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INTRODUCTORY NOTE

This issue of the *IFDA Dossier* is being sent to the printer only a few days after UNCTAD V ended in Manila. While time is too short to allow for a detailed evaluation, the essential conclusions are obvious.

UNCTAD V was healthy in the sense that the impasse of the so-called 'North-South dialogue' has become evident even for those who were still prisoners of their illusions. It will have been useful if it leads to a radical reappraisal of the strategy pursued by the Third World and by those in the North who see that a fundamental restructuring of international economic relations is not only a historical and global necessity, but also good for the peoples in the industrialized countries.

The strategy so far has been one of 'negotiation'. When there is no will to negotiate, or rather a negative will^{1/}, on the part of those who still control the planet, those who want to change have no choice but unilateral action. The Third World today has little to expect from the North, and much from itself. Third World collective self-reliance is the strategic answer. This requires in turn a clear vision of the goals, will, capacity and power^{2/}.

This issue includes two papers on collective self-reliance. We hope that more will be contributed which will draw policy conclusions from past experiences, offer action-oriented suggestions and feasible scenarios for the concrete implementation of Third World solidarity. Lessons from UNCTAD V will also be essential in this respect: the time has come for a real South-South dialogue. The Non-Aligned Summit (Havana, September) acquires a special importance in the post-Manila context. For there is no other way but dropping rhetoric and moving towards action. The resulting strengthening of the Third World would then enable it to resume the negotiation, at a later stage, from a stronger bargaining position.

Increased concentration on rural development in the Third World - involving internal restructuring, improved quality of life for the rural masses and food self-sufficiency - is a central element of the strengthening of the Third World as well as being a key national objective in itself. These themes will be the focus of inter-governmental attention at the World Conference on Agrarian Reform and Rural Development (Rome 12-21 July), and the bulk of this issue constitutes a cluster which, we hope, will be a useful contribution to a third system approach to the Conference and its follow-up.

1/ See Michael Zammit-Cutajar, Notes on a political preamble for another development strategy, IFDA Dossier 4, February 1979.

2/ See What Now - Another Development, Dag Hammarskjöld Foundation, 1975, Part Two.

MATERIAUX

'DEPAYSANISATION' OU DEVELOPPEMENT RURAL? UN CHOIX LOURD DE
CONSEQUENCES

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Langue originale: Français

Résumé: (Les conclusions de cet article sont reproduites ici en guise de résumé.)

En guise de conclusion, nous résumerons notre pensée en quelques propositions fondamentales :

- *Un développement global nécessite, même sur le plan purement économique, une augmentation constante de la production agricole.*
- *Cette augmentation ne s'opérera pas spontanément sous les effets de l'industrialisation. Donc, il lui faut une politique propre.*
- *Les conditions particulières de l'agriculture font que l'objectif économique de croissance de la production agricole ne peut se réaliser que dans le cadre d'une stratégie de développement rural englobant tous les aspects de la vie à la campagne.*
- *Ce développement rural à son tour ne peut avoir lieu que s'il est conçu dès le départ comme endogène s'appuyant sur les principes de "self-reliance", satisfaction des besoins essentiels et participation des masses.*
- *L'image future de la plupart des sociétés du Tiers Monde sera celle d'une coexistence et codéveloppement des centres urbains et des zones rurales. C'est une image à la fois réalisable et souhaitable.*

'DEPEASANTIZATION' OR RURAL DEVELOPMENT: A HEAVY CHOICE

Abstract: (Author's summary conclusions)

- *Global development requires, even on purely economic grounds, a constant increase of agricultural production.*
- *This increase will not materialize spontaneously from the impact of industrialization. Thus a specific policy is needed to bring it about.*

- *On account of the particular characteristics of agriculture, the economic objective of increasing agricultural production cannot be achieved except in the context of a rural development strategy encompassing all aspects of rural life.*
- *This rural development, in turn, can only take place if it is conceived to be endogenous and based on the principles of self-reliance, satisfaction of basic needs and mass participation.*
- *The future image of most Third World societies is that of co-existence and "co-development" among urban centres and rural areas. This scenario is both desirable and possible.*

"DESCAMPESINACIÓN" O DESARROLLO RURAL: UNA ELECCIÓN LLENA DE CONSECUENCIAS

Resumen: El autor resume el mismo sus conclusiones:

- *Un desarrollo global, aún solo en el plano puramente económico, requiere un aumento constante de la producción agrícola.*
- *Ese aumento no resultará espontáneamente de la industrialización, por consiguiente requiere una política propia.*
- *Las condiciones propias a la agricultura hacen que el crecimiento de la producción agrícola como objetivo económico no se realizará sino en el marco de una estrategia de desarrollo rural que englobe todos los aspectos de la vida en el campo.*
- *Ese desarrollo rural, a su vez, no puede conseguirse sino si, desde el inicio se concibe como un desarrollo endógeno, basado en los principios de autodependencia ("self-reliance"), satisfacción de las necesidades esenciales y participación de las masas.*
- *La imagen futura de la mayor parte de las sociedades del Tercer Mundo será la de la coexistencia y del co-desarrollo entre centros urbanos y zonas rurales. Imagen que es al mismo tiempo una perspectiva realizable y deseable.*

Ismaïl-Sabri Abdalla

'DEPAYSANISATION' OU DÉVELOPPEMENT RURAL? UN CHOIX LOURD DE CONSEQUENCES

L'objet de cette communication est de contester le bien-fondé d'un des postulats les mieux enracinés dans la littérature et les politiques de développement. Il s'agit de la proposition généralement admise quoique rarement explicitée selon laquelle le développement doit opérer des transferts massifs de la main-d'oeuvre du secteur agricole (supposé d'une manière générale traditionnelle et plus ou moins stagnant) vers le secteur industriel (lequel est de toute évidence moderne et dynamique).

La décroissance systématique de la main-d'oeuvre agricole ouvre la voie au remembrement des terres (à titre individuel ou sous forme de coopérative de production) et l'introduction des techniques modernes : spécialisation, mécanisation, utilisation à grande échelle des produits chimiques (engrais, insecticides, herbicides, nutriments industriels, etc...). Ce mouvement de la population active de l'agriculture vers l'industrie est bénéfique pour les deux secteurs : dans le premier, il permet l'augmentation très sensible de la productivité du travail alors que le second est pourvu des bras dont il avait besoin. En d'autres termes, l'industrie étant la "locomotive" de l'économie, l'agriculture ne manquera pas de la suivre. La tâche des planificateurs se borne en réalité à bien calculer en termes de temps le décalage inévitable et d'en amoindrir les effets secondaires, surtout en accélérant le processus d'industrialisation. La population d'un pays ayant tendance à suivre les mouvements de sa partie active, et les activités industrielles à se concentrer et donner ainsi naissance à des agglomérations urbaines, l'émigration des campagnes vers les villes est un corollaire naturel du développement. Et cela au point de considérer la diminution du pourcentage de population rurale comme un des principaux indicateurs "structurels" de développement. A la limite, paysans et villages disparaîtront pour ne laisser dans les campagnes que des exploitants agricoles (ayant automobiles et tracteurs) regroupés en petites communautés urbaines.

Le modèle surgit aux Etats-Unis spontanément du libre jeu des forces du marché ; on n'y trouve que des "farmers", vrais entrepreneurs capitalistes dont l'apport en capital ne le cède en rien à celui en terre, vivant dans leurs "ranches" au centre desquels se trouve le "township". En URSS, la politique de regroupement des sovkhozes, d'agrandissement des kolhozes et de mécanisation rapide reflète le rêve des planificateurs, à savoir la naissance et la généralisation de l'"agroville", moyen essentiel de réduire la contradiction ville-campagne selon le langage marxiste. En deçà de cette limite, le déclin aussi bien absolu que relatif de la population rurale dans les pays industrialisés est un fait incontestable. Côté pays capitalistes (ou à économie de marché dans le jargon onusien) le pourcentage de ceux engagés dans l'agriculture par rapport au total de la population active varie entre 3% au Royaume-Uni et 20% au Japon. L'Irlande apparaît comme étant en retard comparée à ses partenaires de la C.E.E. avec 27%, alors que l'Australie et la Nouvelle-Zélande en sont déjà à 8%. Plus remarquable encore est la chute enregistrée par ce pourcentage au cours de la précédente décennie (1960-1970) en Italie (de 31% à 19%), en France (de 22% à 14%), au Danemark (de 18% à 11%). Côté pays socialistes d'Europe, on constate le même phénomène. Le pourcentage de la population engagée dans l'agriculture par rapport au total de la population active est tombé au cours de la même période de 42%

à 25% en URSS, de 57% à 47% en Bulgarie, de 26% à 17% en Tchécoslovaquie...^{1/}. Ainsi le postulat est confirmé, du moins apparemment. Malheureusement, il n'en est rien.

Un examen plus attentif des chiffres et une analyse plus serrée des réalités qu'ils dissimulent, nous le montreront. Mais auparavant, il convient de rappeler que dans la même optique, il est nécessaire non seulement de favoriser les investissements industriels au détriment de l'agriculture, mais également d'opérer un transfert d'épargne (ou plus exactement de surplus économique) de l'agriculture vers l'industrie. Le problème se posa dès la naissance de la science économique et prit la forme d'une attaque théorique contre la rente foncière, voire contre la propriété terrienne comme fonction distincte de celle de "faire valoir" la terre exercée par les agriculteurs ("farmers"). On le retrouve traité un peu différemment dans la littérature marxiste. Il est hors de notre propos de nous engager dans un débat théorique concernant l'accumulation du capital nécessaire au développement, le surplus économique et ses origines et formes d'appropriation. Nous prenons seulement acte du fait que la "théorie", aussi bien classique que marxiste, semble justifier la "pratique" du développement des trois dernières décades, pratique fortement marquée par une négligence certaine du secteur rural. Dans les pages qui suivent nous examinerons d'abord les conséquences et le bien-fondé de cette pratique, ensuite nous tenterons d'esquisser une autre approche dont le point de départ est la pérennité (au moins à l'échelle de l'avenir prévisible) de la dichotomie ville-campagne dans les pays du Tiers Monde.

II UN BILAN INQUIETANT

Une politique de développement se juge à ses résultats. Si ceux-ci ne sont guère probants, c'est que le fondement théorique de cette politique doit être remis en question. Commençons donc par les conséquences. On peut citer les plus alarmantes.

1. La crise de la production agricole.

Sans entrer dans des détails dont l'examen approfondi déborde le cadre de la présente communication, on peut constater à la lecture des chiffres les plus significatifs que dans l'ensemble du Tiers Monde la croissance de la production agricole a été nettement plus lente que celle de la production industrielle. De plus son rythme tend à se ralentir. Le "World Development Report" de la Banque Mondiale nous fournit trois séries de chiffres fort pertinentes. Ces chiffres concernent 92 pays considérés par la Banque "en voie de développement"^{2/}, divisés

^{1/} Tous les chiffres sus-mentionnés sont tirés de World Development Report (Washington : World Bank, Août 1978).

^{2/} La perspective historique étant complètement étrangère à l'analyse néo-classique du fait même de sa prétention à l'universalité intemporelle, le débat auquel nous faisons allusion n'y trouve aucune place.

^{3/} La BIRD inclut dans cette catégorie des pays qui n'appartiennent pas au Tiers Monde : Espagne, Grèce, Israël.

endeux catégories : pays à bas revenu et pays à revenu moyen^{1/} Sur les quinze années allant de 1960 à 1976, la croissance de la production agricole dans les pays à bas revenu fut de 2,1% contre 5,4% pour l'industrie. Dans les pays à revenu moyen, elle fut de 3,5% contre 7,9%. Dans les deux groupes, le taux moyen de croissance a été dans l'agriculture inférieur à la moitié de celui de l'industrie : 38,9% du taux de croissance de la production industrielle et 44,3% respectivement. Mais cette croissance plutôt médiocre semble s'être déjà essoufflée. En effet, on constate que le taux de croissance annuel moyen au cours du quinquennat 1970-1976 est inférieur à celui enregistré au cours de la décennie précédente. Ainsi pour le groupe des pays à bas revenu ce taux est tombé de 2,3% à 1,6%. Dans le cas des pays à revenu moyen les taux sont 3,6% et 3,3% respectivement. La situation de l'agriculture ne manque pas de se répercuter d'une manière assez nette sur le fameux indice tant contesté, le PNB. En 1976, et en dépit de la priorité donnée aux secteurs non-agricoles, l'agriculture n'en continue pas moins de constituer 45% du produit intérieur brut du premier groupe des pays étudiés. Pour le second groupe, la production agricole représente seulement 21% du PIB en moyenne dans la même année après avoir représenté 26% en 1960. Mais ce qui frappe le plus dans ce dernier groupe n'est pas la part de la production industrielle (23% en 1960, 32% en 1976), mais plutôt la part du secteur tertiaire dans le PIB : 45% en moyenne en 1976 avec des pointes dépassant 60%, alors que pour le premier groupe des pays étudiés, la moyenne est de 39% en 1976. Le gonflement du tertiaire surtout dans le second groupe est commenté par les auteurs du "World Development Report" en ces termes : "la croissance rapide du secteur des services est ambiguë. Dans les pays industrialisés, la part des services dans la production totale est élevée et continue de croître en réponse aux changements de la demande. Alors qu'une partie de la croissance des services dans les pays en voie de développement répond à une augmentation de la demande, cette croissance reflète aussi l'incapacité du secteur industriel d'absorber entièrement les additions s'ajoutant à la main d'oeuvre urbaine. Ceux qui ne trouvent pas d'emploi dans l'industrie organisée s'arrangent avec une maigre existence dans des occupations peu productives ou bien trouvent un emploi dans le secteur gouvernemental aux multiples excroissances"^{2/}.

Par ailleurs, comparée à la population rurale, la production agricole paraît dérisoire. Deux séries de chiffres suffisent à l'illustrer. Dans le premier groupe des pays, la population rurale représentait en moyenne 87% de la population totale en 1976 alors que la production agricole ne représentait que 45% du PIB. Dans le second groupe, les pourcentages étaient 43% et 21% respectivement pour la même année. En deuxième lieu, le taux de croissance annuel moyen de la population sur la période 1960-1976 était de l'ordre de 2,4% pour le premier groupe et 2,7% pour le second. Au cours de la même période, les taux moyens de croissance de la production agricole étaient respectivement 2,1% et 3,5%. Autrement dit, la croissance de la production de l'agriculture a été pour le premier groupe inférieure à celle de la population et dans le second légèrement supérieure. Il est normal dans ces conditions que les exportations agricoles stagnent ou diminuent alors que les importations (surtout des produits alimentaires) augmentent. Il faut se souvenir du fait que les villes par leur poids démographique, économique et politique

^{1/} Rappelons que dans le "World Development Report", la Banque Mondiale entend par pays à bas revenu ceux où le revenu per capita ne dépasse pas \$250 par an, le second groupe inclut tous les autres pays du Tiers Monde sauf les 5 pays pétroliers à surplus financier.

^{2/} Op. cit., p.4

s'arrogent une bonne partie de la production agricole, surtout des produits alimentaires, aggravant ainsi les conditions de vie des masses paysannes. Cette aggravation est à l'origine de l'émigration vers les centres urbains dans le pays, et vers les pays industrialisés. Rien n'illustre mieux la stagnation relative, voire dans certains cas le périllement de l'agriculture, que le fait que des pays qui étaient traditionnellement exportateurs des produits alimentaires dépendent aujourd'hui de l'importation dans des proportions allant parfois au-delà de 50% de leurs besoins. La campagne autour de l'"explosion démographique" qui bat son plein depuis plus de vingt ans aurait dû alerter les responsables dans les pays du Tiers Monde contre la fragilité de leur base agricole ; puisqu'il était notoire déjà il y a dix ans, que la terre arable dans la plupart de nos pays dépasse rarement un hectare par personne de la population des campagnes et tombe parfois jusqu'à 0,13 ha/personne. Encore que les statistiques de la FAO concernent l'ensemble des terres arables qu'elles soient cultivées régulièrement, d'une façon sporadique ou pas du tout^{1/}.

2. Dualisme économique et dépendance

Les stratégies de développement suivies dans l'ensemble par les pays du Tiers Monde ne furent pas seulement marquées par la priorité accordée à l'industrie au détriment de l'agriculture. En réalité, on procéda d'une manière implicite à une série de réductions successives. On réduisit d'abord le développement au concept de croissance économique. Ensuite celui-ci fut réduit, à son tour, à l'industrialisation. Enfin, cette dernière fut réduite aux types d'industrie existants dans les pays industrialisés. Or, l'essence de l'industrialisation est tout simplement le recours systématique aux sources d'énergie autre que celle des muscles de l'homme ou de l'animal. Qu'elle soit renouvelable ou non, l'énergie qu'exige l'industrie doit être disponible à tout moment et en quantité importante. Ainsi comprise, l'industrialisation ne doit pas nécessairement aboutir à une contradiction agriculture/industrie d'un type inconciliable. Nous y reviendrons dans la deuxième section de cette communication. En fait, l'industrialisation dans les pays du Tiers Monde était inspirée par l'une ou l'autre de deux fameuses politiques industrielles : production des substituts des biens importés ou des produits destinés à l'exportation^{2/}.

1/ Voir : Sartaj Aziz, Rural Development, Learning from China (London : Macmillan, 1978; Appendix A).

2/ Dans les années 1960 un débat assez animé eut lieu à propos des mérites respectifs de ces deux "stratégies d'industrialisation". C'était le type même de faux débat, car en réalité ce que l'on fabrique sous le principe de substitution ce sont les biens de consommation, surtout les durables, que le pays importait auparavant pour satisfaire la demande des classes aisées imitant le style de vie occidental. Si l'on veut plutôt exporter, il suffit de comprimer la demande locale et le surplus exportable sera là. Bien plus, dans la pratique une politique conduit fatalement à l'autre. On ne peut pas continuer d'exporter en privant le marché local entièrement. D'un autre côté la répartition des revenus dans la plupart des pays du Tiers Monde étant ce qu'elle est, le marché national des substituts ne tardera pas à être saturé poussant ainsi à la recherche de débouchés extérieurs. D'où nous concluons qu'il s'agit au fond de deux politiques de commercialisation plutôt que de deux stratégies d'industrialisation.

Ce qui frappe le plus dans l'énoncé de ces deux politiques, c'est le fait que l'une comme l'autre est commandée en premier lieu par les relations externes et non pas par la structure interne de l'économie nationale. La politique de substitution est définie selon le type de consommation des couches dont les revenus sont suffisamment élevés pour leur permettre l'acquisition des produits importés, et donc chers. Dans la politique orientée vers l'exportation, l'essentiel est de se montrer à la hauteur des caprices du consommateur occidental. On voit qu'on est plutôt loin des besoins des masses les plus larges et les plus démunies. Mais aussi la politique d'industrialisation ne tient pas suffisamment compte de ce que l'industrie nouvelle devrait apporter aux autres secteurs productifs. Les relations intersectorielles ne sont l'objet d'étude que rarement, et quand elles le sont, c'est généralement comme un exercice d'école entrepris dans les ministères du Plan pour montrer qu'on est à même d'utiliser toutes les techniques de planification plutôt que pour forger un instrument efficace de la politique de développement. Du reste, toutes lesdites techniques n'ont pas permis à notre connaissance une articulation organique rationnelle d'un ensemble cohérent des mesures et des projets de développement dans les divers secteurs de la vie économique et sociale ; et ce en dépit de toutes les prétentions à une planification intégrale. Le résultat le plus dramatique en fut la décomposition de l'économie nationale, jadis plus ou moins intégrée, en deux secteurs distincts : le moderne et le traditionnel.

Notons immédiatement qu'il ne s'agit pas d'une dichotomie d'ordre technologique basée uniquement sur les techniques de production dominant l'un ou l'autre secteur. Les revenus, le niveau de formation, les habitudes de consommation et même les valeurs sociales, les relations avec le monde extérieur, etc..., tout cela se différencie au fur et à mesure du progrès de l'industrialisation jusqu'au point où le secteur moderne devient une société à part, plus liée et plus perméable à ce qui se passe en Occident, qu'à ce qui peut avoir lieu dans la société traditionnelle composée essentiellement de villages plus ou moins dispersés. La société moderne acquiert souvent territorialement aussi les caractères d'enclaves : zones industrielles et quartiers résidentiels dans les villes avoisinantes. Le rapport centre-périphérie défini naguère par Raul Prebisch pour décrire les relations entre les pays capitalistes industrialisés et leurs anciennes colonies se reproduit entre la ou les principales villes où se localisent les activités modernes d'une part, et les campagnes de l'autre, avec ses deux principales caractéristiques : domination et exploitation.

Ainsi la séparation du secteur moderne du reste de l'économie ne crée pas un cloisonnement étanche, mais plutôt une sorte de filtre permettant un passage sélectif des effets. Contrairement à ce que prévoyait la "théorie" conventionnelle de développement, l'"effet percolateur"^{1/} n'a pas eu des conséquences tangibles.

^{1/} "Trickle down effect", Voir à ce sujet : Mahbub , The Poverty Curtain (New York : Columbia University Press, 1976). I. Adelman & C. T. Morris, Economic Growth and Social Equity (Stanford : 1973), et aussi H. Chenery et al, Growth with Redistribution (Oxford University Press : 1974).

Pas plus que les gains de productivité réalisés dans l'industrie moderne n'ont abouti à un accroissement de l'épargne et de l'investissement permettant la réalisation du reste du scénario prévu par cette théorie : création accélérée d'emplois dans le secteur industriel et soutien à l'agriculture à la fois par des investissements et des "input" industriels. Trop souvent des gains supputés de productivité ne se réalisent pas car les usines nouvelles ne parviennent pas à l'utilisation optimale de leurs capacités de production. D'autre part, ce qui se réalise comme surplus financier du secteur industriel est détourné de l'investissement par le train de vie (hors de proportion avec les moyens de l'économie nationale) qu'entretiennent les capitalistes du secteur privé et aussi dans certains cas les dirigeants des entreprises publiques ainsi que les cadres supérieurs du secteur moderne en général ^{1/}.

La consommation publique (forces de sécurité, gonflement des effectifs de l'administration publique, projets de prestige, etc...) entame à son tour sérieusement le revenu national. Les taux d'investissements effectués dans les pays à revenus moyens sont financés dans des proportions fort importantes par des crédits extérieurs. Ainsi la disponibilité d'un financement étranger devient dans trop de cas le critère définitif de choix des projets à exécuter malgré tous les travaux de planification. Or, le moins que l'on puisse dire est que l'investisseur étranger et les gouvernements qui accordent de l'aide ne sont pas sensés connaître et respecter les priorités réelles de développement national. Par contre, sous l'effet de "démonstration", la consommation en général tend à augmenter, et les "modes" de vie importés (avec leurs produits et leurs gadgets) se répandent dans toutes les couches provoquant la recherche effrénée des revenus supplémentaires même par des moyens illégitimes : individualisme, désir de gains rapides, imitation de mode de vie occidental remplaçant peu à peu les idéaux de libération économique et culturelle, de solidarité à tous les échelons, le désir communément partagé d'une économie nationale viable et même le fameux esprit d'entreprise. Misérables et dépourvues des attraits de la "vie moderne", les campagnes renvoient vers la ville la fleur de leur jeunesse.

3. L'émigration des ruraux ; quantité et qualité

Toujours d'après le "World Development Report", la population rurale dans les 34 pays à bas revenu tomba de 92% en 1960 à 87% en 1976. Cependant, on note dans certains de ces pays des pourcentages bien inférieurs à cette moyenne : Zaïre 74%, Centre Afrique 64%, Somalie 72%, sans qu'un effort d'industrialisation notable ne vienne justifier le phénomène. Dans les pays à revenu moyen, la population rural décroit au cours de la même période de 68% à 57%. Là aussi, il y a des pays où la diminution marquée de la population rurale s'explique beaucoup plus par la misère des campagnes que par les progrès de l'industrialisation : Mexico (37%), Colombie (38%), Pérou (43%), Egypte (62%). Quoiqu'il en soit, les statistiques

^{1/} Raul Prebisch remarque avec beaucoup de justesse que si la bourgeoisie du centre fut une classe épargnante, celle de la périphérie est avant tout consommatrice. c.f. son article : "A critique of Peripheral Capitalism" in CEPAL Review (Santiago : premier semestre, 1976).

disponibles démontrent deux faits d'une importance capitale pour nous^{1/}. Premièrement, les investissements dans l'industrie n'ont pas réduit d'une façon appréciable le volume du chômage et de sous-emploi. Le BIT estime que le pourcentage des chômeurs entiers ou partiels (sous-employés) à 40% en Asie, 45% en Afrique et 34% en Amérique Latine. En chiffres absolus, il s'agit de 283 millions de personnes d'une population active estimée à 700 millions pour l'ensemble de trois continents^{2/}. Deuxièmement, il y a en dépit de cela un exode rural dont l'ampleur varie considérablement tout en étant plus grande dans les pays les plus peuplés et aussi dans ceux dont l'effort de développement mesuré par les indicateurs conventionnels est assez remarquable.

On peut tirer des deux constatations précédentes deux conclusions en ce qui concerne l'agriculture et les zones rurales. En premier lieu, dans l'état actuel de la technique et de l'organisation socio-économique des campagnes, le poids humain sur les terres cultivées est trop lourd. Rien moins qu'une révolution agraire ne peut sortir l'agriculture du Tiers Monde de l'ornière. Le libre jeu des forces du marché peut enrichir d'avantage les gros propriétaires et les paysans riches par le truchement de l'augmentation des prix, surtout ceux des produits agricoles. L'innovation technique, y compris l'introduction des variétés à haut rendement, se heurte aux structures socio-économiques et voit ainsi ces effets limités à l'augmentation de la production de certaines cultures réalisées sur les terres des paysans riches et d'agriculteurs du type capitaliste^{3/}. En attendant, le poids humain étant inégalement réparti sur les terres cultivées (d'ailleurs peu étendues et parfois même exiguës), une bonne partie de la population rurale s'en trouve totalement privée alors qu'une autre doit se contenter

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- 1/ Voir pour plus de détails, et surtout pour la situation dans les capitales et autres grandes villes : United Nations Demographic Yearbook (New York : 1976). Et aussi les travaux de "Habitat", la Conférence des Nations Unies pour les établissements humains, Vancouver, Juin 1976.
 - 2/ Voir BIT : Employment, Growth and Basic Needs ; a one World Problem, Travaux de la Conférence Tripartite sur l'emploi, la répartition du revenu, le progrès social et la division internationale du travail (Genève : 1976).
 - 3/ Il est très utile à cet égard d'étudier les cas de l'Inde (la révolution verte) et du Mexique (célèbre par la recherche agronomique avancée). Voir : Cynthia Hewitt de Alcantara, Modernizing Mexican Agriculture (Genève : UNRISD, 1976). Keith Griffin, The Green Revolution ; an Economic Analysis (Genève : UNRISD, 1972).

de minuscules lopins. Ouvriers agricoles sans emploi régulier, paysans sans terre, petits fermiers et métayers et détenteurs des fermes naines survivent à des degrés divers de misère. Ils restent, comme les a décrits Franz Fanon, "les damnés de la terre". Inorganisées et difficiles à organiser, illettrés et n'ayant pas le temps de s'occuper de la politique, les masses rurales du Tiers Monde n'ont ni syndicats ni partis politiques : elles pèsent fort peu dans le jeu politique et subissent beaucoup plus qu'elles ne provoquent les soubresauts dont nos pays sont trop souvent le théâtre. Seuls les pays qui connurent une longue guerre de libération nationale dirigée par des éléments attachés à la cause des travailleurs, virent s'organiser les masses rurales dans l'armée de libération, les milices paysannes et les groupes villageois d'auto-défense.

En deuxième lieu, il importe de voir de près qui fuit la campagne? De qui l'exode rural est-il constitué? Statisticiens et économistes ont trop tendance à réduire les hommes à la simple expression numérique. Or, les hommes égaux par essence, sont différents par l'éducation, la formation, la constitution physique, les aptitudes, etc... Quand on se penche sur l'exode rural on constate tout d'abord que les premiers qui se détachent du milieu rural sont les jeunes ayant eu accès à l'éducation. Dans ce milieu où rien ne relie l'éducation à la vie active du paysan, la fréquentation de l'école n'a de sens aux yeux des parents autant qu'à ceux de l'enfant, que si elle ouvre à ce dernier la voie à la "mobilité sociale", c'est-à-dire, si elle porte en elle l'espoir de s'échapper à la misère des paysans et à la terne existence du village. Parmi les jeunes illettrés, ce sont les robustes et les plus audacieux qui s'embarquent dans l'aventure de quitter un milieu humain où on connaît tout le monde, vers l'inconnu du milieu anonyme des villes. Ainsi, ce sont les éléments jeunes, dynamiques et parfois éduqués qui désertent les villages. Il y a donc un problème de qualité et non pas simplement de nombre. L'exode rural tend à priver l'agriculture et les villages précisément des éléments susceptibles d'y introduire changement et innovation aussi bien au niveau de la production qu'à ceux de l'organisation socio-économique et des structures politiques et administratives et de la vie culturelle.

4. Urbanisation et marginalisation

Cette migration vers les villes a par ailleurs des conséquences désastreuses pour le milieu urbain. Dans les pays de taille modeste ou moyenne c'est surtout sur la capitale que se dirige le mouvement. Dans les autres deux ou trois grandes villes se partage le triste sort de la capitale. Quand les moyens financiers et le régime politique et social le permettent, ces villes se scindent en quartiers modernes avec des hauts buildings, des larges avenues scintillant des lumières des riches boutiques et des enseignes lumineuses célébrant les délices de la société de consommation, et quartiers vétustes et bidonvilles où des centaines, des milliers d'êtres humains s'entassent dans des conditions effrayantes. Dans d'autres pays, ces masses se répandent de plus à travers toute la ville et viennent à bout des "splendeurs" des élégants quartiers hérités de l'époque coloniale, ou font voisiner le spectacle de la misère la plus abjecte avec l'étalage le plus indécent des grosses fortunes.

Un peu partout dans le Tiers Monde, les grandes villes connaissent une croissance monstrueuse qu'aucune politique d'urbanisme ne peut contenir. Les infrastructures

(eau potable, égouts, enlèvement des déchets, transports publics et voirie) craquent et parfois s'effondrent. Leur remise en état et l'accroissement de leur capacité pour répondre aux besoins de plusieurs millions d'habitants exigent des investissements énormes qui dépassent généralement les ressources disponibles. De surcroît, on voit mal des infrastructures modernes sans des habitations modernes et des habitants disposant des revenus stables et décentes. Or, dans les pays du Tiers Monde, et au niveau des classes moyennes, la crise du logement est un mal chronique qui s'aggrave constamment. Au bas de l'échelle, une bonne proportion de la population urbaine ne trouve pas d'emploi assurant un revenu sur lequel un loyer, même subventionné, pourrait être prélevé. D'après les estimations du BIT déjà citées, le taux de chômage dans les villes est bien plus élevé qu'à la campagne. En effet, sur une population active de l'ordre de 700 millions, le taux de chômage est 40,4%. Mais sur une population urbaine de l'ordre de 176,8 millions (25,2% du total), le chômage atteint 31,3%. Mais pour les métropoles ce taux atteint 46,7%. Avec presque la moitié des habitants sans ressource, comment peut-on imaginer une ville salubre et des services municipaux adéquats ? Si New York, le centre financier du monde, est constamment menacé de banqueroute, comment Bombay, Le Caire ou Bogota pourraient-elles s'en tirer ? En fin de compte, l'exode rural gonfle le sous-prolétariat urbain dont la misère excède celle des paysans pauvres. A la misère physique s'ajoute d'ailleurs une misère morale consécutive à la dislocation du milieu familial et la perte des liens humains qui caractérisent la vie villageoise. Ce sous-prolétariat urbain est politiquement dangereux. Inorganisé, sans grande conscience politique, il peut aussi bien grossir l'armée d'une révolution ou constituer la réserve d'un mouvement fasciste. Il est aussi un lieu particulièrement propice à la violence, la criminalité et la délinquance juvénile.

III LA COMMUNAUTE VILLAGEOISE COMME BASE DE DEVELOPPEMENT

Voilà donc le bilan nettement négatif de toute politique de développement fondée sur l'idée que l'agriculture ne manquera pas d'être entraînée dans le sillage de la croissance industrielle. Notre proposition sera donc ainsi formulée : une stratégie de développement global doit comporter dès le départ les objectifs, les voies et les moyens d'une évolution rurale autonome ayant pour base la communauté villageoise. Mais il ne faut pas que cette proposition prête à confusion. Il ne s'agit pas pour nous de renverser des priorités, d'ailleurs, entre industrie et agriculture. Nous pensons que toute priorité doit être relative et commandée par la situation concrète du pays à un moment donné de son histoire ; l'essentiel étant l'équilibre entre les taux de croissance des divers secteurs de l'économie et de la société en général. De même, en préconisant l'autonomie du développement rural nous n'entendons nullement consacrer le dualisme économique, mais nous prenons acte du fait que seul un développement initié sur place et au niveau des unités de base de la structure rurale aura des chances de succès. Cela ne devrait en aucune manière amoindrir l'importance décisive des relations intersectorielles ; bien au contraire cela conférerait à ces relations un caractère politique évident. Toutefois, nous reconnaissons que si notre proposition est facile à formuler, elle n'est pas aisée de la traduire dans les faits. Cependant, nous sommes convaincus qu'il en est de même en tout ce qui concerne le développement entendu comme un processus global s'adressant à "l'homme, tout l'homme et tous les hommes". La facilité apparente des transferts de technologie dans l'industrie, l'éducation ou les transports est trompeuse. La littérature moderne du développement le montre bien.

