

The 1975 Dag Hammarskjöld Report

# what now

prepared on the occasion of  
the Seventh Special Session of  
the United Nations General Assembly

# another

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**The 1975 Dag Hammarskjöld Report on Development and International Cooperation** was prepared on the occasion of the Seventh Special Session of the United Nations General Assembly (New York, 1 to 12 September 1975)

The result of an initiative of the Dag Hammarskjöld Foundation and of the United Nations Environment Programme and related to the latter's preparations for the Special Session, it none the less represents an independent contribution to the discussion. It is not neutral; it takes a stand.

The product of a collective effort, this Report owes so much to so many different people and different institutions that without doubt not one of them would subscribe to all its analyses, even less to all its conclusions. In particular, it does not necessarily reflect the opinions of those individuals or organizations, experts or researchers, national or international officials (whose names are listed at the end of the Report) who have made it possible politically, intellectually or financially.

It does not necessarily even reflect the views of the Foundation which sponsored it. It is simply the 1975 Dag Hammarskjöld Report because it was conceived as a tribute to the man who, more than any other, gave the United Nations the authority which the world needs more than ever.

Neither a manifesto nor an academic exercise, the Report was designed primarily for those, citizens and statesmen, officials and diplomats who, by their actions and by their decisions, on both a national and an international level, can influence the direction of world affairs.

Prepared in less than five months and seeking to define a global approach to problems, this Report could not possibly be either exhaustive or original. Conceptually

and politically, it follows a path marked out by the Founex Report (June 1971) and the Cocoyoc Declaration (October 1974) and forms part of the international discussion whose milestones have been the major conferences held in recent years: Environment (Stockholm, 1972), Raw Materials and Development (New York, 1974), Population (Bucharest, 1974), Food (Rome, 1974), the Law of the Sea (Caracas, 1974; Geneva, 1975), and Industrialization (Lima, 1975). It owes much to the ideas and action fostered by these gatherings.

It is also largely indebted to those many social scientists of the Third World whose theoretical work and action witness to its intellectual self-reliance, and in particular, to members of the Forum of the Third World, many of whom have helped, in various ways, in the elaboration of the Report.

A large part of its analyses and conclusions, however, are based on studies and work undertaken within the framework of the 1975 Dag Hammarskjöld Project. Their length and sometimes technical nature are such that they could not be reproduced or specifically reflected in the present issue of DEVELOPMENT DIALOGUE, which has thus, in a sense, very much the character of a report on work in progress. It is actually the intention of the Dag Hammarskjöld Foundation to publish one or more volumes, comprising, after further discussion and elaboration, much of the material assembled, thus contributing further to the debate on development and international cooperation.

# development

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**To set in motion  
the process of change**

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**Even the longest journey begins with the first step**  
(Chinese proverb)

The challenge that has to be faced by the Seventh Special Session of the United Nations General Assembly, meeting as it does in the midst of a deep crisis of development, of international economic relations and of institutions, is to achieve a turning-point.

The problems brought to the fore, whether related to food, energy, population, the environment, economic and monetary matters or the 'limits to growth', are only the most obvious signs of a 'great disorder under heaven'.

The crisis of development lies in the poverty of the masses of the Third World, as well as that of others, whose needs, even the most basic—food, habitat, health, education—are not met; it lies, in a large part of the world, in the alienation, whether in misery or in affluence, of the masses, deprived of the means to understand and master their social and political environment; it lies in the growing feelings of frustration that are disturbing the industrialized societies.

The international crisis is that of a system of unequal economic relations between a few dominant countries and the majority of dominated countries.

The crisis in institutions results from their maladjustment to a world undergoing rapid change.

The situation cannot be properly understood, much less transformed, unless it is seen as a whole: in the final analysis, the crises are the result of a system of exploitation which profits a power structure based largely in the industrialized world, although not without annexes in the Third World; ruling 'élites' of most countries are both accomplices and rivals at the same time.

However unacceptable the situation may be, it would not of itself explain why there is a realization of the crisis and, even less, why a way out is perhaps possible; exploitation has been in existence for thousands of years and its modern forms have evolved through centuries. But two new elements give a political dimension to the hope for change:

The decision of OPEC to multiply the price of oil, if seen in the proper perspective. Its importance lies—more than in the price increases—in its character as a historic reversal.

In October 1973, the oil-exporting countries put an end to an era which had begun with what the West calls the 'great discoveries'. For the first time since Vasco da Gama, mastery over a fundamental decision in a crucial area of the economic policy of the centre countries escaped their grasp as certain peripheral countries wrested it from them.

The outcome of the events in Indochina, where the peasants, spurred on by their will for independence, organized and freed themselves from the most formidable military and technological power that the world has ever known.

In these circumstances, 'the basic question'—clearly formulated by the President of Mexico, Luis Echeverría—is obvious: '*either cooperation or world chaos*, for solutions involving containment by force are not only unjust, but impractical in the present state of the new balance of power.'

This view is to some extent also that of the United States Secretary of State: 'We are at the watershed. We are at a period which in retrospect is either going to be seen as a period of extraordinary creativity or a period when really the international order came apart, politically, economically and morally.'

The existing 'order' is coming apart, and rightly so, since it has failed to meet the needs of the vast majority of peoples and reserved its benefits for a privileged minority. The task is to create another one. This will not be possible without a clear identification of the often divergent interests at stake, without struggle and without eventual transformation.

Redefining the content and direction of development and re-ordering international relations and the United Nations system to serve them will be a painstaking and lengthy endeavour but, as the Chinese proverb says, 'even the longest journey begins with the first step'. This step must be taken in the right direction.

On our 'only one earth', the undertaking calls first for answers to some key questions, both in the Third World and in affluent societies, defining the values which should inform it.

Development of every man and woman—of the whole man and woman—and not just the growth of things, which are merely means. Development geared to the satisfaction of needs beginning with the basic needs of the poor who constitute the world's majority; at the same time, development to ensure the humanization of man by the satisfaction of his needs for expression, creativity, conviviality, and for deciding his own destiny.

Development  
of *what*?  
Development  
for *whom*?

Development is a whole; it is an integral, value-loaded, cultural process; it encompasses the natural environment, social relations, education, production, consumption and well-being. The plurality of roads to development answers to the specificity of cultural or natural situations; no universal formula exists. Development is endogenous; it springs from the heart of each society, which relies first on its own strength and resources and defines in sovereignty the vision of its future, cooperating with societies sharing its problems and aspirations. At the same time, the international community as a whole has the responsibility of guaranteeing the conditions for the self-reliant development of each society, for making available to all the fruits of others' experience and for helping those of its members who are in need. This is the very essence of the new international order and the justification for a reform of the United Nations system.

Development *how*?

The task is not without constraints and the possibilities are not unlimited. As the Stockholm Conference showed, there is no incompatibility between development and environment, but there are ecological limits to mankind's actions. These 'outer limits' need not be absolute. They are determined by the way in which man creates the material basis for his existence. They depend upon the technologies employed and the relationship between social and natural systems, on the way human societies organize themselves and on the values they adopt. The true limits of mankind in our time are not primarily physical, but social and political.

Between the needs of the thousands of millions of human beings now alive or yet to be born and the ecological limits, there is a margin of freedom within which *another development*,

aided by a new system of international relations, is possible. This margin is flexible and can be enlarged. In both industrialized and Third World societies it depends on the nature of policies implemented and, more often, on profound changes in socio-economic and political structures, so as to promote equality and to release the creative energy of the people.

Some of the industrialized nations, under pressure from a better-informed and more exacting body of citizens or moved by an enlightened leadership, may, in transforming their life styles, improve their quality of life, taking lessons perhaps from societies and cultures they so long despised, and voluntarily re-adjusting their economies to put an end to unequal relations among their own citizens and with other countries. In this way, they may both develop themselves and facilitate the process of development of others.

The development of each society and a readjustment of international relations are organically linked: no strategy of change can ignore this, and this is another reason for hope. For, whatever the conflicts in immediate interests, the fundamental and long-term interests of the majority of the world's peoples are not opposed; in fact, it is in the interests of all peoples to curb the existing power structure.

At the international level, the margin of freedom depends also on the farsightedness of those concerned. This quality is not so common, especially in those societies that still command the greater part of the world's resources and productive capacity.

However, this may not be the critical factor. The Americans who gained their independence two centuries ago, the Russians who shook the world in October 1917, the *moudjahidin* who created the Democratic and Popular Republic of Algeria in 1962, and many other victims of the then established 'order' knew what they wanted and were able to organize themselves so as to attain it. They were self-reliant.

Why should it be different today? In the end, the margin of freedom depends on the political determination and the organizational ability of the people in their national and international struggles. It also depends on the strategies that Third World countries use to gain control of their resources and the

economic activities carried out on their territory. This is why the action of the OPEC countries, if not without contradictions, is significant.

Non-aligned countries in the Third World as well as those in the industrialized world that recognize in international organization a possible guarantee against the hegemonic policies of great powers (whose interests are primarily their own) perhaps have already sufficient common interest to agree on a programme and take concerted action to initiate the transition to a better world.

Thus, the die is not yet cast. If the will and the capacity exist, a better future can emerge from the crisis.

This is the political context in which the Seventh Special Session of the United Nations General Assembly meets. The Session is the result of an initiative taken in Algiers, in September 1973, by the Fourth Summit Conference of the Non-Aligned Countries. It was a significant initiative: it showed that the Third World—even before the OPEC decision—sought real discussion, no longer accepting its *de facto* marginal status in international decision-making. 'In UN it believed', and therefore it wanted the Organization to be improved.

A few months after the decision to convene a Special Session on development and international cooperation, circumstances led to the meeting of another Special Session—the Sixth—devoted to raw materials and development, at which the non-aligned countries played a major role. The Session adopted a Declaration on the Establishment of a New International Economic Order and approved a Programme of Action to that effect.

Finally, last December, the General Assembly specified the terms of reference of the Seventh Special Session, which is to discuss and act upon:

A comprehensive report on the state of international economic activities, focusing on constraints of a general policy nature which face the implementation of the Programme of Action, as well as the International Development Strategy.

Proposals on structural changes within the United Nations system to make it fully capable of dealing with problems of international development cooperation in a comprehensive manner.

The first of the constraints hindering the implementation of the International Development Strategy appears to result from a basic weakness in its approach, which could not but reflect the situation prevailing in 1970. The most striking feature of the Strategy is that it did not discern that development is a global issue which concerns not only international relations but also each society, whether industrialized or in the Third World. Although it was lavish in dispensing advice to the Third World, it confined its recommendations to the industrialized countries to questions of trade and aid, i.e. to relations with the Third World. Not a word was said about the development problems of industrialized societies. Furthermore, the Strategy did not reflect the 'unified approach to development'; it did not relate the concrete measures to be taken to the general objectives of development; it was geared to the attainment of abstract quantitative growth targets and not to satisfying needs or eradicating poverty.

The Strategy was also based on a fundamental assumption that the development of Third World countries would result from an integration into the world economic system. Events have proved otherwise. Integration increased dependence and reduced the capacity for self-reliance in so far as it led countries to produce what the international system wanted and not what the countries needed.

In addition to its conceptual shortcomings, the Strategy suffers from a political weakness which it shares with the Programme of Action and the Charter of Economic Rights and Duties of States: these documents are only declarations of intent and they imply no commitment on the part of those who approved them, although two of them were negotiated at length. Therefore the negotiations concentrated on words, which did not materialize in action, thus damaging the credibility of most industrialized countries. This suggests that there would be no need for protracted negotiations, should further declarations of principle be deemed necessary: there is in the United Nations a

majority composed of Third World and industrialized countries that is capable of adopting them.

This is not to deny or underestimate the importance of negotiations and compromises. They are justified, necessary and irreplaceable, provided their purpose is to reach decisions binding upon those who make them. Negotiations, compromises and commitments are particularly necessary since the new international order will require a large number of specific agreements at different levels.

Valid negotiations resulting in action entail careful and expert preparation by all participants. The industrialized countries, in so far as they have common interests, possess their own organizations such as OECD, EEC and CMEA. The Third World, on the other hand, for a long time had at its disposal only conferences and it is only now beginning to acquire permanent and independent machinery providing conceptual and political backing for negotiations. Any progress towards a new international order requires that the Third World should strengthen and expand its machinery, a task which it alone can perform.

The United Nations system is useful in so far as it is the place where points of view are harmonized, where negotiations take place and commitments are undertaken, but it cannot by itself have the exclusive responsibility for the preparation of negotiations.

The results of this analysis bear out the urgent need to redefine the present functions of the United Nations system and, in the light of this new definition, to proceed to a restructuring of the whole Organization, since it was founded in a political, economic and social context widely different from that of today. Established thirty years ago by fifty-one countries, of which the dominant ones were industrialized, it must now be changed radically in a world itself radically changed. The time has indeed come to decolonize the Organization.

Just as in 1960 the United Nations gave itself both a vision of decolonization and the necessary instrument to provide political guidance and to monitor the process (the Committee of 24), it could, in 1975, adopt two political measures which, by virtue of substance and appeal, would both reflect a true will for change and enable the process itself to be embarked upon.

*First*, the Special Session could appoint a *Ministerial Committee*, consisting of members representing various interests and policies, who would be instructed to guide and monitor the many negotiations needed to lay the contractual foundations and assure the implementation of the new international economic order. The committee would also provide a framework for such forthcoming conferences as UNCTAD IV and those on World Employment and the Law of the Sea.

*Second*, having decided to reform the UN system, the Special Session could appoint, as a subsidiary organ to the Ministerial Committee, a small *Commission of Experts*, highly independent and competent, who would be instructed to propose a comprehensive and detailed programme of reforms and to establish a timetable for its implementation. This commission would be assigned an independent secretariat, responsible only to the commission itself, and its chairman would devote himself to this task on a full-time basis.

Another development, a new system of international relations and the reform of the United Nations—all require that solutions, many of which have been pursued unsuccessfully in the past, be viewed in a new light and with an added sense of urgency. Informed by a future-oriented vision of societal goals, decisions must be taken now on measures of a transitional nature as well as on the initiation of the necessary structural transformations. This would constitute the political commitment to set in motion the process of change.

The choice facing the Seventh Special Session is either to set in motion the process of change or to end up with another negotiation on words or with an empty dialogue. The challenge is to achieve a turning-point.

The following ten points, most of them elaborated further in the main body of the Report, offer different degrees of political feasibility; some concern the immediate future, others aim at long-term goals. As they stand, their only ambition is to map out the field of the possible.

- 
- 1 Place the satisfaction of needs—beginning with the eradication of poverty—at the focal point of the development process
  - 2 Strengthen Third World capacity for self-reliant development
  - 3 Transform social, economic and political structures
  - 4 Increase the availability of, and access to, foodstuffs
  - 5 Reorient science and technology towards another development
  - 6 Improve public information
  - 7 Redefine the policies of international resource transfers and ensure their automatic financing
  - 8 Establish a world authority to manage mankind's common heritage
  - 9 Adapt the United Nations system to new requirements
  - 10 *The need to be able to appeal*
- 

## 1

Another development is need-oriented. It cannot be pursued without a radical modification of existing trends nor, in the immediate future, without the redistribution of resources both at the international and national levels.

In the Third World, concrete programmes are required to satisfy, as a matter of urgency, the basic needs. They imply the establishment of targets related to specific social groups, first and foremost those whose situation is the most critical, namely young children, whose full development is jeopardized by malnutrition, and the poorest groups, landless peasants, small farmers and the unemployed or underemployed in the towns. Such programmes would aim at the eradication, in a given time span, of poverty below minimum standards of living defined in each country and for each period as the 'poverty line'.

In the industrialized societies, the elaboration of alternative development patterns and the pursuit of new life styles are called for to:

Improve the quality of life;

Reduce—by means of, *inter alia*, ceilings on consumption—wasteful use of, and pressure on, world resources and the environment.

**Place the satisfaction of needs—beginning with the eradication of poverty—at the focal point of the development process**

Measures should be worked out to avoid excessive social costs in coping with the consequences of the redeployment of economic activities that would be brought about by a less unequal international order and the resulting modification of trade patterns.

The satisfaction of needs is not confined to minimum physical elements; the goals and styles of development should include social relationships as well as those between society and the environment. Another development implies the definition of transition strategies which must be studied and elaborated without delay.

2

**Strengthen  
Third World capacity  
for self-reliant  
development**

Increasing the capacity of the Third World for self-reliant development entails:

Exercising the right of national economic sovereignty over resources and production.

Ending the drain of resources from the Third World to the industrialized countries, starting with a drastic improvement in the conditions of trade.

Certain measures depend on action by the Third World countries alone:

Their organization in one or several 'Trade Unions' of Third World countries designed to increase their collective bargaining power: this requires that they develop their own machinery for carrying out studies and preparing concerted policies for negotiation.

The organization of collective self-reliance and of cooperation for development through the strengthening of their own technological capacity, coordinated and purposeful growth, and use in the Third World itself of the financial resources of its wealthiest members for the benefit of all.

Other measures may depend, to varying degrees, on negotiations between Third World countries and the industrialized countries:

A new system of trade relationships, supported by the appropriate institutions, in commodities, industrial goods, technologies and other invisibles with particular reference to access to markets and resources and to price indexation. The UNCTAD-sponsored integrated commodity approach should constitute a starting-point.

A new industrial geography of the world.

An agreement between the main creditor and debtor countries on a solution to the problem of accumulated debts.

Revision of contracts, leases and concessions entered into with transnational corporations under conditions of inequality.

Regulations of conditions governing trade in technology including the revision of the present patent system.

Establishment of a democratic and truly global monetary system.

Improvement of the conditions of migrant workers and skilled manpower.

If moral standards in international relations are to be at all meaningful with regard to policies of either self-reliance or structural transformations (cf. point 3 below):

Foreign governments and international organizations shall in no circumstances oppose such policies by overt and covert intervention.

International cooperation, multilateral and bilateral, shall, on the contrary, be mobilized to support policies and projects promoting them.

