.

- La maîtrise des besoins changeants implique, enfin, plus d'"expérimentation sociale". Une société sans expérimentation qui procède à des mutations par normes générales et sans "essayage" est une société qui paiera cher le prêt-à-porter généralisé. Les anglais riches faisaient porter, pendant quelques mois, leurs costumes par leurs valets pour mieux "entrer" dedans. Ne faut-il pas, pour nos pays, laisser au moins le "un pour cent" à l'expérimentation sociale, à l'innovation calculée qui éprouve la nouveauté avant de la généraliser?

EXPERIENCES

Les expériences qui suivent concernant la qualité de la vie au travail, fournies par le projet Demain-Aujourd'hui[1], font suite à celles touchant aux techniques appropriées, à l'habitat, à l'aménagement urbain et régional présentées dans les Dossiers MIPAD 15 et 16.

1/ Elles ont fait l'objet d'une présentation d'ensemble dans le document préparé par Ignacy Sachs et Michel Schiray, du CIRED, Styles de vie et de développement dans le monde occidental: Expériences et expérimentations pour le séminaire régional organisé par la Commission Economique pour

LA QUALITE DE LA VIE AU TRAVAIL

Nombreuses et diverses sont les expériences d'amélioration de la qualité de la vie au travail à l'intérieur des entreprises. L'action syndicale dans tous les secteurs et dans tous les pays ne date pas d'hier.

Parfois très riches aussi ont été les expériences initiées par les dirigeants d'entreprise, souvent avec l'appui des syndicats.

Plusiers travaux ont depuis longtemps montré l'importance de la qualité de la vie au travail pour l'efficacité de l'entreprise[2/]. Certains gouvernements ont très fortement appuyé ces actions[3/]. Cependant, comme on l'a noté, la plupart de ces expériences restent inscrites dans des rapports de pouvoirs donnés et étroitement contrôlées par les dirigeants des entreprises, elles n'impliquent la participation des salariés que sur certains aspects de la vie de l'entreprise.

L'exemple cité, à Jamestown[4/], d'une coopération dirigeants-travailleurs montre que la participation peut, dans certaines situations, être poussée et que l'amélioration de la qualité de la vie au travail peut être associée à un processus de relance de la production. Pourtant, les processus propres et endogènes des travailleurs pour transformer l'organisation de la production pour une meilleure qualité de la vie au travail est difficilement dissociable des autres aspects de la vie de l'entreprise comme les orientations générales de la production. Il est intéressant de noter que pour l'exemple décrit de la Lucas Aerospace[5/], la réorganisation des conditions de production n'est qu'un aspect de l'effort global des salariés pour réorienter la production de l'entreprise. Ce processus endogène s'est heurté au pouvoir des dirigeants et à la logique de l'entreprise.

Il n'est donc pas étonnant que les expériences les plus riches d'amélioration de la qualité de la vie au travail soient associées à celles concernant le contrôle des entreprises par les travailleurs, coopératives ou entreprises autogérées. Nombreuses et anciennes sont les expériences d'organisation collective de travailleurs pour contrôler leur outil et leur production, dans les différents pays et sous des formes diverses.

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l'Afrique et le Programme des Nations Unies pour l'Environnement sur "Les différents modes de développement et styles de vie possibles pour la région africaine" qui s'est tenu à Addis Abeba, en Ethiopie, du 5 au 9 mars 1979 (ECA/SAP/1979/6).

2/ Au premier rang desquels il faut rappeler les travaux réalisés au Tavistock Institute, en Angleterre: voir F.E. Emery et E.L. Trist, "Socio-technical systems" dans C.W. Churchman et M. Verhulsy (eds.), Management Science and Techniques, vol.II Pergamon, 1960. Ces travaux ont été à l'origine de nombreuses expériences concrètes particulièrement poussées et significatives.

3/ Il faut citer en premier lieu la Norvège qui, entre 1962 et 1970, a développé un programme de démocratie industrielle qui prévoyait un appui à toute une série d'expériences d'innovations sociales dans le travail et leur diffusion. Ceci constitue une référence importante.

4/ & 5/ Voir Dossier FIPAD 16.

Le tissu coopératif a largement servi de cadre à ce type d'expériences. Mondragon, dans le pays basque espagnol, qui regroupe un ensemble de soixante cinq coopératives, constitute un exemple de viabilité durable, dans une économie de marché, de ce type d'organisation et une référence pour de nombreux observateurs de tous les pays[6]. Dans la plupart des pays existent des expériences déjà anciennes et probantes: en France, les chantiers de Roquebrune regroupant une centaine de membres, datent de la fin de la deuxième guerre; aux Etats-Unis, les usines de contre-plaqué du Nord-ouest des Etats-Unis remontent aux années 1920-1930[7].

Notons cependant que pour quelques exemples très significatifs, la plupart des coopératives ouvrières sont restées très classiques dans leur forme d'organisation du travail et même dans les systèmes de pouvoir interne. Le poids du marché dans lequel elles s'inscrivent est certainement une cause essentielle dans la reproduction du système hiérarchisé, mais il n'est pas la seule cause[8].

A côté des coopératives qui peuvent regrouper plusieurs centaines d'employés nombreuses sont également les expériences de collectifs de travail qui, sous des formes variées, regroupent un plus petit nombre de personnes[9]. Notons que la petite dimension permet certainement la meilleure prise en charge collective de l'ensemble des aspects de la qualité de la vie au travail. Plusieurs cas donnent l'exemple d'une rotation des tâches et des responsabilités quasi-totales. Ce qui est sans doute le plus difficile. Mais, à côté de ces exemples connus dans l'ensemble, la crise économique et la restructuration industrielle accélérée de ces dernières années, donnent lieu au développement de très nombreuses expériences de contrôle des entreprises par les travailleurs, consécutives à des fermetures.

Le processus, nouveau par son ampleur et par la dynamique institutionnelle qu'il provoque, répond d'abord à une préoccupation de préservation de l'emploi. Il donne lieu également à de nombreuses expériences d'organisation du travail et de la production par les travailleurs et à l'apparition de nouveaux acteurs sociaux dans la prise en charge de l'appareil de production, notamment industriel.

6/ Par exemple: Nitish R. De, "Action research as a learning strategy", Human Futures, New Delhi, Spring 1978; Ana Johnson et W.F. Whyte, "The Mondragon system of worker production cooperatives", Industrial and Labour Relations Review, vol.31, no.1, October 1977.

7/ K. Berman, "Les coopératives ouvrières dans l'industrie du contre-plaqué", Autogestion et socialisme, novembre 1975.

8/ Parmi les nombreux travaux sur le sujet et au-delà des seules coopératives, suggérons par exemple: Joyce Rothschild Whitt, "Resistance to bureaucracy: The emergence of collectivist democratic work organisation in the US", Cornell University, Ithaca, New York, communication présentée au Neuvième congrès mondiale de sociologie, Uppsala, Suède, août 1978.

9/ Une enquête aux Etats-Unis dénombrait trois à vingt-quatre membres pour ce type d'organisation ("Grassroots collectives"). Pour une typologie des expériences de contrôle des entreprises par les travailleurs, voir notamment: William Foote Whyte, Cornell University, "Worker Participation:

La plupart des pays sont confrontés à ce type de situations. En France, l'exemple de Lip en est un symbole vivant, à l'échelle nationale, où après l'échec d'une reprise de l'entreprise par la médiation de l'Etat, les travailleurs ont pris en charge la reconstruction de l'appareil de production. L'expérience, qui a connu une très forte mobilisation externe, a bénéficié d'un soutien de groupes divers. Aujourd'hui, le redémarrage devrait être réalisé sous une forme coopérative. Une mutuelle de l'Education nationale devait contribuer financièrement. Le soutien de l'Etat était attendu, essentiellement par un apport d'"aide pour la création d'emplois d'utilité collective" que le ministère du Travail est normalement chargé de distribuer. Aux Etats-Unis, où ce processus apparaît se multiplier, il semblerait même que se dessinent des politiques délibérées pour soutenir ce type d'expériences. La prise en charge par les travailleurs de leur outil de travail semble en effet s'affirmer comme une réponse viable, face la défaillance des dirigeants, pour lutter contre la fermeture d'usines et la préservation de l'emploi. Ceci, non pas tant en raison des marges de profit moindres qu'acceptent les nouveaux propriétaires des entreprises par rapport aux grandes corporations; mais surtout parce que la propriété collective accroît, dans bien des cas, la productivité de l'entreprise, parfois dans des proportions considérables10/.