Quoi qu'il en soit, les conditions dans lesquelles s'exercent les activités agricoles et rurales sont tellement différentes de celles prévalant dans les pays industriels, et varient tellement d'une région à l'autre dans le Tiers Monde que toute idée d'un modèle développement rural "passe partout" nous paraît simplement absurde. Tout ce qu'un auteur peut apporter en l'occurrence, ne dépassera pas le cadre des principes généraux d'approche. Nous n'avons aucunement la prétention de faire plus. Voici donc quelques uns de ces principes :

1. L'homme et l'agriculture

L'industrie moderne a soumis l'homme à ses exigences. A travers la division technique du travail, la tâche de l'ouvrier s'est réduite à la répétition à l'infini d'un nombre fort limité de gestes. Les ouvriers sont littéralement "enfermés" dans l'enceinte de l'usine. La machine en elle-même est le meilleur contrôleur de l'activité de l'homme. Il en va autrement dans l'agriculture tant qu'elle n'est pas entièrement mécanisée à l'américaine, et surtout dans l'agriculture paysanne. En l'absence des machines, et même dans le cas de recours partiel ou occasionnel à des équipements mécaniques, le rôle de l'homme est déterminant. L'agriculture met l'homme en face de la terre. Plus celle-ci est étendue, moins efficace sera tout procédé de contrôle. D'autre part, le paysan n'est pas un travailleur parcellaire. Il s'adonne, au rythme des saisons, à toutes les tâches qu'implique la production agricole. Aussi, la formation d'un paysan est-elle plus difficile que celle d'un ouvrier qualifié. C'est sur des centaines (et parfois des milliers) d'années que la paysannerie acquit l'art de commercer avec non seulement la terre mais l'ensemble de l'environnement et ses écosystèmes. Un paysan n'est remplaçable que par un autre paysan. La mobilité du travail dans l'agriculture se limite au monde paysan, contrairement à ce qui peut passer dans les autres secteurs de l'économie. Autre conséquence capitale de l'importance du rôle de l'homme dans l'agriculture est que toute augmentation substantielle et contenue de la production agricole dépendra en dernière analyse de la motivation des paysans. Dans le monde contemporain où les mass média révèlent d'une manière tapageuse aux plus démunis que d'autres hommes vivent dans des conditions qui dépassent leur pouvoir d'imagination, les paysans du Tiers Monde n'acceptent plus la misère atroce et les inégalités criantes comme des phénomènes naturels imposés par une sorte de fatalité. L'exigence d'une vie meilleure et d'une réduction des inégalités est aujourd'hui une donnée nouvelle avec laquelle il faut compter si l'on veut résoudre vraiment la crise de l'agriculture dans nos pays. C'est là l'idée de base derrière toutes celles qui vont suivre.

2. Un cadre socio-économique plus égalitaire

La terre étant généralement limitée par rapport à la population paysanne active, une redistribution plus égalitaire est une nécessité. Jadis considérée comme une mesure révolutionnaire, la réforme agraire est aujourd'hui le commencement de la sagesse^{1/}. Les formes concrètes de cette réforme, et surtout le plafond

1/ Voir : The selected papers of Wolf Ladejinsky, Agrarian Reform as Unfinished Business (Louis J. Walinsky, ed.) (Oxford University Press : 1977) et aussi Sartaï Aziz, Learning from China, op.cit.

de la propriété foncière, dépendent évidemment de la situation dans chaque pays à un moment donné de son évolution. Toutefois, il est maintenant généralement admis que la propriété absenteïste doit disparaître, fut-ce à terme. Le nombre de paysans sans terre, et plus particulièrement des travailleurs salariés, doit être ramené à des propositions modestes. Finalement, la répartition des terres doit réduire les inégalités mesurées par la courbe de Lorenz et le coefficient de Gini^{1/}. A la limite, des formes de propriétés communes pourraient être les plus efficaces à condition que tel sera le désir de l'immense majorité des paysans (rien n'est pire qu'une collectivisation forcée). D'un point de vue strictement économique, ces mesures permettent de tirer la meilleure partie de l'abondance de la main-d'oeuvre, car seuls des paysans hautement motivés pourraient donner un contenu réel aux techniques d'agriculture à haute intensité de travail.

3. Diversification des activités dans les zones rurales

Le village ancien, avec une population beaucoup moins importante, avait ses propres artisans : charpentier, maréchal-ferrant, bottier, etc... Les services rudimentaires y étaient dispensés par des éléments autochtones : barbier, chirurgien, sage-femme, homme de religion, instituteur, etc... Il est hors de question de rétablir l'ordre ancien. Mais il faut en retenir deux idées essentielles : la diversification des activités d'une part, et l'appartenance à la collectivité locale de ceux qui ont la charge des services. Voyons d'abord la première de ces idées. Il est essentiel que le village ou le groupe de villages, soit le centre d'activités économiques autres que strictement agricoles. On pense tout de suite à certaines activités industrielles en amont ou en aval de l'agriculture elle-même : le recyclage des déchets humains ou d'origine animale ou végétale en engrais, l'entretien et la réparation de l'outillage et des machines, les petits travaux de construction (canaux d'irrigation et de drainage, terrassement des routes, maçonnerie), fabrication artisanale des produits utilisant les déchets ou les sous-produits de l'agriculture, petites unités de conserve alimentaire, etc... Il est crucial de soumettre à une étude sérieuse en vue de leur développement des techniques traditionnelles des activités industrielles et artisanales de la campagne avant leur disparition totale. Si l'on ajoute à ceci le nombre de personnes que pourrait absorber le secteur des services au niveau du village ou du groupe de villages, on voit que la diversification des activités est possible. Cette diversification répond d'ailleurs à deux impératifs. Premièrement, elle contribue à l'absorption sur place du chômage total, partiel ou saisonnier. Mais plus important encore, elle rompt la monotonie répétitive du travail agricole et enrichit la communauté villageoise matériellement et culturellement. Enfin, et ce n'est point le moins important, elle aide à la satisfaction des besoins essentiels de la population rurale par le propre effort de cette population, formant ainsi des noyaux de base pour une politique nationale de "self-reliance".

1/ Ainsi, malgré une limite supérieure de la propriété terrienne de 20 hectares en Egypte, la Banque Mondiale signale que 5.5% possèdent 43% des terres cultivées, ce qui démontre une grande inégalité. Ceci s'explique à la lumière de l'exiguïté particulière de l'espace arable.

4. Des services conçus et rendus dans le cadre rural

Trop souvent éducation, formation et santé sont pensées d'emblée à l'échelle nationale et dispensées selon un modèle unique s'inspirant des systèmes existants dans les pays industrialisés. Le résultat en est que l'agriculture n'en bénéficie guère et les paysans n'en profitent que peu. L'école de village et le dispensaire sont des corps étrangers au village par leur personnel, leurs moyens d'action et même leurs locaux. L'éducation est un moyen d'échapper à la condition paysanne car elle ne se donne pas pour objectif d'améliorer la formation professionnelle du paysan. Les instituteurs viennent de la ville et se font mal à ce retour forcé à la terre. Les familles ne tiennent à envoyer leurs enfants à l'école que si leur situation économique leur permet d'espérer que ceux-ci poursuivent leurs études et montent dans l'échelle sociale. Le contenu de l'enseignement est standardisé et n'a aucun rapport avec l'environnement villageois. Rien d'étonnant dans ces conditions de voir persister des taux effrayants d'analphabétisme, des bas taux de scolarisation, et le nombre d'enfants qui quittent l'école au bout de deux ou trois ans et des jeunes qui perdent le peu qu'ils y avaient appris. Du côté santé, l'image est encore plus sombre. La prévention qui se base avant tout sur l'information, les conditions de vie et les attitudes sociales, est pratiquement inexistante sauf les cas de vaccinations massives et de lutte contre les épidémies. Le médecin de village (quand il existe) a été formé pour pratiquer dans un hôpital moderne et nourrit des idées de prospérité liée à l'exercice d'une profession libérale. Il est donc frustré, a peu d'intérêt pour ses patients, et les paysans n'ont pas confiance en lui. L'augmentation des dépenses de la santé ne se traduit pas en baisse radicale de la mortalité infantine ni en augmentation sensible de l'espérance de vie. Il n'y a donc pas d'autres moyens que la recherche d'autres formes pour la prestation des services au village, des formes qui tiennent compte de la spécificité du milieu rural et qui s'emboîtent naturellement dans les structures de la communauté. Ces services doivent être premièrement destinés à l'amélioration de la condition physique du paysan et le développement de ses capacités intellectuelles. Ils doivent s'étendre au delà des besoins directs des activités productives, pour enrichir le temps de loisir. Le villageois a droit à la culture, au sport et au divertissement. Avec une assistance technique et financière raisonnable, la communauté villageoise pourrait à terme y pourvoir avec ses propres moyens humains et financiers.

5. Participation des masses et démocratie locale

Aucune approche technique ne sera à la hauteur de cette tâche immense : la modernisation au sens plein de la communauté villageoise^{1/}. D'ailleurs, une telle approche, n'a pas la justification habituelle : ce que l'on a appris dans les pays industrialisés, puisqu'aucun de ces pays n'eut à affronter les présents

^{1/} En ce qui concerne la santé, voir à titre de comparaison V. Djukanivic and E.P. Mach, Alternative Approaches to Meeting Basic Health Needs in Developing Countries. A Joint UNICEF-WHO Study (Genève : OMS, 1975).

problèmes que pose le développement rural dans les pays du Tiers Monde ^{1/}. La voie de salut commence par le légitime respect que nous devons avoir pour ceux que nous prétendons aider. Il faut que les paysans eux-mêmes, une fois libérés des contraintes économiques, sociales et politiques actuelles, puissent s'exprimer, penser à leur avenir, prendre leur destin en main. Il va de soi que pour ce faire, ils doivent être informés sur les possibilités et les contraintes de l'activité entreprise au niveau du village. L'apport professionnel et technique externe est indispensable. Néanmoins, cet apport ne doit jamais être sacralisé, sa validité étant toujours relative. Le dialogue entre paysans et "coopérants" extérieurs doit être mutuellement éducatif, le pouvoir de décision demeurant en règle générale entre les mains des paysans et leurs représentants démocratiquement élus. Car ce qui est en jeu c'est le développement du paysan lui-même sans lequel toute politique d'augmentation de production agricole risque de n'être qu'un leurre. Or, ce développement ne peut se réaliser et se poursuivre qu'en rendant au paysan ses droits d'homme et de citoyen, c'est-à-dire, dans le cadre de la participation et l'approfondissement de la démocratie locale.

^{1/} Les conquêtes coloniales et l'émigration à grande échelle vers le Nouveau Monde et autres colonies de peuplement furent pour l'Occident un puissant moyen de réduction de l'ampleur de la misère. En même temps les inégalités territoriales et sociales de l'époque de l'expansion du capitalisme occidental étaient sans commune mesure avec celles que connaît aujourd'hui le Tiers Monde.

AN UNHEARD VOICE ON VOICES

In an exclusive interview with IPS - Third World News Agency, the organizer of the Fourth Peruvian Congress on Andean Man and Culture condemned the decision by the centre-right majority in the current constituent assembly to eliminate Quechua as an official language in Peru.

Zenon Guzman Pinto, head of the Anthropology Department of the University of Cuzco, declared that "Quechua should remain as an official language. It is beyond question that the officials and technicians who have to communicate with the native population must know the language to make themselves understood". He added that it was wrong to continue treating the descendants of the Inca civilisation as an oppressed culture on its way to extinction. He pointed out that Quechua was not being taught either in schools or in university.

Quechua is a language dating back to before the Spanish conquest and is spoken by more than half of Peru's 15 million inhabitants. For at least three million of them it is their only language.

Former president Juan Velasco Alvarado, who between 1968 and 1975 led a nationalist military government dedicated to social reform, gave the Inca language official status not just for all legal and public acts but for all political and cultural activities.

Spanish has been Peru's official language since the arrival of the Conquistadores. Quechua was prohibited during the time of the colony and officially ignored during the republic, while at the same time being restricted by the "cultural Hispanism" that was promoted by official education. Nevertheless Quechua has resisted for four and a half centuries and is still the language which expresses the culture and the feelings of the native population.

After the downfall of Alvarado in August 1975 provoked by the military commanders of the five army regions and the subsequent installation of General Francisco Morales Bermudez, official support for Quechua began to wane.

A recent decree threatens to do away with it altogether, since it seems that the State is no longer concerned to protect the use and expansion of a language which the majority of the population uses to express itself.

Secondary education in Peru requires the learning of a second language besides Spanish, but this language is not Quechua but English. This the anthropologists see as a threat to national culture.

BUILDING BLOCKS

RURAL POVERTY AND DEVELOPMENT ALTERNATIVES IN SOUTH AND SOUTH-EAST ASIA: SOME POLICY ISSUES

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Abstract: The paper begins with a review of the evidence on rural poverty in the non-socialist countries of Asia. This review indicates that there is convincing evidence that rural poverty has been rising in all the countries considered except South Korea and Taiwan. In some cases the rural poor have become poorer; in others the proportion of the poor in the rural population has increased; in still others both have occurred.

After considering several competing explanations of immiserizing growth, it is argued that the problem does not arise from a slow growth of agricultural production as such, but from a low rate of growth of food supply relative to the rate of growth in non-agricultural activities. That is, immiserizing growth is a consequence not of inadequate growth but of unbalanced growth.

The implications of this view for alternative rural development strategies thus are explored. The advantages and disadvantages of small peasant farming systems and communal farming systems are contrasted. It is suggested, finally, that under certain circumstances the creation of a small peasant system may be merely a step that ultimately leads to the creation of a communal land system rather than an alternative to it.

PAUVRETÉ RURALE ET ALTERNATIVES DE DÉVELOPPEMENT EN ASIE DU SUD ET DU SUD EST

Résumé: *L'article qui suit commence par passer en revue les éléments de la pauvreté rurale dans les pays non-socialistes d'Asie. Cet examen montre à l'évidence que la pauvreté rurale s'est aggravée dans tous les pays considérés sauf la Corée du Sud et Taiwan. Dans certains cas, les ruraux pauvres sont devenus plus pauvres; dans d'autres, la proportion des pauvres dans la population rurale s'est accrue; dans d'autres enfin, les deux phénomènes se sont produits.*

Après avoir examiné diverses explications de cette croissance paupérisante, l'auteur avance que le problème ne résulte pas d'une croissance insuffisante de la production agricole, mais d'un faible taux de croissance de l'offre alimentaire relativement au taux de croissance des activités non-agricoles. Ainsi, la paupérisation est la conséquence non d'une croissance inadéquate, mais d'une croissance déséquilibrée.

(suite p.8)

Ajit K. Ghose and Keith Griffin

RURAL POVERTY AND DEVELOPMENT ALTERNATIVES IN SOUTH AND SOUTH-EAST ASIA: SOME POLICY ISSUES*

1. Introduction

One of the most disconcerting aspects of the development experience of non-socialist developing countries of South and South-East Asia is the fact that the problem of rural poverty has remained as acute as ever. Indeed, it appears that in a majority of these countries the rural poor have tended to become poorer, and in some cases even the relative size of the class of rural poor has tended to increase. This is suggested by a variety of indicators, e.g., time-trends in the proportion of population below poverty line, in the incidence of malnutrition, in the real income and consumption of the lowest quintile group of rural population, in the relative size of the class of agricultural labourers, and in rural wage rates.

Yet these countries were hardly suffering from economic stagnation. Indeed, in a majority of them, economic growth was quite impressive both in absolute and per capita terms. Admittedly, growth has been slower than desirable in some countries, but not one has experienced prolonged stagnation or decline. Nor can one seek refuge in such commonplace explanations as "population explosion". There is no evidence whatsoever to suggest that economic growth in these countries has been adversely affected by either initial population density or the rate of demographic expansion.

It is difficult to avoid the conclusion that it is not the lack of growth but its very occurrence that led to a deterioration in the conditions of the rural poor. A recognition of this fact is indeed the first step toward understanding it. Growth itself has been 'immiserizing' and the phenomenon can be understood only through a careful examination of the growth process.

An analysis of the evidence bearing on the actual process of growth in the countries concerned over the past two decades and a half leads to the following principal findings. First, economic growth has primarily meant expansion of industrial output and services. Per capita agricultural output, and per capita food output in particular, have often stagnated or declined. Second, growth has been associated with increasing inequality in the distribution of income. In rural areas, generally speaking, this occurred through an increase in inequality in the distribution of land and other productive assets, an increase in the relative size of the class of agricultural labourers, and a stagnation or decline in

* This study is based on an analysis of the development experience of twelve non-socialist Asian countries. These are Bangladesh, Burma, India, Indonesia, Malaysia, Nepal, Pakistan, Philippines, South Korea, Sri Lanka, Taiwan and Thailand. With the exception of South Korea and Taiwan, they include several of the poorest countries of the world. They also contain within their boundaries the bulk of the world's poor. All of them have been pursuing economic growth within the framework of a mixed economy, although the specific growth strategies as well as the achievements have naturally differed in many respects.

rural wage rates. Third, growth has often been accompanied by considerable inflationary pressures in the economy and, more generally, there has been a tendency for the relative price of food to rise.

In the following section, an attempt is made to comprehend, at a theoretical level, the significance as well as the internal consistency of these facts. This will help us to identify the underlying causes of increasing rural impoverishment in the face of economic growth.

2. Immiserizing growth: a macro-economic view

In an underdeveloped economy, any planned rate of growth of per capita income implies a certain rate of growth of per capita demand for food. The question then arises as to what happens if the rate of growth of per capita supply of food is less than that of per capita demand.

In such a situation two things will happen to bring about equality between the rates of growth of demand for and supply of food. First, the relative price of food will rise. Second, inequality in the distribution of income will increase so as to lower the effective demand of the poor for food.

However, when we examine the actual manner in which such adjustments take place, it becomes clear that the two processes of adjustment are organically linked. The immediate consequence of an excess demand for food is an increase in the absolute price of food. In rural areas, this affects all those who have to buy food from the market, i.e. deficit farmers and landless labourers. Their capacity to buy food depends on the relation between money wage rates and the price of food. It is almost invariably the case that when food prices rise, money wage rates are not fully adjusted and hence real wage rates tend to decline. Furthermore, rising food prices may lead to institutional changes such as the resumption of tenanted land by landlords, thereby reducing tenants to the status of wage labourers. This results in a decline in the incomes of this group. Through these means, the food consumption of the rural poor is compressed. The rural surplus producers, i.e., the relatively large landowners, on the other hand, benefit doubly because, first, the product price rises and, second, the cost of food production relative to price tends to decline as a result of the relative stagnation of money wage rates. Thus the marketed surplus of food is increased by squeezing the consumption of the rural poor and the distribution of rural real incomes worsens.

It should be noted that when food prices rise, the real wage rates in the industrial sector also decline unless money wage rates are adjusted appropriately. If money wage rates are not increased, there is no reason for the absolute prices of industrial products to increase. If, however, money wage rates are adjusted so as to leave real wage rates unchanged, the prices of industrial products (which are primarily cost-determined) will increase, but not in the same proportion as food prices for the obvious reason that wage costs form only a fraction of the total cost of production. In either of the polar cases, the terms of trade between food and manufactures will move in favour of food.

The process of growth we have described will therefore be characterized by three principal features: (i) inflationary pressures, (ii) increasing relative price of food, and (iii) increasing income inequality and impoverishment in rural areas.

Note that it is not the absolute stagnation of per capita food supply as such but rather the lack of balance between per capita supply of and demand for food that gives rise to difficulties. Only when the level of per capita income and the distribution of income are such that the aggregate income elasticity of demand for food is zero or, alternatively, the capacity to import food is sufficiently flexible can unbalanced growth proceed without the consequences described above.

It is important to recognize, however, that the mechanism of impoverishment can operate only in an inequalitarian environment. That is, the market can be relied upon to re-allocate food in the manner described, and thereby permit unbalanced growth to continue only where the food sector is characterized by significant inequality in the distribution of productive assets. If, for example, the agrarian sector consists essentially of an egalitarian peasant economy where neither landlessness nor wage-labour is of any importance, increases in food prices need not necessarily lead to an immediate increase in the marketed surplus. Peasants are unlikely to squeeze their own consumption of food voluntarily, particularly when their cash incomes are increased purely as a consequence of increased food prices.

Viewed from this perspective, it becomes clear that the increasing impoverishment in rural areas of Asia is due not to an inadequacy of growth, nor to an inadequacy of growth in food output as such (although this may be true in some cases), but rather to a lack of balance between the growth of food supply and overall growth. When per capita food supply is declining, poverty will no doubt increase irrespective of the rate of overall growth. But the important point is that it is quite possible for rural poverty to increase even when per capita food supply is rising at a reasonable rate.

It does not follow from our analysis that if growth is balanced rural poverty will decline, only that it will not increase. Nor does it follow that if growth is balanced inequality in the distribution of income will not become worse, for it is always possible that the marginal additions to income through growth will be distributed more unequally than previously. A reduction in rural poverty and inequality will require more than a balance in the growth process.

3. Policy implications

It should be clear from what has been said so far that if the rural poor are not to be further impoverished by growth, growth has to be balanced in the sense that an appropriate relationship between the rate of growth of income and that of food supply must be maintained. In the past, while the rate of growth of income was reasonable, that of food supply was relatively inadequate. Thus a considerable part of the burden of financing growth actually was borne by the rural poor. This situation arose because of slow growth or stagnation and in some cases even a decline in the agricultural sector, and particularly in the food sub-sector. A scaling down of the rate of growth of aggregate income can hardly be recommended since this would amount to recommending overall stagnation. To judge by past records, the possibilities for vastly increasing food imports in the future must be considered as rather limited. Thus an acceleration in the growth of the agricultural sector is absolutely essential if balanced growth is to be achieved.

But if our aim is to reduce rural poverty, a mere acceleration in the growth of the agricultural sector is not sufficient; the manner in which this acceleration

is achieved is equally important. At the very least, it is necessary to ensure that incremental incomes go to the poor and not to the already well-off sections of the rural population. It is well known that in underdeveloped countries, fiscal and monetary measures cannot be relied upon to redistribute income on a significant scale. Furthermore, even if in principle fiscal and monetary instruments could be used to redistribute income, in practice it is unlikely that they often would be used to do so. The reason for this is that the state is not an independent and neutral institution. On the contrary, the character of the state in part determines the pattern of growth and is itself in part a product of the growth process. If the type of growth pursued is highly inequalitarian, one would not normally expect that the political forces supporting the state would wish to implement policies designed to reduce poverty and inequality.

It has to be recognized, therefore, that in some situations, the political forces constituting the state may be neither willing nor able to implement policies that are dictated by the imperatives of meaningful economic development. In the discussion that follows, however, we shall ignore this and assume that reduction in rural poverty (leading to its eventual elimination) is a major objective of development. Two broad policy conclusions follow immediately. First, growth should be so designed that an appropriate relation between the rate of growth of income and that of food supply is maintained. In the context of the non-socialist countries of South and South-East Asia, it follows as a corollary that an acceleration in the growth of the agricultural sector is essential. Second, agricultural growth should be so designed that incremental incomes are channelled to the rural poor. In future policy-making, therefore, the central concern ought to be the promotion of agricultural growth in a way that internalises a distributive bias in favour of the rural poor.

No one denies that it is necessary to replace traditional by modern inputs if rapid agricultural growth is to be achieved on a sustained basis. In most countries, there is very little scope for extending the cropped area. Although the Schultsian "poor but efficient" hypothesis is incorrect, as evidence of the well-established inverse relation between farm size and land-productivity testifies, it must be accepted that the possibility of increasing agricultural output through a reallocation of traditional (i.e., existing) inputs is limited. Growth of land-productivity must be the major source of agricultural growth in future. Thus high yielding varieties, modern irrigation equipment, chemical fertilizers, etc., are essential ingredients of any strategy of agricultural growth.

There is more to promoting agricultural growth, however, than supplying improved inputs to cultivators. In many situations, there are strong structural obstacles to technological change. The pattern of landholding, the extent of fragmentation of land, the character of tenancy relations and the existence of exploitation through usury can act as powerful impediments to technological change. The failure of the "green revolution" strategy to "revolutionize" agricultural production in many regions during the past decade or so underlines the importance of these structural constraints. Yet the problem is often overlooked as it has become fashionable to emphasize the rationality of the traditional peasants. It tends to be forgotten that collective irrationality can be consistent with, and indeed the consequence of, individual rationality.

Even in situations where there are few serious structural obstacles, any attempt to bring about a technological transformation without prior structural reforms is

likely to be associated with a distributive bias in favour of the rural rich. The distribution of land in rural areas is very unequal. Access to non-land resources, including government assistance, tends to be distributed as unequally as land. In such a setting, the rural rich are able to monopolise the benefits from technological change and growth. These are no longer idle speculations as the consequences of the "green revolution", where it succeeded, are by now well known. In fact the experience of the "green revolution" suggests that this strategy has actually worked against the rural poor. It has led to a reduction in tenancy and a swelling of the ranks of landless wage-labourers. It has led to a fairly widespread introduction of labour-saving machinery and thereby worsened the conditions of employment in rural areas.

Thus the objective of distributing incremental incomes to the rural poor cannot in fact be achieved without a prior redistribution of the income-generating assets, notably land, water rights, productive equipment and livestock. The need for land reform in this broad sense arises both because the present structure of asset holdings may obstruct technological change and because it is the most effective, perhaps the only, instrument of combining growth with the right sort of distributive bias. Keeping these twin purposes in mind, two sorts of land reform programmes can be visualized with two alternative ends in view: promotion of an egalitarian peasant economy and promotion of a collective agriculture.

The first type of reform involves a land redistribution programme designed to eliminate, as far as possible, landlessness and wage labour, and to achieve a uniform labourer/land ratio on all land. The intention is to make the small-scale family-labour-based farm the basic unit of production. It is evident that this type of reform would have an immediate and favourable impact on rural poverty. It is easy to see that within such a tenure system a process of modernization of agricultural technology would be relatively egalitarian and probably would not lead to a serious worsening of the distribution of income in rural areas, at least not in the short run. But what are the possibilities for modernization and what are the implications for growth?

Two sorts of probable difficulties must be anticipated. First, a majority of the peasants, many of them newly created by the agrarian reform, would be unlikely to have a large investible surplus. Therefore, the state will have to assume a major responsibility for investment in new technology. This can be done through the creation of a credit network and through a system of distributing modern inputs and ensuring equal access to them. Given political determination and adequate resources, including organizational resources, the problem can be overcome. And it is vitally important that it be overcome, for the advantages of reform can easily disappear if the peasants have inadequate access to complementary resources and fall victim to exploitation by money lenders.

Second, after the reform it may no longer be possible to rely on the market mechanism to provide the urban industrial sector with marketed surplus of food-stuffs. This may indeed be a difficult problem in the immediate post-reform period. Peasant production is geared to family consumption and, initially at least, consumption of agricultural products in rural areas (which is at a low level) may grow as fast as or faster than production, leaving very little scope for growth in the marketed surplus. If this occurs, the growth of the industrial sector may come to a halt. The problem is not unsurmountable, but it requires careful handling.

These difficulties are clearly underlined by the experience of Taiwan, where an egalitarian peasant economy was created, and it is instructive to look at these aspects of the Taiwanese experience in some detail. Immediately after coming to power, the Nationalist government in Taiwan implemented a series of large-scale land reform programmes which included the sale of public land to cultivators, the transfer of ownership of tenanted land to the tenants and the reduction of rent. The programme involved a redistribution of land that affected 25 per cent of the cultivated area and 50 per cent of the farm households. This led to the overwhelming predominance of small peasant owners that is found even today in Taiwanese agriculture.

Both during and after this period, however, massive amounts of US aid, the bulk of which was in the form of grants, were made available. A large share of this aid went into such activities as rural infrastructure, construction of irrigation facilities, provision of fertilizers, research and extension services, etc. Over the period 1951-65, US capital assistance accounted for nearly 59 per cent of net capital formation in Taiwanese agriculture. Furthermore, a bilateral agency called the Chinese-American Joint Commission on Rural Reconstruction (JCRR) was set up in the initial period which, through an extensive network, engaged in such activities as crop and livestock improvement, water resource development, soil conservation, agricultural organization and extension, agricultural finance, rural health improvement, and agricultural research.

Moreover, both during and after this period, the government controlled the flow of the marketed surplus through such mechanisms as land taxes payable in kind, compulsory purchases, and the rice-fertilizer barter system. Compulsory purchases were made at prices that were considerably below the market prices. Chemical fertilizer was a government monopoly and the rice-fertilizer barter ratios were set at levels which made chemical fertilizers quite expensive in terms of rice.

The Taiwanese experience thus dramatically illustrates the two basic problems associated with the modernization of a small peasant economy: a 'resource' problem and a 'marketed surplus' problem. It is not suggested that massive amounts of US aid would be available to other countries of South and South-East Asia as well, nor is it implied that hence the modernization of a small peasant economy in these countries is impossible. But an awareness of the problems is clearly helpful. Undoubtedly, moreover, there would be other specific problems in specific situations, but these can only be detected through region-specific analyses.

The promotion of collective agriculture involves the abolition of private property in land and the consolidation of large areas into a single production unit. Collective agriculture has several advantages over small peasant agriculture. First, it is likely to be more effective in ensuring an egalitarian income distribution and thus in eliminating rural poverty. Second, it makes it easier to plan production and control the marketed surplus. Third, it is better able to undertake investment in new technology. Peasants may be able to mobilize more resources collectively than they can if acting individually. To this extent, the state is freed from a considerable part of the investment burden. Fourth, it is better able to take advantage of any possible economies of scale that may arise in agricultural production. Fifth, it makes possible a rational and efficient utilization of labour. This is particularly important in the context of South and South-East Asian countries, given their relative abundance of labour. Indeed, labour, properly organized, can make a very substantial contribution to capital

formation in rural areas (e.g., in the construction of roads, irrigation canals, etc.).

All these advantages are well-testified by what we know about the agricultural 'communes' in China. The Chinese experience also shows that a 'small peasant economy' strategy and a 'collective agriculture' strategy need not be mutually exclusive alternatives; the former may lead to the latter.

The most commendable aspect of both these strategies is that they make possible the participation of the rural poor in programmes leading to the improvement of their own conditions. Agrarian reform can enable the rural poor to become directly involved in the growth process. Taiwan's 'farmers' associations' and China's 'mutual aid teams' and 'production brigades' are illustrations of the potential for such participation.

Résumé (suite de la p.1)

Les implications de cette situation pour des stratégies vers un autre développement rural sont envisagées. Les avantages et inconvénients de la petite production agricole et d'une agriculture collective sont présentés. En conclusion l'article suggère que, dans certaines circonstances, la création d'un système de petite agriculture ne peut constituer qu'une étape, conduisant finalement à la mise en place d'un système agraire collectif, plutôt qu'une alternative à la première option.

POBREZA RURAL Y ALTERNATIVAS PARA EL DESARROLLO EN ASIA DEL SUR Y DEL SUR-ESTE: ALGUNAS IMPRESIONES POLÍTICAS

Resumen: El informe empieza con un repaso de evidencia sobre la pobreza rural en los países no-socialistas en Asia. El repaso indica que existe evidencia convencidora de que la pobreza rural ha aumentado en todos los países considerados a excepción de Korea del Sur y Taiwan. En algunos casos los pobres rurales han resultado más pobres; en otros, la proporción de pobres en la población rural ha aumentado, y aún en otros casos ambos han resultado.

Después de considerar varias explicaciones rivales acerca del aumento de la miseria, se discute que el problema no proviene del crecimiento lento de la producción agrícola en sí misma, pero de una baja proporción del crecimiento de la oferta de alimentos relativo a la razón del crecimiento de actividades no agrícolas. Es decir, el crecimiento que resulta en un aumento de la pobreza es consecuencia no de un crecimiento inadecuado, sino del crecimiento desequilibrado.

Así se exploran las implicaciones de este punto de vista para estrategias alternativas de desarrollo rural. Se contrastan las ventajas y desventajas de los sistemas de agricultura del paisano mediano y de sistemas de agricultura comunales. Se sugiere que bajo ciertas circunstancias la creación de un sistema de pequeños campesinos puede ser un paso que últimamente condujera a la creación de un sistema agrario comunal más bien que una alternativa a ello.

IFDA DOSSIER 9 , JULY 1979

BUILDING BLOCKS

"SOMEBODY WANTS TO DEVELOP ME"

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The preliminary appraisal of this project has to start with a self-critical statement: the title, although attractive, was presupposing a semantical consensus about the term development among the actors. Once more, the idea produced behind the desk has turned out to be erroneous. For the people of Santa Luz^{1/}, the term "development" is part of the political vulgate and has little to do with them. The purpose behind the title, though, was manifold:

- . firstly, establish a communication process with and among the peasants which would yield recorded dialogues, to be published in book form, in order to "give a voice in the international discussion to those who are never or rarely heard";
- . to search for alternative ways of communication through a process of feedback of the information to the informant, in order to
- . make his participation more conscious, thus more meaningful, through learning how to master tools of analysis of his own reality.

In attempting this appraisal, I intend to set the scene, describe the methodology used, analyse it from the point of view of what general concepts and practices can be deduced, and try to answer the question in the title.

I. SETTING THE SCENE

The village of Santa Luz has 1600 inhabitants and is situated on the Pacific coast, about 900 km. from Mexico City. The inhabitants are *Mestizos*, i.e. descendants of Indians and Spaniards. The general view of the settlement indicates that it is a recent one. The *playa* (beach) on the northern edge is where the restaurants and the "fishing port" are concentrated. With the exception of the "tourist resort" on the western edge of the settlement, where bangalows made of concrete or of *palapa* (palm) are located, the houses of the Santaluzians are somewhat inland, suggesting that the community is more land- than sea-oriented.

The village has 120 houses - mainly of mud-bricks, paved streets, 30 or so TV antennas, electricity and running water, no mains. An elementary school and a

^{1/} Santa Luz is not the actual name of the village.

secondary school with, respectively, 168 and 100 pupils, are situated on the main street. There are 2 churches - a Catholic one on the plaza, and a small Adventist one in a mud-hut. Two young Catholic priests of the liberation tendency service Santa Luz and the surrounding communities. There is a Government-owned food store selling subsidized food, a cooperative and 8 *abarrotes* (small general stores), 3 butcher shops, 3 licensed restaurants, 2 billiard saloons and a cinema. No post office, but recently one telephone booth has been installed. The village has appointed a part-time judge-sheriff, and a 15-man militia.