### 3

Another development requires transformations of socio-economic and political structures that have long been identified.

They include such fundamental steps as agrarian reforms, urban reforms, reforms of the commercial and financial circuits, redistribution of wealth and means of production as well as the redesigning of political institutions through, *inter alia*, decentralization with a view to ensuring democratization of the political and economic decision-making power, promot-

**Transform  
social, economic  
and political  
structures**

ing self-management and curbing the grip of bureaucracies. As history shows, few of these transformations can be achieved without changing the power structure itself.

The situation is sufficiently serious to merit radical solutions in the shortest span of time. The diversity of contexts will necessarily lead to a wide spectrum of alternative strategies. Obviously it is for those who are concerned to decide what form their institutions should take and to undertake the required actions as determined by specific conditions.

4

**Increase the availability of, and access to, foodstuffs**

The eradication of poverty in the context of self-reliance requires an increase both in food production in the Third World, at local, national and regional levels, and in the purchasing power of the poor. This can only be achieved through appropriate structural transformations and technological innovations.

The use of food exports by certain industrialized countries as a political instrument makes it all the more urgent for the Third World to strive to achieve the highest possible level of self-sufficiency.

At the same time, there is an international responsibility to ensure that people affected by crop failure and disaster, man-made or natural, should always be afforded adequate supplies of basic foodstuffs. Steps should be taken so that on-going international discussions result in the early establishment of a decentralized system of essential food reserves, financed multilaterally and managed democratically.

Among the international measures facilitating the increase of food production in Third World countries, a tax in kind to be levied on fertilizer consumption in the industrialized countries, to assure supplies to Third World countries in difficulty, should be considered immediately. The necessary machinery would be established and administered by the United Nations.

5

The capacity of technology to transform the nature and orientation of development is such that who controls technology controls development; it is thus primarily a political issue. Policies and practices in the fields of science and technology should therefore be subjected to social control and geared to meeting the requirements of another development.

**Reorient  
science and  
technology towards  
another development**

Another development requires another approach to technology. This is true in Third World and industrial countries alike. However, just as another development does not imply jettisoning all that has been achieved to date, so, too, another approach to technology would not only be innovative but also use, adapt and build on substantial elements of existing technologies. However, it would also diverge from them in several basic orientations; it should aim at: meeting needs; providing meaningful employment; sustaining ecological viability; and making the best possible use of the specific resources of local eco-systems. It should be: diversified so as to relate to the needs, resources and capacities of different societies and communities; be more closely linked to science; be broadly participatory and draw on the contributions of workers and peasants as well as specialized professionals.

Thus, science and technology would contribute to identify socially and environmentally sound alternatives for the production and use of resources, goods and services.

6

Citizens have a right to inform and be informed about the facts of development, its inherent conflicts and the changes it will bring about, locally and internationally.

**Improve  
public information**

Under present conditions, information and education are only too often monopolized by the power structure, which manipulates public opinion to its own ends and tends to perpetuate preconceived ideas, ignorance and alienation.

A global effort should be made to give the new international relations their human dimension and to promote the estab-

lishment of genuine cooperation between peoples on the basis of equality and recognition of their cultural, political, social and economic diversity. The image of the Other should reach each of us, stripped of the prevailing ethnocentric prejudices, which are the characteristic feature of most of the messages currently transmitted.

Such an effort should be concerned both with information and with education in the broadest sense of the word; it should be directed towards 'conscientization' of citizens to ensure their full participation in the decision-making process.

7

**Redefine the policies of international resource transfers and ensure their automatic financing**

The primary function of a new international policy of resources transfers to the Third World is to facilitate, if necessary, the application of the measures outlined in the points discussed above and to help correct persistent imbalances. Such transfers should be concentrated on countries:

Whose efforts are or will be directed towards the priority goal of satisfying the needs of the majority poor and which are carrying out or will carry out the necessary structural transformations;

Which are undertaking or will undertake campaigns for the eradication of poverty and especially of malnutrition among young children;

Which are proceeding or will proceed along the path of self-reliant development;

For which improvement in terms of trade is not sufficient to provide the resources required for their development;

Which are the victims of disasters or the vicissitudes of climate.

Countries which do not respect human rights should not benefit from financial transfers.

In the long term, such transfers should be financed by a

regular and expanding flow of resources generated automatically by:

Income derived from the exploitation of the resources of the sea-bed;

An international tax or toll on the use of mankind's common heritage, particularly the carriage of goods on high seas;

The reallocation of part of the military expenditure of the great powers.

The resources mobilized in this way would be managed on a multilateral and democratic basis.

As a first step in that direction, a link should be established between Special Drawing Rights and financial resources for development.

8

The concept of mankind's common heritage should be defined in such a way as to facilitate its steady expansion.

Besides the sea-bed, it should cover that part of the oceans which is beyond national sovereignty, possibly certain uninhabited regions, such as the polar areas, and, in addition, outer space. It could also include the scientific and technological knowledge accumulated by mankind during the course of history.

A world authority should be set up to undertake the exploration and development of mankind's common heritage. It should be viewed as the experimental nucleus for expanding world management of the international commons.

In the immediate future, such an authority would be responsible for the development and management of the sea-bed. It would be universal in its membership and democratic in its decision-making. It would be an integral part of the rejuvenated United Nations system, subject to centrally determined policy but with autonomous operating and management capacity. The resources it would generate would be made available for the development of the majority poor of the world.

**Establish  
a world authority  
to manage  
mankind's common  
heritage**

**Adapt  
the United Nations  
system to new  
requirements**

The United Nations system, as the only universal instrument available, should be reorganized and moulded into an effective instrument geared to the objectives of another development and renewed international cooperation.

Its reorganization would be such as to permit the full exercise of their respective responsibilities by:

All governments, through the General Assembly, in the establishment of policies and programmes for the entire system;  
The United Nations Secretariat in the implementation of these policies and programmes.

To this end, existing structures would be drastically streamlined to ensure:

The functional and trans-sectoral coherence of the system as a whole, so that all its capacity can be directed towards the attainment of strategic development objectives;

Broad operational decentralization, in which regional commissions, restructured along the lines of the central organs, would be assigned all functions which could be better performed at their level than at the centre.

These two series of measures imply:

A fundamental readjustment of relationships between the United Nations proper and the specialized agencies;

A sharp reduction in the number of decision-making organs;

A sharp reduction in the staff of the permanent secretariats and a systematic use, through a network of research institutions, of intellectual and technical knowledge available in all regions of the world, with special attention given to the promotion and fullest utilization of Third World institutions.

Since no institutional change can ever be final, the reform should provide for a capacity continuously to adapt the system to new requirements.

The generation of the bulk of the resources of such a restructured system should progressively become automatic.

10

'We, the people of the United Nations, often feel frustrated, exploited and forgotten. Many of us live in the alienation of poverty or in that of affluence. Our human rights are often stifled or threatened.'

*The need to be able  
to appeal*

This could be the beginning of a Charter of the United Nations written today.

Societies in their diversity are too rich in values and aspirations to allow governments and institutions, even when democratically established, to represent them fully. Societies and individuals need to be able to appeal.

An international committee whose strength would rely only on the integrity of its members is required. Open to appeals from any social group or individual, it would take upon itself the task of making known the violations of the material, psychological and political dignity of individuals and societies.

It should make public, whenever necessary, comments and reports on the state of the world, its political progress, and the satisfaction of needs, starting with those of the majority poor and the most exploited, as well as on the behaviour of governments and institutions with regard to their constituencies.



**Towards another  
development**

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The present state of the world, characterized by mass poverty and the degradation of the environment, is unacceptable. It must be changed. This is widely recognized, if in different ways.

There are those who, because of the 'outer limits' which the biosphere imposes on human society, would like to slow down or even stop economic growth: otherwise, they contend, doomsday will be at hand. Others, on the contrary, consider it essential to press down on the accelerator; for them technology, market forces or planning will provide an answer to every problem—pressure on resources, ecological limits and even the distribution of wealth.

There are those who promote the idea of *triage* or, more recently, the analogy of the *lifeboat*. These images, although far-fetched, express very serious theses. Since resources are limited, population increasing and it is impossible to feed everybody, they say, the poor must be divided into those who will die whatever is done, those who will survive whatever is done, and those for whom aid from the rich will make all the difference. Aid should be concentrated on the latter. The rich are, as it were, adrift in a lifeboat, others say, and the poor are swimming around it. Since the boat is now full, to take the poor on board would be to drown everyone—therefore, let the poor drown.

Such views are not only loaded with vested interests; they are politically impractical. They are in any case conceptually weak. They reflect a conservative view of reality; they consider only certain quantitative aspects of demographic and economic growth and fail to take into account its content.

The approach of this Report is different. It analyses the prerequisites for change, examines its likelihood and foresees the sequences of transformations that could lead onward from properly conceived first steps. It does not take for granted the limits to human action; limits do not exist in a world of their own; they depend on this very action; to a large extent, men create the obstacles which afterwards appear to them to be natural. The Report emphasizes the content and the goals of development.

<sup>1</sup> In this Report,  
1 billion = 1,000 million.

In a world whose gross product trebled over the last twenty-five or thirty years, whereas population increased by barely two-thirds, resources are available to satisfy basic needs without transgressing the 'outer limits'. The question is primarily one of distributing them more equitably. However, over the next twenty-five years world population will probably increase from 4 to 6.4 billion inhabitants.<sup>1</sup> It will be too late tomorrow to seek new solutions. The future depends on choices made today. It is now time to turn towards another development, geared to the satisfaction of needs, relying fully on the energies of the people and making it possible for human societies to live in harmony with the environment.

Such a development would often require the structural transformations that result from new political, economic and technological strategies as varied as are the situations to be modified. However diverse the paths, a common orientation is needed. Values underlying social action must be made explicit: to satisfy the needs of individuals and peoples means first of all to recognize their right to a life of decency and dignity.

A fresh look has to be taken at the state of the world. This is now possible, because the danger is growing. Danger is a teacher. The division between rich and poor, between those who control the means of production, the centres of decision, as well as the information media, and the powerless masses, a division which separates the affluent nations and the still deprived nations, and which also exists within many countries, begins to be recognized as a threat hanging over the whole of mankind.

The question is: in what conditions is society possible? The virtue of this question is such that one is compelled to rediscover, at a time when humanity has ceased to be an abstraction, when the fate of every nation appears dependent on that of others, the fundamental significance of exchange, not the exchange deformed by the modern market but the exchange which has sustained social life since its beginnings. The law of the balance of power wavers before the evidence of the law of reciprocity.

In this sense, the basic needs of men emerge as social needs. Food, habitat and health are not only the natural needs

for survival, but also basic needs which necessarily entail a relationship of reciprocal dependence.

It is for just this reason that the idea of abandoning the poor to their fate is not only scandalous, but constitutes a denial of social reality as such. A society cannot amputate a part of itself without injury. It is its fabric, the network of the exchange, which is torn and those who remain cannot but suffer the effects.

But, in this sense again, basic needs are much more than needs as conventionally understood. What people need to live on, they seek from others, who themselves may have to seek it in different conditions. Such needs are already rights.

Just as men have a right to food, they also have a social right to speak, to know, to understand the meaning of their work, to take part in public affairs and to defend their beliefs.

The right to education, to expression, to information and to the management of production are all rights which articulate the same need of socialization.

It is therefore a perversion to imagine that the discussion on development can be limited to what is called the satisfaction of basic material needs. When peasants or workers are excluded from all responsibilities in the production system, when scientific research is subjected to profit, when education patterns are imposed that make schoolchildren or students strangers to their own culture and mere instruments of the production process, when protest is reduced to silence by force and political prisoners are tortured, can it be thought that these practices do not hinder the goals of development and that they do not inflict an injury on society?

# 1 Elements of a conceptual framework

Development is a whole. Its ecological, cultural, social, economic, institutional and political dimensions can only be understood in their systematic interrelationships, and action in its service must be integrated. Similarly, needs cannot be dissociated from each other: the satisfaction of each need is at one and the same time the condition and the result of the satisfaction of all others. Analysis may require that the parts of the whole be examined one by one, but this should not obscure their essential unity or the many inextricable bonds which bind them. Thus, the elements of the following discussion make sense only through and in their complementarity.

The discussion is structured first around three central elements, the three pillars, so to speak, of another development, which would be:

- 1 Geared to the satisfaction of needs, beginning with the eradication of poverty.
  - 2 Endogenous and self-reliant, that is, relying on the strength of the societies which undertake it.
  - 3 In harmony with the environment.
- Finally, it shows that:
- 4 Another development requires structural transformations.
  - 5 Immediate action is necessary and possible.

## 1 Another development is geared to the satisfaction of needs, beginning with the eradication of poverty

As stated at the outset, when endeavouring to make explicit the values which inform this Report, needs are as much psychological and political as material. To satisfy the latter while forgetting the former would neither be consistent with these values nor indeed possible. However, they form a hierarchy in so far as the satisfaction of survival needs obviously determines the possibility of satisfying the others. Basic needs are not satisfied in the greater part of the world, neither in the Third World nor in

the pockets of poverty which still exist in the affluent societies.

Conservative estimates submitted to the World Food Conference in Rome last November indicate that close to half a billion people suffer from hunger and malnutrition. Other estimates mention a full billion and sometimes one and a half billion.

In Africa, one child in seven dies before the age of one year; in Asia, one in ten; in South America, one in fifteen; but in Europe and North America, one

in forty. Half of the city dwellers of the Third World do not have direct access to drinking water. Half of the population of the Third World has never been to school and two-thirds of their children have no school to go to.

The hungry, the sick, the badly-housed and the illiterate are obviously the same. There is no need for detailed studies to realize that they are the same who are endeavouring to scratch a living for themselves and their children from tiny plots of land, who work on the land of others, who are underpaid or jobless, and who cannot make themselves heard in political assemblies.

There is no satisfactory indicator of poverty, but as a rough approximation, one figure is sufficient to indicate the magnitude of the problem: on the basis of the gross product per capita, although inadequate—as will be seen later (cf. section 5 below)—the World Bank estimates that 750 million men, women and children live in absolute or relative poverty, defined respectively by an income per capita below \$50 a year, or below one-third the average per capita income in the nation to which they belong.

It is obvious that needs are tremendous and increasing. They must be satisfied. This is indisputable. The item on the agenda is the means of satisfying them. It is not necessary to refer to all the future-oriented studies which, with their good or bad points, now belong to the domain of public information. It appears more useful to seek another way of approaching the question of means.

Another development, geared to the satisfaction of needs, can only be envisaged if this goal is made the very core of the whole endeavour. The production of goods and services as well as its planning and technology must be subjected to it. It is unnecessary to repeat that

food, habitat, health and education are interdependent in every way, but before examining some specific aspects, certain constant features should be underlined.

Whether in food, habitat, health or education, it is not the absolute scarcity of resources which explains poverty in the Third World, but rather their distribution, traditional mechanisms fostering inequality having been aggravated by an indiscriminate imitation of the patterns of the industrialized societies.

At the technological and resource-use levels, traditional architecture, for instance, has been neglected in favour of so-called 'universal' constructions, which are by definition culturally, ecologically and economically unadapted to individual societies. Agricultural research, instead of making use of the rich genetic stock of the different eco-regions or of people's experience, has been concentrated on the conditions for the reproduction of species or techniques used in the centre. Priority has been given *de facto* to curative medicine over prevention, thus assuring to a small minority care similar to that afforded by affluent societies, but neglecting the health conditions of the masses.

Similar options have influenced industrial production, as well as energy policies. Goods were very often those required by the external market or local enclaves of affluence rather than for the consumption of the masses. Imported capital-intensive technologies took precedence over local labour-intensive technologies. More importance was given to oil-generated electricity distributed from large power stations than to promoting research into local sources, such as methane and others.

At the institutional level, the de-

partmentalization into ministries of health, education, agriculture, etc. was reproduced, instead of fashioning institutions, as was possible with the coming of independence in most Third World countries, to answer to the comprehensiveness of the development *problématique*.

At the human level, finally, education systems are more often than not replicas of those of the industrialized countries, which are themselves failing to meet contemporary needs. They produce streams of young people whose incomplete and ill-conceived education transforms them into strangers to their own people, and for whom an inadequate environment does not provide employment. Those who nevertheless succeed are often contributing to the brain drain which deprives the Third World of its very substance. Too many of those who stay at home are poorly prepared to tackle creatively the problems of their own societies.

These observations do not imply jettisoning all that has been achieved to date. But what has so far been done should have been incorporated into innovative solutions stemming from the rich cultural diversity of mankind. At the very least, what should have been avoided was the devotion of almost exclusive attention to imported solutions that respond to other problems and interests.

### **Food**

The 'food crisis' is not one of bad harvest years: it is a matter of permanent hunger and malnutrition, from which the women and children are the first to suffer. Forty per cent of the underfed are children and in the Third World half of the children are inadequately nourished; more than 300 million of them suffer

from 'grossly retarded physical growth and development'. This is the root of the problem: if it is true that nutritional deficiencies at the weaning stage and during the early years of life affect development and prevent the full realization of the child's genetic potential, what kind of world are we preparing for the end of the century? Even if this were only a risk and not a certainty, would it not be sufficiently terrifying to justify emergency action? This underdevelopment is worse than death: the history of the year 2000 is perhaps being written today not so much in the crisis in Cyprus or in the conflict over Palestine, but in accepting a sub-mankind with diminished faculties, our descendants: half of the children of Latin America and an unthinkable proportion of the children of Africa and Asia.

The risk is all the more scandalous in that the means are available to satisfy basic needs: it is a question of distributing them more equitably. Hunger and malnutrition are indeed due to the fact that the poor are deprived of the means either to produce or to purchase their food, the socio-economic mechanisms being so organized as to ensure that the lion's share goes to the rich and the powerful. The satisfaction of the need for food and its production cannot, therefore, be set apart from a transformation of political and socio-economic structures, a conclusion which will be emphasized later (cf. section 4 below), and which applies to the whole *problématique* of the satisfaction of needs.