Un exemple connu de transfert de propriété aux travailleurs est, parmi d'autres, celui de Vermont Asbestos group dont 178 mineurs sont aujourd'hui propriétaires 11/. Mais ceci ne concerne pas seulement des entreprises moyennes. Un exemple récent est fourni par Youngstown où une usine d'acier employant 5,000 ouvriers, après avoir fermé, devait être rachetée par les salariés appuyés par une coalition de membres du clergé de confession diverse. Un soutien technique a été apporté par le ministère du Développement urbain et de l'habitat pour montrer la viabilité du projet. Une action a été engagée pour trouver le financement nécessaire12/.

Certes, le contrôle des entreprises par les travailleurs n'est pas forcément synonyme d'autogestion. Des exemples montrent qu'il peut y avoir reproduction des formes traditionnelles d'organisation du travail et une barrière entre certains groupes de salariés. Toutefois, c'est dans ce champ d'expériences qu'existent les formes les plus poussées de participation des travailleurs à la vie de l'entreprise, et les expériences les plus riches d'amélioration de la qualité de la vie au travail.

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10/ Voir, en particulier, Bruce Stokes, "Worker participation, productivity and the quality of work life", Worldwatch Paper, no.25, Dec.1978, Washington. Ceci constitue un enjeu essentiel des sociétés occidentales quand on songe qu'aux Etats-Unis, par ex., les deux cents premières entreprises qui regroupent 60% des actifs industriels en 1972 n'ont participé que pour moins de 75,000 emplois nouveaux des 9,5 millions créés entre 1969 et 1976. Voir William Foote Whyte, Cornell University, "The voluntary job preservation and community stabilization", communication présentée au Neuvième congrès mondial de sociologie, Uppsala, Suède, août 1978.

11/ D. Zwerdling, Democracy at Work (Washington: Association for Self-Management, 1978)

12/ D'après divers documents transmis par Gar Alperovitz, "Exploratory Project for Economic Alternatives" qui a participé à cette action.

SOCIAL ECOLOGY AND DUAL ECONOMY

by Joseph Huber*/

When reference is made to ecology in conjunction with economy, most people think in terms of the exploitation of natural resources, recycling, pollution-fighting production design or internalizing external costs, in short, of the so-called limits to growth. That, however, "social limits to growth" also exist is something that occurs to very few. Therefore ecology is very often reduced to technological and economic aspects of environmental protection.

This kind of ecological reductionism fails to acknowledge the fact that man's inner (im)balance is inseperably connected to external (im)balance, that therefore problems in the natural environment are closely related to those arising from the social environment. As a result of this ecological reductionism, many all-too green "environmentalists" and "conserver people", neglecting social and political issues, are prone to technocratic solutions.

Up till now, the development of the market economy and the industrial system has not only led to increasing exploitation of natural resources and increasing turnover of goods and services. It has also prompted a drop in the local subsistence economy; i.e., the self-supporting economy, both collective and individual. Certain forms of social life previously bound to the traditional subsistence economy have also fallen apart with this decline, especially community life and neighbourhood and family commitment. If this process were to continue without limitations, it would mean that the individuals, no longer social beings, would become interpersonally disconnected parts of the big industrial machine, whereby their sole function would be to fulfill roles as working personnel and consumers and clients.

Nevertheless, human beings do not adapt to any given condition, in spite of their appreciable learning capacity. This is reflected by the ever-growing chain of disease and social crises: the mortality rate has started to rise again; occupational, "civilization" and mental illness, drug abuse, alcoholism and crime are on the increase; more and more people are losing their hold on social reality in one way or another. Our major themes of the day, beside business, are loneliness, emptiness and nothingness.

Just as the industrial system must keep within certain limits regarding the exploitation of natural resources if it wants to retain its balance with the natural environment, it obviously must not make excessive demands or misuse nor over-burden human and social "resources". Otherwise it would destroy rather than serve the very social environment from which it exists and into which it used to be and should be embedded. Therefore we must protect not only our natural but also our social environment. This is the basic question of social ecology - and one of the answers, given the present situation perhaps the most obvious answer, is a better balanced dual economy.

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*/ Freie Universität Berlin, Fachbereich Politische Wissenschaft (FB 15), 1000 Berlin 33, Ihnestrasse 21.

The duality therein lies between the institutional sector and the informal sector of the economy.

The institutional sector consists of all registered businesses and other private and public institutions; from agriculture and basic industries to those involved with services and administration. The institutional sector contains all the jobs where the so-called active population is employed or self-employed. Wage work is predominant. The work is also highly professionalised. The insitutional sector is held together by the market and its flow of money, as is measured in GNP. The informal sector includes all other non-scheduled, non-professional and non-market economic activities. The predominant form of labour is what may be called communal or individual self-supporting work, the result of which is not given away into an anonymous market but serves subsistence (e.g., housework, neighbourhood cooperation, non-paid pursuits, "leisure jobs"). Although these activities may be paid for on an informal basis, they are not registered and do not appear in the GNP. The informal sector is held together by the social life of its members, their community life, their values and behavioural norms.

There are various definitions of dual economy. Besides the distinction between the institutional and informal sectors, in the colonial economy the dualism is interpreted as the relationship between the native subsistence economy and the monetized market economy imposed from the outside by foreign powers. In another context, the dualism has been conceptualized as existing between the private and the public businesses, or between big and small enterprises, or between the officially registered and the illegal market (moonlighting, tax evasion, smuggling, fiddling, the black market). Finally, a Dual Labour Market exists between the "good jobs" with high income, influence and security, and the "bad jobs" with low income and instability. In all these varying definitions there is a notable overlap and convergence in the underlying question of social ecology.

Quantitatively speaking, the informal sector is larger than the institutional one. According to the calculations of a group of French authors in 1975, 43% of the entire working hours of the French population (37 billion hours) were devoted to professional occupations and 57% (49 billion hours) to the informal sector in non-registered form (Adret 1977, 116). Qualitatively, however, due to the enormous centralization of capital and industrial production, the informal sector, despite its size, has been degraded to a shadow economy of the institutional sector, in which the activities have become individualized and directed towards market interests, both in terms of consumer behaviour and working personnel behaviour, with its meritocratic career-climbing that leads to the whole personal life being transformed in a "business". There is indeed a pressing need for a kind of social environment protection to prevent the further destruction of community life, self-supportive work, self-help, self-sufficiency and self-reliance.

The concept of a better balanced dual economy is a threefold one. It means:

- system transformation, mainly to overcome the objective pressures of growth caused by monopolist and international competition;
- system limitation, i.e., limiting the further expansion of the institutional "mega-machine", the money economy, the market system, disabling professionalization;

- social development, i.e., putting more emphasis on developing community life, personal instead of institutional growth, new life-styles.

The goal is to embed the techno-systems into social life again and make economy subordinate to politics. This would entail a balance between the two economic sectors; between wage labour and self-supportive work, between the external professional productions of the market and the internal self-supporting upkeep of community life. This suggests the following partial strategies:

1. A considerable reduction of the working time in the formal sector to the advantage of allowing more time for informal activities.
2. Making those resources demanded by self-supportive labour more readily available, especially by offering buildings, land, tools, equipment and the necessary skills.
3. A conversion of manufactured goods so that there are less finished products which are consumed in an individual and passive manner and more half- or pre-febricated products offered that could serve as means of self-supportive labour. The leading image which comes to mind is that of the "self-producing consumer" (Bierter) and the clients who help themselves.