My choice to start work in this village was motivated by previous information on the region, which appeared to be an average "development" case of the last 30 years of Mexican economic history. On the political level, however, this region is atypical, as a Socialist opposition party - which has been deeply rooted in the peasant masses - had won the last governor's elections but was deprived of victory by electoral manipulations of the power structure. An agro-fishing community was the other criterion, and the third - location at a distance of a "development pole" not bigger than 50 km. - was also satisfied. A personal attraction to the specific environment gave the final push to take this decision since, for 2 weeks previous to my settlement there, I was scouting for an adequate place on the Atlantic coast.

The history

Very little is known of the local history. Even the last 30 years seem to be a puzzle in the memories of the most prominent inhabitants of the village. Pre-Columbian artifacts have been dug up during work on wells or building foundations. These artifacts have been frequently sold to US tourists. There are legends of some Indian tribe living in the bay before the *Conquista* ^{3/}, decimated (if not eliminated) by a surge of the sea and/or epidemic illness, which has prompted the escavation of a tunnel between the mountain and the sea. The period between the Conquista and independence is completely in the dark. The present *ejido* ^{4/} was established in 1935 when the land belonging to the landowner was distributed. The final ownership of the *ejido* was legalized in 1940 under Cardenas.

The early 1950s seem to be the turning point in the recent history of Santa Luz. 70% of the families presently living in the town have come from abroad, 65% of those came in the 50s and early 60s and received land from the ejido. The main source of income in this early period was from collecting coconut for soap production in the factory of the "Germans" on the *playa*, and also some banana and foodcrop harvesting. Fishing, or oyster-harvesting, was totally marginal at that time. Its blossoming is 8-10 years old, whereas fruit-growing (banana *manzano* (of a better quality), papaya, avodaco and mango) was introduced with 80,000 seedlings distributed among the *ejidatarios* some 15 years ago. This has coincided with the introduction of electricity, running water, the tarmac road and the pavement and illumination of the streets.

^{3/} The occupation of Mexico by the Spaniards in the 15th Century.

^{4/} The cooperative structure of agricultural ownership and production, a consequence of the Mexican revolution (1910-1917)

NB: In view of the lack of historical knowledge concerning the village, I suggested to the teachers of the secondary school to launch a participatory research project with the alumni of the terminal classes (16-17 years) with whom we would have prepared a questionnaire in common, and they would have researched through documents and interviews with old persons information could be gathered but, instead, came the offer that I formulate questions which they would give to the pupils as compulsory extra-curricular activity. Despite my reluctance to use "forced informants", I took advantage of the offer in order to collect some data on trends, demographic as well as cultural. All figures which will be quoted stem from a questionnaire or from an official statistical document prepared by the *ejido* with my help, on the request of the *ejido* leadership.

Natural resources

The *ejido* owns 1,336 hectares of land, 6 km. of seashore, one lagoon and 2 km. of river: 415 hectares are irrigated by canal, 20 hectares by sprinkling, 300 hectares are not irrigated, and 611 hectares remain uncleared mountain slopes. 150 hectares of the latter will be cleared from the tropical forest in the near future. The lagoon is sublet to a private entrepreneur "the Spaniard", to be transformed into agricultural land.

Population

166 of the almost 1,600 inhabitants are *ejidatarios* (members of the *ejido*) owning between 4 and 8 hectares per member. Demographic growth has been impressive. 80% of the couples have married between 1950 and 65. The nuclear families are as follows: 12% composed of 3-4 members (including the parents); 60% composed of 5-10 members; and 28% composed of 11-16 members. A female above 18 without a child is highly exceptional.

The occupational figures are: agriculture 60%, sea 32%, other 8%. 20-25% of the active male population are landless and boatless labourers.

Economics

The "gross village product" is approximately composed of: A) fruitgrowing 40%; B) exploitation of the sea 35%; C) tourism, commerce and other services 25%:

- A in decreasing importance: bananas, papaya, avocado, mango and minimal food-crop growing (corn and beans); practically no animal breeding;
- B in decreasing importance: oysters, lobster, fish;
- C the elements are difficult to compare, as there is no statistical material available.

The means of production are few: there is only one tractor, 8 pick-ups, and a dozen fishing boats with outboard engines, of which the cooperative owns 2 and a private firm 6 boats. The lack of agricultural machinery is explained by the fact that fruitgrowing requires, once the land is cleared and the trees are planted, only cleaning activity, feasible with machetes, is necessary. Diving equipment for oyster-picking is inexpensive: it consists of a mask and flippers, a pneumatic tyre on which a small net is attached to carry the picked

oysters and an iron bar, also attached to the tyre, which permits the separation of the oyster from the rocks on the seabed.

Oyster-picking: It is worth describing this activity in more detail, as it concerns around 100 males of the community and is the most controversial and sensitive, the more so as there is a labour shortage in the fruit-growing sector and even *ejidatorios* do not work their land but prefer diving for oysters. This sector has been my first concern as well.

Groups of 8-10 oyster-pickers, the majority in their early twenties, leave around 9 am in an outboard boat in order to be taken to the diving spot. Where to go is a collective decision of the group, normally following the suggestion of the best picker. Once at the spot, which never exceeds 50-70 m from the shore, they anchor and wait for the water to get warmer. Around 10 am they enter the water and for the most part work 3 hours without rest. The seabed is not deeper than 3-5 meters, each dive lasting 35-50 seconds. Around 1 pm they return to shore. The average harvest per day is around 30-35 kg with shells. The *coyotes*, as the buyers are called, measure the catch and pay individually in cash. The price received has grown 85% in the last 6 months, far above the general inflation rate. The average daily income is around US\$25; \$1 is paid to the boat owner for transportation. Working in the fields gives \$5 for eight hours of work; the attraction of oyster-picking is thus obvious. The conflict arises, though, when the *veda* (prohibition period of 3 months starting 1 June, i.e. with the rainy season and the big heat) begins. This attractive income makes the majority, particularly the landless, disregard the prohibition. Although they are quite well informed about the long term negative effect of this behaviour, that is there is no time for the larvae to develop and the oysters are slowly disappearing. In the absence of a more attractive alternative than the \$5 earned on the fields, they break the law and prefer bribing the authorities, who gladly accept and even initiate.

Fishing is done by a half a dozen individuals who normally own the boat and the engine, but in every case the engine. There are big differences in technical know-how, invested effort and equipment, particularly the nets which are different for different types of catches. The usual procedure is to set the net(s) at sunset and retrieve them at sunrise. Lobsters are caught near the shore, fish more in waters but not exceeding one to two miles. One or two fishermen line-fish high quality fish. Here the daily catch is extremely variable, but for the better fishermen it averages \$35-40. Full equipment, with a 2-3 nets boat and engine, costs around \$5,000. The permanent buyer, a private firm, maintains a primitive icebod for storage. The fish is bought by the local restaurants; the catch is not big enough for buyers to come regularly as for oysters. There is overproduction neither for oysters nor for fish. Everything is immediately sold and prices are quite high. (The approaching of Easter week, a massive vacation period for Mexicans, has contributed to the rocketing of prices of the products of the sea. This continues to be a national phenomenon.)

Organization

This can be quickly disposed of within the *ejido* as none of the economic activities of its members has any relationship to the fact that they are *ejidatorios*. The buying of inputs, the production process as well as the selling is done

individually by each member. The only advantage is that they are able to receive some credit if needed through the *ejido*, if the leadership is in agreement.

The fishing cooperative has lost practically all but 17 of its members. None of the fishermen remain members - they are *libres* (free producers). The only advantage to the members (exclusively oyster-picking) is that they do pay a little less for transport as they buy only the fuel which brings \$1 down to some 40 cents. The history of the cooperative, to which I shall come back in part III, is that of an exploitative process of members by the autocratic central leadership and its local representative, who was appointed and not elected.

The only functioning, newly organized communal or cooperative set-up is the *Caja Popular*, a sort of credit union which was launched by one of the two young priests some months ago, in which members are obliged to save a given amount every week and are allowed small loans.

Standard of living

Approximately 80% of the inhabitants own their houses, and only 10% lack electricity and water. 83% have bettered their habitat, i.e. done away with the *palapa* houses for *adobe* (mud-brick) or concrete. More than half the households have electric refrigerators and 70% have radios and gas stoves. If one adds this picture to the virtually non-existent unemployment and the rich natural endowment of the community, Santa Luz has to be placed among the better off communities of the region.

Culture

Illiteracy, frequent among those above 50, is present in its functional form among the younger generation. 75% of the families do not read newspapers - actually none is available for buying locally. The daily cab service brings copies to a few people. The dominant printed media are the comic and picture-stories read by 70% of all ages. 35 different kinds of these products have been mentioned. There are no books in the families other than those received free of charge by children in the primary school. Even the Bible has not been mentioned. Among the audio-visual media, radio is listened to (70% of those interviewed regularly listen to news); among the TV programmes the serials are preferred. The cinema 2-3 times a week shows two films - a D-rate old Hollywood and an operette-like Mexican one, also at least 20 years old. The programming is done by the distributor in town.

So close to the US and ... A very important cultural factor is the variety of ties which exist between this community and the US. Firstly, the above-mentioned printed and audiovisual media are US-produced and translated, or at least US-inspired. All the stereotypes of Superman & co. are absorbed by the local youth. There is also the personal contact with tourists, who are normally young Americans speaking some Spanish and looking for contacts. The equipment of even those relatively poor ones is largely superior to the local, not to mention the "dream-like" full-comfort motor homes which park around. Thirdly, there are, to my knowledge, about 6 mixed couples, mostly young, who live partly in Santa Luz and partly in the USA. But most important, many youngsters go illegally to the US once or twice a year to work in the Southern and Eastern States. Many families have members in the US who send money home. This influx of money is often the

factor which in the poorest families makes up for the difference between hardship and relative well-being. A significant manifest case: the US baseball cap is gradually replacing the *sombrero* (the traditional straw hat), even among males above 40. It can be stated with reasonable certainty that the socio-economic, political model which has been internalized by the vast majority of people in the community is the US one. This does not mean that there is no envy, mixed with hatred and despise, concerning the *gringo* (more or less pejorative nickname for North Americans). The answer, psychologically, is a banner-waving "Mexicanity"! A couple of individuals mention the Cuban model as the ideal. No-one mentioned an alternative Mexican model.

II. METHODOLOGY AND PRAXIS

Theory

In contrast to the academic approach of research, conviviality and participation was preferred in this case to the "looking at" and "objectivizing" practice. Another essential point is to return to the proprietors of information their own wealth, that is, the information, and not deprive them of it as in the classical process. As important as the other points is the utilisation of recorded and re-played dialogue and not the interview form of communication. In this respect the group method seems indispensable as individual interviews do lead the conversation where the interviewer wants it to go, whereas in a group situation there is more probability that the subjects relevant to the group will be discussed. The fact that the "investigator" is coming from outside of the community is considered a positive factor in this method. As the outsider is not mute, but participating, this produces value and culture clashes (mini-clashes) which are rich in possibilities to come closer to the perceived reality. This of course presupposes a lasting and as horizontal (egalitarian), as humanly possible a relationship between the indigenous and the foreigner. Mutual confidence and respect is the primary condition for success in this method.

Problems

Three main problems had to be solved, which could be seen as the three stages of the process:

- a) adapt physically to the new environment;
- b) decide on what identity to assume;
- c) initiate individual and group contacts for personal information and the establishment of relationships.

All three are related to the time factor. If one does not perceive one's own "bio-rhythm" and rushes things, failure is inevitable.

In a drastically new environment, as was mine in the first 6 weeks, living in a *palapa* hut without water and electricity, having to clear the immediate surroundings of the house with a machete, I had to learn the hard way that I needed time to adapt my body to the new circumstances. My first identity in the community was perceived as the one of the *gringo* tourist. My contact with people was limited to buying food on the *playa* and in town. I was careful, perhaps too careful (but who can be the judge?), not to push my contact with people. It was only later that at the start of conversations, when my identity was directly

enquired about, that I established myself as a writer-journalist who had come to find out what they thought about development. (My nationality, *Hungaro*, was the source of funny misunderstandings, as in Mexico the gypsies are called *hungaro* - with one exception, nobody knew where Hungary was.) The fact that my wife is Mexican considerably helped the acceptance process, aided also by the lack of a strong foreign accent in Spanish.

In the second phase, after having moved from a far-away *palapa* house to an *adobe* house inside town, contact became obviously more easy as I was meeting people on the street by chance and conversations, often on their initiative, could start after a short time of their getting accustomed to seeing me around. In this phase I oriented myself toward the fishermen and oyster-pickers who, after several meetings where I was also buying their products, accepted my request to take me with them out to sea. This was the breaking point. The work- and income-related conversations which we could hold in the boats provided natural openings to several other topics, from political to private. My questions concerning the technique of their work, the names of the fish varieties and tools, showed my inferiority to them in this field. This contributed quite naturally to the establishment of a relationship of complementarity, or horizontality. The real acceptance of my presence, though, happened on an occasion of a relative prolonged convivial activity. I took in my car four fishermen to a place 140 km away to prepare food for 1,000 persons. This was their contribution to celebrate the ordination of one of the community's young Catholic priests. I became part of the team, as the work went on day and night for 36 hours. No doubt several bottles of *tequila* contributed to the attainment of high spirits and solidarity. I was still the foreigner, but no more the *gringo* tourist.

It was after this convivial experience that I started talking about coming together in the evenings to have group discussions, which would be taped and played back. This struck them as unusual and I had to explain why we were considering the information they owned as their property, and how they could have control of it with this procedure. Another element which helped was that there was a group playing chess in the evenings which I joined. Having a variable score of gaining and losing games, another level of equivalence realized itself.

In general, I believe that one should not present oneself as a competitor in social, sexual or economic aspects if a healthy relationship is to be developed. There are often tricky situations in the relationships. If I want to buy fish or oysters from someone who considers me a friend, there is normally no way to pay for it. Depending on the circumstances, I have sometimes accepted a fish, or one or two oysters, but as a general rule have always insisted and managed to pay for what I was buying. It was another matter if they were offering their products as a present. I normally, but not always, accepted a small symbolic amount, not failing to underline, perhaps somewhat "white-ishly", that they are living off their products. The same when sitting and drinking beer, without falling into a schematic behaviour I managed to maintain some equilibrium in whose turn it was to pay. On one occasion I refused to lend to someone 1,000 pesos, because it was obvious that this would create precedents and unhealthy relationships as well as an image of the "exploitable guilty *gringo*" which I did not want to favour. Do-good-ism creates an unequal, dominant relationship. The differences were manifestly present; they materialized in the car I drove and the bicycle - which perhaps caused more envy among the young who frequently offered to buy it, something I at the beginning refused to understand but then, realizing their

astonishment at my refusal to sell (I realized that the Americans sell their belongings at the end of their stay), I asked for such a high price that they realized I did not want to sell. These episodes underline two things:

- . if one wants to communicate one has to perceive the code on the basis which the community is functioning or, in other words, "when in Rome live like Romans";
- . one should avoid "turning native", remaining instead who you are and avoiding artificial image-creation about oneself, because the eyes in front of you are at least as sharp as yours.

The third and last phase seemed to approach when three different and divergent personalities stuck out of the group of people I was frequenting. It is difficult to say if it was my choice to get nearer to them in order to constitute the nucleus of the group with which the dialogue should start, or personal and reciprocal empathy which motivated the growing interest toward them. These were males aged 38-42, heads of families of 9, 11 and 5 persons, representing the 3 main professional careers, i.e. oyster-picker, fisherman and fruit grower, all of them *ejidatarios*, representing politically the 3 main tendencies present: the party in power since 60 years, the opposition party, and a politically inactive but highly thought-of citizen. None of them belonged either to the rich or to the poor, one born in town, one living there since the 50s and the other since only 4 years. The intensity of personal ties became manifest when all of them invited me for dinner in their homes, which allowed me to meet their wives and children. These were ad hoc invitations, casually made, without informing the housewife, eating just what would have been prepared anyway.

We discussed in detail, but separately with each one, the methodology and they volunteered to invite other people they thought would be interesting and interested. For two weeks one of the three was always absent at the agreed time and place (my house in the evenings) so that I came very near to giving up the project as already unfeasible. Eventually the three came together and the internal dynamism developed. The most remarkable phenomenon was that the topics one would have thought of suggesting for debate were coming up naturally and logically, but from within the dialogue itself. In the first four sessions the following topics came to be discussed: family size, male sexuality, drinking habits, saving of money, oyster-picking, corruption, the history of the fishing cooperative - all obvious topics for discussion in view of the title of this project, but the participatory element was evidenced by a collective decision once the topic came up, to follow it up, and more, one of the three "nucleus" members was always suggesting whom to invite for the discussion of a given topic. So the "research" became as much theirs as mine.

The experience of listening to the previous day's recording and the opportunity to correct, cut, replace phrases of one's own text, was not taken advantage of. Never did anyone ask that some changes be introduced; the only request was to edit out some cursewords which are part of the daily language, but not for publishing in their view. I took the solemn oath that I would not publish anything before the participants have agreed upon the text which is put in their mouths. In general, the control function proposed to them was not taken advantage of, as traditionally they give or don't give their confidence to someone and that's the end of the story. It is not in their tradition to control the person entrusted with power by them, which permits the elected *ejido* or cooperative officials to act often in their personal interests.

The only possible evaluation at this time (I intend to go back for at least 2-3 weeks in order to finish the dialogues, i.e. to come to the point where we all are satisfied that we discussed what was worthwhile to be discussed) is the unsolicited statement of one of the "nucleus" members, telling me that going home the previous night they discussed among themselves going on with this type of discussion once I had left. This was the common view of the two politically-determined group members, which suggests that the dialogues went over and above ideological dividing lines into the internalization of the *res publica*.

In conclusion, I would like to re-emphasize:

- . Horizontality or, in other terms, equivalence, complementarity. It is of no use to speak to them about equality in its formal or legal sense, because they will become suspicious of your intentions.
- . Stating as soon as possible frankly what one has come to do, determine your identity (it was the first time that anybody had come to Santa Luz for research purposes). No trust will be forthcoming as long as they are unconvinced of your intentions not being inimical to their interests.
- . Be yourself, but respectful of the other, i.e., use your own value system during the debate, this is your role.
- . Listen to your own antennae to determine when the time has come to reach a new stage of your relationship, i.e., work. There is no "objective" quantifiable criterion or indicator.
- . Try to internalise their time perception, in order to avoid frustration, which pushes to impatience, the worst adviser.
- . Get quantified information from the community or its members as well, to be able to provoke comparative views in them. The fundamentally hic and nunc life perception makes it clear that there is very little memory even of personal history, not to speak about a date like: when was running water introduced in town?
- . Question them in order to learn about their work and habits, and be ready to open up and do the same toward them with your knowledge - there is no better means, in my view, to establish the sense of equivalence.

I believe that this more instinct-based "research" methodology with some quantified trend indications is the method where both sides derive advantage from the process. Indispensable preconditions are a certain human maturity and capacity to open up on the "researchers" side, and a relatively generous time allotment in order to allow for the development of the genuine rhythm in the relationship researcher-community.

III. SOMEBODY WANTS TO DEVELOP ME

In order to tackle this relationship, it has to be stated first what form takes the want, i.e., what sort of manifest development strategy is being promoted. Mexico does not have the tradition of a central development plan with clearly defined objectives. The first such attempt is some weeks old, and there is no special ministry or secretariat of planning. The information is more post factum than projected. The main information about "development" can be read in the President's annual report, something similar to the US president's report on the

State of the Union. This sort of communication is broken down by state, and each governor does the same propaganda speech yearly about his own state. Those statements can be found in the press as paid advertisements. Planning, as far as it goes, is short term, the more so that the sexenia (a president can be elected only once for 6 years according to the constitution) appear as the historical units of measurement, each president wanting to make history, but worse, discontinue numerous projects of the previous one and launch new ones. It is the first time, with President Lopez Portillo, that a long-term (20 years) development plan is seriously contemplated.

At the village level this exercise is translated in the legal obligation of the *ejido* leadership to have a yearly meeting called "*Para balance y programacion*". The government agencies which deal with rural development are innumerable (I was told that they were more than 100), but the main ones are SRA (the Land-Reform Secretariat), which is the political arm; SARH (Secretariat of Agriculture and Hydraulic Works) which is a technical one and has a much more important development budget than the previous secretariat, and the Banco Rural, the main credit agency.

In Santa Luz this complex relationship boils down to the "we" and "them", the authorities, local, state and federal. Inside the *ejido* the dividing line is among the leadership and the members, as the leadership although elected is normally supporting whatever initiative comes from above. This is a fact that I could witness as I participated in all the 4 meetings called during my stay. The process being as follows: someone from the above-mentioned agencies comes down and proposes a project. In the concrete case, a SARH agronomist suggested transforming unused waste land into pasture for animal breeding. He insisted that the request should come from the *ejido* members in written form and that costs be shared 80% from the state and 20% in money or work by the community - a general trend in agricultural investment projects. Slowly it emerged that this is a 5-year old plan, that the *ejido* had made a written request 5 years ago, that they are more than in agreement but, as one *ejido* member formulated it in the meeting: "local elections are coming close, so you come with this project to show us how caring the government is", an accusation denied by the representative of SARH who explains that here has been an administrative reorganization and that now the project be put into life. Finally, the meeting voted to send the request. Another example: an official from the state's development coordinating department appears one evening, drunk or high on marijuana, and organizes an ad hoc meeting on the question of building two new school rooms. He explains that he likes the president of the *ejido* and the town and for this reason he brings them this advantage. In the past, he states, the community's contribution would have been 15%, but as there has been an inflationary process now they will have to contribute 20% (sic). There was no quorum present, only the next time people went to pay the monthly water bill they found that it had doubled (from 20.- to 40.- pesos) in order to come up with the 20% for the building of the school rooms. If the bill is not paid the water gets cut off in a week.

In a sense the term "development" as such is not a concept alive in the community. There exists politics, power structures expressed through different institutions and individuals. There is the relationship between products and the price one can get for it; there is the education of one's child in a good school if possible; some health consideration when one is sick, and life goes on. The only need which is expressed is for a health centre in town, but then in case of

sickness, I witnessed the preference to consult a doctor in the nearby village (despite the fact that he is not permitted to practice) than to the official health centre in San Federico. The "Insh'Allah"-ism is expressed in its local form: "*si Dios quiere*" (if God wants it), is not only a cast of semantics very often used when anything concerned with the future comes up, it is a quite deeply rooted mind set, at least among those middle aged and above. In the Santa Luz of today, there is no knowledge of development goals, be they national or local. They seem to be, for the overwhelming majority at least, only individual ones.

Us and ...

The real question thus is how does Santa Luz progress, in the perception of its inhabitants? On whose initiative? From outside or from within?

Strictu sensu, for the Santaluzians "us" means the nuclear family. Despite the existing social frameworks of possible collective action inside the *ejido*, or the cooperative, disillusionment is widespread. "I wouldn't trust no one in Santa Luz with 100.- pesos if it is for a collective purpose", says Gustavo, 24, one child, oyster-picker, with secondary school education, member of the cooperative, "we have tried so many things and we've always lost the money". "We tried in our boat to do something new. We were six of us, all friends of the same age", says Fidel, 23, 2 children, oyster-picker, "and decided that the daily catch will go to one of us in rotation so as to get an important sum, allowing for some savings or a more important investment. It went very well ... for one week, and then the guys didn't want to do it any more, so we are back, each one for oneself". "We left the cooperative years ago and became *libres*", says Armando, 42, 9 children, no formal education, fisherman, "the representative of the coop ... giving us orders as if he were our boss, distributing the work and the consequent remuneration as he pleased, favouring those who were his friends, and so, on Ruben's initiative we left, practically all of us". "If you want gasoline, Fidencio is selling, only at 4 pesos a litre instead of 2.80. The same if you want to buy shrimps; he is sending out his boy to the ships" (cooperative ships, which by law are the only ones entitled to catch high value, currency-producing products of the sea, like shrimps and oysters, ships which cruise day and night in front of the seashore but come from elsewhere) "and they bring back the shrimps and even sometimes fish, against beer and money", I am told. Fidencio, the owner of the biggest restaurant on the *playa*, his mother owning the biggest restaurant in town, is the president of the *ejido*. There is no petrol station close by, so all the boats buy petrol from him at the high price. "You know, the judge, he is the one to kill pigs once or twice a week and sells the pork", says Leopoldo, 40, 6 children, boat and engine owner, oyster-picker, "I hear he has sent out instructions that no one can kill pigs without legal permission". It is not sure that his information is correct, but he prefers to believe it. "But people are impossible to work with", says the same Leopoldo .. "You know, I launched a consumer cooperative, people participated, we opened a store, I invested much more than the others, but if they see you drinking a beer, they immediately say that you are stealing from them. Eventually the cooperative got broke and I left it too. Since then I mind my own business".

Nepotism and corruption are the underlying constituent elements of any serious conversation. When the argument of legally possible social control is opposed to their defeatism, the answer is inevitably, "you don't know about them, one has to be careful".

... them

"In seventy ..., I forgot the exact year, the representative of the *Banco Rural* came here", says Marcelino, 62, judge and grocery store owner - the wise old man of the community, "... offered us credit for planting bananas on the condition that we put the roots 1 m. deep in the soil. In Palcototan (25 km. east) this had given excellent results given the volcanic character of the soil, i.e. a huge strata of humus. The Bank representative had worked before in cotton, so didn't know much about bananas. We told him that the humus here is 30-40 cm. deep, so to make 1 m. deep holes would be bad. But the advantageous credit was on the condition of the 1 m. deep. So we did it. For 2 years the production was miserable, we didn't even make our own investment, so we didn't want to pay back the loans, because we didn't have anything. I myself headed the no-payment movement. And we didn't pay back this credit". It has to be mentioned that Marcelino has excellent ties with the dominant party on state level, and he is activating people to vote during elections.

"They don't care, you know. This boat and engine I have", says the above-mentioned Leopoldo, "I have them since four years, given to me by the Government. Imagine, it is only last week that a chap from the bank came to ask me for the first instalment. In the meantime they cost exactly the double". (In 1977 the peso was devalued practically 100%.)

"I had a Swiss army knife like yours", tells Alberto, 40, 3 children, grows papaya on 4 ha., "but they took it away from me. We were sitting with friends in a restaurant when the army came in, and we were all searched for arms. They found this pocket knife on me and took it away. When I asked for a receipt, the soldier, astonished, asked me: 'but who are you, are you an important person?', I stopped then to argue, my friends told me to do so ... they were right, you can't do anything. I was real furious to be so helpless." "It is not the fight I am scared of, it's the justice", Victorio, 53, 11 children, fisherman with own boat, engine and nets, tells me, when rescuing a friend of ours from a *cantina* (bar) where he was having some drunkards discussion with others, "I know them, I know justice, I've been a policeman for 3 years of my life".

"Last year during *veda* (June-September, when oyster-harvesting is prohibited) the captain of the marines came and told us", says Abel, 38, 7 children, 6 ha. of land left fallow, picking oysters, "if we wanted to dive without being bothered we should buy him a TV set, colour preferably. We did it."

In the final analysis the law is there to be infringed upon by both sides, those who should enforce it as well as those who should respect it. There is no lack of knowledge among the oyster-pickers concerning the biological processes, of the time necessary for the larvae to grow. Some entomologists from Mexico have been giving talks to them explaining the ecological chain. The problem is the lack of alternative to the daily gain of \$25-30, but worse perhaps, the lack of the search for an alternative. They do not take back to the sea the oyster shells, equally suggested by the entomologists, in order to multiply the growth possibility of the oysters.

The sad note to conclude upon is that the culture of dependence seems to be the main link in the chain of the internal and external dependency structure, and that the demobilizing effect of corruption and nepotism has surely the most negative effect on the "development" process. "I don't care much them being corrupt", says Abel, "if only they delivered the goods."

BUILDING BLOCKS

TOWARDS THIRD WORLD COLLECTIVE SELF-RELIANCE

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Abstract: *Third World countries have experienced major difficulties in their attempts at economic integration. Orthodox customs union theory is irrelevant to the design of a strategy for cooperation among Third World countries. The market approach to economic integration among Third World countries aggravates differences among partners; the distribution of benefits within an integration process can be effected satisfactorily only by interfering directly with the so-called "efficient" allocation of resources arising from the free play of market forces. The sharing of a common historical experience is not a sufficient element for the success of integration arrangements among groups of peripheral countries. There is probably scope for economic integration schemes or comprehensive cooperation programmes among nations with similar views regarding their future development pattern. Less comprehensive formulae of cooperation directed exclusively towards fulfilment of specific political and economic objectives could be undertaken by the generality of Third World countries. The "project" approach to Third World cooperation could be successfully pursued in the areas of production, finance, technology, commodity exports, imports of industrial products and so on.*

VERS L'AUTONOMIE COLLECTIVE DU TIERS MONDE

Résumé: *Dans leurs efforts vers l'intégration économique, les pays du Tiers Monde ont connu de graves difficultés. La théorie orthodoxe de l'union douanière est sans rapport avec la définition d'une stratégie pour la coopération entre pays du Tiers Monde. Le marché comme instrument d'intégration économique aggrave en fait les différences entre les partenaires. La distribution des bénéfices dans un processus d'intégration ne peut s'opérer de manière satisfaisante qu'en s'en prenant directement à la prétendument "efficace" allocation des ressources résultant du libre jeu des forces du marché. Une expérience historique commune n'est pas davantage un élément suffisant pour assurer le succès de l'intégration entre pays de la périphérie.*

En revanche, il y a un potentiel pour des arrangements tendant à l'intégration ou pour des programmes globaux de coopération entre pays poursuivant les mêmes objectifs. Des formules moins complètes destinées à l'accomplissement d'objectifs politiques et économiques spécifiques pourraient être mises en oeuvre par tous les pays du Tiers Monde. L'approche par "opérations" pourrait être poursuivie dans les domaines de la production, des finances, des techniques, des exportations de matières premières, de l'importation des produits industriels, etc

Resumen (Ver la página 16.)

Edgardo A. Floto

TOWARDS THIRD WORLD COLLECTIVE SELF-RELIANCE^{*/}

1. INTRODUCTION

The nineteen-seventies have been characterized by a change in the Third World attitude towards both the international structure and the role assigned to the periphery in the international division of labour. Helped by the success of the OPEC cartel, peripheral countries, particularly through the Group of 77, began to press with new impetus for reforms to correct the basic defects of the prevailing international economic order: the poverty and inequality which it perpetuates, both as between countries and within each country. However, the proposals put forward by the Third World, while dealing with different aspects of the economic relations between the centre and the periphery, do not attempt to introduce any fundamental change in the basic structure of the existing international economic relations. Consequently, their effect (assuming at least some of the proposals will be adopted) on the distribution of wealth and power among nations will be rather limited.

In recent years, this approach to the problems of the present World Order has been challenged. Some Third World countries (and some non-governmental bodies in the centre) have reacted against this emphasis on better terms of trade and are seeking a restructuring of both the international economic order and their domestic socio-economic systems. The new proposals put forward question the prevailing approach to development, which seeks maximum growth at any price ignoring the question of social equity, and explore the idea of another development - endogenous and self-reliant in character - whose main aim is the satisfaction of human needs, both material and non-material, within socially and environmentally sound production alternatives. A self-reliant development in each peripheral society would require a drastically different international economic, political and cultural environment. Hence the call for a structural change in the existing international economic order, as against an improvement in the terms of trade. Changing the international order is a process that demands internal adjustments from industrialized as well as peripheral economies. Since the proposed changes in the international order will be detrimental to the privileged position of industrialized countries, their governments are not likely to initiate the required reforms without some persuasion from Third World countries. The transition from dependence to self-reliance is a fundamental step if Third World countries expect to persuade the industrialized world to carry out the internal reforms which are necessary for a new international order. But any move towards increasing Third World capacity to adopt a self-reliant development pattern, precisely because of its subsequent effect on the international order, is likely to meet as much opposition from the centre as the actual initiatives to change

^{*/} *The longer version of this paper will be published soon as an Occasional Paper of the Third World Forum. For reasons of space, the footnotes have been deleted from this paper.*

the international economic order. A strengthening of the proposed strategy of domestic self-reliance by means of a complementary strategy of collective self-reliance, therefore, seems essential, not only to facilitate the process of transition from dependent to self-reliant development but also to enhance the bargaining power of the South vis-a-vis the North.

By a strategy of collective self-reliance one understands, a programme of "cooperation against poverty and for development by groups of Third World countries acting among themselves and thus modifying the conditions for their national development", while reducing their collective dependence on the centre; and also the strengthening of the Third World bargaining power through the "use of their latent, underutilized or unutilized capacity for joint action in their relations with industrialized countries" so as to improve the terms of these relationships.

Attempts by groups of countries to join forces in order to improve the terms of their integration into the world economic system are not new. Today's attempts to combine the efforts of several countries in the pursuance of a common objective, are not very different from those of the British colonies in North America after their independence from the metropolis at the end of the eighteenth century, or from the goals of the 'Zollverein' in Germany in the face of the economic hegemony of England and France. Moreover, the post-war economic integration attempts involving peripheral countries, whether in the form of simple free trade areas such as the Central African Customs and Economic Union and the Latin American Free Trade Association, or of more ambitious integration attempts such as the Andean Pact, all aim at improving the conditions under which their member countries are participating in the international division of labour. There is hardly a geographical area in the world in which some kind of economic integration programme cannot be found. Politics, economic folklore and misconceptions account for some of the enthusiasm for integration in the Third World. Unfortunately, the outcome of Third World economic integration attempts has not been very successful. But it is precisely upon the experience of past failures that one has to draw to outline a new strategy of collective self-reliance for the periphery.

The design of a programme for the attainment of the collective self-reliance of the Third World, has to begin by demystifying the very notion of Third World. The historical experiences of these countries, their relative economic development, and their social and political systems are extremely varied, and so are their views regarding the most appropriate development pattern for the periphery and the way its fruits ought to be distributed among the members of their societies. The common dependent character of their economies does not guarantee unity nor unified action of Third World countries in the face of common problems. Consequently, a programme of action

geared towards the collective self-reliance of the South will have to start with the recognition of the diversity and heterogeneity of those who are expected to play an active role in it.