This is true both nationally and internationally: there is no absolute shortage of cereals (although reserves have dwindled dramatically), but price increases force the most deprived countries into a choice—to reduce imports either of

**‘. . . We dispense the surplus foods not on the basis of where they are most needed, but on the basis of power-political considerations of foreign affairs. In other words, we use the food as ammunition.**

**‘There has been a continuing struggle between the Department of State, which favors giving food to our military allies, and the Department of Agriculture, which prefers to use the food to develop future commercial markets for American business.**

**‘Very little of our Food for Peace has gone to Africa, where tens of thousands have perished from famine. But during the last year nearly half of it went to Cambodia and South Viet Nam.**

**‘We stopped food assistance to the Chilean people when they elected Allende, and then resumed it when the military coup ousted the Allende government. . . .’**

George McGovern,  
Chairman, United States Senate Select  
Committee on Nutrition and  
Human Needs,  
*Report on Nutrition and  
the International Situation*, (Washington,  
US Government Printing Office,  
1974, p. 28)

food or of capital goods, thus mortgaging their future in one way or another. It is not the shortage of fertilizers, but their price, aggravated by a political decision, which cuts off the supply to countries that do not produce them; the decision of the United States Government to limit exports led to a Third World estimated deficit of 2 million tons in 1974/75, thus preventing the production of 20 million tons of cereals. The fact that during this period 3 million tons of fertilizer were used on the cemeteries, lawns and golf-courses of the greatest world power could be condemned on moral grounds, but what is more serious is that the dependence of many Third World countries has been increased by technological solutions isolated from the economic, social and ecological context to which they apply; the ‘green revolution’, which entails the use of large quantities of chemical fertilizers, is a case in point.

The irony of a situation in which the hydrocarbons necessary to fertilizer production are to a large extent derived from a Third World which does not have the industrial capacity for their processing suggests, however, that the vicious circle can be broken and that the Third World has the means to increase its agricultural production. Parallel to agrarian and other reforms designed to liberate the unused energies of the peasant masses, industrialization and appropriate technological choices would help to minimize the dependence of the Third World—a dependence which is measured by two sets of figures: with two-thirds of the planet’s population, the Third World supplies less than half the total gross food production. Its cereal imports are growing.

This does not mean that international action is not necessary to alleviate famine when it occurs, to suppress its

causes and to ensure, in the long term, the Third World autonomous capacity to feed itself. Such action is indispensable, and is considered below (cf. Part Two).

However, such action has its limitations, and the Third World has received a warning. 'Food is a weapon. It is now one of the principal tools in our negotiating kit', said United States Secretary of Agriculture, Earl Butz, last November. A CIA report prepared shortly before the World Food Conference recalled that the Third World food shortages 'could give the United States a measure of power it had never had before; (...) in bad years, when the United States could not meet the demand for food of most would-be importers, Washington would acquire virtual life-and-death power over the fate of the multitudes of the needy (...). In the poor and powerless areas, population would have to drop to levels that could be supported (...). The population "problem" would have solved itself in the most unpleasant fashion.'

### **Habitat**

Habitat is as basic as food. Habitat certainly includes shelter, but it is also the space that society organizes for living and to carry on those activities necessary to satisfy all its material and spiritual needs, from food production to artistic creation or conviviality.

Urgent measures are called for in the rural and urban habitat; some are within the purview of the communities themselves, others call for intervention, in varying degrees, at other levels of the social organization, notably by public authorities.

The supply of drinking water and environmental sanitation certainly constitute the priority of the priorities in this area, but they cannot be considered either

without an integrated treatment of all the problems of habitat, or without the integration of habitat policies into the whole process of development. Regional development and physical planning designed to achieve the harmonious development of all the regions of a country and to ensure a decentralized urbanization; town planning, to provide for an articulation on a human scale of those places where the various functions are exercised; properly distributed public transport; the provision of water and community amenities, and assistance to self-help construction based on improved local materials and techniques—all these are ways of satisfying at least the basic needs in this area.

### **Health**

If it is accepted that health depends first on food, habitat and preventive measures, all the practical implications of this assertion have not yet been drawn. The satisfaction of health needs calls for, in particular: a reallocation, directed towards prevention, of available resources; the integration of health services into development services as a whole; the adaptation of health services to specific circumstances, using local resources, to the maximum, instead of imitating models from countries in which conditions, notably the epidemiology, are different.

A public, need-oriented health system should be based on: a radical decentralization favouring the participation of local communities, with the higher ranks only dealing with problems that cannot be solved at a lower level and providing the necessary support for a network of health workers; the training of health specialists fully qualified for the tasks they are to undertake, which are

different but equally important at each level; research towards specific problems of each society, running through all levels from the local health centre to the university hospital.

### **Education**

The value systems of the present 'order', together with schooling, have distorted the social, communal and familial role of education. Education has become a sub-system, specialized and professionalized, and reserves its benefits, as a commodity, to a minority, leaving the rest of society with mainly negative effects. Education through its social role largely lacks the capacity, in many and especially poorer countries, to transform those whom the schooling system neglects or rejects.

Education in a new conception would become the permanent duty and responsibility of the whole of society towards everyone in it, and the continuous function of the total social environment. It would be the means by which society advances itself, rather than a personal acquisition. Education would be a broad cooperative effort by everyone in society, and it would not be divorced from work and production. Everyone would be a learner, a worker and a teacher.

Permanent learning environments would be envisaged in conjunction with production and other social activities. Productive enterprises would be established alongside, in, and around schools, and children and adults would be engaged in production and other activities geared to their age and strength. It is not so much schools that should be built,

but rather new productive enterprises, to which would be attached study areas, libraries and laboratories, and a variety of communally organized services and facilities for recreation, sport, etc. Research would be functional and related to the real work and lives of communities, involving as many people, of all ages, as possible.

The new social and educational amalgam would provide a better system of learning effectiveness for most people than any yet achieved, because of the cooperative effort of learner and teacher. Many of the culturally and socially determined hindrances to learning and many of the individual learning difficulties revealed by research and experience are only of significance in relation to the personal acquisition of knowledge in the system presently prevailing. Cooperation would maximize the processes of learning of most people.

The curriculum and aims of education would not be predetermined and sequentially ordered, least of all in terms of borrowed social and educational models. They would emerge from continuing consultation and agreement at all levels of society, constantly related to real and immediate concerns. The preoccupations of education would be to increase people's understanding of themselves and their communities, enabling them better to relate to, and participate in, their communities and societies, and their environment. They would learn not just to be, but to become. Education, thus conceived, would gather up, guide and inform all the strands of human action into a process of constant social transformation and progress.

## 2 Another development is endogenous and self-reliant

Current 'development' models advise Third World countries, sometimes called 'less developed', sometimes 'developing', to hasten to increase their gross product so as to 'bridge the gap' which is supposed to separate them from the so-called 'developed' countries. The terminology is itself value-loaded: it relates to and helps to support the theory according to which underdevelopment would be a 'stage in economic growth'.

This theory has been widely accepted, and its postulates have guided innumerable strategies. Historically honourable rates of growth have been achieved, and yet mass poverty—not to mention alienation—has not been eradicated; on the contrary, it has never before affected so many human beings. More of the same will not do.

The aim can no longer be to repeat the economic history of industrialized countries, but rather to seek out roads to another development.

In fact, if it were possible to replicate, in the Third World as a whole, not just in its enclaves of affluence, the model offered by the industrialized societies, it is difficult to understand why it should be done. Although basic needs in the latter have by and large been met and mass poverty abolished, the human cost of accumulation in the industrialized countries, whether market-oriented or centrally planned, has been terribly heavy, even if this fact has sometimes disappeared from the minds and memories of the descendants of the sacrificed generations. The persistence of alienation leads one to think, moreover, that the road chosen by the industrialized centre was perhaps not the best. In any case, it does not have much to offer as far as non-material needs are concerned.

On the contrary, where basic needs are satisfied, many societies in the Third World enjoy a cultural life—in the widest sense, embracing people's creativity, social solidarity and conviviality—richer than that known to most of the members of the lonely crowd in the affluent nations. There is no reason for the Third World to imitate the impoverishing models that produce one-dimensional men and women. On the contrary, there is here a vast field for real cultural cooperation which could help the industrial societies to acknowledge at last the richness of human experience, and to redefine their own life styles.

If development is the development of man, as an individual and as a social being, aiming at his liberation and at his fulfilment, it cannot but stem from the inner core of each society. It relies on what a human group has: its natural environment, its cultural heritage, the creativity of the men and women who constitute it, becoming richer through exchange between them and with other groups. It entails the autonomous definition of development styles and of life styles. This is the meaning of an endogenous and self-reliant development, which:

Stimulates creativity and leads to a better utilization of production factors; for each product, it does not ask the question 'how much can we get through exchange', but 'how much can we produce ourselves or with others'. Thus the basis is laid for a search for new resources, for utilizing known resources in new ways and, sometimes, for questioning the need for the product.

Reduces vulnerability and dependence;

a self-reliant society is able to stand up better to crises; it is self-confident and has the means to sustain its dignity.

Self-reliance applies at different levels: local, national, international. At the national level, it gives the economic content to political independence. It is not synonymous with autarchy, but with the autonomous capacity to develop and to take decisions, including that of entering into relations, on an equal footing, with other countries, which nations are bound to do. Nor is it a synonym for isolationism—even if a country or a group of countries may consider it necessary to withdraw, partially or momentarily, from the international system, so as to strengthen their independence.

At the international level, self-reliance is extended through cooperation with other countries; it becomes collective self-reliance (this aspect is examined in Part Two).

However, self-reliance acquires its full meaning only if rooted at the local level, and when local communities are fully able to practise it (cf. the Tanzanian study in Chapter 2 below); thus, it is linked with structural reforms giving the poorest people the means to improve their lot (see section 4 below). One could indeed imagine—and there have been cases—the ruling class of a Third World country, whether belonging to OPEC or not, improving its economic relations with the industrialized world by means of national or collective self-reliance and increasing at the same time its domination over its own people.

The diversity of starting-points entails necessarily the diversity of solutions. Endogenous and self-reliant models of civilization and development styles can be understood only in the plural. They do not require a global normative approach, but exchange of experiences.

### 3 Another development is in harmony with the environment

Geared towards the satisfaction of needs, endogenous and self-reliant, another development must necessarily take into account the environment—the framework and the very condition of the life of human societies. Survival and solidarity with future generations prohibits the transgression of the 'outer limits' of the biosphere. At the same time, the ecosystems, respected and used with imagination, can contribute, in particular at the local level, to the satisfaction of needs. These two themes are both a warning and a promise, reminding one that social relations and relations between social and natural systems are interrelated.

The concept of 'outer limits' calls

for clarification. The 'limits' are the point at which a non-renewable resource is exhausted, or at which a renewable resource, or an ecosystem, loses its capacity to regenerate itself or to ensure the performance of its main functions in the biophysical processes. The determining factors are, on the one hand, the quantity of resources and the laws of nature, and on the other, the action of society on nature, in particular its technological options. In order to define 'outer', the context in which the limits are relevant has to be considered: locally, nationally, regionally or globally. The choice of context has multiple scientific and political implications.

In the current discussion concerning

the global limits, the mediation of social interrelations is overlooked by those who establish a direct link between population and limits. It is therefore necessary to examine the demographic question in its real context.

World population in 1975 totals some 4 billion people. For the foreseeable future, the 'medium variant' of demographers suggests that 6.4 billion human beings will be living in the year 2000.

In the medium term, demographic inertia being what it is, and the greater number of the mothers up to the end of the century having already been born, it seems rather unlikely that, whatever is done—and barring catastrophe—there will be many fewer than 2.4 billion more human beings needing to be able to feed themselves at the beginning of the next millennium. This constitutes an unarguable objective. It is as fundamental as the satisfaction of the basic needs of the present population. These 2.4 billion human beings are the responsibility of the present generation.

As for what will happen, or will not happen, in a hundred years' time, this depends on the policies to be defined and applied both now and in the long run on the basis of an appraisal of the population/resources relationship.

Assuming that resources are limited, a rigorous discussion must first identify who consumes the resources and for what purposes they are being used. The industrial market economies, with 18 per cent of the world population, consume 68 per cent of its nine major minerals (oil excepted), while the Third World (China excepted) with 50 per cent of the population is consuming 6 per cent. Clearly, the pressure upon resources, which is real and complex, has little to do with demographic pressure in

itself. At most, it suggests that the style of consumption of the industrialized countries would be unbearable if 4 billion or 10 billion human beings all sought to adopt it, although this is an argument for a change in the industrialized societies' consumption styles rather than one in favour of advising the poor to reduce their birth rates.

Among the multiple uses of resources, one at least deserves to be mentioned here: world armaments expenditure reached \$244 billion in 1973, of which 70 per cent was spent by the four major industrialized countries. This represents nearly half the combined gross product of the Third World (China, Cuba, DRV and DPRK excepted), estimated at \$509 billion in 1972. The armaments industry is thus an important factor in the pressure on resources: in the United States, in 1970, 4.8 per cent of the oil, 7.5 per cent of the iron, 8.8 per cent of the tin, 11 per cent of the zinc, 13.7 per cent of the copper and 14 per cent of the bauxite were used for armaments.

The situation is clear: at the global level, it is neither the poor nor the satisfaction of their needs that is endangering the outer limits, but the monopolization and misuse of resources by a few.

This being said, the existence of a serious population problem should not be denied, but tackled in earnest. The history of the industrialized societies and, more recently, that of certain Third World societies shows that people have fewer children when their living standards rise. The Bucharest Conference stressed this: there cannot be any question of a technocratic policy that would deal with population as a variable to be manipulated at will, seeking to impose birth control on societies that do not want it—which would be tantamount,

spread over time, to a 'lifeboat' policy.

The real challenge is to stimulate development so that the demographic brakes may come into action, all the more effectively in that they will then be sought by those concerned.

Fundamentally, family planning is less concerned with population limitation than with education for a better understanding of the environment and, when necessary, changes in attitudes towards life. To plan one's succession, no matter what the number, is to reject fatalism; it means assuming responsibility for one's future and that of the group.

If outer limits are linked to social interrelations at the global level, there are also links at the local level. They are usually threatened by exogenous technologies ill-adapted to the local environment, but this intrusion is also the expression of specific economic interests or specific social imbalances. Sometimes, transgression of the limits results directly from a system of unequal economic relations; peasants deprived of access to fertile soil monopolized by large landowners or by foreign companies have no

other resource but the cultivation of marginal zones, contributing to erosion, deforestation and soil exhaustion, while consumption by the rich, modelled on that of the industrialized societies, adds the pollution of wealth to that of misery. An unequal distribution of wealth threatens the outer limits from both sides at once.

There is, in fact, a conflict between the environment and the type of growth too often followed up till now. In another development, on the contrary, the preservation and enhancement of the environment are inseparable from the satisfaction of needs. What is more, a harmonious relationship between society and its natural environment is rich in unexplored possibilities. The concept of ecodevelopment, tied to that of local self-reliance—the solution by each community of as many of its problems as possible on the basis of the resources of its ecosystem—opens up vast perspectives to the satisfaction of a wide range of needs, up to and including that of the feeling of control over one's own destiny.

#### 4 Another development requires structural transformations

The failure of the 'strategies' pursued for the last twenty years in most countries in the world is now patent, to the extent at least to which development is understood as defined in the Introduction—the full development of every man and woman. For the wretched of the earth, the failure is that they do not have equal or even minimally adequate access to resources, to services, to means of production and to employment; they are, on the contrary, exploited.

For the privileged minorities who

remain in most parts of the Third World, there is no similar failure. On the contrary, they have succeeded in reproducing for their own benefit, in their enclaves, the Western model. For them the 'gap' has been bridged.

For the power structures in the centre, in spite of some outstanding exceptions, there is no failure. Combining politics and economics, governments and transnational corporations have too often succeeded in perpetuating the exploitation of the Third World and, to this

end, in maintaining or in re-establishing the political, and hence social and economic, *status quo*.

The situation is characterized by:

An international power structure largely based in the market-economy industrialized countries, but organically linked, in a part of the Third World, to local structures, sometimes controlling them directly;

Unequal economic relations, at the international level as well as within the majority of national systems.

The contradiction between the privileged of both worlds should not conceal the contradiction between the exploiters and the exploited within each society. The latter, and principal, contradiction will often be more difficult to overcome than the former, which is secondary in so far as the exploitation of the poor is essential to the existence of the rich in each society, whereas the centre has a much greater autonomy in relation to the periphery.

Any attempt to change this situation depends on the vision, the will and the organizing capacity of those concerned. It implies that they become self-reliant, that they transform the structures which have brought about the present situation, and that they establish the conditions in which the majority poor will have the means to improve their lot. Such a reform affects both socio-economic and political structures, as well as the linkages between them.

At the socio-economic level the reform implies ownership or control by the producers—through various institutional forms—of the means of production, i.e. the land, water, mines, infrastructure and factories which supply the necessary goods for production and consumption. Commercial and financial structures

**‘The traditional structures, inasmuch as they put obstacles in the way of change, hinder social progress and economic development. Accordingly, even more strenuous efforts must be made to effect the qualitative and structural changes mentioned in the IDS, which are indispensable to establish the bases that will permit the achievement of the social and economic objectives of the Strategy. Failure to stress the vital importance of this aspect of development and to put these qualitative and structural changes into practice largely explains the unsatisfactory results achieved by many Latin American countries.**

**‘These structural changes, which are an essential condition for any integrated process of development, especially one set out in the broad human and social terms in which the IDS states this objective, include: the control and sovereign utilization of natural resources; the reform of land tenure systems as required in order to promote both social justice and agricultural efficiency; the establishment of such forms of public or mixed ownership of property as each country may consider appropriate in those activities which, in its view, require such measures in order to promote self-sustaining independent economic development; and any other type of substantive reform needed to secure that objective.’**

United Nations Economic Commission for Latin America,  
*The Quito Appraisal*  
(29 March 1973)

must equally be changed in such a manner as to prevent the appropriation of the economic surplus by a minority.