   It is important to offer products that bear social use value and not just bearing technical use value. Thereby "social usefulness" remains to be discussed. Private home freezers or shared deep-freezer rooms? Each person with his own set of tools or public neighbourhood shops? Huge power plants or small co-generating energy systems?
4. A conversion of the organization of the production so that both working hours and working places would be flexible and able to be individually determined. For instance, much work done in factories could be performed at home with the help of electronic information and communication systems and other modern technologies. A modern form of home-work (union-organized and under wage-control) would be an important contribution to decentralizing the production process.
5. A change in the demand of the labour market on the part of individuals calling for more part-time work, more temporary work, more free contracting, more possibilities to take unpaid holidays or go on sabbaticals. These demands would be made not just by those employed in "bad jobs" but particularly by those holding the "good jobs" of the specialists who are highly qualified and well paid.
6. A change in the demand for consumer products on the part of private households, firstly in terms of the above-mentioned "self-producing consumer". Secondly, that the demand for goods be decreased in general - either as a result of greater self-sufficiency, free choice of a modest life-style or due to a change in conditions brought about by force.

It is necessary, however, to examine the facts sensibly: an ecologically appropriate economy can also be shaped by class domination and exploitation. Technical energy slaves would always be able to be replaced by human slaves. Ecology does not automatically mean democracy. In this sense we can distinguish between a negative and a positive scenario.

In the negative scenario dual economy actually means double economy, for the

two sectors are separated in such a way that one is really dealing with two parallel economies; with "two societies" or two classes of human beings existing next to one another - one which is employed in the institutional sector and can enjoy the benefits of secure positions, a certain degree of influence and a respectable income, and the other whose members are more or less unemployed and lead a marginal existence in the informal sector, without social insurance, a new group of day-labourers and charity beneficiaries. In contrast, in the positive scenario all members of the society have a (professional) job in the institutional sector, i.e., employment opportunities are equally distributed, and at the same time work in the self-supporting communal economy, either simultaneously part-time or in alternating phases whereby everyone is rewarded with the same social security.

The negative scenario is patriarchic. Hiring practices are preferential to men, whereas the housework in the informal sector is accomplished mostly by women as housewives. In the positive scenario the sexes are on socially equal standing. Men and women share the paid positions as well as household tasks, child upbringing and other social activities. The model of reasoning is simple: instead of a male earner in a small family with a forty-hour week and a monthly income of perhaps DM 3,000, two persons work a twenty-hour week and receive DM 1,500 each. Instead of an unpaid full-time housewife there are two part-time unpaid household workers.

In the negative scenario the working time is mechanically cut short by extended compulsory schooling and earlier compulsory retirement. This leads to the further deepening of the ghetto-like split of social groups by age and occupation. Work and leisure time are completely separated. In the positive scenario compulsory school attendance is drastically reduced to a few years and forced retirement abolished. Work and leisure are woven together in manifold ways, and their differentiation loses its significance.

In the negative scenario there are very unequal wage levels. In the positive scenario there is a just and balanced income distribution.

In the negative scenario consumer goods are offered on a scale of social prestige (exclusive offers for the well-to-do, cheap junk for the masses). Illich called this phenomenon the steady mordernization of poverty; that, for example, the rich take their holidays in the Caribbean and no longer in the Mediterranean when the masses come there, or that the rich travel by plane whereas the masses go by car, and that the resulting over-use of the automobile leads to its drop in use value, not to mention its harm to the environment. In the positive scenario consumer goods are of little interest as status symbols. The only goods and services offered are those which can be of value to the greater population and which have steady use value and do not pollute the environment.

In the negative scenario there is a high tax burden and a high demand on state bureaucracy, especially in the areas of social services, medicine, media, education and research. In the positive scenario taxes are low because of the reduced need for state intervention. Instead, individual income is relatively higher - the people pay themselves for that which today the state finances, with people's money.

In the negative scenario the industrial sector is considered "productive" (although it exploits immense amounts of natural resources, wastes great quantities of energy and burns up human labour power and immaterial human energies). The informal sector is seen as "unproductive" or even "parasitic" (although human physical and spiritual energy flows out of the social and natural environment). In the positive scenario it is the institutional and not the informal sector which serves as the "reproductive sphere", i.e., the sphere which generates certain means of reproduction for social life. Neither of the two sectors is regarded as "parasitic". They are mutually dependent on each other.

In the negative scenario there is a wrong complementarity between the two sectors: the informal sector has been mutilated to a mere shadow economy of the institutional sector. Informal work is more or less kind of consuming. Moreover a para-professionalization of the informal sector (Illich) takes place, for instance in the appearance of eager self-help experts, leisure consultants or "barefoot" medicine people licensed by the state. In the positive scenario, an actual system limitation occurs. Of course, the work in the informal sector here also includes a high intensity of market goods. If we want to prevent primitivism and poverty, we will need very complex technological tools in the future more than in the past. Tools which will serve as multipurpose means of production, but probably will have to be mostly industrially manufactured. Yet, these products will not degrade self-supporting work to a shadow economy but, contrarily, will give back authenticity to this work. Multi-purpose and socially useful tools will leave us with a greater choice of what kinds of goods we want to produce and to what aim.

In the negative scenario housework and other informal work is often paid for. In the positive scenario there would be more unpaid work whose burden would be more fairly distributed. Taxes on a local level would eventually be transformed into a work service. Everyone could be made to do the "dirty work" for a one-year salaried period.

In the negative scenario the bureaucrats of large corporations see the informal sector as a welcome opportunity to get rid of the work forces that have been rationalized away, at half the salary. There is something almost therapeutic about the practice to support informal activities, geared towards lessening the threat on social peace. To the state bureaucrats, likewise, the informal sector is a welcome opportunity to withdraw social welfare services (once bitterly fought for) from the weakest and thereby relieve the strain on the public budget. If people take care of themselves the state need not be responsible. In principle this is correct. In this connexion, however, it would mean that the well-to-do would be able to look after themselves and those worse off would have to laugh with bad teeth again in the future. In the positive scenario the actual volume of employment (unemployment, in other words) would be justly distributed and certain labour rights, wages and welfare benefits would be unquestionably guaranteed.

This all lies within possibility; what is politically probable is another question. One may not fall into a world of illusion. It seems that the majority of the population is more or less conditioned to the institutional megamachine. The existing language confusion and taboo around terms like "work", "employment", "income", "prosperity", "value", "leisure", etc. are merely stretching the point. Only enlightened minorities which already enjoy certain (time-) privileges can begin to change their life-styles out of free choice.

The greater majorities of the population will only then begin to take interest in a social-ecological change when more extreme social crises force them to act. Even then, it cannot be forecasted as to which direction this reaction will take: the regressive reactions of the negative scenario or the innovative reactions of the positive scenario.

Nevertheless, we know that as of about twenty years ago it has no longer been "worth it" for most people to tend their own gardens and fields, to make their own preservatives, to sew their clothes or to keep medical care largely in their own hands. Now we can say, on the basis of rising prices and the drop in real incomes, that self-help will become worthwile again. The dual economy is in any case an emergency strategy - a state of emergency we entered quite a while ago.

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THE MYTH OF PRIVATE BUSINESS IN THIRD WORLD COUNTRIES

by Arnoldo K. Ventura*/

The stultifying inefficiency of the governing bureaucracies in Third World countries has been blamed for the economic distress in these countries. As a corollary, it is often assumed that private businesses are more efficient than public enterprises. An extension of this notion is the prescription that national economies should be steered by the wizards of private business with minimum interference from nationally elected officials. Unfortunately, whether the economies of many of these countries are directed by "resourcefulness" and "entrepreneurship" of private business or the "stimulus" and "benevolent control" of the state, they remain in shambles. Usually, ignorance, inefficiency, lethargy and a large measure of intellectual dishonesty prevail in both situations. The few who persistently oppose these trends very seldom find genuine support either inside or outside of national boundaries.

The often touted free interplay of competitive market forces among private business concerns in these countries is often nothing more than rhetoric, and is completely subverted. Instead, market conditions are captive and protected, catering to relatively uninformed and/or unsophisticated consumers. Under these conditions, private enterprise becomes apathetic, inordinately greedy, and eventually haughty. In effect, competition almost ceases to exist, and incompetent management flourishes at the expense of workers and an unwary public. Inability to function proficiently is clearly evident when these concerns are forced to seek trade in international markets, or face competition from foreign goods or services.