This paper does not present a detailed and comprehensive programme for collective self-reliance, but rather gives some broad guidelines for the design of a concrete plan of action that could lead to a strengthening of the Third World's capacity for self-reliant development. As we concluded elsewhere it seems rather hopeless to attempt to look for any guidance in the orthodox theory of customs unions for the design of a strategy for cooperation among Third World countries. The restrictions imposed by the assumptions of static comparative analysis makes customs union theory completely irrelevant for any discussion of economic integration or economic cooperation among peripheral countries. The experience of the various groups of Third World countries which have attempted - mostly without the benefits of theory - to form economically integrated units, however, does throw some light upon some of the major problems that peripheral countries are likely to face if they engage in wide-ranging cooperation schemes.

II. A THIRD WORLD CUSTOMS UNION?

The concentration of technological progress in the North and the unequal distribution of the benefits from increased productivity, perpetuated by 'unequal exchange', has led Third World countries to advocate a reorientation of trade towards a South-South pattern and against the traditional and, for the periphery, harmful North-South one. While there certainly is a case for the reorientation of international trade, it does not follow that reorientation need produce greater absolute gains for anyone in the Third World.

Most of the recent product innovations in the world have tended to be 'labour-saving' and 'investment-using' in production, and have been designed for richer consumers, reflecting the resource availability and income levels of consumers in the industrialized countries in which the innovations occur. The dependent character of the peripheral economies, however, has forced the latter to adopt these rather expensive and inappropriate techniques, with the consequent negative effect on production and consumption patterns. The, for the South, unsuitable character of technological innovations that take place at the centre seems to be an inevitable feature of continued emphasis on North-South trade. But as the development of appropriate technology is not possible for most individual Third World countries because of their relatively small size, South-South trade appears to provide an answer. The extension of the market would not only enable countries to exploit the gains from economies of scale and specialization but would also provide better conditions for the development of appropriate technology.

In this context, an agreement among Third World countries to lower or eliminate reciprocal trade barriers, on a preferential basis, may seem a positive step improving the development possibilities of the periphery and helping to insulate the South against fluctuations in the North. Additionally a policy of orientation of international trade away from the North-South to the South-South pattern, by reducing dependence, could also increase the bargaining power of the Third World. This type of action, however, has its difficulties.

First, the economies in the South are dominated by North-South connection to such an extent that it will be rather difficult for them to break out in the short-run. Technology purchase agreements include restriction clauses on exports to third countries and stipulations for directing imports to the industrialized countries. Conditions which are usually complemented by informal restrictions imposed by parent companies to its subsidiaries. Additionally, export credits are only (or more easily) available for imports from the North, while tied aid also requires purchases from the latter.

Secondly, the present productive base of peripheral countries is a reflection of the dependent character of their economies, and the structural changes required in these economies to achieve higher rate of growth will not be brought about automatically by liberalization of trade. Not even when this liberalization is among Third World countries on a preferential basis. Trade cannot play a crucial role in economic transformation. Moreover, the pattern of development arising from trade, capital and technology flows with the centre has induced an oligopolistic market structure and unequal distribution of income that reinforces the North-South relationships. In the context of the latter, "to establish a market for advanced country products it was helpful to establish an unequal income distribution: such an income distribution ... tended to emerge from the type of technology adopted". Now, given the pattern of industrialization in the periphery the latter feature will tend to be maintained in a process of free market expansion of South-South trade. Thus, in the absence of any changes in the structure of production, trade will continue to be a manifestation of, and a contributing factor towards the structural dependence and backwardness of peripheral economies.

Thirdly, and in our view the most important, we have the problem of the distribution of gains from expanded trade. The experience of the market approach to economic integration among Third World countries has shown that 'free trade' aggravates existing differences between Third World countries as development tends to polarize. Consequently, the abolition of restrictions to trade between peripheral countries will repeat, at the level of the Third World, the kind of unfair distribution of short-term as well as long-term gains from trade we are witnessing in the world at large. The usual answer

to this problem is to advocate "some means through which the losing areas can protect themselves against the gaining areas and ... /secure/... a fair distribution of gains". Traditional economic theory, in this case, considers 'neutral' direct transfer of financial resources the most efficient means of compensating the losing partners in an integration arrangement, as it does not interfere with the free play of market forces and consequently guarantees, in their view, both the most efficient allocation of resources and an equitable distribution of benefits. Another mechanism used to attempt to offset the uneven distribution of benefits from integration is the non-uniform application of tariff policies between partner countries, allowing those member countries which are in a relatively worse position a longer period for dismantling barriers to intra-regional trade and for setting up the common external tariff. In other words, account is being taken of the more backward nature of the less favoured partner in the group granting it a longer period of protection against competition from other member countries, while in the case of the former's exports to its partners they will enjoy free access to the region's market. On the other hand, the system of differentiated internal tariffs temporarily alters the subsidy implicit in reciprocal trade, and results thus in an income transfer towards the losing partner. None of these mechanisms, however, have effectively coped with the major problem of economic integration among peripheral countries, namely the polarization of economic activities, which results in an unjust distribution of short-term benefits as well as a cumulatively unfairly distributed dynamic gains, impossible to offset by means of a 'neutral' transfer of financial resources.

It seems that the only way the distribution of benefits among partners in an integration process can be influenced in the right direction, is by means of interfering directly with the so-called 'efficient' allocation of resources arising from the free play of the market forces. As long as the problem of polarization of economic activities resulting from the free operation of the market remains, no comprehensive solution to the distribution problems will be achieved. Given the distortion and disequilibria prevailing in Third World economies, a selective mechanism of regional investment planning seems the most appropriate way to achieve both an improvement of efficiency and an equitable growth within an economic integration process. Though, as Vaitsos points out even a regional planning system might not be sufficient to promote development among the more backward members of an economic union, and thus to guarantee a more even distribution of benefits. These less advanced countries, apart from the problems related to the financing of projects, may face serious difficulties in the preparation and implementation of the development projects in question due to lack of technical, managerial and physical infrastructure. In these circumstances, the allocation of investment projects to a certain country would not necessarily imply that the project would actually be carried out. Consequently, any step towards regional planning will have to be complemented by

technical and financial assistance throughout the different stages of the project, i.e. preparation, appraisal and implementation.

The sheer magnitude of the practical problems involved in any attempt to programme investment decisions at the level of the Third World as a whole renders this method of tackling the issue of uneven distribution of benefits from trade impracticable as a generalized solution for the periphery. Regional planning of investment could nevertheless be seen as an efficient and feasible means of reconciling a lasting equitable distribution of benefits and economic efficiency within a relatively small group of countries such as the Andean Pact. However, the dynamics of economic integration, particularly when deliberate intervention by a supra-national decision making body in the definition of major economic policies or on the allocation of economic activities is involved, will demand an increasing homogeneity of the integrating partners' social preferences and compatibility of their political systems (if not their political union), if the conflicts between national sovereignty and economic self-interest are to be solved successfully. In other words, the advanced stages of economic integration appear more and more as a political process, the final outcome of which is determined by essentially political factors. The problems faced by the EEC in its efforts to adopt the European Monetary System would tend to confirm that conclusion. On the other hand, if the partners in an integration process do not even share the same views as to what development pattern their economies should adopt, a stage will soon be reached where the incompatibility of interests will be so severe that any eventual negotiation will be made impossible, and the integration process will at best stagnate and at worst collapse altogether. The incompatibility of the political systems of the integrating countries has been present as a negative element in almost all the economic integration processes of the Third World, thus indicating that, contrary to what some may suggest, it is not enough to have a common stance with regard to import-substitution policy or to show some homogeneity in terms of their economic size, for peripheral countries to succeed in their economic integration attempts. This consideration throws serious doubts upon the long-term prospects of the Andean Group.

Within our framework the analogy of social preferences of potential partners to an integration scheme does not constitute a sufficient condition when it is based on adherence to a dependent capitalist development pattern as integration will only help to increase the efficiency with which peripheral countries will serve the interests of the centre. Economic integration among Third World countries should be used as a means of strengthening 'another development' in the South, but not to increase the latter's dependence on the North. In this context, one should not favour and promote any random attempt to create free trade areas or customs unions in the Third World, but only economic integration processes

involving countries which are seeking another, more independent, development. It is not enough to "unite and fight" to counter the colonial and neo-colonial policy of "divide and rule", the success of the enterprise is determined by whom you are uniting with and what you are fighting for.

Despite the rather intricate set of factors underlying the strive towards integration among groups of peripheral countries, there seems to be a tendency to see as the main element in all of them a sharing of a common historical experience. This historical experience has, more often than not, been moulded by colonial domination of national life; but ethnic, religious and other cultural affinities have also played a role. It is then argued that cooperation in general, and economic integration in particular, can be much more easily organized in depth among countries in a particular region with similar history, customs and even language, on the assumption that this similar historical background will guarantee a certain community of interests and greater solidarity necessary for the success of economic integration attempts. A similar sense of a shared historical experience - belonging to the family of dependent backward nations - seems to have been the driving force behind the movement towards cooperation among Third World countries. The peripheral character of their economies in relation to the development of capitalism and their unequal participation in the benefits from global technical progress are the main common features of Third World countries that have been referred in the various appeals to join forces to overcome the neglected and backward situation of the South. But, as we have said before, one should not so much attempt to integrate countries with a common historical background as countries with a common future. Namely peripheral countries decided to embark themselves in the pursuit of another development. Economic integration, as an instrument of development, cannot be conceived as a set of policy instruments and institutional mechanisms with universal validity. Rather economic integration is a dynamic process whose content and legitimacy will be given by the prevailing socio-economic structure of the member countries, their present views regarding the development needs and the new conditions that will result in the future.

The creation of economic integration schemes or comprehensive cooperation programmes among nations with similar views regarding their future development pattern might involve certain negative factors, for these countries are not very likely to be neighbouring countries or even to be located in the same geographical region, thus limiting the potential benefits as a result of higher transport costs involved. This problem certainly calls for further research, but it is not any different from the difficulties that in this respect would face a Third World free trade area. Nevertheless, it seems at

first sight doubtful that Bolivia should enjoy a more advantageous position, in terms of transport costs economies, by integrating with Venezuela in the Andean Pact than would have, for example, Cuba by joining in an economic integration scheme along the lines suggested here with, say, Angola.

By their very nature, such comprehensive economic integration schemes will necessarily include but small numbers of countries. But cooperation among Third World countries should not be limited to comprehensive economic integration schemes involving countries sharing a common strategy towards another development, disregarding any other type of mutual assistance programme comprising larger groups of peripheral countries, if not the Third World as a whole. The latter should be confined to less comprehensive formulae of cooperation, directed exclusively towards the fulfillment of specific political and economic objectives, thus allowing for a much more flexible type of relationship, as any policy harmonization required will only be of a partial character and related to the specific common target in question.

III. THE PROJECT APPROACH TO THIRD WORLD COOPERATION

The idea of a project in our context will be used in a wider sense than the straightforward concept of industrial development projects with which it is usually associated; it will refer to any initiative involving the joint action of two or more countries geared towards the satisfaction of a specific need or the achievement of an objective of a limited nature, as against the comprehensive range of objectives aimed at by economic integration schemes. Within this framework one could distinguish two broad types of projects: those whose principal aim is the production of goods and services, and those which aim at strengthening the bargaining power of Third World countries, power which in turn might or might not have direct effects on the production of goods.

1. Production projects

With regard to the first type of initiatives, the establishment of projects which serve a wider than national market may be the result of either the free operation of market forces in a region where trade barriers have been removed, or the explicit agreement between two or more countries which may or may not be part of a regional trade liberalization scheme. As we have seen elsewhere, however, not only is the market an inadequate mechanism for the allocation of resources and for the distribution of benefits in Third World countries, but the actual feasibility and success of any integration or cooperation scheme among these countries will require direct interference with market forces. Having rejected trade liberalization as an efficient resources allocation mechanism for peripheral countries, any programme of cooperation among Third World

countries should be based on specific agreements involving the joint programming and allocation of activities between these countries.

There are, of course, different classes of goods and services, with different degrees of mobility, and thus not equally suitable to production on an international basis (i.e. involving more than one country). Some of these goods and services such as retail trade, government services, etc., are not normally traded among countries and are likely to be excluded from any cooperation programme. The rest of the goods and services that could be subject to a cooperation agreement can be divided into two categories:

First, those goods and services, such as electricity, transport and communication, irrigation, which are not normally bought in the world market but if produced on a regional basis could lead to cost savings compared to their production on a national scale. The operation of these types of projects on a regional rather than national basis could reduce cost as a direct result of either the larger scale of operation, fuller utilization of existing capacity, greater specialization, joint management, the coordinated use of jointly-owned resources, or a combination of these. Given their character, these projects will have to be restricted to neighbouring countries.

Second, goods and services which may be produced and acquired on a domestic as well as an international basis. In this category one could distinguish two broad groups: the first one would include those goods and services oriented towards the satisfaction of men's basic needs of food, clothing and shelter; while the second group would comprise other primary and manufactured products.

With regard to the first group, it is clear that basic human needs should be understood to include not only minimum material needs, such as the ones mentioned in the preceeding paragraph, but also non-material needs, i.e. access to basic services (e.g. education, water, health, and habitat), the right to productive employment and to participate both in the decision-making process and in the implementation of projects. However, the fact that the major area for cooperation among Third World countries is likely to be precisely in the production of goods geared towards the satisfaction of basic material needs, has led us to exclude, at least at this stage, the satisfaction of non-material needs from a Third World collective self-reliance programme. Moreover, apart from the difficulties involved in cooperation among peripheral countries to meet the non-material needs of their population, the satisfaction of men's non-material needs can only be achieved in the context of another development.

There are certain advantages in a project approach to cooperation among Third World countries that would begin with and concent-

rate on joint initiatives geared towards the production of goods aimed only at the satisfaction of basic 'material needs'. First, all peripheral governments, independently of their political orientation, are likely to recognize the need to increase the availability of goods required to meet the basic material needs of the poorest strata of their communities, and this would certainly enhance the possibilities of reaching an international cooperation agreement for the production of these goods in the Third World. Secondly, these are production projects whose development in Third World countries seems to be perfectly feasible from the point of view of resource endowments and technology. The technological know-how required to produce essential goods is either already in the possession of some Third World countries and could thus be effectively transferred to other peripheral economies through a cooperation programme, or can be acquired without the direct intervention of multinational corporations. Dependence on multinational corporations for the supply of a 'commodity' which they allegedly provide best, i.e. technological knowledge is thereby reduced. Thirdly, a Third World cooperation programme for the production of goods aimed at the satisfaction of material needs, though not a comprehensive solution to the periphery's problems, will be a move in the right direction. A cooperation programme in this type of products is no substitute for a basic needs development strategy. The latter is not only concerned with increasing the availability of goods and services but with the problem of providing adequate distribution channels in order to guarantee that the increased supply of essential goods and services actually reaches the poorest members of the community. The satisfaction of basic needs can be effectively secured only in the context of a comprehensive process of fundamental social and structural changes and development. Nevertheless, the establishment of joint projects to exchange technological knowledge and develop new technologies as well as to expand investment for the production of essential goods such as food, clothing, footwear, and construction materials for basic housing facilities, is certainly a step in the right direction in as far as it will at least change the 'product mix' in a direction more suited to the consumption requirements of the poorer strata of society. In this way a larger part of the benefits of higher rates of growth will 'trickle down' to the low income groups. A Third World cooperation programme with emphasis on the satisfaction of men's essential necessities will lead to a production structure more likely to reduce income inequality than to increase it.

Emphasis on basic needs should not be understood as a denial of the importance of industrial development in the periphery. If Third World countries intend to reverse the present pattern it is essential that they increase the rate at which they create their own industrial capacities and capabilities. This leads us to our second group of commodities, namely the rest of the goods that can be produced and acquired at the domestic as well as the international

level. Cooperation among Third World countries in this field is likely to be directed mainly towards development projects involving manufactured goods. The bias in favour of manufactured goods is due not only to the dynamic economies of scale present in industrial production, but also to the fact that, without industrial development, it would be impossible to bring about the required long-term structural transformation of the economy leading to a genuine self-reliance and a reduction of technological dependence on the centre. Consequently, priority to popular consumer goods and food without neglecting industrialization, heavy industries and modern technology (i.e. Mao's 'walking on two legs') should be the basic guideline of a Third World cooperation programme.

The project approach to cooperation offers substantial benefits to peripheral countries who intend to develop an efficient production structure in activities that are subject to economies of scale and advantages from specialization, but are, nevertheless, unable (or unwilling) to join a comprehensive economic integration scheme. A cooperation formula of that type cannot, as we have mentioned before, involve the establishment of preferential tariffs for certain groups of products as the only means of inducing the production of these goods in the partners' economies. The case of LAFTA's 'industrial complementarity agreements' clearly exemplifies (if further examples are still required) the complete inadequacy of such a system to promote industrial development. The major benefits from cooperation among peripheral countries will not result from the potential benefits from specialization and competition allegedly offered by the creation of an expanded market through tariff reductions, but from the development opportunities created by the joint programming and selection of new activities at a regional or international level. This, of course, does not preclude the possibility of complementing the joint production programmes with agreements regarding the levels of tariff protection against third parties' competition that the said production will enjoy in the partners' markets. Joint programming and allocation of investments, however, does not guarantee the actual implementation of the projects in question, hence the need - as we mentioned in the case of economic integration schemes - to support these plans with the necessary financial resources and technical assistance, particularly for the more backward Third World countries. Consequently, both the comprehensive integration schemes discussed above and the project approach to cooperation require institutions to support less advanced countries of the Third World, financially as well as technically, in the preparation, appraisal and implementation of the investment proposals.

The project approach to cooperation is by no means free of difficulties and obstacles. The bias in favour of national projects, reflected in the orientation of national economic planning machinery, will have to be overcome in favour of a common base for cooperation. This 'national' bias, which is also present among countries with a

long history of economic cooperation, is a direct result of the lack of political commitment on the part of member countries and the consequent risks and uncertainties surrounding their joint activities that has characterized most cooperation schemes in the past. Except in those cases where location of an industry and production advantages are dictated by the location of natural resources, the main basis for technological superiority is economies of scale rather than advantages of location, and such economies can be realized more or less anywhere provided the market is broad enough to absorb expanded production. Comparative advantage is based on a variable relationship of technology that can be changed without necessarily changing a country's factor endowment, thus rendering the established pattern of specialization very unstable and investments very risky unless there is a political will to support and respect an agreed specialization. A second difficulty could arise from the distribution of costs and benefits from these projects among partner countries, particularly when the project is located in one country but will serve all members. The project in question will generate employment, fiscal revenues, foreign exchange, and may be externalities in the host economy, so the problem of what will be distributed equitably and in what manner will be anything but simple. This difficulty could be overcome, to some extent at least, by simultaneous negotiation of a 'package' of projects so that each country can host at least one project, thus enhancing the possibilities of giving adequate satisfaction to each of the partner countries' aspirations.

The negotiation of group of projects, as against individual projects, however, also poses problems. An apparently agreeable allocation might no longer look so after some years of operation of the agreement if divergences in the projects' efficiency grows so wide that the distribution of cost and benefits among partners is altered. Conversely, some of the projects may reach a very high standard of efficiency earlier than others and, consequently, may become independent of the expanded market, creating instability within the cooperation agreement. The fact that the project approach to cooperation is not necessarily restricted to neighbouring countries and will most likely cover countries with different views on development, will certainly add to the uncertainties of the scheme over time. One way to reduce uncertainty and increase the political commitment to the cooperation agreement is to encourage joint financing of at least part of the projects incorporated in the agreement. In this way, the financial risks of the projects involved would be spread among participating countries, and a stronger community of interest would be created, which will increase the chances of success of the cooperation schemes even if some of the projects involved face unforeseen temporary adverse circumstances.

2. Projects to strengthen Third World bargaining power

Detailed analysis of the second type of projects mentioned at the beginning of this section, namely those designed to strengthen the periphery's bargaining power to improve the terms of its incorporation in the international economy is not possible here; these include a wide range of areas of cooperation extensively discussed in several international fora, particularly UNCTAD, and on which Third World countries seem to have put all their emphasis so far, probably in the hope that their internal problems will be solved if they obtain a better deal with the centre.

In this paper we will, consequently, only mention briefly some of the possible areas in which cooperation projects of this type can be developed among Third World countries.

i) An autonomous financing institution controlled by the Third World would yield short-term gains. The importance of such an institution for both the economic integration and the project approaches to cooperation among peripheral countries has been stated before. Its main task would be, on the one hand, to support financially both economic integration efforts among peripheral countries in pursuance of another development and project cooperation schemes in the Third World; and, on the other, to provide technical assistance throughout the different stages of a development project. It is important to bear in mind that one should not aim at creating yet another international financing institution cut to the format of existing ones and operating with the same criteria when it comes to the decision on the priority of projects or the definition of a country's 'credit worthiness'; but at the formation of a kind of Development Bank which, without disregarding the necessary financial security considerations, is geared towards the support of the periphery's path towards another development. It should be emphasized, however, that the creation of a Third World Development Bank is not the solution to the problems of development in the South, but a complement, though an essential one, to the initiatives and solutions that will have to emerge from within each individual country according to its own characteristics and possibilities. Without the internal effort to overcome the constraints to development, no Third World Development Bank, and no Third World cooperation programme for that matter, will constitute a real solution to the problems of the periphery. Most of the proposals regarding such a bank suggest that the backbone financing of it will come from OPEC members. Alternative sources of financial resources should be considered, however, particularly since some of the OPEC countries are running such enormous balance of payments deficits that one is doubtful whether it is a wise step to rely exclusively on financial resources of that origin for the Development Bank.

ii) A second area of cooperation relates to the eventual creation of a Third World monetary system which would include elements such as a joint reserve management, payment agreements not linked to industrialized countries' currencies (Third World Clearing Union), and the establishment of a particular type of Third World Special Drawing Rights or the creation of a new Currency Unit exclusively for the use in financing their trade or joint productive enterprise undertakings.

iii) The path to a self-reliant development necessarily goes through self-reliance in technology. This implies the capacity both to create technological know-how and acquire and use technology from abroad. With regard to the first aspect, the obvious line of action is the coordination of research efforts in the Third World and the establishment of an effective system of communication and exchange of information among peripheral countries. Since autarchic development of technology is impossible even at the level of the Third World as a whole, most of the technological know-how for industrial development will have to be acquired from abroad. Experience has shown, however, that the main suppliers of technology, the multinational corporations, are not willing to transfer effectively any technological knowledge to the 'buyers' as this would imply giving up the basis of their monopoly power. Hence the need for a two-fold action in this area: a) to adopt a common code of conduct towards multinational corporations as a means of improving the Third World possibilities of changing the process of technology acquisition; and, b) to establish a cooperation and technical assistance programme with those industrialized countries that have a more 'open' (less hegemonic) position towards the South, as a means of establishing an effective system of transfer of technological knowledge between the North and the South.

The adoption by the Third World of a common code of conduct in their relations with multinational corporations would not only improve their bargaining position, but would also prevent multinationals from playing off one country against another. Even if nothing else were to be achieved, a common set of guidelines and rules regarding foreign investors would enable Third World countries to increase the average tax rate, thus increasing their receipts from foreign firms. As a complement to their efforts to draw up a common code of conduct, Third World countries should create an efficient system of information regarding the operation of multinational corporations in their own countries.

iv) The joint action by groups of peripheral countries, with the essential support of the whole of the Third World, directed towards the improvement of their terms of trade, offers concrete opportunities for cooperation whether through UNCTAD's Integrated Programme for Commodities or through producers association. OPEC has been undoubtedly the most successful experience by peripheral countries in using their collective bargaining power to improve their terms

of trade, but this experience is unlikely to be repeated to the same extent in the case of other primary products of a less strategic nature than oil. Hence the need to look for less ambitious targets in terms of price increases for primary products, and concentrate more on price stabilization and the diversification of exports through the project approach to cooperation suggested here. Apart from its organizational difficulties the joint action by Third World countries to increase primary products' prices presents an additional problem which has to be kept in mind, namely for whose benefit these price increases will be. The beneficiaries "may be large farmers, plantation owners or mine owners who belong to the rich in poor countries ... /or if/ ... these plantations or mines or owned by rich foreigners, e.g. by transnational companies, the benefits take the form of aid or redistribution to the rich countries", thus indicating that unless there is a process of change towards a self-reliant development in peripheral countries, these joint actions may prove to be rather futile.

v) Another area of cooperation that has been suggested, is the use of the joint capacity of the Third World as importer to improve the import prices of their purchases from industrialized countries, but no serious study seems to exist on the manner in which this joint buying power of Third World countries could be better used.

(vi) Finally, there is ample scope for cooperation in the field of international communication. The present near monopoly of transnational communications by multinational corporations, with their capacity to create images and spread values, is one of the most deceiving elements of the prevailing system of ideological and cultural domination by the centre. Thus indicating that the Third World's attempt to create a new international economic order will have to include the creation of a new 'international information order'.

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HACÍA LA AUTODEPENDENCIA COLECTIVA DEL TERCER MUNDO

Resumen: Los países del Tercer Mundo han experimentado grandes dificultades en su tentativa de integración económica.

La teoría tradicional sobre las confederaciones de aduanas es inaplicable al diseño de una estrategia para la cooperación entre países del Tercer Mundo. El método de la economía del mercado que se aplica a la integración económica entre los países del Tercer Mundo agrava las diferencias entre consocios; la distribución de beneficios dentro del proceso de integración puede efectuarse de modo satisfactorio solo cuando hay intervenciones directas en la llamada alocación "eficaz" de recursos que resultan de las fuerzas del mercado libre. Ser parte de un experimento histórico común no basta como elemento para asegurar el éxito de arreglos para la integración entre grupos de países de la periferia.

Probablemente hay alcance para esquemas de integración económica o para programas comprensivos de cooperación entre países con puntos de vista afines en cuanto a modelos para su desarrollo futuro. Fórmulas de cooperación que son menos comprensivas y que se dirigen exclusivamente hacia el cumplimiento de objetivos específicamente políticos y económicos podrían ser emprendidas por la generalidad de los países del Tercer Mundo. El método de "proyectos" aplicado a la cooperación en el Tercer Mundo puede emplearse con éxito, por ejemplo, en cuanto a producción, financiamiento, tecnología, la exportación de materias primas y la importación de productos industriales.

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ECONOMIC COOPERATION AMONG THIRD WORLD COUNTRIES: THE CONCEPTUAL AND INSTITUTIONAL FRAMEWORK

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Abstract: A strategy of development predicated on an integrated world economy wherein Third World countries depend on the growth impulses generated by industrialized countries is totally inadequate for development in the Third World. The industrialized countries have been increasingly looking inwards for their own development and have established collective political and economic organizations for this purpose. Increased economic cooperation among Third World countries should enable the creation of complementarities amongst them and enlarge the markets for their products and provide them with greater economies of scale. The removal of tariff and non-tariff barriers are not adequate instruments for greater cooperation. There should be greater planning and the establishment of the necessary institutional framework, particularly in the provision of credit facilities and facilitation of financial flows, adequate and economically viable transport linkages, and a regular forum for the formulation of policy and its implementation.

Higher rates of growth resulting from increased economic cooperation among Third World countries should lead eventually to greater world trade and increased welfare, rather than to their diminution.

LA COOPÉRATION ÉCONOMIQUE ENTRE PAYS DU TIERS MONDE: LE CADRE CONCEPTUEL ET INSTITUTIONNEL

Résumé: Une stratégie de développement fondée sur une économie mondiale intégrée dans laquelle le Tiers Monde dépendrait des impulsions émanant de la croissance des pays industrialisés est totalement inadéquate. Les pays industrialisés eux-mêmes pratiquent une politique autocentrée et ont créé à cet effet des organisations politiques et économiques collectives. Une coopération économique accrue entre pays du Tiers Monde devrait faire apparaître leurs complémentarités, élargir leurs marchés et permettre des économies d'échelle. La suppression des barrières tarifaires et non-tarifaires n'est pas un instrument suffisant. Ce qu'il faut, c'est une meilleure planification, la création d'un cadre institutionnel, notamment en ce qui concerne le crédit et les flux financiers, des moyens de transport adéquats et économiquement viables de même qu'un forum permanent pour la formulation et l'application des politiques.

(Suite p.12)

P.B. Karandawela

ECONOMIC COOPERATION AMONG THIRD WORLD COUNTRIES: THE CONCEPTUAL AND INSTITUTIONAL FRAMEWORK

I. Motivating factors

While theoretical discussion on the subject of economic cooperation among Third World countries has been rather scanty, practical approaches to it have been growing progressively over the last two decades. A large number of regional institutions providing for varying degrees and forms of cooperation are in existence today and there is scarcely a Third World country which is not involved in one such institution or another.

Over the last few years, the subject of economic cooperation among Third World countries has assumed a totally new dimension. Perhaps for the first time, this subject has been selected to be one of the main issues for discussion at an UNCTAD conference constituting, as it does, a principal item of the agenda for UNCTAD 5. Whereas in the past economic cooperation among Third World countries was given only marginal consideration and, that too, only at a regional level, today, however, the approach is to look upon it as a central theme of the development strategy of the Third World and as a primary means of realizing the New International Economic Order. To the extent that it succeeds, economic cooperation in the Third World would not only mean a fundamental change in the entire strategy of these countries to their development problems, but would also bring about a fundamental change in their relations with one another and with the industrialized countries.

What are the factors that have resulted in the new importance and significance attached to economic cooperation among Third World countries? Primarily there is the deep and growing realization that the traditional pattern of economic relations between poor and rich countries, which is essentially one of dependency, has failed to generate a process of self-sustained development on a scale that is adequate to solve the problems of poverty. The grand strategy of UNCTAD 1 was to evolve a relationship between these two groups of countries based on a substantial flow of foreign assistance from the rich to the poor, and on progressively increasing exports, both in terms of volume and value, of manufactures and processed primary products in the reverse direction that would result in an eradication of poverty and a harmonious growth in economic well-being of the poorer nations and a narrowing of the gap between the rich and the poor nations. The rich, however, have continued to grow richer, the poor poorer, with a few exceptions, and the gulf between the nations has widened. The failure of this strategy is to be found not so much in the inadequacy of the flows of foreign assistance or in the inadequacy of the markets for manufactured goods of Third World countries, but essentially in the asymmetrical or dependent character of the relationship subsisting between these two groups. This asymmetrical relationship in the final analysis is basically the continuation of the colonial relationship. In its classical form the colonial relationship exhibited a complete political and economic integration of a vertical character in which, on the one hand, all economic relations between the central metropolis and the colonial periphery were geared to the advantage and benefit of the former and, on the other, the level

and nature of economic activity at the periphery were determined by the impulses generated at the centre. In the neo-colonial situation, though the external forms have changed, though there is political independence and national economic development programmes, the fundamental dependency nature of the developed-developing country relationship has remained unchanged. In fact, the grand strategy of UNCTAD I, based as it was on expanding flows of foreign assistance and access to markets, has worked towards reinforcing the dependency relationship. The tempo of growth of the Third World depends on the volumes of foreign assistance, the conditions attached to such foreign assistance and the degree and nature of access to their markets afforded by industrialized countries. The exclusive dependence on foreign assistance and access to rich country markets as the main generators of development has also worked towards reinforcing Third World cultural and technological dependence. The structural inflation of the industrialized countries and the consequent structural deterioration of the terms of trade of the Third World countries are but only the external forms and vehicles by which the dependency relationship is given effect to. It is the realization that this traditional dependency relationship, which manifests itself in all categories of relations with industrialized countries - whether it be in primary commodities, in manufactures, in finance, banking or insurance, in shipping, aviation or tourism, in development assistance or in the transfer of technology - constitutes the root cause of the backwardness of the Third World that has led to the search for an inward-looking strategy of development based on economic co-operation within the Third World.

A strategy of development based on an integrated world economy, whereby Third World countries would depend on the growth impulses generated by industrialized countries, is proving to be an inadequate one for other reasons as well. In the classical colonial period, metropolitan powers sought to sustain their development by the exploitation of colonial markets in competition with one another. This was essentially an outward looking strategy of growth. While the developed industrial countries still maintain and develop vertical integration with peripheral countries through the mechanism of associated territories and through the activities of transnational corporations, they have now achieved a level of economic and technological maturity where specialization and exchange amongst themselves is providing the mainsprings for their development. This inward-looking growth strategy is reinforced by the desire of the industrialized countries to use their collective strength to continue to retain an unequal share of the benefits from the exploitation of the world's resources - in fact to avoid or delay a restructuring of the international economic order. The inward-looking strategy of the industrialized world manifests itself in the rapid development of collective political and economic organizations among themselves, the economic integration of Western Europe and the expanding economic exchanges and contacts between the developed market economy and the centrally planned economy countries. In their dealings with the Third World, too, the inward-looking strategy manifests itself. In virtually all aspects of economic relations between the rich and the poor, bilateral negotiations with Third World countries are based on collective positions previously negotiated among the industrialized countries.

The inward-looking strategy of the industrialized countries is very clearly reflected in the manner in which they are attempting to cope with the problems of labour scarcity arising from their stable or declining populations. If these countries had adopted an outward-looking strategy the labour scarcity problem would have been tackled by one or both of two means - a massive transfer of

industrial production to Third World countries and a migration of labour from the latter. While such tendencies had in fact begun to manifest themselves in the immediate post-war period, before long the inward-looking strategy gained predominance. Thus, a more balanced and equitable distribution of productive effort amongst countries and a more symmetrical integration of the world economy was forsaken. There is little doubt that the emergence of the inward-looking strategy was governed essentially by the desire of the rich countries to continue to maintain the unequal relationship and thus avoid a redistribution of real incomes in favour of the Third World. The result of the inward-looking strategy is the massive technological transformation that has been and is taking place in the rich countries involving the rapid substitution of capital for labour in virtually all spheres of production. From the point of view of the Third World countries, the technological progress as is now taking place in rich country economies is increasingly coming to be less and less relevant to their needs. Depending on the North for technology, means that the South is increasingly adopting technological processes that are inappropriate.

The difference in the rates of population growth between the industrialized and Third World economies also has an important bearing on the new interest in economic cooperation amongst Third World countries. To the extent that the rate of population growth is a governing factor in determining the rate of growth, as the evidence of the nineteenth century would seem to indicate, poor countries cannot expect to receive a substantial stimulus to growth from the industrialized countries. On the other hand, the situation of population increase of most poor countries gives an impetus in that direction. The asymmetry in the rates of population increase between the North and the South should propel the latter to adopt inward-looking strategies of growth.