At the political level, the reform of structures means the democratization of power. It may be necessary first to guarantee concretely the exercise of fundamental rights, in particular the right to express oneself, and the abolition of repression and torture. This is only possible through a thoroughgoing decentralization, aiming at allowing all those concerned, at every level of society, to exercise all the power of which they are capable. In other words, each local community should be able, on the basis of self-reliance and eco-development, to manage its own affairs and to enter into relations on an equal footing with others, in order to solve their common problems, the state regulating social mechanisms and in particular taking care that the rights of the weakest communi-

ties and individuals are privileged and ensured. Public and private bureaucracies would be subject to social control. The opacity of social mechanisms would give way to greater transparency, enabling the individual and the community to take control over their own lives.

How the transition is going to start and develop, through what means, with the backing of what forces or coalitions is impossible to spell out in a general manner. Another development—being self-reliant and endogenous—recognizes, as already mentioned, the diversity of points of departure as well as of solutions in the historical process of the evolution of societies. Any pretence of imposing a unique model would repeat the mistake of trying to re-create in the Third World the experiences of industrialized countries. The specificity of each experience is at the same time its strength.

## 5 Immediate action is necessary and possible

Socio-economic, and hence political, conditions for the satisfaction of needs, beginning with basic needs, do not at all offset the necessity, at the technical level, of envisaging a way of placing the 'logic of the needs' at the very centre of the development process.

The first stage in this approach would, to the extent that the wide use of gross product per capita as an index of development is misleading, include the identification of new indicators of progress towards meeting human needs.

### **Towards the establishment of a poverty line**

The International Development Strategy—a significant example—while inclu-

ding an acceptable and usable statement on the goals of development, supplies, as the only quantitative objective, that of the average rate of growth of the gross product, accompanied by a few details on per capita output, industrial and agricultural production, savings and external trade. One looks in vain, among the measures to be taken, for references to specific actions concerning the attack on poverty, the nature of production, the distribution of income and wealth and the socio-economic structures.

As a result of some countries' experiences, and theoretical work by a number of Third World social scientists, there was a change of direction in UN thinking. In 1972, the Committee for Development Planning (made up of ex-

perts acting in their personal capacity), made recommendations which were favourably echoed by the Secretary General in a report prepared on the occasion of the first biennial review and appraisal of the Strategy. This report stressed some of the limitations in the concepts of gross product: on the one hand, it only measures market transactions, i.e. exchange value, and not the use value of goods and services, i.e. the satisfaction of needs; on the other, it says nothing about the manner in which it is distributed. It could be added that these weaknesses are not juxtaposed, but flow one from another. Growth is not an abstract entity which exists independently of what is produced; the product itself determines its distribution: a few luxury residences cannot substitute for the many low-cost dwellings that could otherwise have been built with the time, technology, materials or money invested. The 'trickle-down' effect, according to which the growth of gross product, even if concentrated at the apex of the social pyramid, would filter downwards and eventually reach the bottom, is misleading, as experience shows.

Without going so far as to abandon the GNP indicator, the report of the Secretary General suggested the introduction of certain additional criteria, notably:

An indicator that takes into consideration factors connected with living standards.

A poverty line calculated on the basis of a family budget for goods and services required to achieve a minimum standard of living.

These proposals were barely mentioned in the General Assembly's biennial appraisal of the Strategy and they do not figure in the Secretary General's report reviewing the Strategy at mid-term. In

**'Governments of many developing countries are aware that their problems of mass poverty are massive, growing and urgent. These problems require urgent attack. Governments who would respond effectively must in most cases be prepared to set some radical courses. They must move their poverty-reduction and employment goals from the periphery toward the centre of their development plan. They must become as concerned with income and output generation. They must adopt programmes with direct benefits for the very poor.'**

**'To eliminate extreme poverty is a goal that should have much greater appeal to ordinary men and women than a target for the rate of economic growth or domestic saving. Such a target should be included in the International Development Strategy as soon as possible.'**

United Nations Committee for Development Planning, *Report on the Eighth Session* (10-20 April 1972)

particular, not one of the thirty-six tables in Chapter 1—performance of the Third World countries—deals with income distribution, and the so-called social indicators receive only cursory treatment. (Parallel to this, however, the Secretariat did prepare the *Report on the Social Situation in the World, 1974*, which is much richer in development data.)

Such a situation reflects a persistent dichotomy, rooted in the present structure of the system, between the economic and the social, which distorts the very nature of development. It is equally surprising that, after twenty-five years of developmental activities by the United Nations system, and so many plans of action, programmes, strategies and declarations, there still exists no satisfactory range of indicators of development—and that those which exist remain largely without relevance to policies and practices.

To fill this gap is a priority objective for research. The pioneer work of UNRISD and ILO, among others, has roughly mapped out this field, but it is now necessary to systematize and reinforce the work in hand; this calls for a coherent programme, run by a unified directing centre, instead of scattered sectoral endeavours.

The Special Session, coinciding with the mid-term review and appraisal of the Strategy, is a unique opportunity to place the eradication of poverty at the very centre of a revised Strategy, to adapt the system's structure (see Part Three), and also to give a new impulse to the methodological elaboration necessary to the measurement of another development and to give directives that would make the Secretariat take the unified approach to development seriously.

As observed at the outset of this Part, needs—from food to the human-

ization of man—are numerous and varied. It is necessary to elucidate their nature and, perhaps, their ranking, and to work out a method of measuring their satisfaction. The immediate priority in this area, however, is to define a poverty line. Poverty is certainly a relative concept, but it is possible, whatever the uncertainties remaining as to the definition of nutritional requirements, to locate and enumerate the undernourished. When the prevailing indicators have been abandoned, habitat, health and, up to a point, education, lend themselves in the varying circumstances to the definition of norms and to measurement.

The emphasis put on fundamental needs does not exclude, quite the opposite, the question of ceilings on consumption, justified by the concern for a more equitable distribution of resources, by the risks of transgressing the 'outer limits' of the biosphere deriving from overconsumption by the rich and, finally, by the limits in the capacity of the human organism for absorption of food (nutritional diseases from excessive protein intake, for example) (cf. the Swedish study in Chapter 2 below).

At the same time, it is of the utmost importance to identify, locate (socially and geographically) and enumerate the poorest groups, on the basis of family budgets, wages, income, unemployment and underemployment, access to essential goods and services, whether direct or through the market, and ownership or control over the means of production.

To sum up, what is needed is to:

Define the needs according to a normative scale, making explicit the desired social values.

Establish indicators that assess and monitor the satisfaction of needs by social groups.

Such indicators would make it possible to:

Identify those groups that require immediate and priority action, and to evaluate their needs.

Examine the distribution of available resources, the degree to which they are appropriated by certain groups and their relative and absolute over-consumption; and thus to assess the potential of a redistribution policy that, in the short term, scarcity of resources makes unavoidable.

#### **Action now**

No matter how important better indicators are, they are in no way to be viewed as prerequisites to action. No matter what statistics are employed, poverty will be seen to exist.

Many countries are already in a position to assess, however crudely, the needs, the importance and the characteristics of the poorest groups.

Enough is known in general for work to be started without delay on programmes designed to enable the poorest groups to cross the poverty line—landless peasants, small-holders, the urban unemployed, and the most vulnerable groups, infants and pregnant and nursing mothers.

Accepting the need for this kind of action is the crucial prerequisite to taking the first step on the long journey to another development. Industrialized countries themselves have often adopted, after trade union struggles, the concept of a guaranteed minimum wage and of a minimum income in case of unemployment.

In India, a poverty line has been suggested at the rock-bottom level of physical existence, as follows. A work-

ing adult needs 4.5 kg of cereals per week to satisfy minimum energy requirements; in rural areas, other expenditure (on food other than cereals, and on items other than food) represents at least twice the value of cereals, and in urban areas at least three times this value; in an average household, a working adult has to support the equivalent of another adult; a worker requires at least one day of rest each week. This means that the income for a day's work corresponding to the poverty line is equivalent to 3 kg of cereals in rural areas and 4.5 kg in urban areas. So as to leave no one below the poverty line, a programme is required that will guarantee work for each rural adult who seeks employment and is able to work and that will also ensure the production of necessary goods.

Such a policy would require, to set the process in motion, initial redistribution of resources, even if increases in output are also necessary. However, in reality, redistribution and production increases are organically linked. A guaranteed and socially useful job programme would make possible both the crossing of the poverty line and an increase in the amount of available goods and services—such is the experience of properly conceived and applied 'human investment' programmes.

Over and above the question of employment and the purchasing power it creates, the distribution of essential goods and services outside the market cannot be neglected. It is possible—and UNICEF has shown this in a good many projects which, rather than remaining exemplary, ought to become general practice—to supply indispensable nutritional elements to young children; this holds even more true for the range of services which concern health and edu-

cation: by improving the living conditions of the poorest masses one enhances their productive capacity; by ensuring the satisfaction of the physiological needs of vulnerable groups one lays the basis for the fuller development of the next generation.

What is undoubtedly most important is to initiate a process of improvement on the basis of a determined poverty line, however arbitrary. Once this line has been reached, the social dynamic set in motion will automatically invalidate it and thereby help to raise it further, especially if a society can summon up the will and the means to institutionalize a political procedure based on dialogue between the different levels of the community—local, regional, national and, no doubt, international—and if it can create conditions in which each level can assume responsibility for those decisions which concern it and for those solutions which it is better placed than central decision-making levels to define and implement.

These political commitments and the institutional and power structures

needed to sustain them, are vital elements in the strategy sketched out here; without them, there is a serious risk that poverty eradication programmes will in practice result in keeping the poor silent while enabling privileged groups to continue enjoying their privileges in peace, when the whole object is to reorient the entire development process towards the satisfaction of needs.

This is perhaps a chance for the Third World. If it is possible for a highly productive society to provide a certain minimum to all its members without abandoning the 'logic of gross product' the question is very different in the Third World. This is one of the reasons behind the search for another development. It is impossible to succeed in satisfying needs that will go on growing and to avoid sacrificing present or future generations without replacing the 'trickle-down' effect by the 'trickle-up' effect—without changing, in addition to its mechanisms, the very goals of economic activity.

It would have been desirable to illustrate the conceptual approach to another development with concrete examples. Part of the material prepared in the context of the project (cf. the Appendix) provides the first elements of such an endeavour. To have attempted to treat them in the limited space available would have resulted, at best, in a piecemeal presentation of fragments. It appeared better therefore to limit the exemplification to two countries, Sweden and Tanzania. In the one case, another development is examined in which material consumption would lose its importance in an affluent society; in the other, an institutional and political model different from those generally prevailing is described. These are only modest beginnings; much remains to be done to suggest the rich variety of solutions.

### How much is enough?—another Sweden<sup>1</sup>

To estimate a country's economic future within a five-year range, a fairly well-developed set of methods exists. Barring unexpected, exceptional events (like the oil-price increase in 1973), such middle-range forecasts have often been remarkably accurate (at least when compared with the results of forecasts in other social sciences).

But what about a longer perspective, say five to twenty-five years? Judging from the mainstream of future studies literature, which puts the emphasis on the normative element—alternative scenarios and possibilities rather than prognoses—one could get the impression that quantitative extrapolative forecasting is no longer valid.

But this is not so. Since planners sometimes need some indication of what the country's economy will be in, for example, twenty-five years' time, they take what they can get. And the indication is that what they can get is based on conventional wisdom: 'more and more of

the same'. As an example a set of figures can be taken that have in fact been printed in official reports (but not used for planning, as far as is known).

Under the assumption of 6 per cent ('high') and 4 per cent ('low') overall yearly growth in the economy together with additional hypotheses about the distribution between different branches of industry one arrives at the relative growth pattern (in fixed prices or real volume) for Sweden's industrial production shown in the table.

A first reaction to these figures must obviously be a certain bewilderment. What do we do with five and a half times the amount of paper we have today and what is the significance of a tenfold increase in chemical products? Neither

<sup>1</sup> Based on a paper prepared for the 1975 Dag Hammarskjöld Project by Göran Bäckstrand and Lars Ingelstam of the Swedish Secretariat for Future Studies, Cabinet Office, Stockholm. The secretariat was set up following a report entitled *To Choose a Future*, which was published in 1972 by a Swedish Government working party, chaired by Mrs Alva Myrdal.

Sector	Base 1968	High 2000	Low 2000
Industry (total)	100	655	380
Mining	100	560	289
Food	100	297	234
Paper and pulp	100	549	339
Chemicals	100	1,047	687
Steel and metals	100	707	379

total population nor industrial employment is expected to change considerably, so what does a life style look like in terms of this production pattern? There are a number of different lines of reasoning that may suggest answers and these have been grouped into two categories.

### 1 *The projections make sense*

Our imagination is inadequate: we cannot yet picture all those useful and enjoyable products that industrial growth will bring to us around the turn of the century

A major part of our production—much more than now—can be exported commercially (but according to the logic of economies this corresponds to imports in essentially the same proportion, which brings us back to where we started)

A major part of our increased production can be transferred to the Third World—either in the form of gifts or on very favourable, semi-commercial terms

### 2 *The projections don't make sense*

The industrial economies of the West are already having problems to maintain growth: saturation phenomena and complex interrelations now make 'natural' growth lower than 'historical' growth: the latter can be maintained only with the help of

very tough and centralizing interference with production and markets

The resource basis is threatened and environmental problems will grow: even if neither of these were to follow at the same pace as the growth in production a fivefold increase will lead to unacceptable consequences

The type of growth suggested by the above figures depends on a life style that more and more people will regard as undesirable: a gradual but massive change in values will occur: it will be felt on the consumer market but primarily in calls for political action, and in particular demands for expansion of the service sectors of society

All these lines of argument need not be pursued further, nor an attempt made to weigh their respective merits in full. However, for what is to be said in the sequel in particular the last two points will be relevant.

Concerning the last point there is, however, another significant observation to be made. During the last one hundred years there has been in Sweden, as in comparable countries, a very clear correlation between GNP growth and increase in social indicators of welfare. From the middle of the 1960s this correlation seems to have been broken in a number of key aspects. One fairly clear case, often referred to, is the expected life span for males. This indicator shows that a long period of increase came to an end around 1965, and that there was even a slight tendency to decrease in recent years. There is certainly more behind this observation than the platitude that 'there are things money can't buy'. A number of problems—in working life, in the urban environment, in institutions—have been left unsolved by our

increasing affluence, and some have even been aggravated in recent years. This Report tries to put development in a global perspective, but even observations on the national and local levels demonstrate conclusively the serious need to explore new concepts, new directions and new patterns of development.

Designing alternatives that are open-ended, incomplete and politically vague may seem irresponsible. But it seems yet more irresponsible to assume that the present development can continue on the same lines into the twenty-first century.

#### **Basic value structure**

Alternatives for development in Sweden, aimed at the next ten to fifteen years, must take as a starting-point the value structure as it is now known. One idea behind this exercise is to show that important changes in Swedish society could be possible in this short perspective without any dramatic or very upsetting changes in value structures. It would be possible to achieve the desired new directions for life styles through a better understanding of the need for priorities among present competing interests. Paramount values for Swedish society, to be used in the further analyses of alternatives, are as follows:

*The democratic tradition:* guaranteeing individual political rights, freedom of expression and assembly, etc. The future development of society is assumed to take place under democratic control and to move towards goals that are laid down in an open political process.

*The basic characteristics of a welfare state:* collective responsibility to provide care and security for every citizen: programmes for the unem-

ployed, care for the sick, disabled and aged, etc.

*The demand for a general enhancement of both the natural and the working environment:* the combating of pollution, occupational hazards, etc.

*The acceptance of the world as a unity:* solidarity as a concept that should not be limited by any national boundaries. As a nation, there is a responsibility to ensure that global resources are shared in relation to global needs.

This set of values is shared by the major Swedish political parties and the majority of the Swedish people would adhere to them in principle. But there is considerable divergency as to how society should express these values in political terms and how conflicts between them should be resolved. It is not certain how far people are willing to go, and within the limitations of this paper it is not possible to give a full picture of different points of view. What is of particular importance is to analyse and comment on how Sweden might reorient itself if it were to take seriously its obligations to share global resources in equity with other people in order to conform to the global ideal.

#### **Notes on global solidarity**

International—and even more so global—solidarity is still a very vague concept. Most Swedes identify, as major expressions of international solidarity, on the one hand, political actions (common declarations, votes in favour of the Third World in the UN), and on the other, the transfer of resources to poor countries. It is only recently that the broader, more integrated, idea of a global sharing of resources has received wider attention in Sweden.

The on-going debate on ways and means of expressing global solidarity in order to realize the required reallocation of resources centres around two schools of thought, that may be briefly characterized as follows.

#### *The 'growth' school*

The gross injustice of the present situation, comparing the Third World and industrialized countries, lies—according to this interpretation—not in the considerable differences in material consumption, usages of energy and of material resources. The real injustice is that the poor countries cannot in a meaningful way make use of the abundant resources that exist on earth. The great challenge for today's industrialized countries is to mobilize technical know-how and material potential in order to abolish poverty in all countries.

It is thus in the interest of all that the Swedish economy should grow as fast as possible, it is argued, because an increased economic capacity in this country would also increase the chances of producing more of the goods that the poor countries badly need. Another well-known argument used by the 'growth' school is the potential of Third World countries to export more raw materials if the material consumption in a country like Sweden is sustained at a high level.

#### *The 'anti-growth' school*

The background for the thinking of this school is that many resources are non-renewable and must in a long-range perspective be used equitably between all countries. A further elaboration of existing growth patterns and traditional expansion of production in the rich

countries would make it more difficult to arrive at an equitable sharing of scarce resources.

Industrialized countries compete, on the upper margin of their own consumption, for resources that are fundamental for the well-being of Third World countries. Concern is also expressed in relation to the concept of 'outer limits', i.e. the carrying capacity of the globe in respect of population and resources.