The situation is not much different in cases where the commanding heights of the economy are controlled by state machineries, which in most cases are inexperienced at proper planning, and incapable of expeditious implementation, having only recently been forced, or elected, to become prime movers of their economic destinies. In most cases, the state machinery is not action-oriented, and accepts blatant inefficiency under the guise of necessary controls, or allows an incestuous civil service to dictate. The bureaucratic maze is so intricate, that it is difficult to assign clear-cut responsibilities and to recall for irresponsibility is almost impossible, while corruption and sabotage run rampant. Fortunately, many Third World countries have begun to seriously tackle some of these problems of economic management, and are relying more on the collective wisdom of their people.

This paper will not detail the frailties of the state apparatus, but rather will outline some of the faults of the private sector, which are just as damaging to the economic welfare of these communities. In both cases, the underlying, contributing factors are similar, or are the products of the same nuances.

In Third World countries, where survival has come to depend on guile and speculation, salesmanship is often substituted for technological knowledge and skill. Behind the desk, or from the podium, or across the dining table, effusive personality and sly deception are ample demonstrations of this fact.

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*/ Scientific Research Council, P.O. Box 350, Kingston 6, Jamaica, W.I.

Charming a new sale or conning the unwary are commonplace, but when these strategies have been exhausted, or when confronted with the might of knowledge, ineptness begins to show, and inabilities to cope promote desperation. When business by intuition or deception fails, price increases or sub-standard wages are relied on to maintain viability. When the market cannot sustain these, blame is placed on the government or the workers' unions. Attempts to increase efficiency on the factory floor are seldom seen. Production as a science is not appreciated, and logical thought gives way to bitterness and confusion.

In many instances, scientific management, technological appropriateness, and creative assessment can significantly increase productive capacities. The willingness to use deductive reasoning and experimental logic in business enterprises is, unfortunately, considered by many as academic nonsense. Consequently, upgrading of archaic machinery and change of outmoded equipment and systems wait the advice of the next foreign consultant. Only infrequently are the services of local consultants sought, and even then full reciprocal confidence is yet to be established. Many businesses are sustained by good intentions, convenient local bank connections, or plain dishonesty. Seldom are the many facets of operations isolated into functioning units, and each analysed as to its cost effectiveness. It is not rare to find the office or sales crew handsomely funded, while the factory or production staff are literally starved for modest working capital.

In many institutions, there is no technical director, which is often not a true indication of the emphasis of the operation. If there is a technical director, he is often of low standing and calibre compared with the production manager or sales manager.

Many businesses only presume to know, or are not cognisant of the need for full appreciation of the true drag of overhead costs, profit on investment, training costs, depreciation, and investment in raw materials, or the proper use of productive space. These details are often neglected in business computation, while more reliance is placed on what appears to be good profit margins, But what might be good today, often proves insufficient tommorow.

Most businesses are operated out of historical perspectives, without intimate knowledge of what is being attempted. Most are directed by what is loosely called "experience" - sometimes without the semblance of a development plan, and without the necessary continued improvement in management and technical skills. Re-organization to match new information is seldom attempted, because new information is seldom sought. Improvement in the ratio of management to productive staff, as is warranted by increased efficiency, is seldom undertaken, while supervision often means trouble-shooting. Supervisors are usually individuals who have climbed the ranks and have shown traits which sometimes have little to do with production. Their management abilities are often weak, their technical experience often parochial and limited to the experience in their own organization, with little exposure or training outside of their present workplace. Analytical capability, discerning personnel relationships, and conscientiousness of purpose, are often marginal in these supervisors. Very little by way of change to increase efficiency at work sites is expected or delivered.

Although hard work can contribute significantly to most operations, it alone cannot assure profitability. Efficiency is the sum total of hard work, good organization, and appropriate equipment. Meaningful effort is a function of

of intuition and hard work in the present technological world. Hard facts and current knowledge are indispensable. Many managers fall short in this category because they do not upgrade their basic skills on a regular basis, and fall so far behind that they are ashamed to take the necessary steps to remedy the situation or to seek advice.

The emerging summation is that the technical component of businesses being weak, few analyses of entire operations are undertaken, and that to counteract the ensuing inefficiency and to keep the business viable, lay-offs of staff and increases in prices are used as alternative strategies, while the contribution of national technological development expected from private business remains unfulfilled.

The essence of our reasoning then, should not be whether the economy should be state- or privately-controlled, but that it should be managed by people with the technological knowledge, savvy, and skill, enterprising spirit, and commitment to the cause of the wider majority and the future of the state. This, unfortunately, is not possible in poor Third World countries at the present stage of their development without sufficient central control and coordination.

BASIC NEEDS, POVERTY AND GOVERNMENT POLICIES IN SRI LANKA

by P. Richards and W. Gooneratne (Geneva, ILO, 1980) (SFr.17,50)
A review by Leelananda de Silva

This study from the International Labour Office is an outcome of the current concern for the satisfaction of "basic needs". Sri Lanka is an obvious laboratory to study the complexities and consequences of a "basic needs approach to development" given its historically large expenditure on subsidies, its high levels of life expectancy and literacy and its healthy tradition of parliamentary democracy. The concept of PQLI probably had its birth in Sri Lanka. These elements suggest that Sri Lanka scores high for its general quality of life. Nevertheless the study mentions three characteristics of the Sri Lanka political economy which are counter-indicators of basic needs satisfaction: slow economic growth during most of the time; high levels of unemployment over at least the last two decades and the perpetuation of rural poverty and insecurity.

The study draws on two recent books on Sri Lanka: M.E. Gold, Law and social change, A study of land reform in Sri Lanka (New York, 1977) and J. Jiggins, Caste and family in the politics of the Sinhalese, 1947-1976 (Cambridge University Press, 1979) to stress the importance of group differences and conflicts. Correspondingly the study points out the necessity for compromise in Sri Lanka politics although clearly some groups have not been considered sufficiently important to warrant a share in any compromise. The importance of caste in Sri Lanka is not generally an issue touched on in the UN or even local publications, which are often apt to imply a homogeneity of class and social interests.

Major sectors of this study discuss (1) levels of basic needs satisfaction, (2) the distribution of income, (3) structural change and (4) the extent of poverty. The section on basic needs satisfaction examines food consumption,

health and education levels, housing and sanitation. Its novelty is that, particularly for health and education, it related such factors as incidence of illness or school attendance to family income groups. There is no doubt that for these items of basic needs which have been the subject of major government programmes, including food subsidies, the role of personal income in determining their level of enjoyment has been much reduced. It has, however, by no means been eliminated. Children of the poor start in school late and drop out early, the rural poor are more likely than any other group to use private ayurvedic medicine. Clearly there are ways in which government programmes for the delivery of social services could be more effectively targeted on the poorer sections of the population. The study attempts a "best guess" at the recent distribution of income in Sri Lanka, and concludes that the richest 10 percent of the population receives some 30 percent of total income and the poorest 10 percent receives around 3 percent. The study pays particular attention to land reform and compares agricultural census data with figures from the Land Reform Commission. It concludes that the average privately owned estate must still be over 70 acres in size.

The study sees rural poverty as linked to diminishing paddy farm size, to an increasing degree of tenancy, to the multiplicity of interests of landless and semi-landless labour groups and to the non-implementation of the Paddy Lands Act. The result is not only poverty, in the sense of low income and consumption levels, but insecurity of tenure and employment. The identification of certain caste groups with the landless and marginal farmers can only intensify the position. Again and again, it would appear that medium and larger sized farm holdings have received subsidies on fertilizers, irrigation or tractors, which have had little benefit for the rural poor.