The structure of class relations inherited by the Third World as a result of colonial rule and the urgent desire of these countries to transform this structure into an egalitarian one, based largely on socialist ideology, has also an important bearing on the choice of strategies for growth - whether to seek integration amongst themselves or to continue to remain in the periphery of the industrialized countries' system. The colonial society was essentially a class- and caste-ridden society with a sharp distinction - economic, cultural and political - between the privileged and the unprivileged strata. The privileged stratum consisted of a comprador class which enjoyed a special relationship with the metropolitan power. The comprador class was totally dependent on the metropolitan power not merely economically but in every respect - whether it be political, cultural, social, intellectual or spiritual. Their existence, development and fulfilment as a class depended on continuing and expanding trading, economic, social and cultural relations with the metropolitan power. In the neo-colonial situation, with the integration of the developed market economies, the entire group of these countries has been substituted for the single metropolis of the classical colonial relationship. Ex-colonial economies which have sought to fulfil their development objectives within the inherited nexus of economic relationships with the developed economies have found, and are finding, that the comprador class soon begins to frustrate their national objectives. In fact the comprador mentality is so pervasive that even post-colonial social strata that start out as genuinely nationalist in aspiration are soon found to be subverted. Sooner or later the ex-colonial societies find that they have to break the stranglehold on economic and political power enjoyed by the privileged comprador classes, both old and new, and venture into substantial social ownership if a

new set of external relations geared to the national development effort is to be created. The case for the social ownership and management of a substantial part of their domestic economies is strengthened by the commitment of a majority of Third World countries to the socialization of consumption in respect of the basic needs of life including housing, education, health and transport, as a means of equalizing opportunities at the mass level. The ensuing sympathetic relationship in socio-economic policies among Third World countries, on the one hand, is conducive to economic cooperation amongst themselves and, on the other, creates a gulf between them and industrialized countries.

While the fundamental conflict of interest vis-a-vis developed economies, arising from the predominant position of the comprador class, holds good for the majority of Third World countries, certain exceptions to this general rule should be noted. There are, for example, those countries which, having been fortunate enough to escape, either in entirety or in great measure, the full force of colonial rule, have seen the growth of an independent national bourgeoisie who have built up an independent technological capability which enables these countries to enter into a more symmetrical and equitable relationship with industrialized countries. These relatively less inhibited countries do not feel the compelling pressures to build up a substantial sector of social ownership, social enterprise and social consumption. Nevertheless these countries have a basic interest in economic co-operation with other Third World countries as they are unable to find, in the industrialized countries, markets adequate to ensure a satisfactory rate of economic growth.

The other exception relates to certain Third World countries which, by virtue of having limited populations in relation to their national resource endowments or of having advantageous geographical locations, are able to function as industrial, commercial and entrepôt centres for the rich industrialized countries, particularly of their transnational corporations. While these outpost economies have been able to achieve a satisfactory level of all-round economic development, they must essentially be treated as constituting an exception to the general rule. The conditions which have assisted them in their development cannot be applied to the generality of Third World countries. Quite often, the development they have achieved could be said to be at the expense of other Third World countries in general, directly or indirectly. Such countries, including the city-based economic enclaves of certain countries (which is more often the case) are an integral part of the rich countries' economic system and do not belong to the Third World except in a geographical sense.

The varying degrees of industrialization achieved by a large number of Third World countries over the last two or three decades is also an important factor that is conducive to economic cooperation amongst Third World countries. Today, many of these countries, in greater or lesser degree, have succeeded in building up a diversity of industrial and technological capabilities and skills in supplying domestic markets or the markets of the industrialized economies. Having more or less exhausted the limited potential of the domestic markets and faced with the growing protectionist and inward-looking strategy of the rich countries, they are poised for a larger exchange of goods and services amongst themselves for the common good.

II. The conceptual framework

Fundamentally, there are two basic concepts relating to economic cooperation among Third World countries - balanced growth based on the integration of national markets and increased bargaining power and reduced vulnerability vis-à-vis industrialized countries through collective action and the harmonization of policies.

The balanced-growth doctrine in effect postulates that, by opening up national markets to one another, Third World countries could achieve mutually higher levels of production and growth through specialization and the concomitant economies of scale as well as through the exploitation of both active and latent complementarities arising from differences in national resource endowments, acquired skills, technological capabilities and geographical factors.

In the context of the Third World, the balanced-growth doctrine implies an economic integration which is based on a relationship of equals in contrast to the quasi-integration of Third World country economies with the industrialized country economies which is an unequal and dependent relationship.

There are basically two approaches to balanced growth through the integration of national markets - the laissez-faire approach and the planning approach. The laissez-faire approach revolves round the abolition of impediments to commodity and factor movements between the cooperating countries and depends on the free play of market forces and private entrepreneurial skills to bring about increased production and growth through specialization. The role of state institutions would be largely confined to the harmonization of policies - monetary, fiscal and balance of payments, wages and social benefits, etc., - in order to create the appropriate framework and to balance out conflicting interests. The planning approach, on the other hand, involves direct state participation in the establishment and development of industries as well as in trading and the coordination of national economic plans. Which of these two approaches is preferred would depend very much on the extent to which national economic planning and state enterprise are prevalent in the cooperating countries as well as on the levels of industrial development already attained by them.

In view of the fact that there is a high degree of state intervention in economic activity in most Third World countries, it is but natural that a high degree of state participation will also be reflected in economic cooperation amongst them.

The uneven levels of industrial development as well as disparities in size of population, economic strength and levels of transnational cooperation activity are factors that indicate a preference for the planning approach to market integration. The smaller and relatively less industrialized countries have a genuine fear that the exclusive use of the laissez-faire approach could well result in an unbalanced growth in favour of the large and industrially more sophisticated countries and the emergence of a new set of dependency relationships. This is perhaps one of the principal reasons which has slowed down the pace of economic cooperation among Third World countries in the past. Hence, in the choice of institutions and approaches to economic cooperation, the relatively larger and more advanced Third World countries should be prepared to sacrifice short-term benefits in the interests of more harmonious and permanent long-term benefits.

It is often claimed that the absence of complementarities between Third World countries is a basic factor that militates against their economic cooperation. As far as the balanced-growth thesis is concerned, both complementarities as well as competitiveness between economies lend themselves to integration. Where there is actual or potential complementarities on account of differences in national resource endowments, the advantages of the integration of markets are obvious. Where economies are competitive, integration leads to increased productivity through specialization and the realization of economies of scale. Empirical studies have demonstrated the extent of gains that could be achieved in a number of manufacturing fields through the use of large-scale technology, organization, research and marketing. According to the findings of one study, if income is held constant at US\$300 a year, an increase in the market from 2 to 50 million causes per capita output to nearly double in manufacturing as a whole and to increase by more than 250% in industries where large-scale economies are most significant.

In the case of private enterprise, the integration of markets stimulates increased productivity and more rapid technological progress through the weakening of monopolies operating behind sheltered domestic markets. The expansion of markets through integration also acts as a spur to greater entrepreneurial activity, investment and the development of specialized professional, technical and management skills apart from the stimulating effects of cross-fertilization in these fields. A key aspect of the balanced-growth principle is the possibility of simultaneous advance in a number of fields of industry leading to development and technological progress in a snowballing manner. The integration of markets reinforces investment activity also by the reduction of risks and uncertainty.

While conceptually the balanced-growth principle should embrace the entire Third World community, practical considerations inevitably result in the formation of regional and sub-regional associations. The greater degree of integration of national markets of countries which are located in proximity to one another is governed largely by the transport cost element. The greater the distances between which goods require to be carried, the larger would be the neutralizing effects of transport costs on the scope for the exploitation of production cost advantages arising through specialized production. The proximity of countries also confers advantages in respect of the organization and management of marketing and distribution channels and of planned multi-national enterprises. Geographical proximity also makes for similarities of tastes, consumption habits, styles of living and for a common cultural and political heritage. The obstacles to the migration of labour, particularly of professionally skilled persons, would also be less in the case of neighbouring countries. However, fundamental differences in resource endowments and shortages of professional skills as between countries would cut across the proximity principle.

The integration of national markets of Third World countries would have a profound influence on the choice of technology. In so far as the main impulses for their industrial development are generated by the rich countries, Third World countries are compelled to use the technologies emanating from these countries. Financial and technical assistance and private foreign investment from industrialized countries, and the concentration of industrial development in the manufacture of consumer goods for supply to rich country markets, are factors which make for a heavy technological dependence. This naturally leads to the use of sophisticated,

capital-intensive technologies in many sectors where simpler technologies which are labour-intensive would be appropriate. The integration of national markets would enable Third World countries to obtain economies of scale while at the same time fashioning technology to suit their relative factor costs. The fashioning of an appropriate technology has two implications; on the one hand, it involves the development of independent capital goods industries, and on the other the production of consumer goods and the creation of patterns of consumption which are more appropriate to Third World countries and less influenced by the life-styles and fashions of the industrialized nations.

The other basic concept of economic cooperation within the Third World, apart from the integration of national markets, relates to the increased bargaining power and reduced vulnerability vis-a-vis the centre through collective action and the harmonization of policies. The object of such collective action and harmonization of policies would naturally cover the entire range of economic relations - policies relating to capital flows, international monetary policies, fiscal policies vis-a-vis foreign investors, markets for both primary commodities and manufactures, the transfer of technology, transport and the structure and scope of international institutions relating to trade and payments.

While some progress has been made towards collective action and harmonization of policies among Third World countries vis-a-vis the industrialized countries in the post-Second World War period, particularly since the establishment of UNCTAD in 1964, the need for such harmonization has today assumed a greater urgency in the context of the closing of ranks and the greater integration of rich country economies that is rapidly taking place. This integration has now proceeded to such an extent that, in many cases, the Third World has to contend or negotiate not with industrialized country governments, but with transnational corporations. Moreover, these countries have achieved a high degree of harmonization of their policies vis-a-vis Third World countries - whether it be primary products, manufactures, transport, finance or investment.

Given the diversity of interests among Third World countries and the relative differences in the importance of linkages between individual or groups of Third World and industrialized countries in different sectors of production of goods and services, harmonization may frequently require some Third World countries to sacrifice a specific advantage vis-a-vis industrialized countries in one sphere of exchange in the larger interest of the total community of Third World countries, and in return for long-term benefits. Such long-term benefits could be both from increased and more equal exchanges with the outside world and from increased exchanges within the Third World.

Collective action is not solely a matter of harmonization of policies. There is considerable scope for joint participation in various forms of economic activity - for example, joint marketing of primary products and manufactures in industrialized country markets; joint procurement policies, joint shipping and air services, etc. Such joint activities will assist in the effective implementation of common policies.

III. The institutional framework

Economic theory identifies five basic organizational forms of association depending on the extent of integration - free trade area, customs union, common market, economic union and total economic integration.

In a free trade area, tariffs and quantitative restrictions between participating countries are abolished but each country retains its own tariffs against non-members.

In a customs union, besides the suppression of discrimination in the field of commodity movements within the union, there is an equalization of tariffs in trade with non-members.

A common market involves the abolition of all restrictions on trade as well as on factor movements while an economic union combines suppression of restrictions on commodity and factor movements with some degree of harmonization of national economic policies in order to remove discrimination due to disparities in policies.

Total economic integration presupposes the unification of monetary, fiscal, social and investment policies and the setting up of a supra-national authority whose decisions are binding on member states.

While these are basic theoretical forms, practical arrangements among countries may not exactly conform to but show imperfect combinations of these forms. In the past, economic integration projects of Third World countries have mainly been of the free-trade-area-type but there has been an increasing preference for the economic union type which involves harmonization of national economic policies and the integration of national economic plans, even though in a partial degree; for example, the Andean Pact, the East African Community and, potentially, Asean.

There is an increasing awareness that the mere removal of tariff and non-tariff barriers to the free flow of goods and services, capital and skills, will not by itself be capable of generating the required impulses to growth. In order to set in motion a dynamic process of cooperation and integration, it will be necessary, at least in the early stages, for the governments to promote industrial ventures in specific sectors of industry and institute bilateral or multilateral trade agreements providing for specific exchanges of goods and services. The need for direct state intervention is underscored by the fact that, in most Third World countries, the state enterprise sector constitutes not only the largest industrial sector, but the sector with the highest and most dynamic technological capability.

A corollary to the elimination of tariff and non-tariff barriers between cooperating countries and the planned development of complementary industrial projects is the institution of appropriate measures to insulate the markets of Third World countries from industrialized countries' competition. While by and large the high cost of production in the latter could constitute a major safeguard to nascent industries, the dependency relationships arising from established consumer preferences, the control of marketing channels and the existing heavy reliance on capital and intermediate goods and production technologies from industrialized countries are factors that would work in the opposite direction.

While practical considerations make it imperative that schemes of market integration among Third World countries must take the principal form of regional and sub-regional associations and bilateral agreements, adequate attention requires to be paid to the fact that such arrangements could lead to an excessively inward-looking strategy, resulting in the exclusion of potential areas of cooperation with other regions of the Third World which could have considerable benefits. Appropriate linkages between regional associations and a generalized scheme of preferences among Third World countries would help to remedy this shortcoming.

An essential part of the institutional framework for economic integration should consist of multilateral clearing and payments facilities among Third World countries having both a regional and a global character. Clearing unions have already come into existence in a number of regions in a rudimentary form. The task ahead would principally revolve around increasing their coverage and sophistication, particularly through the inclusion of adequate credit facilities and the linking up of regional clearing unions to provide for a global system for all Third World countries. The importance of adequate credit facilities needs hardly be emphasized. It is to the extent that credit is available that integration would proceed apace, since transitional imbalances are bound to arise in the initial stages. The availability of credit facilities would accordingly play a key role in determining the magnitude and pace of integration. There is another equally, if not more important, aspect of the credit factor. It is the extent of credit extended by industrialized countries, both directly and indirectly through institutions such as the World Bank and the International Monetary Fund in the last two decades that has been chiefly instrumental in preserving many Third World countries as part of the present global economic system. The capacity of individual Third World countries to break out of this system and engage in meaningful economic integration with other Third World countries will, therefore, depend not only on the availability of adequate credit to support the new exchanges among them, but also on a simultaneous relative reduction in industrialized countries' credits to them. This dual objective calls for not only a meaningful multilateralization of credit and assistance currently available from industrialized countries and related international sources, but also a channelling of such credit into the financing of Third World trade and capital exchanges. International monetary and financial institutions geared to the economic integration programmes of Third World countries and over which these countries exercise sovereignty would have a vital role to play in this regard.

The idea of creating a new reserve currency unit of the Third World is a concept which should not be lightly dismissed as a Utopian dream but should be very seriously examined as a practical possibility. In the ultimate analysis, the fundamental basis of currency is general acceptability. After all, the world community has been able to dislodge gold as the ultimate basis of international currency and substitute in its place the Special Drawing Rights of the International Monetary Fund just as much as within domestic economies national currencies had earlier displaced gold and gold-backed notes as legal tender. The effective establishment of a Third World reserve currency unit will not only play a vital role in welding together the community of Third World nations and in making it possible for them to increase their exchanges with one another but will also generate a pervasive psychological influence more than any other single factor in causing a radical break in the dependency relationship of the Third World vis-à-vis the community of industrialized nations. If history teaches us that empires have grown out of the barrels of guns, it also teaches us that empires have been sustained on the basis of imperial currencies.

A practical starting point towards a Third World reserve currency would be the establishment of regional reserve currencies by the existing regional clearing unions. Once payment agreements between regional payment unions get under way, the creation of a Third World reserve currency would become a practical possibility.

Another basic institutional requirement for the economic integration of Third World countries is the creation of adequate and economical transport links. An outstanding feature of transport structures of these countries is that they have been primarily designed to serve their trade with industrialized countries. A transformation of this structure providing for the establishment of regular transport services within the Third World is therefore necessary. In many cases, it may be necessary in the early stages to subsidize the transport costs of specific exchanges of industrial goods. As the volume of traffic develops, transport costs will naturally become economic. Since economic integration among Third World countries would largely revolve around countries geographically proximate to one another, in the long run transport costs between cooperating countries are bound to be cheaper than transport costs between the Third World and industrialized countries which are geographically dispersed. Furthermore, the use of labour-intensive techniques of cargo handling and of technologically less sophisticated transport equipment constitute built-in advantages in favour of exchanges between Third World countries once the basic transport infrastructure is installed.

Transport, both sea and air, also constitutes a field which provides fertile ground for cooperation among Third World countries in improving the quality and magnitude of their services vis-a-vis industrialized countries' operators in serving both trade between Third World and industrialized countries, as well as between industrialized countries. Through the institution of mutual cargo-sharing arrangements, Third World countries can not only achieve economies of scale but also improve the frequency and quality of their services. Mutual sharing of equipment could bring about similar economies and an expansion of the total share of world transport accruing to the Third World. In fact, for many Third World countries, given the sophisticated technologies prevalent in sea and air transport, sharing of traffic and equipment becomes a sine qua non for expansion. In this context, mutually beneficial arrangements within the Third World would be far more advantageous than dependency arrangements with the industrialized countries.

With regard to the harmonization of policies of the South vis-a-vis the North, the extent of contact at governmental level is still very rudimentary and at specific industry level, sometimes, none at all. The organizational machinery on which progress has been made is limited substantially to the various regional associations that have been set up. The absence of an appropriate and adequate organizational framework becomes startlingly clear when the entire community of the South is considered. Even the Non-Aligned Nations Movement has failed to evolve an economic secretariat. Whereas industrialized countries have evolved a very elaborate structure of organizations to deal with economic problems vis-a-vis the Third World, both at a general level as well as at specific activity levels, Third World countries have been content to depend entirely on the UN machinery. The setting up of an organization of Third World countries with an elaborate secretariat in order to provide a regular forum for the harmonization of their policies vis-a-vis industrialized countries as well as for the formulation and monitoring of the implementation of economic integration policies is an urgent requirement. Such an apex organization could take the initiative in setting up specific bodies to deal with individual commodities, industries and other activities as would be necessary.

IV. Conclusion

Economic cooperation among Third World countries should not be considered a growth-strategy that is hostile to industrialized countries. Basically, it seeks to abolish the dependency relationship that subsists between these two groups of countries while simultaneously assisting Third World countries to achieve higher rates of growth than would be possible if they were to depend primarily on the growth impulses generated by the rich countries. If through economic cooperation Third World countries are able to achieve higher rates of growth, then trade exchanges with the industrialized countries in the long-run will also increase in absolute terms and, in some cases, perhaps even in relative terms, since Third World countries would then be possessing a richer and more elaborate industrial and technological capability. That such a prognosis is not mere wishful thinking becomes apparent if one considers the example of the centrally planned economies of Eastern Europe which, having achieved a high level of industrial sophistication through an inward-looking growth-strategy, are today entering into increasing economic relations with the developed market economy countries.

Résumé (suite de la p.1)

Une croissance plus marquée, résultant d'une coopération plus large entre pays du Tiers Monde, contribuerait à l'accroissement du commerce mondial et à un niveau de vie plus élevé.

COOPÉRACIÓN ECONÓMICA ENTRE PAÍSES DEL TERCER MUNDO: LA ESTRUCTURA CONCEPTUAL E INSTITUCIONAL

Resumen: Una estrategia de desarrollo basada sobre una economía mundial integrada en la cual los países del Tercer Mundo dependen de impulsos para crecimiento generados por los países industrializados es totalmente inadecuada al desarrollo en los países del Tercer Mundo. Los países industrializados hacen diligencias para hallar soluciones a su propio desarrollo cada vez más hacia adentro y con este propósito han establecido organizaciones colectivas tanto políticas como económicas.

El aumento de la cooperación económica entre los países del Tercer Mundo debe hacer posible la creación de relaciones complementarias entre ellos y agrandar los mercados para sus productos y proveerles de economías de escala.

La eliminación de barreras de tarifa y aparte de tarifas no son instrumentos adecuados para el aumento de cooperación. Hay que planificar mejor y más, y establecer sistemas institucionales especialmente para la creación de facilidades para crédito y para facilitar el flujo financiero. Además es de importancia establecer combinaciones y sistemas de transporte viables y un foro que se reune con regularidad para la formulación e implementación de política.

El incremento proporcional que resultaría de más cooperación económica entre los países del Tercer Mundo debe conducir a un aumento del comercio mundial y de bienestar más bien que a su disminución.

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BUILDING BLOCKS

A SUSTAINABLE DEVELOPMENT STRATEGY

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Abstract: The "Stockholm Conference" - the United Nations Conference on the Human Environment of 1972 - announced a new era of international relations. To some of the participants and planners the radical implications of the environmental problématique were obvious. Many national and international actors, however, still do not understand or accept the message and lessons of Stockholm and their implications for the New International Development Strategy (NIDS). The purpose of this essay is to clarify the Stockholm message, analyse the lessons that have been learned since Stockholm and draw conclusions on how the environmental problématique can provide a framework for the NIDS.

The essay benefitted from discussion and views of persons involved in the pioneering work of the Stockholm Conference who came together at an IFDA Workshop "Stockholm + 7" (Nyon, 7-8 May 1979) to evaluate and reflect on the Conference's achievements and to see what lessons could be drawn for integrating alternative ideas and new thinking in the NIDS. The following personal reflections were in part inspired by the meeting, and are in part a product of a one and a half years' study of the United Nations Environment Programme.

The conclusion is straightforward: a viable and relevant development strategy must be founded on new world views and on the concept of a sustainable global society. Change in tactics - necessary if this message is to be accepted - is analysed and the roles and interactions of the first and third systems set out.

UNE STRATÉGIE DE DÉVELOPPEMENT SOUTENABLE

Résumé: La Conférence de Stockholm - La Conférence des Nations Unies sur l'Environnement, 1972 - annonçait une nouvelle ère dans les relations internationales. Pour certains des participants et de ceux associés à sa préparation, les implications radicales de la problématique de l'environnement étaient évidentes. De nombreux acteurs nationaux et internationaux, cependant, n'ont pas compris ou accepté le message ni les leçons de Stockholm et leurs implications pour la nouvelle stratégie internationale de développement. L'objectif de cet article est de clarifier le message de Stockholm, d'analyser les leçons apprises depuis lors et de tirer des conclusions quant à la façon dont la problématique de l'environnement pourrait fournir un cadre à la nouvelle stratégie.

Ce travail a bénéficié de discussions avec certains des acteurs de Stockholm qui ont participé à une réunion intitulée "Stockholm + 7" qui s'est tenue à Nyon les 7 et 8 mai derniers, afin d'évaluer les résultats de la Conférence et de mesurer quelles leçons pourraient en être tirées pour la nouvelle stratégie. Les réflexions qui suivent sont cependant personnelles à l'auteur; elles sont aussi le résultat d'une étude, s'étendant sur un an et demi, du Programme des Nations Unies pour l'Environnement.

La conclusion est claire: une stratégie de développement viable et valable doit être fondée sur des vues nouvelles du monde et sur le concept d'une société globale qui puisse durer. Des changements dans la tactique - nécessaires si ce message est accepté - sont analysés et les rôles et interactions du premier et du tiers système mis en lumière.

UNA ESTRATEGÍA PARA EL DESARROLLO SOSTENIBLE

Resumen: La "Conferencia de Estocolmo" - la conferencia de las Naciones Unidas sobre el medio ambiente humano que tuvo lugar en 1972 - anunció una nueva época de relaciones internacionales. Para algunos de los participantes y planificadores las implicaciones radicales de la problemática del medio ambiente eran bastante obvias. Sin embargo, muchos de los actores en el nivel nacional e internacional todavía no comprenden ni aceptan el mensaje y la amonestación de Estocolmo y sus implicaciones para la Nueva Estrategia Internacional de Desarrollo (NEID). En este informe se propone clarificar el mensaje de Estocolmo, analizar lo que hemos escarmentado después de Estocolmo y determinar conclusiones sobre cómo puede la problemática del medio ambiente proveernos con un encuadro para la NEID.

El ensayo beneficia de los puntos de vista y diálogos entre de las personas que habían participado en el trabajo iniciador para la conferencia de Estocolmo. Ellos se reunieron para discusiones en la FIPAD titulados "Stockholm + 7" (en Nyon el 7-8 de mayo 1979) donde evaluaron el éxito y logro de la Conferencia de Estocolmo y determinar aquellos resultados que se pudieran usar para integrar ideas alternativas y nuevas ideas en la Nueva Estrategia de Desarrollo de las Naciones Unidas.

Las siguientes reflexiones personales fueron parcialmente inspirados por las discusiones en la FIPAD y, en parte son producto de un estudio de un año y medio del Programa de Naciones Unidas para el Medio Ambiente.

La conclusión es directa: Una estrategia de desarrollo que sea viable y pertinente tiene que tener su base en perspectivas nuevas del mundo y en el concepto de una sociedad global sostenible. Se analiza el cambio de táctica que es necesario si se va aceptar este mensaje - y se fijan los papeles e interacciones del primer y tercer sistema.

Nancy Hetzel

A SUSTAINABLE DEVELOPMENT STRATEGY

I. The Stockholm message

Most of the conceptual advances of the Stockholm Conference (The United Nations Conference on the Human Environment (Stockholm, 1972)) emanated from the Founex meeting, convened by the Secretary General of the Conference in June 1971 as a first attempt to define the relationship between environment and development, and to develop a framework for reconciliation of perspectives between the North and the South. The inseparable link and principle of compatibility between environment and development were accepted. The nature of environmental problems in Third World countries was defined to include both the "pollution of poverty" and the negative consequences which accompany the process of growth. In an attempt to identify solutions, a broader approach to development, which included more than economic growth as measured by a rise in GNP, was set forth. The redefinition of development goals and objectives to include ecological, cultural and social factors, only 18 months after the announcement of the Second Development Decade, was a significant event.

What were the important contributions of Stockholm?

- International commitment to preserve and protect the environment was obtained for the first time.
- The Conference was the first intergovernmental challenge to the infallibility of growth and technological solutions as indicators and means of development.
- The need for a change in methodology was identified. The traditional inter-disciplinary relationships between sectors which imply a coexistence and interaction based on diplomatic relations among sovereign units was not adequate to deal with environmental problems. They necessitate a transdisciplinary approach which cuts through and interlinks all areas.
- Stockholm gave impetus to the process of reflection which challenges the basic tenets of modern industrial society. It stimulated a new undercurrent of radical conditioning in the political milieu.
- The Stockholm process played a crucial role in achieving legitimacy for the environmental issue. In almost every country, it reinforced or resulted in the creation of environmental institutions and constituencies which have become a permanent and important aspect of domestic politics.
- One of Stockholm's biggest merits was its ability to avoid a stalemate and achieve a balance between a purely technical "polluter must pay" approach and the apocalyptic, no-growth approach which was a dominant critique at that time. In fact, Stockholm took a third route. It oriented the discussion towards a critique of the process of development.

The above achievements are enough to rate the Conference a success. Their significance should, however, not keep us from realizing that Stockholm did not deal with some of the more radical and fundamental issues implicit in its message.

The Declaration redefined global goals and broadened the scope of international cooperation, but there was no analysis of fundamental causes related to how the international economic and political system operates. Basic structural issues were kept off the agenda. Missing were discussions of such topics as land use, exploitation and distribution of natural resources, alternative patterns of resource use, the social and ecological implications of the Green Revolution, and the structure of industrial economies. The fact that countries were still preoccupied with trying to define environment meant that it was premature to pursue the implications of the link between environment and the international system and the responsibility of domestic institutions.

The Declaration was an attempt to inspire and obtain commitment, especially of the Third World. It was a critique and vantage point from which to view development. Although it was outside the scope of the conference to offer suggestions for alternative development models or international structures, one could have expected that there be signals that things should be done significantly differently. Instead, it called for more growth for the South and some restraint in the North. It emphasized integrative planning but within the existing market and industrial frameworks.

The Action Plan took a shopping list format. It reflects the attempts by UN agencies to share the cake, which in turn is a reflection of the attempts of sectoral interests at the national level to protect and promote their power at the international level. As a consequence much of the Action Plan related to ongoing work and lacked novelty. Solutions were generally of a technical nature, emphasizing information and management. The holistic systems approach reflected in the preparatory process was absent. Sectoral divisions of the issues dominated attempts to be interdisciplinary or integrative. The Action Plan failed to incorporate new modes of viewing the environmental crisis. The emphasis was on the negative aspects rather than on environment as a resource. Few social dimensions figured in the Plan; human settlements were an important exception. For the industrialized countries this was a concession to the Third World and not a logical dimension of the environmental problématique. Not only did the importance given to physical dimensions dominate the discussions, the view of nature and natural resources was still anthropocentric and exploitative.

With hindsight, the Declaration and Action Plan are in some ways disappointing. Yet given the basic interests of the North and the South, agreement was reached on a higher common denominator than would have normally been expected. The primary concern of the South was for assistance accelerated development, and ways to avoid the adverse economic effects of environmental measures. The industrialized countries were concerned with disequilibrium in international trade and investment patterns and pollution control. Priorities and interests were different, although complementary in the case of industrialization - the South's desire for industrialization at any cost suit the North's desire to export its most polluting industries. Acceptance of the basic principles of protection of the global commons, environment as the heritage of mankind and a healthy environment as a basic human right were significant, but abstract enough to hide the fact that there was no in-depth understanding between the North and the South on either causes or solutions, no realistic commitment to carry out the recommendations and, above all, no agreement on the type of international order that would permit the impressive verbal formulations to be interpreted into concrete and realistic action.

II. Lessons of Stockholm

The Stockholm message was significant, especially for its implicit messages which provided a rich basis for follow-up in terms of both conceptualization and action. The results have however been mixed, both at the national and international levels. There are several lessons of the post-Stockholm period which help explain why the United Nations, other international organizations and countries have not been as effective as was hoped in continuing the logical process started at Stockholm.

1. The first post-Stockholm lesson is that the essence of the environmental problématique cannot be grasped unless it is understood in the context of a structural critique of society. This analysis can be made only from the vantage point of a structural world view or systems approach^{*/}. Unfortunately, most policy makers have a more limited vision of the world and perception of problem analysis and solving. They view issues in terms of technical and management parameters. The challenge to the industrial market model has been largely contained within the terms of that model. The debate has focussed particularly on the question of limits to growth and its consequences, and on the existence or not of limits to natural resources.

2. A fundamental impediment to achieving the structural critique is the barrier of intellectual convictions and habits, and personal and bureaucratic attitudes. Those working under assumptions and paradigms in which quantitative criteria are the only acceptable basis for analysis and evaluation are ideologically opposed and conceptually unable to accept a critique, which not only insists on qualitative indicators but challenges the basic premises of the sacred economic model. Getting environment accepted as a fundamental goal like human rights requires a reorientation in the thinking of United Nations and government policy makers. New frameworks of analysis are needed.

3. A third observation is that substantial political resistance within the United Nations and nationally in the North and the South critically limits what can be done. National and international bureaucracies do not want to be coordinated and are opposed to additional "considerations" which complicate and slow down their work. The reluctance of some of the Third World countries to have environment reflected in the NIDS shows that environment is a less important priority, which they do not want to detract from negotiations on the basic issues of the NIEO.

4. Another discouraging observation is the extent to which environmental discussions are often confined to a repetition of arguments that were supposedly accepted at Stockholm. This is partly due to changes in governments, which has meant that new policy-makers and delegations have not benefited from the same educational process as their predecessors. Lack of exposure and awareness is thus another form of resistance which is also an indicator that education, information and consciousness-raising efforts have been either faulty, or inadequate, or both. A shortcoming of UNEP and many domestic environmental departments is that efforts to change perceptions and attitudes have not been

^{*/} See Hetzel, Nancy K., Chapter One: Environmental Cooperation among Industrialized Countries. The Role of Regional Organizations (to be published) for an analytical framework for studying environmental problems which will be further developed in an upcoming study evaluating UNEP.

sufficiently effective. One mistake in approach, which the UNEP is trying to overcome, is to assume that enough information and public relations campaigns using existing media networks are adequate methods for building a popular base and for ensuring support for environmental policies. What is needed to build public consciousness, and more difficult to achieve, is communication through participation. The fact that there is no country in which the majority of the public is convinced of the crucial importance of dealing effectively with environmental and resource problems is complemented by the same lack of commitment in governments and power structures. Advances have been made through the persuasiveness of a few groups and individuals but have not been solidly based on the aspirations of the public or based on committed interests of the power structures.

At the political level, it has been assumed that policy changes will be forthcoming if a critical mass of decision-makers can be convinced of the importance and legitimacy of the environmental issue. Persuasion is only a minimal first step. It does not provide policy-makers with concrete ideas on how to analyse complex issues, or how to develop policies and tools to deal with urgent problems that are their daily concern. It does not involve them in a process of defining and assessing environmental problems and in formulating and evaluating approaches, methods of analysis and policy choices. Commitment not backed up by the tools to deal with real issues can lead to frustration and disillusionment. An important lesson is that information and persuasion are inadequate for the construction of a foundation from which policy-makers and implementors can constructively participate in the action phase of the process.

5. The experience over the past seven years in attempting to incorporate environmental concerns into domestic and international political processes offers a lesson on how change occurs and can be induced, in relation to a complex, structural problématique. Theories which attribute a major role to knowledge, necessity, the force of a new idea or influencing a few decision-makers, have proven inadequate. These may be individually or collectively sufficient for simple issues which can be comprehended within the existing societal model and for solutions which improve the situation. They are, however, not adequate for dealing with complex issues which challenge the current political and economic order. Such issues demand a change in political configurations and fundamental alterations in conceptual frameworks and attitudes. The latter necessitates a more profound attitude towards education. It requires participation in an intellectual, emotional and consciousness-raising educational process. This process must include the analysis and comparison of the assumptions, norms, values, priorities, methods of analysis, methods of problem-solving and means of social change of current and emerging world views. At the political level the process must result in a change of perspective in the method of perceiving and calculating opportunities and constraints of systemic relationships. For the public at large, it must result in widespread consciousness and commitment and inspire and motivate groups that influence public decisions.