It is further argued that a general emphasis on transfer from the rich to the poor countries would do more harm than good. Any development should rely on the creative resources existing within each country or region. The support received from abroad can only be of marginal value, it is argued, although at certain times and in particular situations it can be of great importance.

This school is looking for economically viable alternatives where long-term Swedish and Third World interests can be combined as much as possible. Many people maintain that we must all be more aware of the effect our decisions today will have on future generations. A broader acceptance of the rights of future generations—solidarity in time—would perhaps make it easier to express real solidarity in space, i.e. with the Third World countries, vast distances away. It may very well be that one form of solidarity supports another synergetically.

The 'anti-growth' school generally favours scenarios with a low energy profile and low material consumption. Emphasis is put on a more elaborate, direct interplay with some Third World countries which want to explore another development. Such strategies are more commonly discussed as deliberate attempts to avoid existing one-sided Western technological 'fixes', which certain-

ly have increased the economic potential of many poor countries in the past but for which a high price has also had to be paid, i.e. the disruption of the social fabric for large groups of people without compensating capacity to re-create what has been destroyed.

The two schools, deeply divided on how to express Swedish global solidarity, both have weak points in their reasoning. Development strategies worked out by the industrialized countries for the Third World have created fallacious hopes during past decades. Although the industrialized countries experienced an unprecedented economic growth during the 1950s and 1960s, Third World countries did not find the climate generous for transfer of resources. The thesis that 'the richer we are, the more we will give away' can be refuted and the arguments from the growth school are consequently unconvincing. It is also understandable that the anti-growth school cannot gain more common support and credibility. There are many theoretically weak spots, and the alternatives raised have not yet been tested by practical experiments or by political action.

#### **New directions for development**

The problems suggested by the dialectic of the two schools of thought are profound ones: theories of underdevelopment, viable mechanisms of resource-transfer, division of labour versus self-reliance in the world economy, and so on. These problems have not yet been solved on the theoretical, and much less on the practical, level. However, it is a bad rule in politics to abstain from taking concrete steps just because the total context is not altogether clear. Hence, suggestions for directions for change are governed by some theoretical under-

standing but considerable intellectual and moral intuition.

Substantial changes in the present consumption/production pattern in industrialized countries can be proposed seriously as a consequence of global needs. Such changes can also be argued, following an analysis of basic needs within an industrialized country. Major reasons for change in existing use of resources are found in problems directly affecting Swedish society. Alternatives for the development of Swedish society should therefore not be seen primarily as a sacrifice for the sake of global solidarity. In recognizing the necessity of new directions for production and consumption, the following essential points can be identified in support of the thesis that changes are needed in all present-day industrialized societies:

*Ecological necessity.* The primacy of economics is over; long-term ecological consequences are setting the limits within which the decision-maker can operate with different alternatives.

*The content of growth and selectivity in innovation.* Lavish consumption of energy and materials is no longer possible. Human needs must be met. Whether 'growth' is at a high or low rate, its content must be a political concern. The principle that every technological innovation that appears to have a market potential shall be developed at full scale ought to be changed in favour of a more conscious development of innovations to serve human needs.

*New kinds of dependencies.* Within and between countries, interrelations ought to be developed on a basis of equality, hence with full respect for the concepts of sovereignty, self-reliance and diversity.

### **Maximum levels: an idea revisited**

The sketch for an alternative development pattern may be built around a limited number of concrete policy proposals. Apart from being suitable as a basis for further discussion, these proposals should have the following properties:

They should, to some degree at least, contribute to a more just global distribution of resources and wealth and to an improved standard of living.

They should also be thought out so as to take into consideration life styles in Third World countries.

They should reduce, and in no case increase, the iniquity in the use of resources that now exists in Swedish society.

The choice of policy should in some measure be influenced by what visitors from the Third World would consider the most provocative aspects of affluence in Swedish life.

It must be possible in principle to realize them through political decisions prepared in an open democratic process (ruling out mere wishes that people should change their habits or assumptions that a world revolution has taken place).

Before going any further, it should perhaps be pointed out that the sort of changes that only involve moving the same production to a different place in the world are irrelevant from a global resources point of view. In that perspective, only real changes in the way products are made, used or discarded count, and this is why one ought to analyse patterns in terms of final consumption and not only in sectoral totals, such as those listed earlier for Sweden's industrial production.

The idea of maximum and minimum incomes is very appealing from many points of view. Could a goal not be set, to be achieved over ten years, for a per capita minimum income of US\$2,000 and a maximum of \$10,000? This simple formula unfortunately conceals formidable problems. On the one hand, there is the well-known difficulty of measuring the value of intangibles. On the other, there is the fact that focusing directly on the purse-strings may be psychologically the worst of all possible approaches. The concept of a maximum, or a ceiling, can, however, be defended once it is formulated in concrete, real-life terms. Hence the following five proposals.

### **Five proposals**

The time seems ripe to choose a different direction for the future development of the industrialized societies and to formulate some moderately radical policy suggestions that point in a new direction. The alternative design presented here, through five sets of political proposals, is not to be seen as the solution but rather as a starting-point for debate. It is, however, intended for serious consideration, and its authors are prepared to argue for their proposals at greater length than is possible within this paper.

#### *Proposal 1. A ceiling on meat consumption*

Present annual per capita consumption in Sweden (1974 preliminary figures) is 58.4 kg, distributed as follows: pork, 30.7 kg; beef, 16.6 kg; poultry, 4.2 kg; veal, 1.8 kg; other, 5.1 kg. This consumption is, of course, very unevenly distributed between different income groups. To produce 1 kg of beef requires on average 2.5 kg of grain (and 7.3 kg hay). Another way to put this is that production of 100 kg of beef requires

the total biological production from 0.3 hectares of land. This is generally regarded as a highly questionable procedure from a food-budget point of view. The maximum annual per capita consumption levels could be set at beef, 15.0 kg, and pork, 22.0 kg, retaining the present level of veal and poultry consumption. The reduction in pork consumption is greater than that for beef; this seems to be in agreement with common sense in the health field. The fifth major type of meat—lamb and mutton—is now produced essentially on land that has no other priority requirement and could be held outside restrictions as long as this situation prevails.

By holding these ceilings, using coupons combined with some price controls rather than through direct interference in the market, a more egalitarian distribution would be assured, and this might in practice increase meat consumption for certain groups of people.

*Proposal 2. A ceiling on oil consumption*

Sweden's dependence on imported oil is a major foreign-policy problem. Domestic consumption has risen dramatically, from near zero in 1945 to 3.5 tons per capita per annum in 1970, of which heating consumed 1.8 tons, industry 0.9 tons and transportation 0.8 tons. A stabilized level of around 3.5 tons per capita per annum should be the objective, but it could not be achieved in one step, nor could it in practice be the amount consumed by each individual (as with meat). But it could be achieved by a combination of import and market controls, technical restrictions and some minor sacrifices, including those measures in housing and transportation proposed below. (Guidelines for energy policy, recently

adopted by Parliament, already aim at a situation in which total energy consumption stops growing around 1990.) In the longer run it might be possible to lower the ceiling to 3 or even 2.5 tons, but that depends upon the extent to which the traditional Swedish 'basic' industries, such as steel, mining and paper, can develop less energy-intensive technologies.

*Proposal 3. More economical use of buildings*

On average, there are 135 m<sup>3</sup> of building space, or about 40 m<sup>2</sup> of floor area, to every Swede. About two-thirds of this is residential. Everyday experience shows that the available space could be used more economically, without interfering noticeably with present use.

The biggest families do not always have the largest homes and a more even distribution of residential space could be achieved through a combination of legal means and taxation. Government regulations could favour resource-saving techniques in new construction and in the utilization of new or modernized buildings. A system should be aimed at that penalized under-utilization of dwellings, rather than their size or market value as such. Considerable gains could be drawn from non-residential premises by their multiple use throughout the twenty-four-hour day as schools, community and adult-education centres, theatres and so on. With better distribution, the average space per person could be stabilized at a level some 20 per cent lower than it is now. Because of the slow turnover of building capital, this would entail a transition period of at least ten years. Buildings are a key factor in Swedish energy policy: space heating accounts for about 50 per cent of total energy consumption and well over half that of imported oil.

The changes proposed here would lower oil consumption by 0.3 to 0.4 tons per capita (see Proposal 2). Further savings would be possible if heated room temperatures were lowered (primarily by automatic control) when the buildings were not in use.

*Proposal 4. Greater durability of consumer goods*

If most consumer goods could last longer than they do now, one motive for increased growth would disappear. There is some evidence to suggest that this could be achieved at little or no extra cost. For example, since compulsory yearly examination of motor vehicles was introduced in Sweden, the average life of a motor-car has been extended by about two years.

Greater durability could be brought about by a combination of measures:

Legally stated average life for key products. Control and evaluation to ensure that products conform to standards to be essentially the responsibility of the manufacturer.

Responsibility for all products (wherever feasible) throughout their full life (including scrapping and, when applicable, recycling) to remain with the manufacturer. Elsewhere, the guarantee system should be extended.

Public consumer associations' insistence on 'repairability' and the possibility of easy, non-specialist maintenance for as many products as possible.

Certain basic commodities (e.g. working clothes, shoes, bicycles) of very high quality should be made available and sold on a non-profit basis (government intervention is probably needed, either through direct entry into the market or through quality/price controls).

*Proposal 5. No privately owned automobiles*

The motor-car is, for better or for worse, a symbol of modern industrialized life. It seems neither necessary nor advisable to get rid of this flexible and technically advanced tool. In most of Sweden the population is still rather dispersed and it is quite rational that the motor-car should continue to be the main means of transportation in all but the most densely populated areas. But it should be subjected to controls to prevent its use from spreading like a cancer in the cities and the economy. (In a typical Swedish family, the yearly cost of a medium-size car is 25 per cent of total private expenditure.) A good first step would be to take all ownership of automobiles out of the hands of individuals and other private interests. Total public control should be used in the following ways:

No individual automobile traffic would be permitted in city centres. Public transport (mainly buses, with improved dial-a-bus systems) and taxis would be quite appropriate in urban regions.

Conventional motor-cars would be reserved for medium-range travel; municipally owned rental companies would provide cars at prices corresponding to real cost. Some rationing, according to need, might be inevitable, during particular time periods; pricing could to some extent be based on social criteria (such as handicap or other difficulties).

The speed limit outside towns would be set at 90 km/h and enforced by simply not allowing any faster vehicle to be used (as is now the practice for light motorcycles).

As a result of these measures the number of automobiles would fall to about 60 to

70 per cent of today's level. The number of buses would increase and rail and air travel would have to be improved. But the need for petrol (gasoline) and oil would still decrease by 0.1 to 0.2 tons per capita (see Proposal 2). There would be a marked shift towards smaller motor-cars, as a result of the technical speed limit but also because larger models would only be used when needed and rented. There would also be a sharp decline in traffic accidents (at present 1,200 people are killed in Sweden every year).

#### **Fragments of an assessment**

The impact of the measures proposed above on the balance of world resources or on conditions in the Third World would of course be negligible. Only if they induced similar changes in larger industrial countries and if effective mechanisms for the transfer of resources were present would their effect be substantial. Their global significance, if any, lies rather in the more than symbolic value of a rich country taking some note of its own declarations, and also in the fact that the measures suggest to certain developing countries ways to short-cut the road towards a sustainable way of life. But the major effect of implementing these proposals would probably be in their influence on the political climate in Sweden itself.

The practical changes in everyday life for ordinary people in Sweden would be noticeable but not dramatic. After some initial inconvenience, few people would miss the family automobile as an owned omnipresent object. There would also be a change in eating habits. A substantial decrease in the consumption of pork would probably result in an improvement in health. The special emphasis placed on meat by rationing

would probably promote more precise identification of human body needs in terms of e.g. protein and energy requirement, in short, of the importance of a balanced diet.

More generally still, the measures would be likely to generate a shift in attitude in large segments of the population, directed both at the workings of the international system and against the wasteful elements of modern life. The experience of almost two years of energy savings and energy debate supports this conjecture. Two questions, however, deserve particular attention: wouldn't the effects on employment be catastrophic, and wouldn't all this require a giant bureaucracy?

As for employment, it is clear that the measures imply substantial changes of direction, even if a shift may be inside the same field, e.g. from the manufacture of motor-cars to the maintenance of a transport system. It is clear that the employment factor is critical.

However, no society should, in the longer time-frame, accept undesirable production merely because it sustains employment. The transition should be given the time it needs and be implemented in a planned and controlled manner.

That the proposed measures seem to require an increase in bureaucratic control is at least partly true. It is not true, however, that interference with the existing pattern of choice would produce anything near a 'totally planned' economy, as opposed to a 'free market' type. There would be no negative implications for democratic freedom. On the contrary, an open political process is a prerequisite for the very success of the proposals, all of which aim at a deeper perception of alternatives for individual life styles.

The problem of bureaucracy is bet-

ter understood when we recognize that within the total administrative complex there are certain functions of a vast commercial bureaucracy, such as product development, marketing and advertising, that would simply be transferred to public administration.

Even so, the social problem of state 'bureaucracy'—the much-needed humanization of public administration—requires careful attention. This should be stressed. A political reform based on profound ideological and human motives may eventually reach the public in the form of dry-as-dust circulars through irritated bureaucrats. Two useful directions might be for more staff, rather than fewer, in places where people count ('public services'), and more direct citizen control over such administrations. It is also necessary to insist on another imperative; that an effort should be made to reduce the complexity and proliferation of laws and regulations. A society in which everything is governed by complicated and detailed rules contradicts the democratic idea.

How do resource-transfers to the Third World stand in the light of such changes? The time for reappraisal of the policy pursued during the last few decades seems to have come. The economic importance of transfer of resources to many countries should not be overlooked, but its shortcomings are many and have already been noted.

A major shift in resource usage will only take place in an international system in which industrialized countries accept a global tax structure, i.e. so that Third World countries will be able to plan their future on the basis of a regular and continuing redistribution of resources to their advantage. The role of industrialized countries in relation to those in the Third World must also, to

some degree, be expressed in terms of refraining from doing harm to their development rather than in 'helping'.

This new look at world development calls for a reorientation of the information on conditions in the Third World. Up till now it has been focused around Western concepts of living standards. Disregard for cultural differences has been harmful to development, but has also deprived industrialized countries of important perspectives on their own development. To obtain approval for resource-transfers it has been considered essential to show how poor these countries are. The catastrophes—floods, war and drought—of recent years have given even more emphasis to this. We now need to know more about the negative interference that our own actions—often well-meant—have had on development in poor countries, and how they must be changed in the future. The world as a macro-economic system and as a stage for class struggle provides necessary perspectives for our own understanding.

The experiences in resource-transfer lead on the concept of security policy. Long-term security can only be found through a more equitable sharing of world resources. Given the present state of affairs, Sweden can perhaps buy additional security with complex military technology, but only at very high cost. Total expenditure for armaments in the industrialized countries is twenty-five times that of resource-transfer to the Third World. The challenge confronting Sweden is to find ways whereby it can demonstrate its willingness to accept new (and presumably less costly) directions for long-term national and global security. Security is thus no longer exclusively a concept for military judgments. Security also entails safeguarding

the environment and the availability of appropriate resources. Against this background it is logical to ask, for example, whether the present large capacity for defence research and development could be redeployed in order to add more knowledge of ways and means in which to acquire global security.

The political decision-making process in a rich democratic country, with a 'mixed' economic system, is not easy to

understand. It is all too easy to write off, in cynicism or resignation, all hope for any willed change that is not pressed upon us by short-term necessity. But planned future decisions are better than crisis management and the events of 1974 and 1975 on the international scene in general and in the UN in particular form a proper framework for a re-appraisal. The time has come to go from words to deeds.

### Self-reliance and *ujamaa*: Tanzania's development strategy<sup>1</sup>

Since independence, the cornerstones of Tanzania's development philosophy have been freedom, equality and justice. These principles, however, were not effectively articulated in strategy and policy until 1967, when the Arusha Declaration was promulgated. Experience had shown that Tanzania had made the same mistakes as many other countries in supposing that growth plus regulation of a basically private sector were consistent with either greater equality or planned structural change. Thus in the Arusha Declaration it was stated explicitly that 'The development of a country is brought about by people, not by money. Money, and the wealth it represents, is the result and not the basis of development. The four prerequisites of development are different; they are: People, Land, Good Policies, Good Leadership.'<sup>2</sup>

This statement implied that Tanzania would now rely primarily on maximum utilization of her own resources for development. Hence the country's philosophy of socialism and self-reliance.

With 14 million people, large tracts of arable land and ample resource potential, Tanzania should be able to rely on

itself to a very large extent. This does not imply, however, a desire to live in isolation. On the contrary, the principles of international collaboration and solidarity are subscribed to by Tanzania, but with the proviso that cooperation must be on the basis of equality and in pursuit of balanced mutual benefits, in which each country is free to shape its own destiny.

#### **The village: the basis of Tanzania's development**

Since the overwhelming majority of Tanzania's population lives in the rural areas, success in achieving the country's goal of socialism and self-reliance will be determined by the extent to which the peasants understand, accept and formulate the policy's implications. Ultimately, this means the creation of the necessary institutions at the local level.

<sup>1</sup> Based on a paper prepared for the 1975 Dag Hammarskjöld Project by J.H.J. Maeda and Ibrahim M. Kaduma of the Institute of Development Studies, Dar es Salaam.

<sup>2</sup> Julius K. Nyerere, *Freedom and Socialism* (Dar es Salaam, OUP, 1968), p. 243.

A policy paper entitled 'Socialism and Rural Development' was issued by President Nyerere in 1967 outlining the structural reorganization to be introduced in the rural areas to begin the transition towards the Arusha Declaration's goals. The paper calls upon the peasants to organize themselves into viable socio-economic and political communities. These are the 'ujamaa' villages', intended to transform production that is private and scattered into communal and planned production.

Ideally, the *ujamaa* villages are to be socialist organizations created by people who decide of their own free will to live and work together for their common good and governed by those who live and work in them. The peasants form these villages either in existing traditional communities or more typically by moving into unused land or regrouping scattered homesteads to establish new ones. The villagers are required to own, control and run at least some of the economic activities in their villages communally, and to organize productive activity on that basis.