Against this background, the study poses two questions: (1) have there been trade-offs between economic growth and social welfare policies? And (2) what directions should a "basic needs strategy" take in Sri Lanka? Not surprisingly, no very clear answer can be given to the first question. If massive funds had been transferred from food, education and health programmes in the 1950s and 1960s to, say, an expanded development of the dry zone, the rural poor of the wet zone would probably now not be any better off. The problem has been much more one of raising the productivity of wet zone assets, small paddy holdings and small coconut estates. There still seems to be no easy way of achieving this end. Concurrently, another problem has been that of earning foreign exchange and maximising its usefulness in the economy. Past policies of import substitution and of foreign exchange control have been ineffective.

For the future, therefore, a "basic needs approach" would seem to mean two things, according to this study. One is the modernisation of traditional rural relationships. This requires, for example, the implementation of agrarian laws and probably further agrarian change. It requires also increased employment opportunities in rural areas, including rural industries. To achieve this requires reliable supplies of foreign exchange which can probably best be obtained by a determined export policy, perhaps of manufactures, or failing that, of other agricultural commodities. But domestic and external policies must go hand-in-hand; neither can fully benefit the country without the other.

PEASANTS IN POWER:

ALEXANDER STAMBOLISKI AND THE BULGARIAN AGRARIAN NATIONAL UNION 1899-1923 by John D. Bell (Princeton, NJ: Princeton University Press, 1977)

A review by András Biró*

'Stamboliski was in much the same position as today's Lebanese government, unwilling host to an element dangerous both to internal politics and to regional peace.' This element was IMRO (Internal Macedonian Revolutionary Organisation) which in the early 1920s contributed to the destabilisation and eventual liquidation of the first peasant government— that is to say, peasant power—in recent history. The story, more than half a century old, told by Bell about the rise and fall of the Bulgarian Agrarian National Union, the *zemledeltsi*, and their charismatic leader Alexander Stamboliski, suggests other historical parallels as well. The faith of the *Unidad Popular* and Salvador Allende of only five years ago can be followed step by step as in a ghostly flash-back whilst reading about the events in Bulgaria fifty years ago. When democracy is taken seriously, and the majority is imposing its will, it is always the same old forces in the new countries which refuse the rules of the game and violently re-establish the *status quo ante* using the military and the paramilitary to perform the bloody side of the job.

More important, even if it is not the author's central preoccupation, is the description of post-independent Bulgaria— the *problématique* of a predominantly peasant society looking for its development, and of a nation-building process conditioned by the international power struggle of the last quarter of the past century in Europe. Both of the characteristics of this young nation (next year will be the first centenary of Bulgaria as a modern, independent nation state) are highly relevant to all those inside and outside the Third World who think and act in similar frames of reference. With all the usual reservations about time, space and possible eurocentric biases, I believe that the Bulgarian experience is particularly valuable because of its originality, its endogenous character, its social and ideological creativity. If one can speak about models in history then the 'Bulgarian model' has a value—particularly nowadays when a hundred or so odd countries among the established nation states are living the 'model puzzle'.

The tragedy of this puzzle has its roots in the uncritical acceptance by many Third World élites of social and political forms of existence, and models of economic development, which are alien to their peasant populations but which are found in the overwhelming majority of these societies. The only excuse perhaps for such imitative behaviour is the colonial inheritance of forms of the sovereign nation state, regardless of the historical stage of the given society or the adequacy of this modern form to cope with internal problems. The external requirements of sovereignty make it inevitable for the new nations to appear as nation states. Starting with the completion of this primary requirement the more or less schematic acceptance of exogenous models becomes the first and main determining factor for a series of newly independent societies. Original dependency reducing political and economic practices are the exception. Nowadays, the history of the *zemledeltsi* and Stamboliski are thus among the early experiences of this vein.

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* András Biró, a former editor of CERES and Mazingira, now lives in Mexico. He has already contributed to IFDA Dossiers 8 and 9.

As in so many Third World countries today, Bulgaria in the period studied had a predominantly rural population, a small political and social élite of a few landowners and merchants, a small class of rich peasants (*chorbadhjii*), lawyers, clergymen, teachers and a handful of professionals educated abroad, mainly in Russia. The Turkish occupation of nearly 500 years had done away since the early Renaissance with the aristocracy and other estates, forcing the church underground and preventing economic development and technological innovation. No bourgeoisie in the western sense of the term can be found in post-independent Bulgaria, but hasty modernisation and electrification of the capital and some towns at the expense of the villages, a dominant political role of the military, corruption, usury (a study mentions interest rates as high as 800 per cent), a rush toward humanities (an educational statistic at the end of the century mentions 180 students of history and 354 of law against 81 in science and mathematics) are all phenomena common to the experiences of countries which won their independence after World War II.

The specificities, though, are the ones which tell us most about the Bulgarian 'model'. First, the socio-economic stratification of the peasantry. The land distribution (1897), which expropriated the Turkish landowners, created a nation of independent small holders. Holdings of 5 to 10 ha represent 26 per cent of all holdings, but those between 3 and 15 ha represent 54 per cent of the total. There is, of course, the social and economic polarisation (the less than 0.5 ha represents 21 per cent of the holdings whereas the owners of over 30 ha possess 15.7 per cent of the land); there is even famine at certain periods. But how relevant is this image of post-independence situations to Asia or Latin America?

The fact that the liberator, Russia, belonged to the same culture, both in religion and language, as the Bulgarians, is a major difference to the liberation processes of the past 30 years in the Third World. Despite the expansionist motives which were pushing Russian troops towards the Dardanelles, the liberation was perceived as real by the Bulgarians—particularly because a constitution and political practices are much more democractic than those of the liberators took root in the country. And russophilia is one of the constant elements in Bulgarian politics and popular empathy.

If, as I mentioned before, there is no substantive difference between the power élite in Bulgaria then and in the Third World now, there is a marked one in respect to the local *intelligentsia*, i.e. the 6,000 school-teachers, some progressive priests and other educated people in the villages, sharing *grosso modo* the lifestyle of the peasants and committed to the betterment of the conditions of the working people. This stratum, usually from peasant descent itself, was the main agent of change in post-independent Bulgaria and was the dynamic, revolutionary element which created and influenced the peasant movement.

Another extraordinary factor characterises the socialist Marxist movement of the country, despite its restricted influence at the start of the century. Simultaneously with the split in the Russian social democratic movement between bolsheviks and mensheviks a similar but completely independent split occurred (1903) between 'narrow' and 'broad' socialists in Bulgaria. Throughout the historical events which formed the country in the first quarter of this century, next to the peasant organisations—political as well as economic—was the activity of the two socialist parties and their influence on the events. The 'narrow' fraction, which later became the Communist Party of Bulgaria, in its

doctrinal and practical narrowness saw the *zemledeltsi* mostly as a dangerous competitor and rarely or belatedly as an ally. A tragic error, if not a crime, was the attitude of the BCP in the development of events in 1923, comparable to the attitude of the German Communist Party towards the Social Democrats ten years later in Germany, allowing Nazism to take power.

During the two decades which separated the liberation of the country from the turn of the century, the peasant movement was characterised by a sort of trade-unionist tendency. The need to defend their economic and educational interests and to fight against taxes, mobilised the *druzhini*, the local unions, groupings under the leadership, invariably, of the local teacher. There was a growing suspicion of politicians, particularly those using the *druzhini* to get elected during the frequent elections which took place in this period. The recurrent betrayal of peasant interests by these politicians nourished instinctive peasant suspicion, but the decision 'to enter politics or not' is one of the basic dilemmas of the peasant movement throughout its history. It became an ideological and practical dividing line, and the reason for the elaboration of the *estate* concept, which Stamboliski worked out later as the theoretical basis for the movement's behaviour. This was also a period of regional, then national unification of the *druzhini* into an Agrarian Union which later took the name of BANU. Demonstrations against the tithe, reintroduced by the government, confrontation with the army in defence of peasant leaders, violence and repression punctuated this phase.