6. Another conclusion that can be drawn is that it is hard to isolate and give credit to specific institutional responses for perpetuating the Stockholm process; yet the legitimization and relative quick spread of ideas is fairly impressive. Ecodevelopment research and projects are now an accepted component of the development schemes of several Latin American countries. The concept of ecodevelopment is part of the regular curriculum of schools in Brazil. Constituencies and interest groups in many countries have been inspired by and influenced national

debates on the consumer society and development goals and methods.

A common question is, "what role has UNEP played in perpetuating the process of critical dialogue, consciousness-raising and influencing action?" UNEP's catalytic role on the relationship between environment and development has not materialized as anticipated, yet much has happened which would not have happened had it not been for UNEP. Expert groups elaborated the concept of ecodevelopment and its relation to self-reliance and basic needs; the Cocoyoc Declaration set out the relationship between patterns of resource use and domestic and international economic and political structures. The Founex, Stockholm, Cocoyoc, Dag Hammarskjöld report, Vancouver Conference scenarios had an important impact on the UN system in legitimizing new ideas and providing a model for alternative thinking, especially for subsequent UN conference. Changes in national priorities and bureaucracies are also linked to UNEP's existence.

One difficulty in evaluating UNEP's role stems from the fact that some of its influence has had its origins in the personal diplomacy of the Executive Director, has been carried out with the approval but not with an indepth understanding and participation of the Governing Council, and has involved too little substantive input from the Secretariat. Important work has been carried out in foundations, development centres and in the UN system which would not have happened without UNEP funding and openness to new ideas. UNEP has not received enough credit for the policy impact of this work within or outside the UN system. This is partly because of the nature of its catalytic role, but also partly because, as an organization, it has been unable to produce enough substantive professional input necessary to follow up the personal initiatives and to have an impact on continuing work in the UN system. What has happened is not far from the original UNEP design, which called for a small group of highly qualified individuals who could inspire and open up opportunities in various circumstances.

The conservative resistance of the UN system and the unwillingness of all but one or two members of the Governing Council to accept an analysis of the implications of a structural critique for domestic and international structures has restrained UNEP's pursuit of its conceptual role. In addition, although UNEP was created to generate innovative ideas, few of its national counterparts had this as a serious and primary function. Most environmental departments are concerned more with resource management and pollution control. UNEP's programme has evolved to reflect these concerns. The low priority given to work on the environment-development problématique reflects the fact that the major contributors have been more interested in technical programs which only the big powers have the capacity to use. This illustrates the vulnerability of a program dependent on voluntary funds.

7. A final and crucial lesson which is becoming apparent is that the real issue is not the environment per se. The inadequacies of institutional responses are due less to structural design than to the perception and definition of the issues. The original intentions for many of the national and international environmental institutions was that they were to be comprehensive and interdisciplinary. These institutions have generated new ideas and forced major changes in traditional bureaucratic methods. Yet efforts have also resulted in the general isolation or ineffectiveness of the new units, sectoralization of environmental projects or treatment of environment in terms of an additional factor to be tackled at the end. Some countries have found that much of the interesting and effective work has been done outside environment departments and are gradually delegating environmental responsibility back to sectoral departments. This is a positive

step if it is due to the fact that the sectoral agencies are "educated" and are willing and able to incorporate the environmental dimension into their work. One misconception of environmental institutions is that their success can be measured using normal bureaucratic criteria - by the ability to perpetuate themselves. Real success would be when they are no longer needed. So far this has not been the case.

Why did the attempts to be comprehensive not achieve the expected results? The complex nature of the problem complicated policy-making. But if it had only necessitated methods of dealing with multiple interactions, the traditional approach to problem-solving would have been adequate. The essence of the problem transcends its interdisciplinary nature. Comprehensiveness cannot be obtained by achieving all-inclusiveness of the part, but by creating a philosophy into which all parts mesh. The development of such a philosophy has been avoided because it automatically raises larger issues about the direction of society and challenges the current system. Any valid approach is inherently critical and radical. The real issue is not the sum of all the problems with environmental implications. The real issue is alternative concepts, structures and processes which are relevant only in the context of development strategies. The essence of the matter is the need for new philosophies, methodologies, and processes which help us work towards a society inspired by a different world-view. We need tactics, but first we need innovative strategies.

III. Lessons for the New Development Strategy

A. Message: New world views and models for a sustainable society

Environment as a separate issue has encountered several pitfalls. It has been too easily sectoralized and important interests have been able to avoid responsibility for their actions. The issue of environment has nevertheless played an invaluable role in preparing the groundwork for the logical evolution of the problématique. The obvious must now be made explicit. The environmental message for the New International Development Strategy is that a pre-requisite to a viable strategy is a fundamental change in world-views which are based upon, or at least compatible with, the realities of the global ecological scarcity. Any strategy will be irrelevant, lead to increased dependencies and frustrate self-reliance unless it has as one of its motivating and unifying principles the concept of a sustainable society. This means that the earth's natural resources must be protected through long-term socio-economic planning and management for the benefit of present and future generations. The earth's capacity to produce essential renewable resources must be maintained, improved or restored. Non-renewable resources must be employed in ways that protect them from further exhaustion and ensure that the benefits from their employment are shared by all mankind.

It is necessary to pass from the stage of critique to constructing alternative models and new development patterns. The existing model of international political and economic relations, which assumes that nations should do and act to maximize their individual benefit, should give way to models in which nations are forced by the finite nature of the earth's resources and support systems to act according to the criterion of long-term survival in an equilibrium state. The hypothesis is that ecological scarcity, political and economic constraints, and resource conflicts are converging to produce a new set of functional norms in international relations, stressing equilibrium as the new pre-eminent criterion for the conduct of international relations and the organization of society.

The lesson for the NIDS is that what is needed is not a chapter on environment or even a mention of the environmental dimension in each section. This method could be counter-productive because it could perpetuate the view of environment as an additional factor or another sector. What is needed is the elaboration of alternative approaches for a sustainable society, where dynamic equilibrium can maintain a long-term balance between the needs of the population, and objectives of society and the environment.

B. Tactics and audience

1. Change tactics

If the above message is to be accepted, different tactics are needed from those which are currently being used in the preparations of the NIDS and in the attempts to ensure that it incorporates environmental considerations. At the conceptual level, tactics must be shifted from a defensive position to one that offers positive choices. Principles and parameters for development strategies based on the concept of a sustainable society should be developed. These can be used as points of departure for the NIDS negotiations and as guidelines for establishing domestic institutions. Adding the environmental dimension to specific sectors and problem areas or taking environment "into consideration" should be employed only as a complement to the overall strategy. By themselves, these methods place environment in a defensive and apologetic position. They relegate environmental factors to secondary consequences, externalities, or side effects and lead to fights over priorities, where the goal of the game is to put environment high on the list.

A positive strategy will be most effective if efforts are made to go beyond the political goal of obtaining the lowest common denominator. Efforts should not be wasted on obtaining "motherhood" clauses which will be ignored, unpersuasive, symbolic and serve to alleviate guilt feelings. To compromise on the basic desirability of obtaining development within the context of sustainability is to submit a reality to the bargaining table. Inefficiency and the balancing of interests at the implementation stage will take enough away from the ideal.

The most important remaining gap in the conceptualization of the link between environment and development is the elaboration of a NIDS based on the concept of a sustainable global society. The preparation of this strategy will be considered either logical or idealistic: to those who agree, it is the next obvious step; to those who do not perceive the new reality, it will be dismissed as utopian and naïve. A perceptual crisis is very difficult to overcome. It demands significantly different educational processes. The need to change from a convincing and spreading-the-message policy to the participation of the public and decision-makers in a consciousness-raising experience has already been mentioned.

An important contribution can also be made by switching, in the study stage, from the principle of achieving consensus to in-depth, factual analysis of conflicting interests. The principle of consensus which was followed at Stockholm and also adopted by UNEP achieved a lip-service agreement that the goals of environment and development are compatible. This practice has served to maintain an overall commitment to the idea and has avoided a North-South confrontation. But the lack of substantive work and discussions on specific issues, especially those related to alternative patterns of resource use, has meant that no concrete basis for action has been developed. In the context of the framework of a sustainable society, in-depth analysis must be made of the new and old dilemmas and conflicts which affect

the functioning of the international system. The dilemmas include the following:

- a) constraints dilemma: the nature of the resource, ecological, social and political constraints that limit options available to policy-makers;
- b) growth dilemma: the effect of the limits of resources and ecological support systems on continued growth in industrialized countries and the industrialization of the Third World;
- c) control dilemma: the reconciliation on the one hand of the desire for freedom of action and on the other hand of the apparent need for centralized control, increasing degrees of coordination and regulation which seem to accompany population expansion, technical progress and international interdependence;
- d) sovereignty dilemma: how can sovereignty be understood in the context of equitable access to and use of resources?
- e) distribution dilemma: feasibility and methods of achieving equitable distribution of wealth and resources;
- f) hard path versus soft path technologies and their implications for alternate technologies and development strategies.

Conflicts which must be studied as general problems and in relation to specific situations include the management of shared natural resources, patterns of resource use and distribution (including energy), the social and ecological implications of the Green Revolution, social and institutional roots of soil erosion, land-use policy, industrial policy, commercial policy, transfer of technology, and population. It is important to draw policy conclusions and outline choices. One crucial aspect of the debate, which has not received enough indepth attention, is the economic rationale for environmentally sound development (ESD). There is now enough experience to demonstrate it in real economic terms. Assessment of empirical examples can make a major contribution toward the solution of several difficulties: how to inject and defend the basic premise of ESD; how to convince the UN system, especially the funding agencies, on a practical level of the feasibility of ESD; how to generate policy alternatives; and how to replace the defensive approach with a positive attitude of joint responsibility. Not only should the implications and reality of conflicting positions be faced, possibilities for positive action with minimum sacrifice and even gain must be demonstrated. Failure to appreciate the possibilities and problems associated with the newly perceived restraints will lead to repeated attempts to apply yesterday's solutions to today's and tomorrow's problems, with repeated failure and waste of resources. Increased conflict and hardship, especially for the poorest and weakest states, will be inevitable.

2. The First and Third Systems: roles and interaction

We are in a transition period between two eras. At this stage in the evolution of the global society, many initiatives will have to come from outside traditional institutions. The diverse components of the Third System (the extra-governmental sector) should take responsibility for giving form, substance and conviction to the transition period and for filling a vacuum at the conceptual, educational and action levels. One of the conceptual roles of the Third System is to raise issues and formulate them in ways that lie outside the framework of the governmental, or First System. This is especially important in formulating alternative development strategies and taking the lead in changes of approach discussed above. In doing

so, what can and should be its relationship to the governments and intergovernmental bodies? It should always maintain a link, even if it is antagonistic, and avoid marginalization. It should make use of any spaces to influence, educate, use, and selectively cooperate with the governments and international organizations. Its goal during the preparatory phase of the NIDS should be to catalyze a change of strategy.

What are the possibilities of influencing the First System? The acceptance of a new development strategy based on the concept of a sustainable society is doubtful. The ideas which it would incorporate are not supported, or are resisted, by the majority of Third World and industrialized countries. The principal impediment is that the NIDS is narrowly conceived: it addresses development only in Third World countries, and excludes consideration of maldevelopment in the industrialized world; it addresses only international structures, and leaves out domestic responsibility; and within the international framework, the problems are narrowly defined as those of the NIEO, e.g. trade, aid, transfer of technology. The narrow approach automatically puts environment in a defensive position and forecloses options that are necessary if the environmental problématique is to be adequately integrated into the strategy. The ideas of a sustainable strategy are possible only within the framework of a more holistic perception of development. Chances for such a change in attitude and tactics are remote.

Agreement or lip-service to some of the principles may be forthcoming to the extent that it is realized that solutions will be relevant only to the degree that they are carried out within the reality of global scarcity. In any case, alternative strategies can serve as guidelines and inspiration for those desiring change. They also make important contributions to the educational process of gradually legitimizing new ideas.

It is in this latter role of stimulating an educational process that UNEP is having an impact on the NIDS. UNEP has initiated seminars on alternative patterns of development and life styles in all the UN regional commissions. The discussions, conclusions and recommendations of these seminars and a follow-up inter-regional seminar are intended to contribute to the elaboration of the NIDS.

In addition to the seminars, what role can UNEP play in formulating, analysing and disseminating the ideas outlined in this essay? As UNEP was created to do precisely this, one would hope that it could play a major role. The UNEP secretariat has been active in the preparations of the NIDS, but neither the political atmosphere, nor the conceptual framework of the strategy, nor the intellectual predispositions of the participants are conducive to receiving the environmental message. The political atmosphere of the Governing Council and the amount of secretarial and fund resources devoted to the area of environment and development also call for modesty. As far as the environment and development work programme is concerned, there is a very positive and businesslike convergence of interests between industrialized and Third World countries, but UNEP member states are more interested in practical solutions than in the structural context for these solutions. Recognizing the Governing Council's reticence to confront structural issues, the Executive Director in his opening statement asked the Seventh Session of the Governing Council to state its views on the relationship between environment and the NIDS in the form, not so much of alternative policies and projections, but of relative emphasis. Even so, the Governing Council was unable to agree on a list of environmental topics "to be taken into consideration" in the preparation of the NIDS.

What is the relationship of the above work to the diverse groupings and political movements which we generally refer to as the Third System? The elaboration of alternative development strategies can serve as a conceptual touchstone to help identify common goals and ways to mutually support work of different groups. Initiation of work on conflicts and dilemmas should help alleviate some of the current feelings of uncertainty about what steps to take next. The analytical work can provide a substantive basis for organizing dialogue and interaction within the Third System. It will also give content to strategies of collective and selective self-reliance.

* * * *

In terms of the most commonly perceived set of political realities, the attainment of the ideas presented in this essay seem hopelessly out of reach. In terms of another set of political, ecological and social circumstances, the need for their acceptance seems imperative and urgent. Optimistic projections gain credibility if we examine some of the changes that have occurred in the last decade. Environment was largely an unknown word in 1970; today it is an institutionalized concern. Until Stockholm, security issues dominated international relations. Since 1970, new themes have emerged and numerous world conferences have been held on global welfare issues. Changes will come. The sooner all sectors of society are willing to seriously consider the possibilities for participating in creative change, the more chances we will have for a peaceful and positive evolution towards a sustainable global society.

BUILDING BLOCKS

MOBILIZATION OF INTERNATIONAL DEVELOPMENT FINANCE:
AUTOMATICITY AND THE INCREMENTAL APPROACH

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Abstract: *This article is an excerpt from a larger paper on the problem of automatic mobilization of financial resources for development transfers. It provides an overview over the present problems and possibilities of development finance, and proposes that industrialized countries should adopt the "incremental approach" to raise funds for their official development assistance (ODA). (The full paper, which can be obtained from the author, also contains a survey of other approaches to automaticity including national and international development taxes).*

The incremental approach is described as a method of sharing the annual increase of wealth with the Third World. Industrialized countries which have not yet reached the UN target of disbursement of ODA (0.7% of their Gross National Products) could link the annual growth of their ODA with the annual growth of their per-capita incomes and thus automatically earmark a small portion of their increases in wealth for development purposes. The paper demonstrates the fast and enormous fund-raising potential of the incremental approach. The examples of three Scandinavian countries and the Netherlands show that the method could be implemented without much difficulty and without much sacrifice through appropriate methods of budgetary planning. In order to protect aid budgets from the vagaries of budgetary practice and day-to-day politics, the incremental approach should be implemented within the framework of medium-term financial planning based on high-level political support - preferably by parliaments.

FINANCEMENT INTERNATIONAL DU DÉVELOPPEMENT:
MOBILISATION AUTOMATIQUE ET APPROCHE PROGRESSIVE

Résumé: *L'article qui suit est un extrait d'un travail plus vaste sur la mobilisation automatique de ressources financières destinées aux transferts en faveur du développement du Tiers Monde. Il passe en revue les problèmes actuels et les possibilités, et propose que les pays industrialisés adoptent "l'approche progressive" pour mobiliser les fonds nécessaires à l'aide publique au développement (APD). (Le texte complet du travail, qui peut être obtenu en s'adressant à l'auteur, comprend également un examen d'autres méthodes de mobilisation automatique des ressources, y compris des taxes nationales et internationales).*

l'approche progressive est conçue comme un moyen de partager l'accroissement annuel du produit national avec le Tiers Monde. Les pays industrialisés qui n'ont pas encore atteint l'objectif adopté par les Nations Unies (0.7% de leur produit national brut) pourraient lier la croissance annuelle de leur APD à la croissance de leur revenu par tête, et ainsi réserver automatiquement au développement une petite proportion de leur enrichissement. L'article montre le potentiel rapide et considérable, quant à la mobilisation des ressources, de l'approche progressive. Les exemples des pays scandinaves et des Pays Bas suggèrent que cette méthode pourrait être appliquée, sans grande difficulté et sans sacrifices, par le biais de méthodes appropriées de planification budgétaire. Afin de protéger les budgets d'aide au développement des variations des pratiques budgétaires et de la politique au jour le jour, l'approche progressive devrait être appliquée dans le cadre d'un plan financier à moyen terme sur la base d'un appui politique ferme, de préférence celui des Parlements.

MOVILIZACIÓN DE FINANCIAMIENTO INTERNACIONAL PARA EL DESARROLLO: LA AUTOMATICIDAD Y EL MÉTODO INCREMENTAL

Resumen: Este informe representa una selección de un documento sobre el problema de la movilización automática de recursos financieros de transferencias para el desarrollo. Provee un vistazo sobre los problemas actuales y las posibilidades de financiamiento para el desarrollo, y propone que los países industrializados deben de adoptar el "método incremental" para atraer fondos de la Asistencia Pública para Desarrollo (APD). (Se puede obtener el documento completo del autor; éste contiene un estudio de otros métodos de automaticidad inclusive impuestos nacionales e internacionales para el desarrollo).

El método incremental se describe como una manera de distribuir los aumentos anuales de riqueza con el Tercer Mundo. Los países industrializados que aún no han logrado la meta de las Naciones Unidas de desembolsos de la APD (el 0.7% del producto nacional bruto) podrían ligar el crecimiento anual de sus APD con el crecimiento anual de sus ingresos per capita y así automáticamente destinar una pequeña porción de sus incrementos de riqueza para el desarrollo. El informe demuestra el rápido y enorme potencial de recogimiento de fondos del método incremental. Los ejemplos de tres países escandinavos y de los Países Bajos, demuestran que el método podría ser implementado sin mucha dificultad y sin gran sacrificio, a través de métodos apropiados de planificación para el presupuesto. Para proteger los presupuestos de asistencia de los caprichos de la práctica del presupuesto y de la política cotidiana, el método incremental debe ser implementado dentro de la estructura de la planificación financiera a medio plazo basado sobre un sostén político a alto nivel, preferiblemente por parlamentos.

Horst Paul Wiesebach

MOBILIZATION OF INTERNATIONAL DEVELOPMENT FINANCE: AUTOMATICITY AND THE INCREMENTAL APPROACH

Overview

Financial flows to Third World countries have undergone profound changes since the 1960s. The formerly high share of public funds has diminished to about one third as compared to nearly two thirds in the Sixties. At the same time the flow itself has increased significantly, with most of the increase, from a figure of 18 billion \$ in 1970 to 64 billion \$ in 1977, coming from private, commercially oriented sources (notably short- and medium-term bank credit).

Serious doubts arise as to the adequacy of the structure of the resource flow to existing needs in Third World countries which in their campaign against poverty need financing of a long-term nature in many fields of social infrastructure (including rural development, alternative energies, urban agglomerations, science and education). Most of this expenditure will have to be covered out of concessional funds which can only be generated by public sources.

The rather dismal performance of official development assistance (ODA) in most of the larger industrialized countries, including Eastern European countries, gives little hope that traditional financing methods in the public domain will yield better results in the future. Therefore, it is necessary to contemplate far-reaching changes in the system of international development finance in order to cope with the tasks for the 1980s.

The objective of these changes would be to introduce more automaticity into resource transfers to Third World countries, i.e. protect them better than at present against swings in capital and money markets and the vagaries of political life in the rich countries. Such protection is warranted as development is essentially a long-term task and therefore needs to be based on a stable financial basis.

Of the major proposals to enhance and stabilize the flow of resources three seem to have received too little attention so far; two of them may hold great promises in generating additional resources:

One set of proposals concerns the introduction of development taxes into the national budget systems or at least the earmarking of given tax proceeds for the purpose of development assistance. So far this method has been applied in rare cases only and it has received little consent even by those governments that otherwise are quite willing to accord official development assistance a high place in their national policies. It is, therefore, doubtful whether national development taxes will contribute much to the evolution of the system of development finance.

The potential of international taxation to generate additional development finance could be quite substantial provided the international community were ready to take a step which could be considered as "revolutionary" for inter-

national relations. International taxation, the proceeds of which would be handed to an international agency, might then be established by treaty. The most likely way would be to introduce indirect taxes, e.g. sales taxes or turnover-taxes on international trade. Another likely form would be the taxation of energy and of minerals consumption which might receive wide-spread support for ecological reasons. On the other hand, even if reluctance of national governments to give up part of their sovereignty in the field of taxation could be overcome, one cannot expect that such a system would be able to solve the financial problems of development already in the 1980s. This could at best be expected only after a long process of political evolution.

A quicker and more promising way to reach higher levels of concessional transfers would be the introduction of new mechanisms of budgetary planning in industrialized countries. This incremental approach which links the growth of the gross national product (GNP) and of official development assistance (ODA) has proven its potential in the Netherlands and in three Scandinavian countries, all of which succeeded in recent years to achieve the 0.7% target set by the United Nations. In contrast, other rich countries which have adopted these methods have lagged far behind. There is reason to believe that these four countries have developed instruments of financial planning which - given the political will to assist the poorer countries in their development - may indeed provide a solution to the present plight of international development finance.

Sharing the Annual Increase of Wealth

The idea underlying the incremental approach was proposed by Mr. McNamara of the World Bank who pointed out in the 1973^{1/} that during the First Development Decade Global GNP had grown by US \$ 1,000 billion, 80% of which accrued to countries with a per-capita income of more than US \$ 1,000. For the Second Development Decade, the GNP of industrial countries alone was then expected to grow by another US \$ 1,000 billion in real terms. If only 1.5% of this increment were devoted to development assistance, leaving the other 98.5% to domestic consumption and investment, industrialized countries would have been able to raise their share of their ODA from 0.35% to 0.7% within the Present Decade.

The idea was brought up again in various meetings of the Development Committee of IMF/IBRD when it was suggested that donor countries which had not yet reached the ODA target of 0.7% might agree to give up 1% of their annual growth of GNP to increase their aid during the period of 1975 to 1980. It was felt that such an approach would not only constitute a predictable, continuous and assured way of raising ODA resources and of approaching the UN target, but would also influence public opinion favourably inasmuch as it required only a very small part of the increase in national income and would not impose a noticeable sacrifice of existing living standards. Apart from that, the method would provide a monitoring device for the performance of individual donors.

^{1/} Speech before the Friedrich Ebert Foundation, Bonn, February 20, 1973

The incremental approach could even lend itself to introducing an element of progressivity. The basis could be the per-capita income and/or performance in relation to the UN target, e.g. a level above or below the DAC average^{1/} performance or some other standard, such as the distance from the UN target^{2/}.

One of the suggestions was that donors which had not yet reached the UN target might commit themselves to an incremental ratio between their net aid disbursements and their GNP growth of 1 (0.75)% if their per-capita income was equal to or above (below) the DAC average. This implied that all donors would still strive to achieve the UN target in the long run, with the richer ones that could afford to give up a larger share of additional GNP, doing so in a shorter period. Starting in 1977 several of the richer countries could have reached the 0.7% target by 1980 and all of them by 1985. The poorer DAC members' average for the ODA-GNP ratio would have risen from 0.26% in 1976 to 0.55% in 1985, while the grand total of all DAC members would have shown an improvement from 0.35% to 0.67%^{3/}.

These figures do not only prove the enormous fund-raising potential of this approach, they also imply that the dismal performance of a number of DAC countries in the recent past might possibly have been avoided if such an approach had been used as a device to influence public opinion. It must be doubted whether the public in DAC member countries was aware of the relationship between aid and GNP growth in the years 1964-1974, when the average growth of income per head in the DAC area was 40% and practically none of the increased wealth was spent for development. Two countries even showed negative ratios (UK, USA) while only a few (Sweden, Norway, Denmark, Canada) devoted more than 1% (in the case of Sweden more than 2%) of their annual economic increment to development purposes^{4/}.

^{1/} The average of the member states of the OECD Development Assistance Committee (DAC).

^{2/} The second idea is inherent in the Report on Development by the Conference on International Economic Cooperation (the so-called North-South Dialogue), stating under A.1. Official Development Assistance that "within the Framework of an equitable sharing of their efforts, developed donor Countries' efforts will be the greater, the lower their relative performance".

^{3/} Based on calculations by the World Bank's Policy Planning Program Review Department.

^{4/} For an illustration compare the table in the Annex, based on a computation of the OECD/DAC Secretariat.

Implementation of the Incremental Approach

1. Direct Implementation - via Taxation:

The incremental approach could be implemented in several ways. One of the possibilities might be that of directly translating it into a special tax related to the increase of individual incomes and fortunes. This may prove to be politically difficult in times of progressive income taxation with rather high marginal rates. Another possibility would be an expenditure tax or a tax on luxury items (e.g., motor-cars), i.e. those items that tend to be bought with incremental income.

The weakness of any taxation scheme, whether aiming at additional incomes, expenditures or wealth, lies in the fact that it will not be possible to divorce it from other considerations (economic efficiency, equity, etc.). Indeed, it may establish only a very loose relationship to the key variable, i.e. the growth rate of GNP. Therefore, taxation schemes may be less efficient in translating GNP growth into increased aid flows than other mechanisms.

2. Indirect Implementation - via Budgetary Planning Related to Aid Targets:

As the national share of taxes or public expenditure tends to vary only little in the short run, budgetary mechanisms could serve as a device of indirectly relating aid flows with economic growth. Indeed, the very fact that the 0.7% target is expressed as a share of GNP suggests that a solution be sought in this direction. Therefore, rearranging financial planning in public aid budgets by introducing corrective mechanisms would be a logical way of raising ODA. This could be done by adjusting indicative plan figures in accordance with the actual growth rate of GNP and to ODA performance in terms of GNP.

As is proven by a comparison of experience in the Scandinavian countries and in the Netherlands, all of which have a very high performance in achieving the UN target, with that of other DAC countries, such mechanisms are not only feasible but seem to be necessary in the process of raising aid levels.

The clearest case is Denmark which by law introduced a rolling five-year assistance planning from 1972/73 onward, based on the 0.7% target, although the UN target was not formally accepted by the Danish government. The expenditure figures were adapted each year to the current growth of the GNP, protecting them against erosion by inflation.

As shown by the latest plan figures, this method made it possible not only to achieve the UN target by 1979, but to continue further advances beyond this target.

Denmark - Budgetary Planning			
Budget Year	Budgetary Target (% of GNP)	Amount of Aid (US \$ million, 1977 prices)	Real Growth Rate of Aid
1978	0.67	297	-
1979	0.70	320	7.8
1980	0.73	345	7.8
1981	0.76	372	7.8
1982	0.79	402	7.8

A similar method was applied by the Netherlands when the first financial assistance plan, covering the period 1968/71 was drawn up. It was based on a 1% target related to national income (about 0.8% of GNP) and partially adjusted to accommodate for faster GNP growth (1970 and 1971). Later aid plans contained no explicit GNP targets as their basis, but implicitly accepted the target, achieving a figure of 0.82% of the GNP in 1976. The latest aid plan covering the period 1978/82 is conceived to maintain an aid ratio of 1.5% of the national income.

Norway, another successful donor, also based medium-term assistance planning on targets related to national income resp. GNP. In 1968 a plan was set up, aiming at an aid figure corresponding to 0.75% of the national income by 1973. Later the target was raised to 1% of the GNP, to be reached by 1978. In order to cope with faster nominal growth of GNP, the plan figures were adjusted at the beginning of each fiscal year, taking past GNP trends as well as expected GNP increases for the current year into account.

During the period 1972/76 this led to annual growth rates of aid in the order of 20% to 43% p.a. Starting from an average DAC level of ODA of 0.33% in 1971, Norway was thus able to reach the UN target within five years.

Norwegian Aid Trends			
Year	Official Aid (million N.Kr.)	Annual Growth of Aid	ODA as % of GNP
1971	293.7	11.3	0.33
1972	418.4	42.9	0.41
1973	503.9	20.4	0.46
1974	722.4	43.4	0.56
1975	957.4	32.5	0.66
1976	1,191.3	24.4	0.71

Aid per head of the Norwegian population was nearly quadrupled during this period, rising from 75 N.Kr. in 1971 to 296 N.Kr. in 1976.

In the case of Sweden, budgetary planning with targets expressed as a proportion of GNP was also introduced in the late 1960s. A bill to raise ODA to 1% of GNP was approved by parliament in May 1968. The following guidelines were applied to assure a speedy implementation:

- a) GNP was assumed to reach a real growth rate of 5.3% p.a.; therefore, growth rates for aid appropriations were set to be 25% p.a.
- b) On a rolling 3-year basis, minimum planning levels were introduced, providing that annual growth of aid in absolute terms should never be less than last year's increase.

By this method, Sweden managed to increase its aid in real terms by 20% to 25% annually. She was the first DAC member country to achieve the UN target (0.72% in 1974). Indeed, her aid level kept on rising and reached 0.99% of GNP in 1977.

The Impact of Financial Planning Methods

The importance of proper planning methods is brought out clearly by a comparison of the performance of those donors that related aid budgets to targets based on GNP and to others who left aid figures to be determined by the normal budget process. The latter was true for the rest of the DAC Member countries, the only exception being the United Kingdom which introduced medium-term aid planning at constant prices, i.e. in real terms, yet without really implementing the rather modest growth rates envisaged for official development assistance.

Leaving the determination of aid figures to the normal budgetary processes clearly has led to sub-optimal performance. The reasons for this are manifold. Apart from the fact that there will always be a shortage of public funds, a fact creating pressures on the aid budget which only a powerful lobby could sustain, general economic policies seem to have worked against higher appropriations in the case of aid. In boom times when public expenditure is supposed to be curtailed in order to diminish demand, the aid budget usually was not excepted from such cuts (e.g. in the UK, which cut down real growth rates for aid from 4% to 1.6% under IMF pressure). Even when aid is largely untied (as in the case of Germany where aid was cut in 1974 and 1975 on grounds of "equity" with other budgets), it is not sheltered against such cuts. If, on the other hand, public demand is raised in times of economic slack, aid is not likely to profit much as there are other pressing public needs which seem more liable to be translated directly into additional domestic employment (such was the case in Germany when special expenditure programmes in 1976 and 1977 were to help the economy out of the recession).

The conclusion is that the aid budget seems to be one of the politically weakest parts of the budget in general, feeling the impact of cuts in a very harsh manner and getting little benefit from additional public spending. This is just another way of saying that the political will of helping the poor countries, which undoubtedly exists in most DAC member countries, does not assert itself well in

daily political life. It therefore needs to be supported by long-term decisions bearing on the budget, giving aid figures a very firm basis, preferably with strong parliamentary backing or legal devices which force the treasury to turn to parliament if it wishes to cut aid. These facts of political life are illustrated by a comparison of the aid trends in those countries which managed to introduce rather strong medium-term assistance plans with several of the more important DAC donors and with DAC in general.

Donor's ODA Performance in Terms of GNP-levels							
Country		Official Development Assistance as % of GNP					
		1966/68 average	1970	1974	1975	1976	1977
Outstanding performers	Sweden	0.26	0.38	0.72	0.82	0.82	0.99
	Netherlands	0.48	0.61	0.63	0.75	0.82	0.85
	Norway	0.22	0.32	0.57	0.66	0.70	0.82
	Denmark	0.21	0.38	0.55	0.58	0.56	0.60
Average	Total DAC	0.40	0.34	0.33	0.35	0.33	0.31
Five large donors	France	0.69	0.66	0.59	0.62	0.62	0.60
	United Kingdom	0.43	0.36	0.37	0.37	0.38	0.38
	Germany	0.39	0.32	0.37	0.40	0.31	0.27
	United States	0.41	0.31	0.24	0.26	0.25	0.22
	Japan	0.28	0.23	0.25	0.23	0.20	0.21
Source: DAC, Development Cooperation, 1978 Review, Paris (OECD) 1978, p. 191							

The four outstanding donors without exception were able to raise their relative aid levels considerably within the decade which lay between the years 1966/68 and 1977. In 1977 their aid total corresponded to 0.85% of their combined GNP.

In contrast, the traditionally large donors of the DAC were in no case able to retain their aid levels of 1966/68. In the case of France and the United Kingdom, which still are above the DAC average, and where aid did not drop as significantly as with the other three large donors, one must bear in mind their rather strong overseas commitments dating back to colonial times^{1/}. Collectively, the five

^{1/} In the case of France, aid includes payments to overseas departments, the so-called DOM, clearly not an international flow. Without these flows, France's ODA would be in the order of 0.40% of GNP. Vice versa, if Denmark included similar payments to Greenland, its ODA would be far above 1% of GNP.

large donors managed to give only 0.27% of their combined GNP as aid to poorer countries. It is clear that their bad performance is largely responsible for the increasing shortfalls in the flow of concessional funds from DAC member countries to developing countries pointed out in the introduction.

Had budgetary policies similar to those of the outstanding donors been applied by the five large donors, the results of aid statistics in the late seventies might have looked quite different. The enormous fund-raising potential of appropriate budgetary policies is given by the following set of figures for the five large donors (based on a combined GNP of 3,713 billion US \$ in 1977):

	US \$ billion
Actual performance (0.27% average)	10.15
Performance according to UN target (0.70%)	25.95
Performance corresponding to that of four outstanding donors (0.85%)	31.51

In both cases actual DAC aid flows would have more than doubled. The additional flows would have covered the largest part of the increased external financial requirements of the Third World countries in recent years and would easily have relieved the financing problems of multilateral institutions, making recourse to such controversial devices as the SDR-link or extended IMF facilities superfluous^{1/}.