As socialist and democratic living and working communities in which the members are responsible to themselves, the *ujamaa* villages are governed by members, jointly making their own decisions on all issues of exclusive concern to the village. They are expected to own and run their communal farms and other projects such as shops, flour-mills, pre-primary and primary schools, dispensaries, and cultural and recreational activities. The size of an *ujamaa* village depends upon the land available, and the number of people in each village ranges from 50 to 4,000, although 500 to 2,500 is normally viewed as the desirable village size. There exists no standard pattern of organization to be followed by all

*ujamaa* villages—a deliberate attempt to ensure that each *ujamaa* village is organized in a way compatible with its environment and to encourage creative local planning.

The constitutions of various *ujamaa* villages, however, show similar features in their political orientation and organizational structures. From these, as well as from the general guidelines issued by the Prime Minister's office (partly on the basis of early experience), and under whose framework most recent village constitutions have been drawn up, the main objectives of most *ujamaa* villages are distinguishable:

To engender ideological awareness among members, organize total opposition to exploitation in any form, and create instead a sense of communal spirit in working together for the benefit of all members.

To give employment opportunities to every member of the village, thus enabling each to earn a just income.

To expand the socialist economic undertakings of the village by the establishment of communal farms, shops, industries, and commercial and service activities.

To market all the products of the village, including those from private plots.

To buy or construct buildings, offices, machines and other necessary equipment for the development of the village.

To cooperate with other *ujamaa* villages or para-statal institutions in commercial undertakings provided that such cooperation does not run contrary to the common good.

<sup>1</sup> *Ujamaa* is a Swahili word which literally means 'family-hood'. The term is now used to describe Tanzania's form of socialism.

To give the villagers an opportunity to receive adult and primary education, medical treatment, pure water, improved housing and other essential services necessary for an adequate material standard of living and fuller human development.

To be an example to Tanzanians who are not members so that they can see the benefit of the *ujamaa* way of living.

### Management of the villages

Overall responsibility for running the affairs of the village is vested in a general meeting composed of all villagers. The meeting is normally held four times a year. A two-thirds majority is required to change the constitution or to dismiss a member or members and a simple majority for other business, including annual village plans and budgets.

The day-to-day management of the village lies with the village executive committee elected by the general meeting. The committee is required to meet once every month and a village may set up specialized committees with advisory, executive or operational authority.

### Results expected

There are several short- and long-run benefits that are expected to be derived from successful implementation of the *ujamaa* village programme. Among these are:

The creation of self-reliant and self-determining communities following the tenets of the Arusha Declaration. National self-reliance is impossible without deep-rooted self-reliant communities at the local level.

Avoidance of exploitation and excessive differentiation in wealth, income and power.

Better utilization of rural labour to raise productivity potentially obtainable through groups of peasants working together. Realization of this potential requires specialization of functions, division of labour, work discipline and strong leadership to guide the enthusiasm of group activity into productive channels.

Economies of scale in purchasing, marketing, provision of services (schools, health care, etc.), and some field operations requiring mechanization.

Openness to technical innovations, through increase in scale, and readier access to farmer education.

Raising the socio-economic standards of the peasants and consequently reducing the socio-economic gap between rural and urban people.

Facilitating national planning both as to formulation of overall goals and decentralized implementation.

Mobilization of the masses for both their own development and the defence of their country.

Establishing a new pattern of human settlements (including knowledge, finance, marketing and transport as well as health, water and education).

Creating communities which can relate effectively to government officials and councils following the 1972 decentralization of most governmental functions directly affecting individuals.

Between 1968 and 1973 *ujamaa* village formation exceeded party and government expectations. The record also showed that provision of supporting services and especially adult education

(1974/75 enrolment was about 3.5 million) could be expanded rapidly in villages but remained virtually impossible for more dispersed populations. Therefore, in 1973 the TANU Congress set a 1976 target date for enabling everyone in rural areas to live in a permanent and planned village.

Thus, since 1973, there has been a national drive to move the scattered rural population either into *ujamaa* villages (for those who so wished) or to ordinary planned villages (for those who are not ready to start *ujamaa* living). Movement to villages, therefore, is now compulsory, while the transformation of a village into an *ujamaa* village is still, and likely to continue to be, voluntary. It is hoped that many of the benefits expected to be accrued from living in an *ujamaa* village will also prevail in an ordinary planned village.

By June 1974 at least 2.6 million peasants (of a total of about 10 million) were members of over 5,000 *ujamaa* villages.<sup>1</sup> After the 1974 village system campaign, it was estimated that up to 80 per cent of the peasant population were resident in planned villages, about 1.5 million in old non-*ujamaa* villages, 3.0 to 3.5 million in *ujamaa* villages and 2.5 to 3.5 million in new non-*ujamaa* development villages.

Public-sector assistance, while seen as supportive, has been large. In 1974/75 education, health, housing, agricultural extension and inputs, transport and other expenditure directly related to the villages will exceed 500 million shillings (4 per cent of total GDP).

<sup>1</sup> Because *ujamaa* villages are in the process of transition to socialism the classification of many of the newer units with still limited communal productive activities is open to some doubt. Other estimates run as high as 3.5 million in 7,000 villages.

### **Implications of the village system policy on international cooperation**

From the foregoing, three things may have become evident from the point of view of international cooperation:

The village is intended to be the economic base for rural planning and implementation. Self-governing villages must be involved in deciding what outside resource transfers they should receive and on what terms.

Projects at the village level will be basically small-scale ones directly responsive to local initiatives and resources, and implementation capacities.

Although village communities require technical and material assistance at least during the initial phases, their most important role is one of self-liberation, psychological as well as material. Therefore, 'assistance' which is ideologically antagonistic to participation and socialism is inefficient in terms of village goals and thus unacceptable.

With regard to international cooperation and *ujamaa* village development, the international community will have to accept the decentralized, participatory and socialist nature of the villages and not seek to use 'assistance' to reverse it.

### **An interim assessment**

What can be said of the results of the *ujamaa* programme to date?

The human settlement pattern has been transformed from one dominated by scattered homesteads and hamlets to one of more compact communities.

Access to basic health, adult education, primary education and communication facilities has greatly improved.

Access to skills within the village community (not simply to outside skilled agents) is increasing.

Access to directly productive knowledge and inputs has improved somewhat but is hampered by inadequate central and village resources and inadequate communication and control patterns between villages and 'experts'.

Food production effects to date are marginal—though probably positive—because weather and relocation difficulties have imposed costs, and reorganization has taken time. Access to food has improved; the change in settlement pattern, for example, was useful in identifying and meeting deficits during the 1973–75 drought.

Mistakes have been made at village, regional and national levels, both in poor technical planning and the partial substitution of exhortation and coercion for education and participation, but more notably these have usually been identified and rapid corrective measures have been taken, e.g. by TANU's central committee in October 1974 following peasant criticism of aspects of some regions' village-system programmes.

Communal action has risen rapidly with regard to infrastructure, new economic activities (e.g. shops, dairy herds, small workshops) and new crops, but less in respect of staple foods and traditional cash crops, which are largely grown on individual plots.

Egalitarianism has progressed within villages—private plots are unequal in size but not radically so, especially when compared to those in some non-*ujamaa* rural enclaves.

Participation within villages has broadened and the degree of rural élite control fallen. The villages have often been able to exert far more influence on the post-1972 decentralized government structure than peasants could apply to the élite-dominated cooperative unions or the agents of central-government bodies during the pre-*ujamaa* period.

Village self-reliance has been unequal both in terms of goals and of achievements but has risen in many cases. This is linked to a parallel decline in clientage exemplified by a much more assertive and self-assured pattern of relationships with government and party officials.

Peasant ideological development has begun, especially in the realization that basic needs can be met and that they must mobilize pressures and support for party and government agents and institutions to safeguard and build on results to date. Adult education and improved communication have led to broader and deeper individual and community consciousness in a significant number of villages, even if it may be fair to question the present degree of clarity and elaboration.

Each of these assessments is a qualified one—individual cases of total failure or regression, authoritarianism or clientage can be found. Each represents a state of transition, not arrival. Tanzania, like China, sees the full achievement of socialist rural communities and of a socialist rural society as a goal requiring time, evolution and sequences of priorities.

To attempt more than an interim assessment would be to distort. Tanzanians do not claim to have achieved par-

ticipatory, self-reliant, socialist development but to have begun the long transition to it. They do not claim that the *ujamaa* village core of another rural development is complete but that it has begun to emerge. The participatory nature of the transition forbids laying down detailed patterns for the year 2000 as opposed to evolving sequences and programmes within the strategic framework. The 1967–75 record is one of significant change towards another development. Basic needs—food, habitat, water, mass education, health, the utilization of surpluses to increase provision of essentials—are central to economic strategy. The quest for self-reliance does inform major village, regional, national and international policies. Inequality of in-

come and of access to basic services has been reduced rapidly both by redistribution and increased production. Participation and decentralization have moved very far from the colonial, authoritarian, bureaucratic starting-point, with an increasingly socialist and participatory mass party in control of strategic and basic policy decisions. To claim more does a disservice to Tanzania and to another development. Claims of total success and absolute certainty as to the future are part of the old, authoritarian, technological, growth mystique, not of another development. ‘Mistakes are mistakes’ (to quote Mwalimu Nyerere) and the ability to recognize, correct and learn from them is an integral part of another development.

*Tanzania is attempting to achieve change by deliberate policy, and to maintain order by involving all the people in both the direction and process of change. We are under no illusions about the difficulty of the task we have undertaken. With few socialists we are trying to build socialism; with few people conscious of the basic requirements of*

*democracy we are trying to achieve change by democratic means; with few technicians we are trying to effect a fundamental transformation of our economy. And with an educated élite whose whole teaching encouraged motives of individualistic advancement, we are trying to promote an egalitarian society.*

**Julius K. Nyerere**



*Part Two*

**Towards a new  
international order**

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# The international dimension of self-reliance

1

A politically valid discussion of any 'new international economic order' is not possible without a clear expression of the values which should inform it and the objectives it should contribute to achieve.

Part One of this Report has advocated another development for all societies, whose very centre would be the satisfaction of needs and the liberation of man on the basis of self-reliance at all levels. To facilitate such a new development would be the justification of a new international order; failing that, it may result only in adding new centres of exploitation to the existing ones.

In the Third World, two parallel strategies must be pursued. One is the reallocation of resources to meet basic needs, to reduce inequality internally and dependence externally and to increase the scope and depth of participation in decision-making. The other is the raising of the level of productive forces in accordance with the objectives of another development.

In societies based on industrialized production, the perspective of a new international order is both a challenge and an opportunity. The challenge is to accept, and adjust to, the consequences of the abolition of unequal relations with the Third World. The opportunity is to create new life styles, based on deep motivations flowing from the search for a better and freer life.

This suggests that there is no fundamental contradiction, given the proper transition strategies, between the interests of people—if not of power structures—in both Third World and industrialized countries. However, it does not imply the absence of serious transitional problems and secondary areas of divergent interests.

Just as another development in any country requires self-reliance, it also requires that the rest of the world recognize the right to pluralism and diversity, in practice as well as in words, and further requires a favourable world political and economic environment. In concrete terms, an international redistribution of resources is necessary in creating such an environment.

A first step in establishing a better world balance through strengthening Third World capacity for self-reliant develop-

ment is the abolition of unequal economic relations. This requires the real exercise of national sovereignty and national management over resources and productive capacity. In addition, specific negotiations designed to improve the qualitative and quantitative basis of exchange, conditions of investment, knowledge and technology transfers as well as loans are necessary. Setting more satisfactory guidelines for international migration of unskilled workers and highly qualified personnel is also required in order to make national planning and management effective.

Second, there are some positive measures which both Third World and industrialized countries could take together. These include the redeployment of world industrial capacity and a better and larger flow of real resources to Third World countries which need them to accelerate the transition to another development.

Third, there are important aspects of transition—including those of resources, employment and trade redirection—which will affect both industrial and Third World countries. While basically areas for national action, they do require an international dialogue, guidelines and cooperation to reduce the costs of confrontation and dislocation.

Fourth, there is an area of global concern—the management of the international commons. They should be organized and administered in such a manner as to both contribute to the satisfaction of the needs of the poorest, who constitute a majority of the world's people, and to preserve and enhance them for future generations.

Finally, an improved international environment would imply active and genuine cultural cooperation to be promoted by a better informed, more open and planetary-conscious opinion.

These elements, taken together and organized as a serious political priority directed in support of the cause of liberation of all men and of the whole of man, constitute the essence of the new international order. It will not be brought about without confrontations; these are necessary to the establishment of equality. Those suffering most from the present 'great disorder under heaven' must organize themselves for collective self-reli-

ance. However, confrontation alone is neither an adequate nor an efficient route to change. Its aim should be to achieve a basis from which dialogues and negotiations among equals are possible. The present Part Two of the Report attempts to elaborate some of these points.

## Fallacies of conventional assumptions

The exercise requires a preliminary conceptual clarification, aiming at identifying the fallacies of four basic conventional assumptions underlying the present 'order':

- 1 The assumption that all interests of all countries can be pursued simultaneously through a set of mutually supporting policy measures agreed to at the international level without detriment to any interests or countries.*

This assumption obscures the basic fact that, in the traditional order, the interests of industrialized and Third World countries as a whole are essentially different. Conventional growth in the industrial metropolis and underdevelopment in the peripheral economies are two faces of the same coin. They are dialectically united and breed on each other. The traditional form of world growth has produced affluence for the minorities and underdevelopment for the majority; it has been to a large degree sustained and powered by the existing international economic 'order'. Thus, to modify the nature of their development, Third World countries must replace the structure of dependent relationships that link them with the industrialized countries; whereas the power structures in the latter, if they wish to sustain the present type of dominance and affluence, need to defend these links. In such

a context, joint international action, as expressed in the First and Second United Nations Development Decades, could not be anything but marginal because the areas of common strategic interests were equally marginal.

None the less, it is possible to advance towards meaningful international action. This requires that national strategic interests be viewed in quite different time-frames and perspectives. There is a basic compatibility in the short-term interests of the Third World countries and the long-term interests of the industrialized countries. If this were more widely recognized, it would be possible to adopt common decisions that would give priority today to the immediate interests of Third World countries, which are perceived to be acute, urgent and critical to building conditions for peace and stability tomorrow. Development for peace can become the meeting ground of all.

The chances of achieving negotiations on these lines are enhanced by the fact that not all industrialized countries nor the whole of society in such countries express the same resistance to change.

The real interests of a number of small and middle countries of the industrialized world are, in general, closer to those of the Third World countries than to those of major industrialized centres. This reality prefigures the birth of a new

form of allegiance for the future. It is conceivable that a new order could progressively emerge in which it would become clear that the interests of major powers are primarily their own, and that middle and small countries, whether industrialized or in the Third World, have similar overall interests and can better pursue common objectives.

- 2 *The assumption that all countries because they are sovereign nations have equal effective rights, the capacity to use them and the power to enforce them*

Actual experience is otherwise. The progressive recognition of formal sovereign equality has served to mystify and obscure the reality that power is unevenly held. Since power is the ultimate instrument of change, it is in the hands of existing power structures to either block or stimulate the emergence of a new international order.

A different premise is needed to achieve meaningful international change: formal equality among unequals breeds domination of the strong over the weak. The role of the international community is to balance the dialogue and defend and protect the weak. As national societies are progressively organizing themselves to establish a series of rights whose exercise is assured and protected by the community itself, international society must have the responsibility of defending the rights of weaker nations. This is the profound revolutionary meaning underlying the Charter of Economic Rights and Duties of States and indicates how radical a step creation of enforcement power for such a charter would be. International agreements that are the result of negotiations among partners of unequal strength have no moral legitimacy. An economic order based on the power

of the strong is the negation of all that the UN should stand for.

- 3 *The assumption that the existing international economic order reflects 'natural' economic laws and principles which cannot be drastically changed without seriously affecting the 'efficiency' of international economic relations as a whole*

This formulation begs the most important questions: efficiency for whom, for which countries and for what goals? Historically, each 'order' has always reflected the interests of the dominant power structures that set it up. Rules are 'man-made' and 'man-managed'. There is ample experience to show that they change over time as the interests and objectives of dominant power structures alter or are modified to accommodate newly emerged power holders. Economic thought and policies are not neutral, nor do they reflect a 'natural' state of things. Economic efficiency cannot be defined in absolute terms; it is a function of the goals and objectives which are pursued by a given society. Thus, it is impossible for the present international economic order to be neutral. It inevitably favours some—be they countries or enterprises—rather than others. This order has overtly and systematically favoured the large, metropolitan, industrial economies. But none of the characteristics of the traditional order is immutable. They have changed before; they can change again.

- 4 *The assumption that the social function of allocating and distributing resources and economic activities among different countries is best performed by market mechanisms*

Third World countries are increasingly aware and assertive of the fact

that, for them, the market has meant buying expensive goods and services and selling cheaper ones. The international market mechanism is in fact a power-play scenario. Its supposedly neutral functioning has become a simple expression of relative market power wielded by particular participating forces at a given time. The market for the most important present exports of the Third World—natural resources—has been dominated, to a large extent, by transnational corporations. Their interests on both the supply and demand side have usually required low initial commodity prices and maximum profits through the subsequent stages of marketing, distribution and processing. The proposition that the 'normal' functioning of the market should not be tampered with is completely unacceptable to poor countries because it clearly impedes their development and because 'normal' is, equally clearly, redefined whenever it suits the interests of dominant external economic interests. A different goal is therefore needed: one in which international eco-

nomie relations will move progressively towards the use of instruments that are similar to planning mechanisms not to market mechanisms. The need for an international planning structure has three basic elements:

*Technical:* topics are interdisciplinary, issues interrelated and actions interdependent: partial decisions cannot be made consistent or efficient without an overview of the situation as a whole.