The first two decades of the new century were even richer in dramatic events. Two local wars and a world war decimated the male population (900,000 mobilised, 100,000 dead) and left, in May 1920, the country's fate in the hands of the *zemledeltsi* and Stamboliski, as the only important political force which opposed the imperial obsession of the ruling class, particularly of Tzar Ferdinand I. The systematic analysis in depth and criticism of the social, economic and political path taken by the country in internal as well as in foreign policy and his consequent anti-war and revolutionary viewpoint made Stamboliski both and Jaurès and the Lenin of Bulgaria. With one important addition, though: son of peasants, he did not have to identify with the social stratum in whose interests he acted—he was part of it. There lies, perhaps, the explanation of his instinctive and intellectual opposition to élitist solutions and search for authentic forms of social and economic conviviality in the framework of the modern nation state.

The *zemledeltsi* and Stamboliski can best be judged during 1920–23 period when they put their programme into action. The old debate about whether or not to enter the government, so characteristic of progressive movements of the end of the last century, lost all its relevance once the BANU got more than 38 per cent of the votes in 1920, becoming the first party, followed by the Communist Party with 20.2 per cent. Nearly 60 per cent of the voters were for a fundamental change in society after the lost war. This wish did not encounter its unitary political expression. The communists, inspired by the revolution in Russia and wanting to imitate it, demanded a 'revolutionary legality', i.e. a total change in the ownership relations, whereas the conservative bloc in parliament attacked the steps taken by the BANU government for ignoring the constitution and using 'bolshevik methods'. Thus, caught between two lines of opposition, the government under Stamboliski, with only a small majority in parliament, had to refuse the class positions of the two wings, both right and left, and act in accordance with the estatist position, worked out since independence.

Trudova sobstvennost, labour property, was the theoretical base on which to erect a new society. Labour property was defined as property which is 'directly utilised by its owner to provide for his family and himself'. A peasant's farm, an artisan's shop and tools, an intellectual's books, all were labour property. An estate farmed by hired hands, a banker's capital, an investor's stock, were not (p. 163).

On the basis of this concept the main lines of action were: land reform, co-operation, Compulsory Labour Service and education, all of them codified by respective laws.

Land reform: despite the absence of latifundia in the country, war speculation, population growth, influx of 450,000 refugees and the 'natural' polarisation and concentration going on in capitalist agriculture created a structure in which the number of landless peasants and minifundia demanded a redistribution. Two stages were planned by the government: (a) establishment of State Land Fund, (b) the actual distribution. The ceilings were the following: (a) all land above 4 ha in case of absentee landowner, (b) arable land, maximum 30 ha, (c) wooded land and pasture from 20 to 50 ha. There was an important proviso: an owner could preserve his property by giving evidence that he would convert it within three years to fruit and vegetable production or as the site of a manufacturing enterprise. Compensation was paid on a sliding scale, the actual distribution executed by local communities under the supervision of a special commission in the Ministry of Agriculture. The target was 230,000 ha to be distributed, during the land reform process, but only 82,000 were actually distributed at the moment of the overthrow. An urban reform was also initiated to solve the desperate housing shortage. *Co-operation:* the *druzhbi* and the individual party members were encouraged to become the activists of the co-operative movement open to all peasants. Rural officials and the national agrarian bank were instructed to help the creation of co-operatives, easing credit terms and giving technical assistance. The creation of the so-called Grain Consortium was to raise and stabilise the price of grain; it had the export monopoly and established 'centrals' for purchasing the grain crops, and in the areas of its functioning private grain trade was prohibited. A peasant could sell his grain to the consortium at a set price, higher than on the private market. The prices became firmer and rampant speculation could be stopped. A whole set of initiatives in fishing, forestry, agro-industries were also launched on a co-operative basis, which could not be dismantled even after 1923.

In its fiscal legislation the *zemledeltsi* introduced a progressive income tax, the highest level taking 35 per cent of income. (How does this 'bolshevik' measure compare with present 'capitalist' tax systems where it starts with 35 per cent?)

The trodovaks, or Compulsory Labour Service, was perhaps the most original way the agrarian government set out to solve some of the problems so many Third World countries are now facing. For some it seems dangerously *fascistic* to organise youth brigades in a military manner to perform tasks in technically retarded countries. But when capital is lacking, the work-force over-abundant, the inevitable danger of urban drift and youth criminality is growing and a structural change has been initiated, this organisational form does not lead automatically to Hitler Jugends or Soviet work camps. The educational task, which Stamboliski and the *zemledeltsi* believed was the main way of bringing change to their society, was not alien to the idea of originating the Compulsory Labour Service.

This somewhat long review of Bell's *Peasants in Power* stems from the reviewer's personal biases concerning the Bulgarian peasants, the social environment of his childhood. Studying agrarianism in Bulgaria in this fascinating period Bell, in his excellent book, with all the characteristics of a serious, academic work, cannot avoid showing his empathy for the Bulgarian peasant, a person so easy to love. A special bravo to the author for having overcome the academic drought.

(The Journal of Peasant Studies, Vol.6, No.3, April 1979, pp. 368-372)

MATERIALS RECEIVED

As mentioned in the Introductory Note to Dossier 15 (January/February 1980), the IFDA Dossier will be published six times this year, and become a quarterly next year. In the selection of materials , we have so far given priority to those emanating from the Third System Project, which is now completed. This issue and the next one will, however, include principally papers from the Project.

As from Dossier 20 (November/December 1980) our intention is to continue to try and give a voice to 'unheard voices' through the dissemination of relevant and useful material emanating from the third system. Priority will be given to papers of national or local origin which normally do not have access to the international circuit. We have already received so many contributions which would be eligible for publication that we cannot possibly print all of them.

This is why we open in this issue a new section, MATERIALS RECEIVED. Mention of a document here does not exclude its publication in the Dossier at a later stage, but we thought that the 9,000 people who receive the Dossier may be interested in such a service. We shall normally provide the address of the author, and the number of pages of the paper. Those interested in obtaining a copy are advised to write either directly to the author or to IFDA.

Requests addressed to IFDA will be processed if they are accompanied by payment of SFr.0.50 (or equivalent) for each page to be photocopied.

Titles are given in the language in which the paper is available.

LOCAL SPACE

. Anil K. Gupta, Communicating with farmers: Cases in agricultural communication and institutional support measures, 112pp.; and Management issues in watershed development in arid regions, 73pp.

. B.D. Singh, Farmers' response to dairy project implementation: Case studies 89pp.

(The Indian Institute of Public Administration, Indraprastha Estate, Ring Road, New Delhi - 110002, India.)

. V. Shiva and J. Bandyopadhyay, Neglect of Ecological Factors in development: the case of Tehrigarhwal (Indian Institute of Management, 33 Langford Road, Bangalore 560 027, India), 20 pp.

. J. Vanek in dialogue with A. Shakoor, Cooperative self-credit: a powerful instrument of development through local self-reliance and self-management (Institute of Social Studies, 251 Badhuisweg, 2509 LS, The Hague, The Netherlands), 10 pp.

NATIONAL SPACE

. Marcos Arruda, From insurrection to resurrection, The political economy of the new Nicaragua (Commission on the Churches' participation in development, World Council of Churches, P.O. Box 66, 1211 Geneva 20, Switzerland), 10 pp.

. K. Balakrishnan and N. Dholakia, Management of decentralised sectors: a conceptual framework (Indian Institute of Management, Vastrapur, Ahmedabad-380015, India), 40 pp.

. Dimitrios I. Diakidis, L'adpatation de la fonction publique grecque aux besoins d'un autre développement (2 rue Semitelon, Athènes 611, Grèce), 7 pp.

. S. Guhan, Notes on China 1979 (Madras Institute of Development Studies, 79 Second Main Road, Gandhiwager, Madras 600020, India), 27 pp.

. Ismid Hadad, Large and small-scale industry development in Indonesia. Problems and prospect of an industrialization process minimizing 'loss' of indigenous culture, 30 pp.

. Kamal Nayan Kabra, Concentration in industrial sector: Achilles' heel of land reforms (Indian Institute of Public Administration, Indraprastha Estate, Ring Road, New Delhi 110002), 11 pp.

. Majid Rahnema, Some thoughts on the basic human needs concept (UNDP, BP 120, Bamako, Mali), 17 pp.