In view of the staggering figures arrived at under the assumption that the large DAC member countries would perform according to the standards set by the outstanding performers^{2/}, it might be argued that there is not enough absorptive capacity for such an enormously increased flow of resources and that inevitable misuse of funds might even result in a serious backlash of public opinion. This would indeed be highly probable if the increase were to happen overnight. Yet, if the process took five to ten years, as was the case in Scandinavia, there can be no doubt that the absorptive capacity for concessional funds, especially of the poorer countries, could be enhanced sufficiently. Obviously, the quality of Dutch aid or that of the Scandinavian countries is not inferior to that of other DAC countries who are not as generous.

^{1/} Controversial not only because of the unresolved relationship of aid and money creation, but also because these devices make the aid flow depend on international liquidity needs.

^{2/} If only the 5 large donors performed according to the 0.85% standards, DAC aid in 1977 would have been US \$36.05 billion instead of US \$14.70 billion, DAC for all DAC members would have been US \$40.30 billion.

Conclusion

The upshot of the preceding discussion of the experience of particular donors, i.e. the very high correlation between budgetary planning clearly related to GNP targets and excellent donor performance^{1/}, as well as of the fund-raising potential inherent in this technique, justifies making a consideration of this issue an integral part of the preparations for the 1980s. Whatever mechanism will be used to translate the UN target into budgetary practice, it is essential that this happens within the framework of a medium-term financial plan, receiving high-level political support, preferably by parliament itself.

Aid and Growth in GNP

	Aid as percentage of GNP		Real Increase in GNP per head 1964-1974 (%)	Percentage on increase devoted to Aid
	1964	1974		
Australia	0.48	0.55	36.4	0.7
Austria	0.08	0.18	62.9	0.3
Belgium	0.46	0.49	56.0	0.5
Canada	0.17	0.50	37.0	1.4
Denmark	0.11	0.54	43.8	1.5
Finland	0.04	0.18	61.4	0.4
France	0.90	0.60	59.8	0.1
Germany	0.44	0.37	49.5	0.2
Italy	0.09	0.14	52.4	0.2
Japan	0.14	0.25	152.4	0.3
Netherlands	0.29	0.62	58.4	0.3
New Zealand	0.19	0.30	19.5	0.9
Norway	0.15	0.57	45.2	1.5
Sweden	0.18	0.72	28.0	2.6
Switzerland	0.07	0.14	33.1	0.4
United Kingdom	0.53	0.38	21.9	-0.3
United States	0.56	0.25	21.9	-1.2

1/ In a recent report to the UN General Assembly, the Secretary General of the UN stated that "the adoption of concrete measures to attain 0.7% target in a planned time-frame has itself encouraged donors to undertake measures in the area of aid budgeting that, on the whole, have had the effect of ensuring greater continuity and predictability in the volume of concessional flows" (Acceleration of the Transfer of Real Resources to Developing Countries, Doc. A/32/149 of August 18, 1977, p.3).



MARKINGS

PREBISCH AT UNCTAD V
A REAPPRAISAL OF DEVELOPMENT STRATEGIES

Raúl Prebisch, Argentinian economist, source of a major post-1945 current of development thinking, intellectual father of the United Nations Commission for Latin America (ECLA) and of the United Nations Conference on Trade and Development (UNCTAD), made the following statement at UNCTAD V, in Manila, on 21 May:

Mr. President, thank you very much for giving me the floor.

I should like to begin, as the longest-standing servant of the United Nations, by paying a personal tribute to you, General Romulo, for the outstanding work done in San Francisco by you, together with a brilliant group of eminent men, in laying the foundations for the United Nations and shaping the Charter of our Organization.

Fifteen years have elapsed. With the exception of the system of preferences - which is relatively modest and limited, of course, but not without importance - and without disregarding the considerable progress which has been made with respect to the Common Fund, thanks in large measure to the unflagging efforts of my old and dear friend, Dr. Gamani Corea, very little has been done if one bears in mind the sizeable and growing dimensions of the problems with which the United Nations, and especially UNCTAD, has to cope.

Nevertheless, there is one very important achievement from the political point of view: the problem of development now forms an essential and vitally important part of world political problems. It is, however, my view, Mr. President, that we are taking the wrong approach to resolving it; we are taking the wrong approach in a good number of the developing countries and, with your permission, Sir, I would like to refer particularly to Latin America, not only because it is the part of the world that I know best but also because I am going to make some criticisms and I shall feel freer to do so in relation to Latin America, where I was born and where I live.

The privileged consumer society is becoming more and more pronounced in our countries. By this I mean an economic system based, as John Paul II said, on frenzied imitation of consumption patterns in the centres. This imitation of consumption patterns, which is proceeding by leaps and bounds in many countries, together with the siphoning off of earnings to the major centres, makes it impossible to increase the

rate of capital accumulation - I mean reproductive capital in terms both of material goods and human training - this, I say, makes it impossible to increase to a sufficient and feasible extent the rate of accumulation of reproductive capital needed to absorb, by means of a growth in productivity, not only the sharp increase in population but also the masses submerged in the lower strata of the social structure, who in the majority of cases demonstrably fail to receive the benefits of economic development.

At the start of the 1970s, Mr. President, we in ECLA calculated that 40 per cent of the population of Latin America were relegated to this condition. The proportion has declined, but the absolute figure remains the same. This is a stubborn reality which, in my view, is due in large part not only to the high rate of population growth but also to the considerable waste in the capital accumulation potential which occurs in our countries.

Sir, certain highly simplistic voices are raised in the North telling us that poverty must be eliminated. Very well, but how can poverty be eliminated? By means of a thoroughgoing transformation of the existing system which is inconsistent with the development of the privileged consumer society. Mr. President, I am able to state with all frankness - and lengthy studies have decisively concluded the same - that the privileged consumer society, in the form in which it is functioning, does not permit the social integration of the neglected masses. Moreover, as development proceeds, this privileged consumer society not only excludes but also - and this is a very serious matter - is riven with conflict. This is reflected in an inflationary spiral of a social type which cannot be treated with the old monetary remedies to which many economists are so attached.

Why is this so? Without embarking on a long dissertation, I believe, Sir, that it is basically due to the fact that, because of social heterogeneity, the upper strata of the social structure and the upper middle strata are able to lay their hands on many of the fruits of the technical progress and the marked increase in productivity in Latin America. I admit that I am taken aback, Mr. President, since I was one of the economists who, 30 years ago, began to view with great hope this blossoming of dynamic forces in Latin America, this growing capacity of entrepreneurs, technicians and administrators. However, the benefits of this entire process, although considerable for those who participate in it, have not filtered down, or only to a very limited degree. It is necessary, Mr. President, that these things should be said with all frankness by those men who, without having any political aspirations - which would be rather belated in my case - have an obligation to bring them to Latin America's attention.

Sir, this type of development, which is based essentially on social inequality, is the type of development fostered by the attitude of the centres, which devote much of their efforts to promoting it. Then they express surprise and complain about social inequality and about the fact that the benefits of development have not reached the neglected masses. This is part of the system which those same centres have been supporting, especially by means of the transnationals.

I am not going to lapse into commonplaces about the transnationals. Like technology, they are ambivalent. They are positive and have great capacity; at the same time, they are negative in the series of adverse consequences which they have. They are becoming increasingly associated with the privileged consumer society, where they sow generously but also reap rich rewards.

In throwing their weight behind this type of development, Mr. President, the centres exhibit considerable incongruity and inconsistency. Can there be a clearer and more striking demonstration of this inconsistency than what is happening in the area of trade policy? The determination of the major industrial centres to eradicate protectionism between themselves and to eliminate tariff and non-tariff restrictions is truly admirable, and noteworthy results were achieved in the Kennedy Round. But to what, Mr. President, does this liberalization process relate? It relates to all the technologically advanced goods in respect of which the transnationals are constantly making innovations. For this reason, and because of their great drive, the transnationals have been enormously effective in this extraordinary development of world trade.

It should come as no surprise that we are asked "Don't you see the comparative advantages?" and told that the principle of comparative advantage must be respected. Well, Sir, I have believed in comparative advantage since my youth. But what is actually happening? In the case of those goods where we are acquiring a comparative advantage, techniques have been refined and evident entrepreneurial capacity has emerged - goods which are not in the forefront of technology - we have not been able to obtain recognition of our comparative advantage; in fact, at the risk of repeating something which has surely been said on many occasions in recent days, not only have long-standing situations been maintained but new manifestations of protectionism are emerging.

We have been told to internationalize production and to open up our markets. Yet we all know what is happening to those countries which have heeded that advice and achieved industrial exports of some magnitude. consumption patterns have been internationalized far more rapidly than production patterns.

Wherever I look, Mr. President, I reach the conclusion that this prevalent type of development - and I am willing to admit that there are exceptions - serves to dispel an illusion, namely that we could develop in the image and likeness of the centres. This is not so, Mr. President; we have been incapable of advancing by means of our own forms of development which correspond to our economic and social realities. This is a problem which, as I see it, cannot be ignored: how can we develop as we ourselves think fit and with a real sense of independence?

I would therefore say, Mr. President, that we are witnessing the liquidation of an era. There are other signs of this liquidation process which oblige us to move beyond concepts which prevailed in certain sectors 25 or 30 years ago and which continue to prevail.

Another myth which is being dispelled is that the free play of so-called economic forces will spontaneously provide a solution to our problems. Who on earth can seriously believe that the very grave problems raised by the ambivalence of technology in the biosphere, the very serious problems created by the irresponsible exploitation of depletable natural resources could be solved by market forces?

I should say, Mr. President, that I attach considerable economic and political importance to the market. I do not, however, regard the market as the supreme regulator of the economy, whether on the international or the national level; everything depends on the structure behind the market, on the forces in motion behind the market. Were we to transform this structure and these forces, the market could be an effective mechanism, or one of the effective mechanisms, in the system. This is the second disillusion.

With regard to the third, I hope that you, Mr. President, who were one of the participants at Bretton Woods, will permit me to refer to a remark which you made to me a few moments ago and with which I fully concur, namely that the perspective in which these and other institutions were conceived was that of the developed countries, that of the centres. "What is good for the centres will also be good for the periphery" - a concept which is also being superseded by events. I believe, Sir, that there is a very serious crisis in the Bretton Woods institutions; I refer particularly to the monetary institution. However, let us be charitable: there is no international monetary institution that can function when a member country, especially a powerful one, has the ability unilaterally to create large quantities of money.

It is therefore possible to understand the sustained and valiant effort made by President Carter to eliminate the United States budget deficit or, in other words, to turn off this tap from which a fantastic amount of international liquidity has

flowed out of the United States and submerged the world in an inflationary flood. This is merely a general explanation of what is taking place, for I would not wish to become involved in a discussion of why it has occurred; what is certain is that a very serious problem has been created for the world and for all of us. I also understand very well the position of various important countries with impressive surpluses which are reluctant to expand their economy by expanding the money supply for fear of adding a new domestic inflationary factor to that coming from abroad. This would be to water a field which is already flooded. The first thing to do is to stem the flood, after which more rational monetary practices will be adopted.

This is a matter of great concern to our countries. I recall, Gamani, my dear friend, that in the early days of UNCTAD you played a very active part in a group of experts which recommended the creation of an international currency. you strongly supported the thesis (which prevailed in the group as a whole) that a large part of these resources should be channelled into economic development, and I must recognize that important officials of the Monetary Fund, starting with Pierre Schweitzer, a very distinguished person in my opinion, supported that idea with the circumspection which is to be found in persons in the financial field and which we who are not in that field lack. I must remind you, Dr. Gamani, of what we were told then: "Take care. We must avoid the danger that the developing countries, organized in the Group of 77, might exert such pressure as to lead to world-wide inflation because of their lack of financial continence." Do you remember this argument and the others? How strangely ironical events can sometimes be.

Mr. President, we have not had the link which Dr. Gamani Corea sought; however, we have had inflation.

All this has led to a recession: a new manifestation of the economic cycle. The consequences are very serious for our countries. Moreover, the recession of the centres is accompanied by protectionism, with very harmful consequences for our exports.

What is to be done therefore? What can we on the periphery do so long as this precarious situation continues to exist in the major centres? Is there something that can be done? Yes, Mr. President, there is much that can be done. Those boom years in the centres that ended with the oil crisis - which let it clearly be said, is not responsible for the recession or for inflation, although it aggravated it - those boom years dazzled many developing countries. Previously, we had witnessed the spread of the sound doctrine that it was also necessary to stimulate trade flows between ourselves. Very little was done during those boom

years. Initiatives in which we had placed great hopes were paralysed. And today the old problem has returned, the persistent problem of the external constriction of our economies to a greater or lesser extent, with the exception of the petroleum-exporting countries, some of which are already experiencing certain symptoms as well.

I believe, gentlemen, that it is necessary to bring this problem to the fore once again and if it is necessary to discard former ideas, ideas that might be deemed mistaken, let us do so and seek new formulas. In my opinion, it is essential to strike at the root of the problem that is to say, all those dynamic imports, capital goods, intermediate products, and some consumer goods resulting from innovations, in which the tendency towards imbalance essentially occurs. That is where we must tackle the problem. And I say with all sincerity: let us not hope that if we do not tackle this problem we shall be able to dump on the centres all the industrial exports which we require to finance our development. Let us not fall into one more illusion. However hard we may try to conceive of a highly liberal policy being followed by the centres, we shall not resolve our problem of external constriction by that means alone; it must be done through our own constructive activity, through the establishment of new industries producing all the goods which we would be unable, failing such action, to import from the centres. This is not a theoretical concept but, rather, a conclusion based on the observation of a stubborn reality.

I believe that a joint effort is called for in that area. I cherish the hope, Mr. President, that the petroleum-exporting countries will participate in investments in order to develop that type of industry, which would be advantageous to all, including the centres, because a good proportion of the resources thus mobilized would flow back to the centres in search of capital goods.

It seems to me that this is a point of the utmost importance from the political as well as the economic standpoint, because a gesture of this nature on the part of the petroleum-exporting countries could help to dissipate certain divisive tendencies which appear from time to time and which were evident at the latest meeting of ECLA at La Paz.

I therefore look forward to a very determined and understanding attitude on the part of the petroleum-exporting countries.

Approaching the subject from another angle, Mr. President, there exists in our countries enormous potential for capital accumulation because of the steady increase in productivity as a result of technological penetration. It is a potential which must be utilized. I do not say that this is an easy political problem, because it involves curbing the consumption of the privileged groups.

What other solution exists? In my opinion, there is no solution other than to combine our own efforts to promote trade - a matter on which, happily, the developing countries took vigorous action at Arusha - and the mobilization of these internal resources.

This does not mean that I am about to endorse the new theory of breaking the links with the centres, or delinking. There are those economists who say: well, in view of the meagre results which we have obtained in 15 years, the links with the centres should be severed - as if it were an operation similar to cutting the umbilical cord, after which the child will grow vigorously. It is not possible, gentlemen, to maintain such a simplistic view in this complex world.

On the contrary, I believe it necessary not only not to break the links with the centres but to forge increasingly closer links with them; however, they must involve new forms of relationship with the centres, not the old kind. There can be no doubt that the centres are not ready to make the necessary changes but neither are the developing countries.

Therefore, Mr. President, I am more and more convinced of the need for a joint strategy to resolve a common problem, the need for convergent and systematic measures which should be taken by the centres or which they should at least already commit themselves to taking - measures which the centres will have to take and those which the periphery will have to take, since development is a common problem from the economic and social standpoints, as well as in relation to the biosphere, to ecological considerations: we live in a single world which is not divisible.

People will say, "Is he not naive to think that the centres, which are currently beset with problems, are going to begin discussing a strategy?" But why not? You, Mr. President, must recall how the great creations, the momentous creations which emerged after the War were conceived during the War; there were men who were thinking of such things and who put them on the negotiating table and brought about the triumph of an act of foresight and great rationality. Why should we not begin to work in this direction?

The more I think about this, Mr. President, the more I am convinced that, without such a combined effort, without joint commitments, without the concerted political will of both the centres and the periphery, we shall not be able to resolve the common problem of development. What is needed are national measures on both sides, for let us not forget that, of themselves, there are no intrinsically international measures: all are national measures which are co-ordinated and harmonized for the achievement of great objectives.

It will not be easy to persuade people of all this, whether in the North or in the South, but I do not think that there is any other choice; if there is, let them tell us where it lies. And by "them" I mean both the countries of the North, whether they be capitalist or socialist, and the countries of the South, irrespective of their economic or social system. I believe that events compel us to rise above the differences between systems and to concentrate all our attention on the fundamental problems, which, in reality, transcend systems.

I believe that, in the centres, the idea that they cannot isolate themselves by a cordon sanitaire from the adverse events at the periphery has already gained ground. For the first time, they are talking of interdependence. Of course, it is interdependence between non-equals, but in any case, the adverse effects on the periphery of the centres' failure to act will, sooner or later, rebound upon the centres themselves. Such is the complexity of the modern world.

In the same way, our developing countries must also convince themselves that there are no internal cordons sanitaires which isolate those groups on which development has smiled from those which have been left behind. There are none, and the most elementary sense of foresight, which is the mark of enlightened statesmen, calls for the recognition of that fact.

But I should not like, Sir, to spend the last few minutes of my statement foretelling future ills. I could, with a little imagination, describe the evils that will result from this uncontrolled drifting of the developing world. But no, I prefer to invoke, with great conviction, the image of a developing world, where, for the first time in history, we have technology capable of resolving the problems of human well-being - and, why not say it, Sir, of human dignity. A technology which is ambivalent. Its adverse consequences on the centres are understood, but there is still no clear understanding of the very serious problems which technology and other phenomena based on imitation of the centres are creating at the periphery.

This is why I urge combined action, the joining of political wills. I believe that, for the first time in history, technology offers such opportunities, in addition to the risks it entails, and that we are squandering those opportunities: we are squandering them at the periphery, and, if I may also be allowed to speak as an old international civil servant, we are squandering them in the United Nations. I am more and more struck, Mr. President, by the proliferation of working groups and committees that are being invented to elude the solution of concrete problems. And, confronted with the unity of the OECD in Paris, the Group of 77 is becoming dispersed. There is a group in Geneva which looks askance at the group in New York and vice-versa, and there is another group in Rome. But, gentlemen, I sometimes think that we are becoming the victims of a dynamic of chaos, which we must overcome, which is not leading us to positive results.

Confrontation is all very well, confrontation has a certain role to play, but, beyond a given point, it not only yields diminishing returns, but becomes a source of disruption, for it dissipates and goes on dissipating the constructive opportunities. It is to those constructive opportunities that we must turn, and that, Mr. President, not only for economic and political reasons, but also for fundamentally ethical reasons. Two centuries of faith in the regulatory virtues of the laws of economics have caused us to lose sight of the ethical aspect of development. It is forgotten that, before writing his monumental work, Adam Smith was a teacher of ethics. Let we ourselves forget it too. This entire transformation must arise from an ethical impulse - still very weak at present - to bring it about, and great rationality is required to make a reality of it, to achieve it by combining the efforts of the centres and of the periphery in the common and pressing enterprise of economic and social development.

Thank you very much, Mr. President.

UNCTAD V, DESPITE ITS FAILURE, WILL PROVE TO BE A MILESTONE IN GLOBAL STRUCTURAL CHANGES

An interview of Jan Pronk by Chakravarthi Raghavan

The outcome of UNCTAD V at Manila has been entirely negative but it will, looking back, prove to be a milestone like the United Nations Sixth Special Session on New International Economic Order, according to Jan Pronk, former Dutch Minister for Development Cooperation and member of the International Foundation for Development Alternatives Council.

Pronk, who played an important role in promoting North-South agreements at the United Nations Seventh Special Session in 1975 and at Nairobi UNCTAD, discussed with IPS the outcome of Manila and what the Third World should do.

Interpress Service: Here at Manila we have had a very difficult session, even apart from the complexity of the agenda, with the hardliners in the West very much in control. How do you view things?

Jan Pronk: In my view UNCTAD V is important. For the first time real issues are on the agenda. Negotiations after the Seventh Special Session, some derived but not the central issues, were on the agenda - like price stabilisation. But these did not hurt economic welfare of Western countries. What is being discussed now is the finance and monetary system in the world, and the structure of world production. These are central issues -- protectionism, interdependence, monetary decision-making, etc. - are rooted to these central issues. The Western world is now taking decisions on these issues. We created a new economic order in 1946, where relevant issues were dealt with in institutions dominated by Western countries. Third World countries had no say. You cannot expect the West to say yes at such a short notice on changes.

For the first time, since Arusha, these issues are central issues. UNCTAD V has been important for that. Its outcome is negative. But I am not despondent. I did not expect any positive results. The western countries have turned up here to say "no" to the central issues. Much depends on the tactics of the Third World as to how we move forward the North-South dialogue from here. There are the developments in the international economic crisis. How long can the Western countries say no to the central issues.

IPS: How do you take the dialogue forward?

Pronk: There has been no negotiations here. This will go on if the Third World does not prepare itself very carefully, better than they have done here. If they prepare themselves, it will no longer be possible for some Western countries to go on taking decisions on major issues. The Third World must press with these issues in the UN Committee of the Whole in the preparations for the next development strategy and should make this the central issue of the 1980 Special Session of the United Nations. Secondly, the Third World must do much better than now in the analysis of the central issues and in formulating their common position. I have the impression that the G77 underestimated their demands. They should give themselves time in their negotiating process, and strengthen themselves by serious measures of collective self-reliance -- not only because the economic cooperation among

developing countries will help them but also it might create better strength in a long-negotiating process with the First World countries.

IPS: Unlike in the Seventh Special Session or UNCTAD IV in Nairobi (1976), the Dutch and the like-minded countries seem to have been unable to play any role here.

Pronk: When the real issues are at stake, they are not decided in the Western world by Netherlands or like-minded countries. They are decided by the USA, Japan and West Germany. These three do not want to listen to the smaller Western countries. As soon as these central issues are at stake there is less room for maneuvers and less influence for smaller Western countries. Power is the main fact deciding the final position of these countries.

IPS: But surely, even the smaller countries are being hurt by this process.

Pronk: Yes. The Netherlands takes a reasonably progressive position. We now have a centre-right government, less progressive than the earlier centre-left, but it has been possible for them to take this position only after a long fight within the coalition. Whether in the long run they will be able to go on taking this position is highly questionable.

Also for the small West European countries there will be problems of unemployment and uncertainty in the short run which will mean pressure on them by people on the progressive policies. In the long run it is in the interest of the Western countries, smaller and bigger, to be forthcoming and to opt for a change in the international economic order. There is always a trade off between longer run benefits for the future generation who cannot yet speak up and short term sacrifices. And politicians belonging to stronger economic classes, specially if they belong to centre-right groups without socialist ideologies, will opt for the shorter run.

IPS: But how do you see all this? Surely all this interdependence means...

Pronk: Are you talking of interdependence of issues or countries? There is not much interdependence among countries. There is more of dependence. The rich countries will try to strengthen the present international economic order by integrating some Third World countries into the present order or by integrating higher economic classes within the Third World countries into the international economic order. That is the tendency. That will create conflicts in the long run within countries and between countries. I do not know what will come out of it.

IPS: What will be the effect of the failure here on North-South dialogue?

Pronk: If you look back later on, Manila will be not a turning point but a milestone like the Sixth Special Session. That brought some new ideas without any results but just conflict. But later on there was some agreement and some changes took place in the years after. UNCTAD V has brought up something new though so many people do not see it. But it will in my view guide the negotiations from now on.

There are forces in the international arena. There is always the possibility of a fascist approach in economic affairs - using economic power in the Western world. There is that reality, but in my view it will be myopic in the long run. For there is not so much power now in Western countries. But in the short run

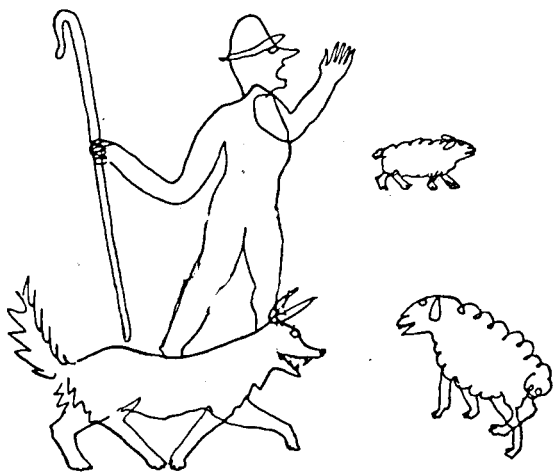
the economic power may be used.

It will depend on the negotiating strategy of the South. If they let themselves be divided by manipulative tactics or allow themselves to be fooled - and they are being fooled now. I was present in the discussions in the B group and the EEC and it is no secret that they have not been forthcoming at all. They are not interested in any positive outcome here. And if the South is content with just some minor concessions then it will be very difficult for them in the long run. But if they really are more united, more analytical of the present situation, with better understanding of the negotiating position of the Western countries, it will be more difficult for Western countries to go on being negative.

L'INTERDEPENDANCE (DU LOUP ET DE L'AGNEAU)

- IL SUFFIT DE REMPLACER L'AGNEAU TOUS LES MATINS

THE INTERDEPENDENCE (OF THE WOLF AND THE LAMB)



- VERY SIMPLE: JUST REPLACE THE LAMB EVERY MORNING

- BASTA REEMPLAZAR EL CARNERO CADA MAÑANA

LA INTERDEPENDENCIA (DEL LOBO Y DEL CARNERO)

PARTICIPATION OF RURAL POOR IN RURAL DEVELOPMENT^{1/}

by Prayag Mehta^{*}/

We have been conducting rural labour education programmes and surveys of related socio-economic and psychological problems in several parts of the country for the past some years. The participants come from grass root level mostly belonging to scheduled castes and scheduled tribes. They may show ignorance about labour laws and their legal rights. However, they show considerable awareness about their day-to-day socio-economic problems. They are able to verbalise such problems and even are able to define them precisely. We had this interesting experience recently at a tribal youth education camp organised at Kotra, Headquarters of a tribal tehsil in Udaipur District of Rajasthan. It was attended by some 60 somewhat educated young Bhils from several villages around Kotra. Working in small groups of 8 to 10 persons, the participants discussed among themselves the various problems facing them. At the end of several hours of such discussions, each group came out with an inventory of such problems, which was presented to the entire community for discussion and further clarifications. A summary of such grass root perceived problem, some national statistics are given to bring out the microcosmic relationship between the two.

Remarkable Closeness of Grass Root Perception to the National Picture

It is not at all surprising to find such striking closeness between the perceived problems at the grass root level and the picture obtaining at the national level. After all they face these problems every day. Their perceptions included such vital problems as: lack of food; continuous fear of starvation; no regular source of income and very low income; landlessness and worklessness; indebtedness; harassment and loot by shopkeepers and moneylenders; lack of drinking water and irrigation facility; harassment by the police; lack of hospital and medical facility; lack of schools as well as lack of adult education facility and lack of post offices, roads and transport. It is interesting to note, as seen in Table 1, how the perceived problems come out as a microcosm of the national scene.

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PARALLEL BETWEEN NATIONAL STATISTICS AND GRASS ROOT
LEVEL PERCEPTION OF THE PROBLEMS FACING THE RURAL POOP

Grass Root Perception*	National Statistics
(1)	(2)
1. Many a times we don't have any food to eat. Sometimes forced to eat chapatees made of grass.	Minimum level of nutrition is inaccessible to over half the rural population and estimated 40% of the urban ^{2/} .
2. We don't have any regular income. Many a times no income at all. The average income may not come even to Rs. 2.00 a day.	300 million people are estimated to be living below the poverty line at monthly income at Rs. 40 with 1972-73 prices. The average per capita income stands more or less at Rs. 2.50 daily as stated officially in Oct., 1978. This works out at less than Rs. 2 a day for more than 3/4th of population living in rural area ^{3/} .
3. Many of us have no land. Some of us have some land, but mostly hilly and not fertile.	The poorest 10% of the rural households owned 0.1% and the richest 10% owned more than half the total rural assets in 1971-72. The percentage of landlessness increased from 19% in 1961 to 31% in 1974 ^{4/} .
4. There is practically no work or employment for us in villages. Some of us are engaged in food for construction activity. This is also irregular. Most people have to be away from their homes for 6 to 8 months in search of work.	There are some 20.5 millions unemployed persons-year 16.5 millions in the rural areas and 4 millions in the urban areas ^{5/} .
5. Shopkeepers and moneylenders loot us all the time. We are forced into indebtedness at very high rate of interest. Even Cooperative Credit Societies force us to give a receipt for Rs. 500 to Rs. 700 for a loan of Rs. 400.	Apart from millions of destitute unemployed landless rural poor who are indebted, 65% to 70% of small and marginal land holders are indebted for amount ranging from Rs. 250 to Rs. 500. the average amount of debt in the agricultural labour households increased from Rs. 148 in 1964-65 to Rs. 387 in 1974-75 and 48% of such debts were provided by moneylenders in 1974-75 where as it was 31% in 1964-65 ^{6/} .

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| <p>6. Facility for irrigation does not exist. Even drinking water facility is not there. There are some wells with kaccha pani (temporary and shallow water). Several wells are half dug and out of order.</p> <p>7. We have practically no hospital and medical facility. We have to carry our sick persons physically on our shoulders, crossing rivers and hills to the Tehsil hospital, where also there is only one doctor. Our sick people die without treatment.</p> <p>8. We don't have even primary schools in several of our villages. At some places there are schools without building and teachers. Our children are frequently driven out of the school by the teachers for want of proper dress etc.</p> <p>9. We don't have any facility for Adult Education in our villages.</p> | <p>Besides widespread malnutrition, there is a lack of drinking water in 80% of India's villages^{7/}.</p> <p>According to the ICMR, hardly 15% of the country's population derive benefit from our Public Health Services. According to WHO's warning, there will be 20 million blind people in India by the end of the century, if proper measures are not taken in time^{8/}.</p> <p>The number of illiterate children in the age group of 5-15 went up from 80 million in 1961 to 97 million in 1971. One in every two children drop out of Class I in rural areas^{9/}.</p> <p>71% of the total population, 81% of all women are illiterate. Nearly half the illiterate population of the world live in India^{10/}.</p> |
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* Based on a consensus in small group discussions by some 60 young somewhat educated tribal (Bhils) participants of an Education Camp held at Kotra Chhavni in Udaipur District of Rajasthan, Feb. 3-8, 1979.

Lack of Alternatives and Resistance

The young participants knew that they had no work and also that others, like shopkeepers and moneylenders, make lots of money on the basis of their labour. At one of the villages, one Sarpanch, a 70 year old muslim small farmer-cum-social worker described the exploitation of tribal labour as follows:

One of the main forest product is tendu leaf for making beedis. All such products have been nationalised. The Forest Department asks for tenders each year. The usual rates are Rs. 45 per bag. The contractor is given half of it as off, i.e. Rs. 22.50 are taken from him for one bag of tendu leaves. The contractor uses the rest of the money for paying the labourers and for meeting other expenditure. The labourers pick up the leaves and sell these to the contractor. On an average they make Rs. 3 per day on such transactions. The contractor, however, makes sometimes 6-7 lakhs rupees^{11/} just in one month on such transactions. After the tendu season is over, the local labourers have no other work. The illiterate tribals know about such profits by the contractor but are not able to do anything. The forest officials are invariably in league with the contractor.

Same is the story about moneylending. The Sarpanch reported further that people mortgage their things on very high rates of interest (the moneylender will not give any loan without such mortgage). Rs. 10 is cut for every Rs. 100 per rupee per month. The moneylenders use all kinds of tricks to prevent the return of the mortgaged ornaments even when the indebted person is ready to pay back the debt. They somehow continue the debt so that it crosses some stipulated time limit. Thereafter the moneylender is free to swallow the ornaments. On the other hand, the tribal people think it their moral duty to pay back the debt. They continue to pay their debts back even when these were liquidated some years ago. The moneylenders are aware of this strong tradition. They make full capital of the tribal morality.

Same is the case with all kinds of barter trading. For example, a shopkeeper may give 20kgs. of Jowar (coarse grain) in exchange of 20kgs. of Urad or rice. The former is sold for Rs. 25, whereas the latter cost Rs. 50 in the market. The concerned people know that such a trading is very uneven. In education camps and in the field surveys, the participants verbalise and give such instances after instances. However, these patently illegal and exploitative practices continue unabated.

The interesting thing about such widespread exploitation of the rural poor therefore is that they know that they are being fleeced by the moneylenders but are unable to resist such injustice and oppression. They also know from experience the consequences of individual resistance to such practices in absence of appropriate alternatives. This was brought home to us during field work in one of the Southern States, where bonded labourers were "liberated" sometime ago. These "freed" bonded labourers told us that they were happier under the bondage with the landlord. After they were "liberated" and given such a certificate of liberation, the landlord refused to give them any work with the result that their conditions have got worsened. As all the means of production and work as well as sources of moneylending are controlled by the rural rich, individual resistance of such practices become counter-productive leading to greater harassment and oppression.

Formal Education and Unemployment

As mentioned above, the young participants perceive the need for education, including adult education as well as need for employment and income generating activities for themselves. How mere school education does not help the rural people was graphically described by Ramlal, a 20 year old Bhil boy, educated up to 5th standard, while inaugurating one of our education programmes in the tribal areas. He said:

"The family gave education to one boy. incurred expenditure. The boy passed class 10th, he has no job now. The family had thought that he would get a good job, bring money by which they would purchase cloth. Others were doing agriculture to get grain for the family. Took a loan for this boy's education. Took more loan. Now the Seth (moneylender) wants his money back. Forced to give him grain..... leaving less to eat. Have to go to the forest to bring wood to meet daily needs. All this is not sufficient to meet the needs. Now reduced to starvation. Many a times only vegetables to eat. Some-times this is also not available".

Such cases illustrate the limited utility of mere formal education. In absence of work opportunities, the hopes of the poor family are dashed to ground. They develop a feeling that the expenditure incurred on education has brought them only indebtedness and subsequent starvation. It does not mean that they do not want education. It does, however, illustrate the need for having education which could make them more skillful and could prepare them for some kind of self-employment. It also brings home to the educationists and the development planners that development activities and education have to go together in such a way that educated young rural manpower could be used for development oriented income generating activities at the grass root level.