*Economic and social:* the existing oligopolistic, largely unregulated market rationale favours the satisfaction of the goals of major private and state capitalist units and through them affluent peoples and countries rather than the needs of poor people and countries.

*Political:* 'laissez-faire' and 'free trade' instruments favour the strong over the weak; planning is an essential mechanism for effective participation of the small, weak and numerous.

## Towards selective participation in the international system by Third World countries

Selective participation of Third World countries in the international system is a prerequisite for the application of new development strategies, for strengthening internal sovereignty and for reinforcing self-reliance.

The postulates of conventional economic thinking, as formulated by the dominant interests and members of the international community, have pushed Third World countries into increasingly greater and unselective integration into the international economic system. Such policies were central to the First and

Second United Nations Development Decade strategies. Their rationale was based on the assumption that, since unprecedented economic growth and technological breakthroughs had characterized the rapid and sustained post-1945 growth of the centre economies, Third World countries should as much as possible integrate their own economies ever more closely with those of the centre in order to develop. Cooperation even among Third World countries was conceived as a first step that would eventually permit a more efficient participation

in the growth process of centre countries. The policy conclusions were twofold:

Without development of the centre there would be no development for the periphery.

Links with central economies should be increased by all possible means. *More* became the catchword: more trade, more foreign investments, more transfer of technology, more transfer of financial resources. Quality and distribution were downgraded; independence ridiculed; efficiency was defined almost solely in quantitative material terms. To grow, a country had to belong to the system; otherwise it was condemned to permanent poverty.

Experience has proved otherwise. The more a Third World country has integrated its economy into the international system, the more dependent it has become and the greater the rigidities and constraints hampering independent national goal-setting. More fundamental still, the stress laid on the quantitative nature of the goals to pursue and the quantitative benefits of linking to the growth process of the centre has tended to stifle attention to the qualitative elements of development. By integrating into the system, a country had to produce what the system would buy at a price the system would pay, thus conditioning national development strategies into very narrow economic, social and political confines. To grow, a country needed to produce primarily what the system wanted and not what the majority of its people needed. This resulted in what has been called the 'imitative style' of development, or mimetism. It was an inevitable result of the belief in the integration strategies.

The conceptual legitimization of the 'trickle down' theory of development after its domestic rejection by most centre economies was equally inevitable within the conventional approach to development in peripheral economies. If growth proceeded from the centre, it was in the interest of all Third World countries to help maintain centre growth at high levels to be able to benefit from it and inappropriate for them to question relative prices or terms of transactions because this supposedly would threaten centre growth. Taken together, the resulting price, production and value patterns produced growing inequality internally and dependence externally. Production to meet mass needs was made unattractive by the systematic distortion of market prices and of income distribution. Equality was seen as equivalent to stagnation. Mass access to personal consumption and public services was perceived as a future fruit of growth, not a present cause and goal of development.

The search for a new international economic order requires a reformulation of the basis for the overall system of relationships between Third World countries and the international system. Instead of total integration into the international system, what is needed is selective participation. This proposition responds to the basic reality that development comes from within, not from without. It is based on the conviction that self-reliance is both necessary and possible. It also expresses the idea that if a Third World country is to integrate into anything, it must integrate into a collective effort of self-reliance with other Third World countries. Equally it accepts that complete autarchy is neither a necessary nor a desirable goal for any state.

Selective participation in the inter-

national economic system implies choosing patterns of relationships which are consistent with seeking and acting to:

Minimize dependence, maximize independence and optimize interdependence, in the context of qualitatively different relations with the centre-economy countries;

Contribute to a nationally determined development process and to nationally selected patterns of international relationships.

The concept of selective participation is flexible. The many differences among Third World countries require different selections by different countries and by any one country at different points in its development process. None the less, four major guidelines of general application can be formulated:

There is a minimum degree of links required to sustain the development process.

There is a maximum degree of links beyond which no effective sovereignty can be maintained.

There are affirmative links which reinforce self-reliance.

There are regressive links which weaken self-reliance.

Each country or group of countries can, according to its own specific conditions, develop a policy of selective participation within such a framework. In this context, establishing adequate and realistic criteria for selectivity becomes an essential component of national development and will necessarily be linked with the needs arising for another development.

## Towards Third World collective self-reliance

Collective self-reliance is a necessary extension of national self-reliance for almost all Third World countries both in terms of creating interdependent relationships with similar economies and of improving the terms of economic exchange with industrial economies. It cannot be a substitute for national strategies of self-reliance. Joint action by states which accept dependence and underdevelopment domestically may make their participation in the international economy more 'efficient' but can hardly lead to greater equality, autonomy or coherent national development even if the efficiency gains are not totally captured by foreign economic interests. Moreover, any attempt by a peripheral country to use self-reliance as a slogan to dominate regional bodies amounts to sharing in exploitation; by becoming a subcentre of power, such a country would prevent even initial steps towards ending dependence.

The implementation of collective self-reliance requires will, capacity and power:

Will includes not simply desire for change and a vision of a desirable new economic order; it must include a clear conceptualization of what measures and sequences are necessary to begin serious progress towards the desired ends and a willingness to allocate scarce human, institutional and material resources to their achievement.

Capacity includes the ability to work out strategies and policies and to formulate the institutional or bargaining processes necessary to bring them into being. It also encompasses the human, institutional, knowledge and productive-force capabilities to operate the strategies and make use of the institutions.

Power is probably the element in which collective self-reliance can offer the greatest advances beyond national self-reliance. It involves the ability to offer real benefits and to impose real sanctions. Collective self-reliance must be backed by a potential for confrontation damaging to the industrial economies as well as by a potential for providing new relationships of positive value to them.

Collective self-reliance can take two related and overlapping, but sometimes alternative, forms:

Cooperation against poverty and for development by groups of Third World countries acting among themselves and thus modifying the conditions for their national development.

The 'Trade Union' of the Third World, aiming at increasing the bargaining power of countries participating in the international economy through the use of their latent, under-utilized or unutilized capacity for joint action in their relations with industrialized countries.

The first strategic line focuses on increasing interdependent relations among Third World countries and reducing their collective dependence on the centre. Its core is selective coordination of planning for raising the levels of productive forces of particular groupings of poor countries with trade, financial flows, joint production, service units, etc., flowing from the implementation of this coordination. Despite their limitations the East African Development Bank and the Andean Pact programmes of technology transfer and use management are operational examples.

Third World Trade Union actions turn on achieving parallel action—including, but not limited to, negotiations—in Third World international economic relations with the industrialized economies. The field of commodities—e.g. in price agreements, national marketing and processing, compensation schemes—is an example of an area particularly appropriate for this type of collective self-reliance. However, it is also an illustration of the way in which the commodity sector is inter-related with cooperation for development: more processing and manufacture in the Third World of present exported raw materials would form a basis for broader economic relationships among present Third World countries with decreased dependence on the centre's intermediaries.

The Trade Union aspects of collective self-reliance rest on serious dialogue and bargaining backed by a credible alternative of unilateral action and confrontation. This should not be the shocking concept it appears to be for many people in the industrialized countries. Neither socialist, social democratic nor wel-

fare capitalist transformations have been achieved without those seeking greater shares in the system organizing to demand and—if necessary—to enforce their claims. Nor, in the cases of change without total revolution, has significant progress been possible, without the dominant elements in the system realizing that negotiated change was less damaging to them than confrontation.

Both the cooperation and Trade Union aspects of collective self-reliance must avoid institutionalized mendicancy (the danger of the first three UNCTADs), the illusion of paternalistic 'partnership without tears' (the real nature of the Pearson Report and the real danger of the World Bank's present theme of 'redistribution with growth') and the sterile construction of desirable year-2000 models without specifying concrete initial steps and subsequent sequences for moving towards them (as exemplified in the Lima Charter of UNIDO).

This is not to argue for confrontation as a preferred option. A world economic revolution to attain a new international economic order at one stroke is not feasible today. The most effective use of the capacity to engage in confrontation is to force serious negotiations on identifying mutually acceptable areas of action.

The hierarchical nature of the present international economic order is dominated by entrenched and often myopic interests at the centre, and until recently, by the absence (or at least rarity) of serious Third World negotiating will, capacity and power backed by a credible confrontation deterrent. This means that some confrontations will arise in any transition to a new order. OPEC is a clear example. From 1960 to 1972 it sought major changes by negotiation and was fobbed off with crumbs. Only since the unilateral actions of 1973–74 have industrial countries taken the need for major negotiated changes seriously.

A process centred on negotiation is not in conflict with broader, longer-term goals. It should be formulated in relation to the long-term objectives of another development. However, it requires selection of areas in which to seek immediate progress out of a much greater potential list of desired changes.

Several criteria for selection can be advanced:

Acceptability, relating to the perceived joint interests in orderly change of Third World and industrial economies, e.g. some aspects of the commodities field.

Practicability, in terms of institutional and technical means to operate an agreement, e.g. the 'trust fund' or 'interest subsidy' proposals in respect of OPEC investment channelling to poorer countries.

Immediacy, relating directly to surmounting critical present contradictions in development and avoiding the creation of such contradictions in the future, e.g. the Law of the Sea conference, whose decisions can avert or cause major obstacles to more equitable international economic relations.

Selectivity, concentrating existing capacity on serious detailed negotiations by Third World countries. These should cover specific issues and targets, rejecting the all-inclusive approach, which will either produce nothing, or worse, a grave erosion of positions, in view of the greater industrialized-economy capacity to staff unlimited numbers of specialized meetings.

Solidarity among Third World countries with the same interests, whether in a cooperation scheme or a bargaining position; an operational position should be achieved, by excluding areas of divisiveness or genuinely resolving differences by adopting feasible packages meeting the minimum needs of each concerned country.

Coherence, so that the specific changes achieved relate to each other and to creating further opportunities for successive rounds of dialogue and negotiation towards a new international economic order.

A systemic framework implemented by particular measures and sequences is required. In any such strategy there is a need for broad long-term goals and for the realization that the understanding of these goals as well as their details are likely to alter in the process of achieving them. It is in respect of targets for 1976 and 1980, not 1996 and 2000, that a high degree of specificity and a clear meeting of minds is needed concerning exactly what is mutually acceptable. There will also be changes of emphasis depending on what is attainable and critical in a parti-

cular context; commodity-market reform and international monetary system reform, for example, are both critical but the former is potentially available over 1975–77, while the latter is not.

The identification of appropriate issues, institutions and approaches can be the critical factor determining success or failure. OPEC would not have achieved results had it sought to unify its members with respect to their overall development strategy; the ACP states' bargaining power was increased by their deliberate decision to make the size of traditional aid flows from the European Fund a secondary, not an overriding, concern.

Third World cooperation, with regard to development institutions and approaches, needs to identify lines of action which—taken together—meet three tests:

Each participant would both gain and see itself as gaining from the package of actions taken.

The combined programme of action would be of some immediate significance and, if successful, would provide a foundation for expansion in membership or activities.

The proposals would be technically possible to implement, backed by resource commitments and channelled through joint or coordinated national institutions capable of carrying them forward.

There is no single appropriate group of countries, set of joint activities, or pattern of institutions. An Indian Ocean Economic Union based on joint planning may not be feasible today; an East African industrial development coordination agreement within an expanded East African Community and backed by allocation, trade and price provisions, and perhaps by joint ownership of some key units, is a potentially realizable goal for 1980.

In each case the geographic and functional coverage, the structure, and the division among joint action and coordination of national actions should be negotiated with a clear relationship to particular objectives, interests, historical experiences and resources.

Similar considerations apply to Trade Union-type negotiations with industrialized economies. Not all negotiations need

involve all peripheral economies. CIPEC or OPEC would not be strengthened by including one hundred non-oil or copper-exporting Third World country members. However, collective action must be taken by no fewer than all the countries critical to the credibility of a negotiating stance, backed implicitly by the alternative of confrontation; the Union of Banana Exporting Countries can make little progress as long as it lacks a number of important exporters.

The appropriate membership will depend on the package under negotiation. While OPEC alone can negotiate on oil, broader-front commodity negotiations do require global involvement, at least at the level of agreeing to wide-ranging institutional and agreement patterns. The twin dangers in global approaches are those of seeking to resolve differences by adding in some form each peripheral economy's (or even each delegate's) favourite proposal (an extreme to which some UNCTAD 77 'shopping lists' do approximate) and of pushing divisive issues aside by not mentioning them (e.g. the 77's total silence in relation to oil prices and financial flows in early 1975 UNCTAD forums). The first means that the list is too long to negotiate, has few or no priorities or sequences, and is likely to be internally inconsistent. The second is equally non-negotiable because, once serious negotiations begin, the 'hidden' issue will appear and be a target for those seeking to divide peripheral-economy positions.

The present level of Third World countries' joint negotiating capacity and of that of most Third World countries taken individually is inadequate. The more industrial economies agree to negotiate seriously as opposed to passively rejecting broad demands or making selective, 'take it or leave it' offers, the more serious this inadequacy will become.

Two evident routes to strengthening capacity in this field are:

Third World global, inter-regional or regional technical and research units linked to existing political forums and conferences.

Greater use of a constituency system in negotiations, allowing any individual poor country to concentrate expertise and personnel on a limited number of issues.

Only Third World institutions can take the interests of Third World countries as their overriding concern. Global institutions, by their nature, must take account of the interests of all their members. They may be able to take special account of the needs of weaker members but their basic role must be that of mediators, conciliators, searchers for areas of common interest. In attempting to serve as a partial substitute for independent Third World technical negotiating capacity, UNCTAD is in danger of being unable to be either an effective advocate or an effective honest broker.

There are adequate Third World experts to staff technical groups and negotiating teams. The cost of such units would not be excessive. The experience of OPEC suggests that no insuperable technical or institutional snags exist. The same has been true—to some degree—for the Group of 24 in the monetary field. Building from this experience is a priority measure if serious progress towards a new international economic order is to be achieved. The Non-Aligned Conference should build up serious technical and negotiating secretariats with duties far beyond resolution drafting.

Negotiations designed to lead to operational results require specialized talent. A system (as exists for the Committee of 20 of the IMF) with a selected number of countries primarily responsible for providing expert attendance on behalf of a constituency of other countries is worth considering. Certainly this would economize on scarce manpower and the constituency's representative in each case would feel more strongly motivated (with fewer total meetings to attend) to allocate adequate time and expertise. The key element of the constituency approach would be to ensure that substantial time would be devoted to each issue by a core of experts representing Third World interests. Each country would have the right to attend and each representative the duty to liaise with his constituency.

## Third World cooperation for development: a new qualitative and economic framework for national development

Experience has shown that Third World countries—when cooperating among themselves—are capable of implementing many of the egalitarian principles for which they are fighting at the international level. The most notable recent example is the amount of financial cooperation which oil-producing countries have channelled to other Third World countries.

But experience has also shown that it is much easier to approve a declaration setting out the intention and the political resolve to move forwards in an ambitious programme of action of mutual cooperation than actually to implement it.

Non-aligned countries, in particular, have demonstrated their awareness that much more than what has been done should be done: the Lusaka Declaration, the Programme of Action for Cooperation among Non-Aligned Countries approved in Georgetown, the Declaration of Heads of State approved in Algiers, the Meeting of Coordinators in Belgrade and the Declaration of Dakar point out the sort of activities that can be undertaken. Basically, ideas of what to do together are not lacking. It is the practical capacity for implementation that is still inadequate. Significant steps have already been taken, particularly at the subregional and regional levels and through certain of the producers' associations. This is all movement in the right direction. None the less, much more is necessary to alter radically a situation characterized by weak operational links between what is approved in a declaration and what is actually done at the national planning or everyday decision-making level by economic and finan-

cial authorities. Too often within the same administration, the 'operating ministries' (plan, economy, finance, central bank) view the sweeping political declarations at the international level as no more than good intentions that have very little influence on the day-to-day work. Too often they are right because they can point to the fact that 'programmes of action' approved three, five or even ten years ago, are still to be implemented. On the other hand, their lack of implementation is often the result of the low priority that 'operating ministries' have accorded them. Thus, a national as well as international politically integrated approach to Third World cooperation for development is fundamental. The international negotiators and the national policy-makers and executives must have a shared vision and a common conviction that mutual cooperation for development is, today, a precondition for the effective exercise of national sovereignty.

### **Areas of cooperation for development**

Third World cooperation for development must begin with specific actions among self-selected groups of Third World countries designed to achieve particular objectives to produce gains for each participant. The following elements are critical to success:

Selection of areas of joint or coordinated action where cooperation has clear and substantial potential beyond that achievable through national action.

Ensuring that through the package of actions—though not necessarily

from each one individually—every cooperating state receives, and perceives itself as receiving, a fair share of the group's gains.

Avoiding efforts in areas where the probability of gains is low or the divergence of national interests is high. A dynamic of failure is as self-perpetuating as one of success.

The basic problems in creating, sustaining and developing Third World cooperation institutions are political and must be recognized as such if they are to be resolved. Pooling or sharing sovereignty is never easy, nor is it easy to achieve mutually acceptable sharing of gains. However, if socio-political and political-economic analysis has identified major potential gains and conflicts, the possibility of an informed bargaining process exists. If initial agreements are implemented and substantial gains and an acceptable division among members result (or if an imbalance can be rectified speedily), a strong mutual commitment to continued and expanded action will have been created. Experience shows that once each member sees itself as making real gains from an institution, or incurring real losses if it is dissolved, then major efforts will be made to resolve differences and to isolate the areas of joint action from other conflicts among member countries.

Conventional theory and practice recognized the potential for joint actions by Third World countries, but concentrated mainly on 'economic integration' through certain accepted formulas such as free-trade areas, customs unions or common markets. If cooperation did not take one of these forms, it ran counter to the provisions of GATT (Articles 1 and 24) and thus became 'illegitimate'. These provisions were later relaxed so as to permit tariff preferences among Third

World countries, but only as an exception to the rule of 'most favoured nation' treatment.

In the context of collective self-reliance, cooperation implies a massive increase in horizontal links among Third World countries in most aspects of economic activities. They would go far beyond and be much more diversified than traditional economic integration.