. Jac Smit, Malnutrition, urbanization and food production within large human settlements (NORAD, P.O. Box 2646, Dar es Salaam, Tanzania), 26 pp.

THIRD WORLD SPACE

. Dieter Ernst, Technology policy for self-reliance: some major issues (Projekt Technologietransfer, University of Hamburg, Floor 5, 2000 Hamburg 60, FR Germany), 56 pp.

. Keith D. Suter, Evangelism in Asia today (Wesley Central Mission, 210 Pitt st., Sydney NSW 2000, Australia), 13 pp.

GLOBAL SPACE

. A.R. Berger, Sharing developmental experiences: a proposal for professional awards (A.R. Berger, Geology Dpt., Memorial University, St John, Newfoundland ALB 3X5, Canada), 5 pp.

. Havelock R. Brewster, Global Commons and global wastelands - an idea for unifying the approach to a new world resource transfer system (c/o UNCTAD, Palais des Nations, Geneva, Switzerland), 15 pp.

. Leonard J. Duhl, Socio- psychological aspects of energy (University of California, Berkeley, California 94720, USA), 9 pp.

. Ed Dyke, Food and agriculture, a global analysis (Ed Dyke, 19 Approach Road, Margate Kent CT9 2AN, UK), 26 pp.

. Dietrich Fischer, Strategy of wishful thinking (Dpt. of Economics, New York University, 8 Washington Place, 7th floor, New York, NY 10003, USA) 16 pp.

. André Gunder Frank, Development of crisis and crisis of development: living in the real world, 30 pp and World system in crisis, 21 pp (University of East Anglia, School of development studies, Norwich NR4 7TJ, England).

. Institute of Social Studies, The Hague, Report of the workshop on low-cost documentation, 28 August 1979 (251 Badhuisweg, 2509 LS The Hague, The Netherlands, 12 pp.

. Kwee Swan-Liat, Pugwash and the third system (University of technology, Willem de Rijkelaan 2, 5616 EA Eindhoven, The Netherlands), 5 pp.

. Roy Preiswerk, Sur-armement et sous-développement (IUED, 24 rue Rothschild, 1204 Genève, Suisse), 13 pp.

. Shridath S. Ramphal, Beyond trilateralism, A time for global political action, Remarks to a meeting of the Trilateral Commission (Commonwealth secretariat, Marlborough House, London SW1Y 5HX, England), 9 pp.

. Frances Stewart, The new international economic order and basic needs: conflicts and complementarities (Queen Elizabeth House, University of Oxford, England), 14 pp.

. F. Whitaker Ferreira, Pour une évaluation du projet des journées internationales pour une société dépassant les dominations, Texte de discussion no. 139 (Service d'appui à l'intercommunication, 14 rue Saint-Benoît, 75006 Paris, France), 16 pp.

OPROEP TOT ACTIE

Het IFDA rapport is een beginselverklaring en een actieprogramma. Men kan het rustig tegenover die van de vele VN-onderhandelingen, en die van de regeringen plaatsen. Het is een uitnodiging aan iedereen mee te denken over alternatieven, en biedt vertrouwen in de vindingrijkheid van mensen die, ook buiten de gevestigde kaders van staat en markt om, jets willen bereiken. De Nederlandse Vereniging voor een Nieuwe Internationale Orde hecht aan dit rapport niet alleen groot belang als discussiestuk t.a.v. het ontwikkelingsbeleid, maar ook omdat vraagtakens plaatst bij het hele westerse maatschappijmodel. De NIO-Vereniging, overtuigd van de samenhang van de wereldproblemen, wenst zich bezig te houden met de consequenties van veranderingen in dit maatschappijmodel. Hoe dient Nederland eruit te zien in de jaren '80? Hopelijk kan dit rapport de activiteiten ondersteunen van allen die zich met deze vraag bezighouden. Anderen kan dit wellicht tot actie inspireren.

Het rapport kunt u gratis verkrijgen door deze bon op te sturen naar het NIO-secretariaat, Leliegracht 21, 1016 GR Amsterdam.

FOOTNOTES / NOTES / NOTAS

LOCAL SPACE

. Dharam Ghai and Anisur Rahman, Rural Poverty and the small farmers' development programme in Nepal (Geneva: ILO, 1979). This report describes an interesting experiment carried out among small farmers and landless labourers in Nepal. Nearly 4,000 families have been organized into 370 groups (each group consisting of 10-15 families and hence below the size needed for formal institutions like a cooperative) over a period of four years to undertake production enterprises in crops, livestock, horticulture, pisciculture and cottage industry. The necessary credit for these enterprises was provided under a scheme of group liability, total loans disbursed amounting to nearly half a million US dollars. Incomes of participant families have increased and a new confidence for their own betterment instilled within them. The experiment is particularly important in the context of the failure of governmental policies in most Third World countries to reach the really poor in rural areas. Informal institutions, such as small family 'groups', might be one of several mechanisms to overcome the defects identified in rural development policy. The authors feel that an international organization like the International Fund for Agricultural Development (IFAD) could suitably provide financial sustenance for the expansion of this and other similar programmes costing only about US$20-25 per group member. It is this type of small-scale innovation that might hold the key to the elimination of absolute poverty.

. Maria Edy Chonchol, Environnement naturel, développement et organisation villageoise au Mozambique. Guide bibliographique (Dakar: ENDA, 1979).

. Md Anisur Rahman, Transition to collective agriculture and peasant participation - North Vietnam, Tanzania and Ethiopia.

. Amit Bhaduri, Agricultural Cooperatives in North Vietnam.

. Mahmood Hasan Khan, Sind Hari Committee 1930-70: A peasant movement?

Alula Abata and Tesfaye Taklu, Land reform and peasant associations in Ethiopia - A case study of two widely differing regions.

Four working papers in the World Employment Programme research (ILO, Geneva, Switzerland).

. Voluntary Action, the monthly journal of the Association of Voluntary Agencies for Rural Development, D-19 Gulmohar Park, New Delhi, India. "Voluntary Action" is devoted to activities of voluntary agencies in particular and, more generally, to rural development, appropriate technology, the environment, problems of women and disadvantaged groups, and alternatives.

. ILO, Overcoming rural underdevelopment: Proceedings of a workshop on Alternative Agrarian Systems and Rural Development sponsored by the University of Dar es Salaam and the International Labour Office (Geneva: ILO, 1979).

. Le village piégé, Urbanisation et agro-industrie sucrière en Côte d'Ivoire (Genève, Institut universitaire d'études du développement, 1980).

. Changing Villages, Rural News and Views, a bi-monthly information bulletin published by the Gandhi Peace Foundation (Gandhi Smarak Nidhi, New Delhi-110002, India).

. Le CEDAL - Centre d'études du développement en Amérique Latine (BP 124, F-75563, Paris, France) publie un bulletin dont les différentes sections (intercommunication, expériences vécues, notes de lectures, contribution à la réflexion) dont un apport du tiers système, à la recherche et à l'application d'alternatives. Le bulletin est également disponible en espagnol.

. Charles Jeanneret-Grosjean, Howard Daugherty, H.F. Fletcher, Ecodéveloppement et coopération internationale, Applications possible au Salvador (Ottawa: Environnement Canada et Agence canadienne de développement international, 1979)

. Graciela Schneier et Krystina Vinaver, "Ecodéveloppement et habitat: Quelques éléments de réflexion", Cahiers de l'écodéveloppement no.12, juillet 1979 (Centre international de recherche sur l'environnement et le développement, 54 bd. Raspail, Paris, France).

. Nouvelles de l'écodéveloppement, no.12, mars 1980. Avec un article de J.C. Hourcade, "Prospective des alternatives énergétiques pour le Tiers Monde" et des "nouvelles du projet Demain aujourd'hui (Activité tiers système 015) par Michel Schiray (CIRED, 54 bd. Raspail, 75270 Paris, France).

. Autrement (73 rue de Turbigo, Paris 3, France) no.24, avril 1980. Couples! - Une histoire de dingue. Le type s'appelait Adam. La fille, Eve. Ils avaient un deux pièces du côte de ...