Scepticism about Projects, Still "beg" for Facilities

They show scepticism for the success of such projects and disillusionment with the performance and behaviour of the officials. Ironically, while showing such resentment and anger, they also continue to "beg" of the government officials and others visiting them to "favour" them with various kinds of facilities. They look up to the officials for solving their problems. They are not able to see that they have to play an active role in solving their own problems. They are unable to see that certain minimum facilities like drinking water, schooling, medical facility and some source of continuous work and income are their rights and not charity.

Participation in Education

There is widespread realisation that the process of development can be very much accelerated by promoting the participation of the concerned people on both designing and implementing such activities. An educational activity designed to promote such participation cannot itself be conducted in a non-participative way. The traditional way of imparting education to children, in which the teacher talks and others listen, will not be conducive to education of the adults. This itself has to become participative in which the learners become active partners in the process of educating themselves. Newer educational methods are obviously needed here. The process and methods of education cannot be separated from the intended content and objectives of education, particularly in the context of development activities. It is becoming increasingly clear that the concerned rural poor themselves have to play an active role both in their education as well as in their development. The adult educators and others involved in such activities can play at best the role of facilitators of this process and as resource persons for various content inputs. Participation in the process of education is vital even when functional literacy is involved because even simple literacy cannot be separated from the life problems of the learners - in this case the rural poor. The more they become aware of the deeper socio-economic problems and develop readiness for confronting such problems, more motivated they become to take part in educational activities, including functional literacy.

Sense of Efficacy

The rural poor know some of their problems as they face them in their day-to-day life but are not able to relate these problems to certain basic socio-economic reasons^{12/}. As mentioned above such social awareness may not necessarily mean that the people take initiative to act upon the given situation and be able to

move towards problem solving. One of the major objectives of the education for rural poor therefore is to help them develop a sense of efficacy and assertion in order to promote an actor role for themselves. Education should help them to perceive their strengths; weaken scepticism and develop in them a sense of vigilance against the various forces which tend to divert their attention to oppress them and to help them develop an action orientation, including readiness for taking preemptive action before problems and opposite interests overpower them.

Inter-Face with Official

Such education programmes should also aim at bringing about an interface of the people with government officials and other personal not only to remove fear of such people but also to develop positive relationship between the two. Such interface activities may help the government officials develop a more positive attitude towards the poor people and their problems on one hand and on the other, it may help the poor people themselves to develop courage and efficacy in frankly talking to the government officials. This will help them to approach the officials more freely even after the programme is over. Such interface activities also help the poor to develop skills of presenting their view point to the officials and in pleading for it.

Realising the Need of Organising

As the education programme proceeds, the participants are able to verbalise their problems and by participating in discussions and exercises, they develop problem-solving skills and a sense of efficacy. They also begin to perceive the need for unity and organisation among themselves. Such a need is expressed in various ways such as in group discussions, in individual reporting, in writing of stories and in the experiences generated at other games and exercises. They begin to realise the importance of organising themselves in some form or other. They recall the importance of collective strengths and social action in various ways in meeting with problems and solving them. Thus: a young participant in one of our education camps, responding to a thematic picture wrote:

"After removing difficulties themselves standing on their own feet living in happiness. In order to bring such a situation for ourselves we should talk together and form an organisation and work together. As long as we sit like dumb people painful conditions continue in life. For removing them should work together in the society. I imagine that if we think and then work we can get happiness in life. For raising the economic conditions of our area, i.e. for removing our difficulties and sorrows, should work unitedly. Send boys to school for education so that they become able after getting education".

Organisation of Rural Poor

The importance of organisations of rural poor can hardly be overemphasized in our socio-economic and political reality. As we know, the fruits of development activities have mostly gone to the rich and the poor have become still poorer. More people have become landless and illiterate. The number of unemployed have gone up and the exploitation of the rural poor has been intensified by various

forces which come together on the rural scene. Interestingly, the Sixth Five Year Plan Document has mentioned this as one of the crucial tasks perceiving it as "critical for the success of all redistributive laws, policies and programmes is that the poor be organised and made conscious of the benefits intended for them". It further says, "The Planning Commission is proposing a massive shift of resources in favour of rural areas with an in-built redistributive character in almost every programme. But whether the larger resources will have the desired equalising effect will depend on the extent to which the organised pressure of the beneficiaries counteracts the weaknesses of the administration and the opposition of vested interests^{13/}.

The Sixth Five Year Plan document has suggested an outline for the organisations of rural poor and for their participation in the various plan activities, promising that "conditions will be created and facilities provided for the promotion of organisations of rural workers". It says, "such organisations should be involved to participate in direct implementation of (a) programmes of land reforms and distribution of surplus land; (b) programmes for developing ancillary-services such as credit; supply of inputs and marketing; and (c) programmes concerning employment generation schemes, such as public works, agro-industries and rural craft. The Government of India have ratified the ILO Convention No. 141 relating to organisation of rural workers. In order to fulfill the main objectives of the promotion and development of rural workers' organisations, activities of the concerned institutions and agencies at the Centre and in the States would require further strengthening and expansion^{14/}.

Role of Voluntary Agencies and Trade Unions

Short training programmes, although very useful in helping the rural poor in developing readiness, motivation and skills for organising themselves, are however not enough. Development and sustenance of such organisations need continuous educational and other efforts. The voluntary agencies interested in developmental activities for the rural poor and the trade unions have an apparently important role in this respect. It is however to be recognised that this is an uphill task. The rural rich including landlords, moneylenders and traders and their accomplices are themselves very much organised. The landlords and rich farmers have all means at their disposal to develop strong pressures and powerful organisations to counteract and suppress the attempts of the rural poor at liberating and developing themselves. There are any number of instances where attempts of organising the rural poor have ended in violent incidents and in increased atrocities on the poor. It is indeed a most welcome development that the Planning Commission has itself come out so strongly in favour of promoting the organisations of rural poor, suggesting even at the Government cost. The Ministry of Labour has set up a permanent Standing Committee to suggest ways and means of education and organisation of rural poor.

Participation of the Rural Poor

Besides developing collective strengths and resistance to unjust practices and oppression, the organisations of rural poor would help them participate more actively in developmental activities. As mentioned above, the Planning Commission envisage active participation of the poor in the various existing agencies such as credit societies, marketing societies, in employment generating schemes,

public works and agro-industrial activities. It should be noted here that in many ways such participation exist now also on paper, whereas in fact such societies and other agencies are controlled by the rural rich. When the poor are organised they may be in a better position to send their representatives on such agencies and influence their functioning for the benefit of the people for whom they are intended.

Education and Organisation Interrelated

The educational activities and those designed to promote organisations are inter-related. When the poor participate in designing, implementing and in monitoring various development activities including employment-generating activities for themselves they further develop their skills, reinforce their faith in themselves, sharpen their sense of efficacy and a readiness for action orientation. Participation in developmental activities help in sharpen their socio-political awareness and prepare them for an active role in their own organisations. The role of education is also to develop the same kinds of skills, qualities and motivations. Participatory education and participation in development activities therefore overlap in various ways, one feeding into another.

Participation of the rural poor is visualised in promoting their allround development, particularly, the development of the human resources such as their competence, skills, confidence and hope so that the enlightened, alert, efficacious people are able to take active part in running the various development projects. Such participation in turn would give them for further education and helping them to play their role more and more effectively. Participatory education, strong and stable organisations and active participation of rural poor in developmental projects will help them release the tremendous human resources which lie dormant in our vast countryside. Such released human resources can considerably accelerate the process of socio-economic development.

Footnotes

- 1/ Presented to the National Workshop on Participation of Rural Poor in Rural Development, Bangalore: March 9-13, 1979.
- 2/ Figures quoted in David Selbourne. An Eve to India: The Unmasking of a Tyranny, Penguin Books, 1977, pp. 19-23.
- 3/ Ibid., pp. 24-29.
- 4/ Raj. Krishna. Nehru Gandhi Polarity and Economic Policy, Mainstream, August 5, 1978, pp. 2-12 and 34. Also see papers circulated by the Ministry of Labour for the meeting of the Central Standing Committee for Rural Unorganised Labour - January 29, 1979.
- 5/ Ibid., (Raj Krishna).
- 6/ Selbourne op cit., pp. 37-38 and Ministry of Labour papers op cit.
- 7/ Ibid., pp. 104-105.
- 8/ Ibid., pp. 179-190
- 9/ The Economic and Political Weekly, December 20, 1975 also see J.P. Naik, "Policy and Performance in Indian Education", 1947-74, Delhi: Orient Longman, 1975.
- 10/ J.P. Naik ibid, p. 6.
- 11/ 1 Rupee = US\$.12 cents
- 12/ See Prayag Mehta, Young Workers, Education and Development, Indian Journal of Youth Affairs, First Issue, 1979, forthcoming.
- 13/ Planning Commission. Sixth Five Year Plan - Draft Document, 1978, p.15.
- 14/ Ibid., Chapter 20, p. 274.

SURVIVING IN RURAL ASIA: AN EXHIBIT^{1/}

by John Friedmann^{*/}

The following conspectus brings together some recent data on living conditions in 8 countries of rural Asia. The picture that emerges is a dismal one. The trends depicted are structural and are not greatly subject to short-term fluctuations. Thus, with each passing year, the situation already desperate in many regions of Asia is likely to get worse. The development models that currently guide public policies are not likely to produce significant change for the better. A major restructuring of policies is therefore needed. But the time for this restructuring is running out.

India. "According to a recent estimate using norms of calorie consumption, the percentage of population below the poverty line in 1977-78 may be projected at 48 per cent in rural areas and 41 per cent in urban areas. The number of the poor so defined, would be about 290 million^{2/}".

Punjab, India. "The most serious development is the explosion in the number of landless and marginal farmers over the last ten years. The number of landless has doubled and the number of marginal farmers has trebled in ten years. The inequalities in land distribution have also accentuated considerably^{3/}". And this in the heartland of India's green revolution!

Tamil Nadu, population 45 million, India's third most industrialized state^{4/}.

Per capita consumption expenditures in 1960-61 prices:

1960-61	Rs223
1969-70	Rs215

Percentage spent on food items:

1960-61	69 per cent
1969-70	77 per cent

Population below poverty line, minimum level of living (norm: Rs21/month in 1960-61 prices):

1957-58	74 per cent
1960-61	79 per cent
1969-70	74 per cent

Population living in extreme poverty, (less than Rs11/month):

1969-70	43 per cent
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Tamil Nadu, India. "Some 60 per cent of the households own less than 1 acre of land and account for less than 5 per cent of the land. This pattern

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has remained more or less the same during the past two decades. ...a large proportion of the population has little or no claims on resources; their livelihood, therefore, depends precariously on how those who own resources utilize them^{5/}."

Nepal. "Increasing population pressure in the Hills and Mountains necessitates the search for new cultivable areas, but these are not freely available and involve moving farther up steep hillsides, destroying the tree cover in the process. Trees are destroyed not only in developing new areas for cultivation but also for wood and foliage required for house building, fuel, and fodder. Thus, as trees close to the village are cut down, villagers have to move farther afield, and in some cases, this now involves a journey of half to a full day^{6/}."

Bangladesh. "The living standards of the vast majority of the rural population... declined in absolute terms during recent decades. The real wages of agricultural labourers fell (from TK. 2.27 in 1961 to TK. 1.28 in 1975). These phenomena have been particularly pronounced in recent years. Comparing the decline in recent years with the already dreadful poverty in the benchmark year, it is clear that the vast majority of the rural population today must be suffering from severe undernutrition and starvation in various degrees. It seems highly likely that mortality rates have increased and that the expectation of life has declined from the already unfavourable levels mentioned earlier^{7/}."

Bangladesh. The incidence of poverty in rural areas (per cent)^{8/}:

<u>Absolute poverty</u>			<u>Extreme poverty</u>	
(p.c. calorie intake: 1935, or 90% of recom- mended intake)			(p.c. calorie intake: 1720, or 80% of recom- mended intake)	
<u>Year</u>	<u>Households</u>	<u>Population</u>	<u>Households</u>	<u>Population</u>
1963-64	52	40	10	5
1973-74	70	62	50	41

Bangladesh. "The main changes that resulted in an increase in the number of the poor in rural Bangladesh were the following. First, the number of landless labourers increased both absolutely and as a proportion of the agricultural population. This process of increased proletarianization was brought about by the conversion of families owning small amounts of land into households of landless workers. Second, the distribution of land among the remaining landowners became less equal. An increasing proportion of landowners joined the category of small or 'below subsistence' cultivators^{9/}."

Java, Indonesia. "in the last decades there have been reports suggesting that not only is malnutrition widespread but that death induced by starvation is a commonplace in certain parts of Java. Official data reveal that there has been a continuous decline in food intake since the prewar period, and that this trend has accelerated in the early 1960's^{10/}."

Java, Indonesia. "Unfortunately the figure for the absolutely landless in 1970 is not available, but according to the 1963 agricultural census they amounted to 21 per cent of all rural households. Combining the 1963 and 1970 survey, it can be said that in 1970 at least 41 per cent of rural households had no land or less than 0.1 hectare.... by 1973 almost half of Java's rural households were, or were virtually, landless, (this corresponds to approximately 31 million people). This number does not include those unknown numbers of tenants and their families operating farms more than 0.1 hectare, but who have been reduced to de facto landless labourers through the modernisation of rice productions^{11/}."

Java, Indonesia. "What is far more disturbing (than the rise in inequality and in levels of absolute poverty during recent decades)... is the suggestion that there has been a worsened distribution of land... The nature and direction of processes of land concentration and labour market stratification which have been greatly accelerated by the Green Revolution in Java all point towards further inequality in the distributions of income and land. At the same time, the practice of 'shared poverty' propounded by Geertz is collapsing under the impact of the private returns to aggressive techno-commercial innovations^{12/}."

Java, Indonesia. "Excessive cultivation of the island's limited land area has seriously reduced forest reserves. Pelzer, a noted authority on Indonesian agriculture, notes that even before World War II, arable forest land had ceased to exist on Java. He further notes that forest reserves have dwindled from a minimum 30 to 22.7 per cent of the island's land area. Severe erosion and attendant flooding and silting have seriously impaired the network of canals which irrigate Java's rice fields. The quest for more land to sustain food crops has also exacted a heavy toll in numbers of livestock; the cattle, horse, and buffalo population has dwindled in number on Java^{13/}."

Jogjakarta, Java. "In the 70 years that have passed, the population of Java has increased almost threefold, and in the village in this study the average amount of land per family has fallen to less than a quarter of a hectare, and two-thirds of its people cannot afford to eat rice the year round. The people of Srihardju have done what they could to maintain their incomes: They have adopted quite rapidly the modern methods recommended by agricultural extension services; they have planted more coconut trees and use more of these for sugar than for fruit; it appears also that the poorer among them are more willing to abstain from sexual intercourse in order to limit the size of their families. They work hard, and there is little waste^{14/}."

Philippines. 83 per cent of all farms are less than 7 hectares in size; however, they comprise only 24 per cent of the total land area in farms. (The average farm is only 1.72 hectares in size). At the other extreme, there are 1,524 farms owned by less than one per cent of all landowners but extending over nearly one-third of the land area in farms. The average farm in this category has 269 hectares^{15/}.

Philippines. "The data for six years (1968-1973)... show a continuous decline in the remaining total forest area and its subset, the commercial

forest area. In 1968, the total forest area was 16.7 million hectares (56% of total land area); but by 1973, it has been reduced to 13.9 million hectares (46% of total land area)... Similarly, the commercial forest area in 1968 was 9.4 million hectares (31% of total land area); but by 1973, it had been reduced to almost 8 million hectares (26% of total land area)... The depletion of forest reserves is accounted for mainly by both authorized and illegal logging and by clearing for shifting cultivation and squatting; to a smaller extent, it is also the permanent settlement^{16/}."

Philippines. "Our results show that, for the whole country, families with either expenditure or income less than the food threshold (of poverty) have been increasing both in proportionate and absolute values during the past years..."

"The food threshold is the lower limit of the matrix of minimum needs. The minimum is defined only in terms of physical survival... And yet, even then, nearly 41% of our families are unable to meet this standard. (The ratio rises to 48% in rural areas). In 1971, nearly 3 million families were unable to feed themselves adequately..."

"The total threshold is perhaps more remarkable for what it omits than for what it includes... It merely states the barest minimum by which subsistence can be theoretically achieved. Yet, our results indicate that nearly $\frac{1}{2}$ of our urban population and $\frac{3}{4}$ of our rural families are impoverished^{17/}."

These data are for 1971. At that time, the absolute number of rural people living in poverty were estimated at more than 20 million. Urban areas added another 6.3 million, for a total poverty population of 26.5 million. These estimates are based on expenditure data. Income data would raise the numbers of the rural poor to 83% or 21.2 million people.

Thailand. Following is a series of "snapshots" characteristics of rural living conditions in the principal rice - exporting country in Asia:

- Rural wage rates (in real terms) have stayed at about 10.50/day from 1965 to 1977^{18/}.
- From one half to three quarters of all preschool children in rural areas are malnourished^{19/}.
- In the Central Region, which is Thailand's wealthiest, 45% of the rural population has been estimated to live below acceptable levels in terms of minimum needs for food, housing, and clothing^{20/}.
- Between 1968/69 and 1972/73, it is likely that the number of people who would have to borrow money to maintain minimum food consumption levels in the Central Region (rural) about doubled from 21 to 40%. The principal reason for this was accelerated inflation during this period as well as a worsening income distribution^{21/}.
- Evidence shows a fragmentation of small farms but with net asset transfers to the large farm sector. In the land consolidation area of Chainat, farms of less than 20 rai dropped from 39% in 1970 to 28% in 1976^{22/}.
- In the decade between 1962/63 and 1971/73, there has been a marked increase in income inequality. In rural areas, the Gini coefficient of inequality rose from .361 at the start of the period to .466. The North-east, as the poorest region in the country (and its most important in terms of population size, accounting for nearly 40%) also had the lowest index of inequality in 1971/73 (.335). This suggests that the real problem there is a massive imbalance between population, land, water, capital, technology, and human organization^{23/}.

Malaysia. Income inequality in rural areas. "Between 1957 and 1970, the Gini concentration for all households increased sharply from 0.41 to 0.51, while for rural households alone, the increase was from 0.37 to 0.47... This sharp increase in inequality is itself disturbing, but the figures on mean income by quintile group are even more so. The data... show that the average income of the bottom 40 per cent of households fell significantly and this was concentrated among rural households. The bottom 20 per cent of rural households experienced a fall of over 40 per cent in their average income while the next 20 per cent of households experienced a fall of 16 per cent. In contrast, the top 20 per cent of rural households experienced 21 per cent increase in their mean incomes over the period^{24/}."

Malaysia. "The land development policy can be seen as a highly disequalising influence. On the one hand, it created, quite consciously, a small minority of prosperous peasants with incomes several times higher than that of the average peasant household. (According to a 1968 farm income survey, the incomes of settlers of these land development schemes were ten times as high as the mean income of the poorest quintile of households in 1970 and 24 times higher than the income of the poorest ten per cent of paddy farmers in Kelantan). On the other hand, the high incomes given to this minority placed a severe restriction on the poverty-reducing effect of public investment on rural development... The number of beneficiaries from these investments amounted to only one-quarter of the increase in the number of households between 1957 to 1970 or to only 11 per cent of the number of households in 1957... This argument can in fact be extended to the whole of rural development expenditure, where the income gains were obtained by only a minority while the position of the rest deteriorated^{25/}."

Pakistan. "Although the rural elite controls 70 per cent of the land nearly half the farm area was in the hands of share croppers in 1960. That pattern of land use is, however, changing rapidly due to the spread of farm mechanization. Landowners are taking over sharecropped land for mechanized 'self-cultivation'. Because of the progressive reduction in land available for share-cropping, the desperation of evicted share-croppers to secure land and the additional demand from smaller landowners for rented land... resulted in an adverse change in share-cropping rates. Although in 1968 the crop was still being divided equally between landowners and sharecropper, sharing was subject to prior deductions... As a result, the effective rate of sharing had been reduced to about one-third or less for the sharecropper.... For both these reasons, the rural elite... appear to be appropriating a progressively larger share of agricultural production^{26/}."

Pakistan. "We conclude, therefore, that more than 58 per cent of all farms in West Pakistan are below subsistence level. The total number of rural households below the subsistence line might be greater, not only because many farms are jointly cultivated by more than one household, but also because we must include in that category landless labourers who contributed about 11 per cent of the civilian labour force in agriculture in 1961...^{27/}."

Pakistan. "A small rural elite, less than 5 per cent of rural population..., controls an overwhelming proportion of the land. It has profited most from the green revolution. Within the rural elite, the biggest landowners continue to maintain a dominant position in the control of economic resources, as well as of political power... As a whole, they have successfully de-

fended their interest... The present course of the green revolution, however, appears to have brought about a deterioration in the conditions of life of a majority of the population, and further progress of farm mechanization is creating a situation in which a very large number of the rural population will be faced with the prospect of having no viable means of livelihood^{28/}."

Pakistan. "The proportion of households and people in poverty, if poverty is defined in terms of a level of expenditure consistent with the intake of 95 per cent of minimum calorie requirement, appears to have increased over the years (from about 79 per cent in 1963/64 to 82 per cent in 1971/72). When poverty is defined in more extreme and intolerable terms (e.g., as the level of expenditure permitting the intake of no more than 90 per cent of the minimum required calories) it appears to have remained roughly unchanged in percentage terms over the years (or at about 54 per cent). Of course, the absolute numbers of households and population below each poverty line have increased over the years^{29/}."

Pakistan. "If one uses the World Bank-ADBP average figure of the displaced workers per tractor, the total displacement of jobs due to tractors by 1973 would be 125,000. Today the estimated number of tractors in use is 40,000 which, on the same basis, may be causing a total displacement of 200,000 jobs^{30/}."

In all countries. "Cow dung is used for fuel -- the slow heat is just right for making curds -- and for plastering walls and floors; a little milk from a starveling cow -- there cannot be oxen without cows -- makes a vast difference to diet, or perhaps a little cash by sale of ghee; how will a tractor replace the dung, the plaster and the milk? Weeds grow between the lines of grain -- and are allowed to grow and are cut from time to time (not uprooted) to feed the cattle. Undigested grain is picked out from cattledung and eaten; rats, snakes, white ants, locust-- all may be sources of food. It is not the bigger farmers who depend on such trifles. But a change of crop and system, enclosure, mechanization, clearance of the waste, almost any progressive action may be cutting away an element of livelihood from the poorest^{31/}."

Footnotes

- 1/ This exhibit, which is part of a larger study entitled, "The Active Community", was prepared in the summer of 1978 while the author was consultant to the United Nations Centre for Regional Development in Nagoya, Japan. He is particularly grateful for the help he received from that Centre's Director for Comparative Research, Dr. Fu-chen Lo.
 - 2/ India, Planning Commission, Draft Five Year Plan, 1978-83, Vol. 1 (March 1978). Document prepared for National Conference on Development Goals and Strategies for India: The Next Decade, New Delhi, 28-31 March, 1978, p. 10.
 - 3/ G.S. Bhalla, "Punjab Economy: Growth and Prospects", MS, n.d., pp. 20-21.
 - 4/ C.T. Kurien, "Rural Poverty in Tamil Nadu, in ILO, Poverty and Landlessness in Rural Asia. Geneva: ILO, 1977, pp. 114-16. (a).
 - 5/ Ibid., pp. 134-5.
 - 6/ Nepal, National Planning Commission, "A Strategy for Rural Development", document prepared for the February, 1978 meeting of Local Representatives of Nepal Aid Group members to be held in Kathmandu, January 1978, p.3.
- (a) In further references, below, the ILO study on Poverty and Landlessness in Rural Asia will be described as ILO, Poverty.

- 7/ A.R. Khan, "Poverty and Inequality in Rural Bangladesh", in ILO, Poverty, p. 153.
- 8/ Ibid., Tables 45 and 48.
- 9/ Ibid., p. 155
- 10/ Ingrid Palmer, "Rural Poverty in Indonesia with Special Reference to Java", in ILO, Poverty, p. 207.
- 11/ Ibid., p. 211.
- 12/ Ibid., p. 231.
- 13/ Gary E. Hansen, Rural Local Government and Agricultural Development in Java, Indonesia. Rural Development Committee, Center for International Studies, Cornell University, Ithaca, New York, 1974, p. 8.
- 14/ D.H. Penny and Masri Singarimbun, "A Case Study of Rural Poverty", Bulletin of Indonesian Economic Studies, Vol. VIII, No. 1 (March 1972), p. 87.
- 15/ Leonardo Sta. Romana III, "Indicators of Economic Well-Being", in Mahar Mangahas, ed., Measuring Philippine Development. Manila: The Development Academy of the Philippines, 1976, p. 209.
- 16/ Ibid.
- 17/ Ma. Alcestis S. Abrere, "Philippines Poverty Thresholds", in Mahar Mangahas, ed., op. cit., pp. 243-4.
- 18/ World Bank, Toward a Development Strategy of Full Participation. 1978.
- 19/ Thailand, Ministry of Health, National Policy on Food and Nutrition. Bangkok, 1977.
- 20/ ILO/ARTEP, An Illustrative Exercise in Identification and Quantification of Basic Needs for Thailand. Bangkok, 1977.
- 21/ Methee Krongkaew and Chintana Choensiri, "Determination of the Poverty Band in Thailand", Warasarn Thammasat, 5:1 (June-Sept. 2518), pp. 48-69 and NSO, Report on Socio-economic Survey 1969/70 and 1971/73.
- 22/ J. Amyot, Village Ayutthaya. Bangkok: Chulalongkorn University, 1976; Kamol Janlekha, A Study of the Economy of a Rice-Growing Village in Central Thailand. Bangkok, 1955; and Phisit Pakkasem, et al., Rural-Urban relations in Thailand: A Case Study of Bangkok Metropolitan Dominance Subregion of Central Plain. Bangkok: NESDB, 1978.
- 23/ S. Wattanavitukul, Income Distribution of Thailand. Bangkok: Thammasat University, 1977, Table 13.
- 24/ E.L.H. Lee, "Rural Poverty in West Malaysia, 1957-70" in ILO, Poverty, p. 187.
- 25/ Ibid., pp. 200-201
- 26/ Hamza, Alavi, "The Rural Elite and Agricultural Development in Pakistan", in Robert D. Stevens, Hamza Alavi, and Peter J. Bertocci, eds., Rural Development in Bangladesh and Pakistan. Honolulu: The University Press of Hawaii, 1976, p. 337.
- 27/ Ibid., p. 336.
- 28/ Ibid., p. 349
- 29/ S.M. Naseem, "Rural Poverty and Landlessness in Pakistan", in ILO, Poverty p. 46
- 30/ Ibid., p. 56.
- 31/ Guy Hunter, Modernizing Peasant Societies: A Comparative Study in Asia and Africa. New York: Oxford University Press, 1969, pp. 35-6.

PHILIPPINES CHURCH GROUPS CALL FOR INTERNATIONAL SOCIAL JUSTICE THROUGH SELFRELIANCE OF THIRD WORLD COUNTRIES

Philippine church groups have called on UNCTAD to work towards international social justice rather than interdependence through collective selfreliance of poor countries, to meet the needs of the many amongst them rather than the few.

In a memorandum circulated to UNCTAD delegates four Philippine church groups -- The National Council of Churches, Association of Major Religious Superiors of Men and Women, National Secretariat for Social Action and Justice and Peace Commission of the Catholic Bishops Conference -- have called into question existing United Nations and UNCTAD strategies for the NIEO.

Official proposals of poor nations at UNCTAD seek to bring about better distribution of incomes among nations, but from a christian viewpoint this would not be enough. While delegations represent their governments, governmental views, in rich and poor countries, are those of people in power: those who run the government, the economy, and particularly those whose fortunes are tied to international trade.

No matter how sincere they are in their views, they are not the views of the governed. Specially where power is unevenly distributed, benefits intended for the whole nation are appropriated by the few.

In the Philippines were 34 million people or 80 per cent of the people live below the poverty line, despite a growth in the country's per capita income, real wages of skilled and unskilled labour in 1978 were only 76 and 63 per cent respectively of what they were in 1972. The same is true of other poor nations.

The cause of the worsening poverty lies in oppressive social structures, both within developing societies and without -- social structures built on domination of the poor nations by the rich ones and on the domestic front, domination of the poor by the rich.

UNCTAD will be judged by the extent to which it changes international structures that support and strengthen national structure that breed poverty and oppression... As long as UNCTAD emphasises international trade, entailing encouragement of foreign investment, investment by transnational corporations, and aid in the form of foreign debt we believe that UNCTAD can accomplish little -- neither international trade, nor foreign investments and heavy foreign borrowings, nor the programme of export-led industrialisation can help... It is not the illusion of international interdependence that the world needs but international social justice. Neither socially committed capitalism, nor global solidarity entailing international division of labour built around a dominant centre can help... We believe poverty can be more easily eliminated if instead of relying on international trade and international capital for development, the poorer nations rely on themselves, using their own resources, by creating their own technologies, to meet the needs of the many rather than the demands of the few... We also believe that whatever the path taken, there is an indispensable condition for becoming self-reliant: there must be political and economic democracy.

FOOTNOTES / NOTES

- . Abdelhamid Brahimi : Dimensions et perspectives du monde arabe (Paris: Economica, 49 rue Héricart, 1977)

Un plaidoyer documenté pour une approche structurelle à l'autonomie collective du monde arabe, par le nouveau ministre algérien de la Planification et de l'Aménagement du Territoire.

- . Mohammed Bedjaoui : Pour un nouvel ordre économique international (Paris: UNESCO, 1979)

Premier titre d'une nouvelle collection de l'Unesco 'nouveaux défis au droit international'. L'ambassadeur de l'Algérie à Paris esquisse le profil de 'l'ordre international de la misère et de la misère de l'ordre international' et examine ce que pourraient être 'le droit international du développement et le développement du droit international'.

- . Dieter Ernst (ed) : The New International Division of Labour, Technology and Under-development - Consequences for the Thrid World (Oxford: Pergamon Paperbacks, 1970)

Includes some of the key papers presented at the international symposium on 'Technological dependence - a major obstacle to autonomous development' (Bonn, November 1978), in particular by Sauvart, Michalet, Senghaas-Knobloch, Judet, Wioncsek, Hveem, Rahman, O'brien, Morehouse and Sagasti.

- . Cooperation for Accelerating Industrialization, Final report by a Commonwealth team of Industrial Specialists, London: Commonwealth Secretariat.

- . Bhoomi Sena: With reference to the paper "A struggle for people's power" which appeared in IFDA Dossier 5, please note that direct correspondence with Bhoomi Sena should be addressed to Bhoomi Sena, Manor, Palghar Tahuk, District Thanax, Mahanastra, India.

- . Suleiman I. Cohen : Agrarian Structures and Agrarian Reform (Leiden: Martinus Nijhoff, 1978)

The study appraises within an interdisciplinary framework of analysis the main social, political and economic aspects of the distribution of power in agrarian societies and their interaction with various agrarian reform measures. The reform measures investigated include land reform proper, tenancy and wage regulations, land taxes, institutional credit, productivity promotion measures and new land settlements.

Use is made of alternate models to stimulate economic development and agrarian reform under alternative socio-political regimes. The models accommodate for four actor-groups: Landlords, peasants, non-agriculturalists and the state. Regimes differ, on the one hand, according to which actor-group is in power and, on the other hand, according to which instruments of economic policy the state employs. The models are numerically applied to India (in the sixties) and Chile (under Allende), and the implications they carry for development and reform are analysed.

TO OUR READERS

The readers of this issue of the IFDA Dossier will notice a change in its presentation. We had conceived this instrument of dialogue by correspondence as a dossier containing autonomous elements, each of which could be read, stored or thrown away as the user wished. Today the Dossier has become a monthly publication and will continue at this frequency for another year. By producing it in bound form, we are able to make savings on mailing costs which does not really leave us any alternative but to adopt this new format. Those who preferred the loose-leaf format should not be discouraged, however. Despite the binding glue, the different articles can still be torn out and used separately.

Back numbers. IFDA Dossiers 1 to 8 are available on request. An index of papers appearing in these issues was included in Dossier 8. Back numbers are sent free of charge to Third World countries; requests from industrialized countries should be accompanied by three international postal coupons per issue. These coupons can be obtained from post offices.

A NOS LECTEURS

Les lecteurs de ce numéro du IFDA Dossier auront observé un changement dans sa présentation. Nous avons conçu cet instrument de dialogue par correspondance comme un dossier dont chaque élément était autonome et pouvait être classé (ou non) au gré du lecteur ou du documentaliste. Aujourd'hui, la publication étant devenue mensuelle, et étant destinée à le demeurer un an encore, un tarif postal nettement plus avantageux que par le passé - mais impliquant la reliure - ne nous a pas laissé le choix; les éléments du dossier seront désormais reliés. Que ceux qui préfèrent l'ancien assemblage sachent cependant que, malgré la colle, les éléments du Dossier sont détachables.

Numéros précédents. Les numéros 1 à 8 du IFDA Dossier sont disponibles sur demande. Un index des articles parus dans les numéros 1 à 8 a été inclus dans le numéro 8. Les numéros précédents sont expédiés gratuitement dans les pays du Tiers Monde; les requêtes en provenance de pays industrialisés doivent être accompagnées de trois coupons-réponse internationaux par numéro.

A NUESTROS LECTORES

Los lectores del presente número del IFDA Dossier habrán observado un cambio en su presentación. Nosotros habíamos concebido este instrumento de diálogo por correspondencia como un conjunto de elementos autónomos que se podían ordenar (o no) de acuerdo con los deseos del lector o del documentalista. Ahora que la publicación se convirtió en mensual - y se pretende que lo siga siendo por más un año - la nueva forma nos permite beneficiar de una tarifa postal muy más ventajosa, por lo que hemos decidido encuadernar el IFDA Dossier. Sin embargo, aquellos que prefieren la antigua forma notarán que, no obstante la cola, los elementos aún se pueden separar.

Números anteriores. Los números 1-8 del IFDA Dossier están a disposición de los interesados a pedido. En el número 8 se incluyó un índice de los artículos publicados en estos números. Ejemplares de números anteriores se envían gratuitamente para países del Tercer Mundo. Pedidos provenientes de países industrializados se deben acompañar de tres cupones postales internacionales por cada número.