. Autrement - Le journal. Supplément mensuel de la revue Autrement. 32 pages bourrées d'informations pratiques, de contacts, de mini-reportages, d'annonces sur les initiatives locales. Comme une agence de presse d'une autre France - créative.

. Autogestions, no.1, 1980. Prend la suite de Autogestion et Socialisme. Au sommaire de ce premier numéro: Métamorphoses, Utopies et expérimentations autogestionnaires, des lip nippons. (Abonnement: Editions Privat, 14 rue des Arts, 31000 Toulouse, France).

. Bulletin trimestriel du Centre international de rencontre des mouvements d'animation de base (Kuringersteenweg 35, B-3500 Hasselt, Belgique) Oct-Déc. 1979.

. Métamorphoses, Explorations into alternative development in Canada. Published by the Alternative Growth Institute (483 MacLaren Street, Ottawa, Ontario, Canada K1R 5K5).

. Turning Point Newsletter. Turning Point is an international network of people whose individual concerns range very widely - environment, sex equality, Third World, peace and disarmament, community politics, appropriate technology and alternatives in economics, health, education, agriculture, religion, etc., but who share a common feeling that mankind is at a turning point. We see that old values, old lifestyles and an old system of society are breaking down, and that new ones must be helped to break through. Turning Point does not demand adherence to doctrines, manifestos and resolutions. It enables us, as volunteers, to help and to seek help from one another. (New address: The Grove, 10 New Road, Ironbridge, Telford, Salop TF8 7AU, England.)

NATIONAL SPACE

. Sergio Bitar, Transición, socialismo y democracia. La experiencia chilena (México: Siglo XXI, 1979). Problemente el intento más serio hecho hasta ahora para determinar en un caso histórico como el chileno, con toda su riqueza y su complejidad, la interacción de los factores económicos y políticos en la transición socialista. En este sentido, el hecho desusado de que en Chile se diera una combinación de also desarrollo político con un subdesarrollo económico bastante común hace de esa experiencia fuente de lecciones tanto para países europeos como del Tercer Mundo. Cuando no se dispone de la suma del poder político, el fantasma estrangulador de la crisis económica - fácilmente desencadenable por los propietarios de los medios de producción - rondará constantemente sobre el proyecto socialista. Autocrítico, el estudio de Sergio Bitar - cuyas conclusiones no se limitan a un país dentro" sino también desde el más also nivel de liderazgo de la misma, lo que le permitió el acceso a hechos, circunstancias y documentos por muchos desconocidos, como informes inétidos al Comité económico de ministros del gabinete del presidente Allende, del que formara parte como ministro de Minería. El resultado es un libro que observa la correlación de sucesos y su perspectiva de una manera tan estricta y sistematizada que hace fluir del mismo proceso chleno descrito conclusiones téoricas de alcance general, que se imponen con la fuerza del realidad.

. Carlos Franco, Peru: Participación popular (Lima: Ediciones CEDEP, 1979). La sociedad peruana de los años 70 fue sacudida por un conjuncto de transformaciones económicas, sociales y políticas. En este proceso la acción revolucionaria del gobierno de Velasco Alvarado fue el propulsor principal de los profundos cambios vividos en esos años.

Una de las características más originales e interesantes y a la vez más discutidas de este período fue la política de apoyo a la participación popular. Ahora bien, esta política contradictoria, paradójica, pero altamente creativa, no ha sido aún analizada con el detenimiento y amplitud necesarios.

Por todas estas razones el CEDEP, que ha escogido el problema de la participación como uno de los ejes de su reflexión y práctica, ofrece ahora este volumen sobre el surgimiento y dinámica de las instituciones participatorias nacidas por el impulso de la revolución peruana.

Carlos Franco, Carlos Delgado y Jaime Llosa son, muy probablemente, los hombres que más contribuyeron al desarrollo teórico de la posición participatoria del proceso peruano. Truncada la revolución, pero iniciado el camino de la autogestión y la participación popular, Franco ha escrito este libro deliberadamente como un primer informe de la experiencia peruana en el proceso de institucio-

nalización participatoria, para continuar profundizando en un futuro próximo el análisis de esta experiencia tan discutida como poco conocida. Perú: Participación popular debe contribuir al debate sobre esta dimensión ineludible de la necesaria estrategia para el logro de una sociedad socialista y democrática. (Centro de estudios para el desarrollo y la participación, Apartado 11701, Lima 11, Perú.)

. Geraldo Semenzato, Ninos y jovenes sin horizontes, Los martires olvidados (Guatemala: UNICEF, 1979).

. Hernan Montealegre, La seguridad del Estado y los derechos humanos (Santiago: Academia de Humanismo Cristiano, 1979), 800pp. US$25 (Calle Ismael Valdés Vergara 348, Of.202, Santiago, Chile).

. Jean Robert, Le temps qu'on nous vole. Contre la société chronophage (Paris: Editions du Seuil, 1980). Les transports de l'age industriel requièrent l'immobilité de leurs usagers, moyennant quoi ils se substituent à leurs jambes. Ce livre est une analyse de l'effet, sur la liberté de mouvement des hommes, de la production de succédanés à leur mobilité innée. Transport et mobilité du corps doivent être en un certain équilibre. Si cet équilibre est rompu, le transport paralysera les hommes et deviendra un gouffre à temps social. L'industrie de la vitesse est devenue un tel gouffre à temps: elle consomme plus de temps social que l'alimentation, les temps de déplacement émargent sur les heures de loisirs et, dans certains cas, entrent en compétition avec les heures productives. Tel est le bilan d'une industrie, les transports, créée pour épargner le temps des hommes.

Comprendre pourquoi les transports sont devenus chronophages peut aider le lecteur à se situer dans la crise du mode de production industriel et à en distinguer les causes et l'espoir.

. Alain Touraine et al., La prophétie anti-nucléaire (Paris: Editions du Seuil, 1980). La lutte anti-nucléaire: nouvelle Grande Peur ou révolte contre le pouvoir technocratique? Vague contre-culturelle, violente et brève ou reconstruction du militantisme politique? Refus de la croissance ou recherche d'un autre développement? Aujourd'hui un nouveau mouvement social se dessine dans un domaine qui n'est plus celui du travail, qui n'est pas seulement celui de la consommation, qui est celui du développement économique. Sa nouveauté, c'est qu'il n'oppose pas les travailleurs à leurs patrons, mais la population aux grands appareils qui déterminent son genre de vie et son avenir collectif, en imposant leurs décisions au nom de la rationalité technique et de la nécessité économique.

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GLOBAL SPACE

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. DON'T DRINK TRANSNATIONAL

Since the Coca-Cola group refuses to put an end to the attempts of its licensee in Guatemala to smash the trade union by violence, the International Union of Food and Allied Workers' Association (IUF) has called its affiliates to take action against the Coca-Cola group.

Two trade union representatives at the Embotelladora Guatemalteca bottling plant have been murdered within two months. Despite IUF intervention with the Coca-Cola top management in the USA, the management refuses to accept any responsibility whatever for the licensee it has in fact selected.

Depending on the particular circumstances in each country, the action against Coca-Cola includes consumer boycotts, publicity campaigns, and action at the work place. (Source: International Trade Union News, 15 February 1980.)

. CHANGE THE IMF !

Existing IMF policies are not only politically short-sighted; they display a frightening ignorance of the real economic and social forces in society. It is clear to the ICFTU that nothing less than a total review of IMF policies is called for, especially with regard to the conditions which govern IMF lending policy. The revised guidelines for the conditions which govern IMF loans, do not go far enough.

At its 72nd Executive Board Meeting, the ICFTU made a call for a thorough-going review of IMF policy within 12 months through the appointment of an independent commission of senior personalities from the economic and social life of both Third World and industrialized countries. Such a commission would be in a powerful position to recommend changes in existing IMF policy. It should, therefore, be established without delay and asked to report back to the 1980 Annual Meeting of the IMF. (Source: International Confederation of Free Trade Unions, 1980 Review of the world economic situation, adopted by the Executive Board, Madrid, November 1979.)

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