There are at least five broad areas within which cooperation among some groups of Third World countries is practicable today and can be significantly beneficial in both the short and long run:

- 1 Coordination of industrial and agricultural development aimed at securing greater collective economic balance and productive efficiency, with trade among members as a necessary supporting means to achieving these gains. Directly linked to production and trade is the creation of joint or coordinated institutions in such fields as transport, marketing and consultancy to facilitate coordinated development of production and to reduce dependence on transnational corporations in trade, transport and knowledge provision.
- 2 Reinforcement of autonomous financial capacity in Third World countries through the building up of Third World controlled and funded channels for financial resource flows.
- 3 Movement towards a Third World monetary system.
- 4 Strengthening technological capacity through innovation and internalizing the processes of knowledge creation, adaptation and use. This is needed to reduce the very heavy and pervasive dependence on foreign-created and -owned knowledge.

- 5 Strengthening autonomous channels of communication among Third World countries and between them and industrial countries to exchange specific information and to help create new patterns of communication, life-style goals and cultural cooperation.

### **1 Coordination of industrial and agricultural development**

Trade is not an end in itself, but an instrument to implement industrial and agricultural development plans. It is this fact that has made exports to central economies an increasingly disruptive element in the establishment of autonomous development models. To export, a country must produce what the buyer wants, not what the country needs. Thus, conventional practice, by focusing primarily on stimulating export promotion policies, obscured the fact that the quality of development is determined not by how much a country can export, but by the nature of its industrialization and rural development processes and that these can be evaluated only in relation to national goals. Trade should be made consistent with meeting the needs of development and development goals should not be seen as dependent on trade patterns.

Many Third World countries are progressively recognizing that alternative self-reliant strategies of development, which are not modelled on the consumption patterns of the rich, are possible. This suggests that their emerging industrial structures will be more complementary than those of central countries. It leads naturally to the possibility of industrial cooperation, coordination and complementarity with three main goals:

Stimulating a process of import substitution at the Third World or regional level. This would require the creation of units of efficient size that can achieve economies of scale and benefit from existing and potential externalities.

Raising the level of integration and interrelation among Third World economies in successive stages by 'localizing' the production process from resource production to manufacturing to reduce dependence on industrialized countries.

Broadening the variety of goods and services available for trade in support of Third World-country development objectives and consumption patterns.

Most Third World countries face severe limits to the extent to which these goals can be pursued on a solely national basis. Even China and the Democratic People's Republic of Korea have found external trade expansion a critical supporting element in achieving their basically self-reliant development strategies. For smaller, poorer economies the need for access to the broader resource, market and scale potential of coordinated or joint production development will—for some goods and services—be critical.

Production complementarity can be achieved in different ways:

Joint plants, e.g. Tunisia-Algeria in cement.

Allocation of productive capacity, e.g. East Africa in textiles.

Interlocked vectors with raw material, processing and manufacturing units in several participating countries, e.g. Andean Pact 'sectoral development programmes'.

Formal coordination of aspects of national productive-sector development

to which production for joint markets is essential or highly beneficial, e.g. the East African steel and chemical industry proposals or the proposed Latin American economic system for identification of projects in which two or more countries wish to participate.

Trade—used as a means of validating production—can be achieved through different instruments and mechanisms. The closer the countries are geographically and the greater the degree and range of coordinated production sought, the nearer to economic union, with substantial areas of coordinated (or even joint) planning, implementation and operation, their endeavour is likely to be. If coordinated production and consequential trade-development arrangements are made, the creation of the supporting infrastructure (transport, storage, marketing and distribution, credit and insurance facilities, consultancy services) by Third World countries is both practicable and likely to yield surpluses. Without it trade will remain very limited. The Caribbean joint shipping line, the projected African reinsurance corporation, Indian schemes for export credits in support of capital goods sales to other Third World countries and the proposals for an East African consultancy firm (subsequently implemented in part at the national level in Tanzania), are examples of what can be done.

A related reason for national and collective attention to this infrastructure is that its private development will mean that intra-periphery trade is often effectively branch trade among transnational corporations.

The role of transnational corporations (TNCs) must necessarily be considered in joint industrial agreements. Today, there are already many *de facto*

integrations among Third World countries which are the result of global planning by TNCs. The best example is the complementarity agreements of the Latin American Free Trade Area, most of which have been negotiated in favour of local subsidiaries of TVCs. The whole concept of collective self-reliance for another development would lose its sense if industrial cooperation simply served to rationalize and reorganize the market for the use of TNCs. This implies that, along with industrial cooperation, it is necessary to develop a joint or coordinated policy vis-à-vis TNCs in the chosen fields of cooperation. (See also pages 84-5.)

## **2 Reinforcing autonomous financial institutions in Third World countries**

Existing international financial institutions are not neutral. Their 'technical' understanding of the nature and objectives of the development process express deep-rooted biases with respect to what development projects should be as against what many countries want them to be. Experience has shown the difficulty in modifying the operational policies of the World Bank (even though worthwhile efforts seem to be under way) and the total impossibility, to date, of establishing adequately democratic systems of decision-making. Pressure to change these policies and systems must continue, but simultaneously it appears essential to create and reinforce autonomous financial institutions in the Third World.

The creation of a Third World Investment Bank has become a practicable short-term goal. The heads of state of non-aligned countries have already approved in principle the idea of establishing an Economic and Social Development Fund and technical work on it is

advancing. It remains now a question of final political decision-making including financial commitment.

The backbone financing would come from OPEC members. At present the bulk of their surpluses is channelled to central-economy institutions, mainly private ones, even when they may be ultimately invested in other Third World countries. Switching part of those funds to Third World financial institutions has begun (for example, Venezuela participates in the Andean Development Corporation, the Central American Development Bank and the Caribbean Development Bank, and the Arab OPEC states have provided special resources through the African Development Bank) and is increasing.

Without disregarding the necessary financial security considerations, a Third World Bank should be looked at primarily on the basis of its political impact and of its ability to pursue a lending policy geared to, rather than controlling, its members' development strategies. Nothing could erode and/or alter the present forms of international financing more forcefully and rapidly than this. It would be a practical demonstration that an international bank, while mobilizing significant resources and maintaining its solvency, can be responsive to the interests of Third World countries and, in particular, to the needs of their populations.

A Third World Investment Bank should not be considered as the single financial instrument of Third World countries; it would have to be related to regional and sub-regional institutions already existing or to be created in the future.

Financial institutions controlled by Third World countries have begun to emerge but are too often modelled on the World Bank group.

Concentration on mobilizing resources and providing technical advice in support of member proposals and an approach less centred on use of bank capital alone should be considered. The mobilizing of packages of bank, export-guarantee and other medium-term credit for productive-sector projects—especially when these involve more than one country on the supplier or recipient side—constitutes an area in which large gains could be made if Third World countries had their own specialized, technically competent units to undertake it. This possibility has been demonstrated in the technical studies for a Commonwealth bank.

The success of OPEC provides a number of Third World countries with short- to long-term financial surpluses for investment. Such surpluses are in addition to the smaller aid flows they are providing, although even these are much more generous in relation to GDP than those of OECD members. Initial efforts to build either joint institutions involving countries needing investment outlets and others seeking financial inflows (e.g. the African Development Bank) or working relationships between surplus and borrowing countries or group institutions (e.g. the East African Development Bank and an OAPEC-based bank) should be pursued. Interrelationships should be sought between cooperation in this field and in that of coordinated production development.

### **3 Moving towards a Third World monetary system**

The dimension of Third World monetary reserves and the stability of certain of its currencies may be considered as sufficiently important to justify the creation of a monetary system of Third World countries with its own mechanisms and

policies. This would represent an important advance towards international monetary stability and would permit a more coherent and forceful influence on international monetary development. There are a number of measures that could be taken to strengthen intra-Third World relations which would not need world-wide negotiations. For example, a part of international reserves could be held in certain Third World countries' currencies. Consideration should also be given to the possibility of establishing a particular type of Third World special drawing rights exclusively for use in financing their trade or joint productive enterprise undertakings. In the same context payment agreements not linked to industrialized countries' currencies could be negotiated and coordinated by a Third World Clearing Union which could also administer the special drawing rights. If enough political momentum is generated to establish a Third World monetary system, it could play a stabilizing role internationally.

Another step could be coordinated management of national reserves. As of the end of 1974, Third World countries' reserves stood at US\$80 billion. Their location and general administration are managed individually by each country. Only recently have OPEC countries initiated contacts aimed at coordinated action in this field. A Joint Reserve Management Board could significantly increase the weight of Third World country positions in monetary and financial matters. Similarly, common guidelines regarding the utilization of certain financial institutions, rather than others, for their reserve channelling and management could mobilize the significant latent negotiating power inherent in the present volume of reserves and reserve account transactions.

#### **4 Strengthening technological capacities**

Technical and technological capacity falls into two main categories: developing domestic capacity to use and create knowledge and acquiring knowledge from abroad. The latter affords opportunities and poses needs for cooperation quite similar to other aspects of foreign-firm relationships and, again, is one in which significant progress has been achieved by the Andean Pact.

Domestic aspects turn on having the manpower and institutions to innovate, use, copy or adapt imported and existing domestic knowledge. Training, research, testing and development, consultancy and production are all skilled manpower-intensive areas with considerable economies of scale. The complementarity approach is as appropriate to them as to the more general production field. At the least, much more multi-country use of specialized training institutes and more automatic exchange of information plus specific multi-institute programmes are appropriate. This is particularly true in the areas of tropical agriculture, labour-intensive modern technology, domestic technique and resource-based construction, preventive-environmental-curative medicine, institutional and management development.

Because self-reliant development requires self-reliance in technology and the design and consultancy services needed to communicate and apply it, this area of cooperation is critical. Nowhere are TNCs more pervasive than in the creation, communication and application of technological and technical knowledge. Their apparent efficiency is that of monopolists who have isolated their competitors and mystified their clients. Diverse efficient technologies offering variations in scale, resource inputs, lab-

our intensity, product type and worker participation already exist in scattered poor countries and communities. What is needed first is to identify this base and develop Third World channels for making it readily available. A redirection of research and development efforts to build from this base, again with systematic exchange of information, is also needed. Related to these two steps should be the building up of coordinated national, regional and Third World design and consultancy units to overcome the blockages to another technology now imposed by the TNCs' real monopoly position in the design, consultancy and applied communications fields.

## **5 Towards Third World communication**

A near monopoly of international communications—including those among Third World countries—by TNCs, linked to their dominance of many and influence in almost all Third-World-country media, is a basic element of the present hierarchical pattern of centre ideological and cultural domination. Media do influence concepts, attitudes, life styles and self-perceptions. In no field is Third World cooperation less advanced or in more urgent need of strengthening.

At the intra-Third World level, ventures like the Third World News Service operated by Tanjug in Yugoslavia need more serious support and basically national ones like Prensa Latina in Cuba need to be given genuine regional bases. There seems little reason to doubt that countries seriously concerned with national mass and specialized communications could produce flows of diversified material as well as means to communicate incoming information. The main gap is the absence of a set of regional and Third

World exchange and transmission systems to break the UPI, AP, TASS, Agence France-Presse and Reuter oligopoly.

The danger that material provided may be incomplete or biased is real but it is hardly a convincing objection when one considers the levels of distortion and selectivity of existing channels. The key element is the realization that knowledge is power and that the goals of another development call for the ever-broader dissemination of an ever-increasing range of information to break the monopoly of knowledge/power enjoyed by élites.

The same principles apply to communications between the Third World and the centre. Dialogue and understanding require a two-way flow of communications, information, images and perceptions. Third World and regional news agencies, magazines and information services could help to build more realistic images, of the centre in their countries and of the Third World in the centre. The myths of centre homogeneity and superiority and of Third World uniformity in stagnation and sloth must be dissipated. The demand for new perspectives exists at least to some extent on both sides but cannot now be met because of inadequate reporting and transmission channels. Those channels are expensive in terms of funds and skilled manpower; regional and Third World efforts could provide significant economies of scale.

A basis of information and understanding is needed as a foundation for serious cultural cooperation and human exchanges. Otherwise they deteriorate into quests for exoticism and sterile cultural 'experiences'. In the context of planned development of Third World collective self-knowledge, however, ex-

changes of many kinds could become meaningful; for example, African universities have many exchange programmes with the centre but few with other African countries. This is a situation which intra-African university cooperation could surely correct at low cost through an exchange clearing-house. Similarly—with the significant exception of Guinea—most African cultural group tours are to Europe or North America

with few to other African and fewer still to Asian or Latin American countries. It is hard to avoid suspecting that commercialization and unexamined acceptance of an implicit periphery–centre hierarchy underlie such patterns. Whatever their cause, they are a negation of collective self-reliance and one which can be overcome, as the Guinean example illustrates.

### Third World Trade Union: improving import and supply bargaining capacity

Identification of the areas where Third World countries have a 'latent power', and its effective organization, are critical to the development of a Trade Union of the Third World. In this connection, there appear to be three major fields: Third World countries' joint capacity as exporters, importers, and 'hosts' of TNCs.

#### **Third World countries' joint capacity as exporters**

Actions by OPEC have naturally propelled this area into the centre of the arena. Although it is clear that not all commodities have the same significance for central economies as petroleum, there is still ample room for action in this field. Here the basic premise should be that whatever action may be pursued jointly with industrialized countries at the international level, previous organization of Third World producing countries, sometimes including initial unilateral actions on their part, will be necessary to achieve equitable, balanced agreements. The recent programme of action approved by non-aligned countries in Da-

kar (February 1975) constitutes an outline framework for future action, while the UNCTAD secretariat's Integrated Commodity Programme proposals contain a number of building blocks which can be incorporated usefully within that frame.

Cooperative action in the commodities field is the most critical area for joint Third World action over the next two years. The reasons are that: the bulk of Third World exports consist of commodities; and integration into marketing, processing and manufacture of present raw exports is often the most logical form of building Third World interdependence and promoting internationally selective competitive industrial capacity.

Related to this is the building up of more diversified and nationally integrated trade patterns and institutions including: the development of effective market access for non-traditional exports; and the major restructuring of the form, market pattern and institutions of international trade.

Both aspects are critical to intra-Third World production complementarity and trade as well as to south–north

trade. They also lie on the boundary between Third World cooperation and Trade Union action. The choice of approach is likely to depend on the specific nature of particular cases, and therefore to vary, e.g. global and/or producer-only commodity agreements, action to secure removal of barriers to industrial market access and/or joint promotion-marketing-financing ventures. A mixed strategy is needed because, for the moment, without at least minimum operational cooperation by industrial countries most aspects of export transformation are not practicable. Moreover formal rights of access and commodity-agreement compacts are most unlikely to provide an adequate dynamic for transformation to self-reliant development unless complemented by additional measures to be taken by Third World countries.

In addition to rapid, phased removal of tariff and non-tariff barriers, effective market access requires: the ability to identify production and trade possibilities; and the capacity to exploit these possibilities at equitable prices.

The first is an issue needing either national or joint-regional and Third World data-flow units to identify price, quantity and market potential independently of TNCs and to provide a check on TNC intra-firm transaction prices. The second turns on identifying or creating adequate shipping, financing and marketing channels.

Non-traditional exports of Third World economies are predominantly by and to TNC units. Creating major alternative markets (centrally planned industrialized economies and, more important, other Third World countries) and alternative channels—e.g. directly to chain stores, cooperative federations and major industrial users—could often improve both the volume and unit price

of exports. For small countries and for products with limited range and volume of exports, joint trading ventures (public, quasi-public or private) are the only way to acquire adequate expertise and to spread overheads over a large volume of sales.

By increasing the types of goods offered they may also better meet the requirements of some buyers. The experience of some of the larger countries, e.g. India, Egypt, Yugoslavia, and of socialist European countries, demonstrates the potential for this form of self-reliance. Total elimination of TNC trading is not needed to improve access and prices; what is critical is the existence of Third World controlled alternative means of access to buyers, to information and to markets to allow informed control and effective regulation.

#### **Third World countries' joint capacity as importers from industrialized countries**

The total value of imports to the Third World from OECD countries in 1973 was about US\$70 billion. This figure reflects an importance that is more than marginal for the exporting countries. The rate of growth of these imports has been of the order of 10 per cent a year over the last decade. No really serious studies exist on the manner in which the joint buying power of Third World countries could be better used. The balance-of-payments problems most industrialized economies are currently experiencing and their sometimes frenetic efforts to raise export levels underscore how Third World imports can become a potentially important negotiating instrument.

The practical possibilities open in this field are easily visualized in the case of Latin America, for example. Traditional efforts on the part of these

countries to reduce their import dependence on the United States could be refined into joint policy measures which would systematically favour imports from the Third World and from other industrialized countries.

The building up of significant production complementarity and alternative trade partners is the long-term, Third World cooperation-for-development approach to improving import-price and supply-bargaining capacity. However, several more immediate complementary approaches are possible. Some measures which could be explored for immediate implementation include:

Establishing a system for collecting, creating and analysing data adequate to tackle transfer pricing and other over-invoicing problems.

Developing alternatives to pseudo-competitive tendering, which very often is manipulated by seller 'orderly competition' agreements and pools.

Keeping a readily accessible list of individuals, firms and procedures associated with abuses in the past.

Again, the largest economies of the Third World can achieve much of this nationally although the smaller lack the manpower and data retrieval/analysis capacity, but for all there would be economies of scale, speed, efficiency and bargaining power in a joint approach.

Related to data collection and use is the possibility of joint trading companies. For the smaller Third World countries (or for larger ones in respect of specialized product areas) these could provide more informed judgements on options, better bargaining power and a clear commitment to their owners' interests. Data collection and market checking require offices in major central-economy cities; bargaining power requires

large orders; and making use of commercial data requires prompt business management decisions, as opposed to detailed, delayed bureaucratic processes. The joint trading company (incorporating aspects of the Crown Agents, the European confirming houses and the Japanese external trading firms) could increase the joint business self-reliance of groups of very small economies.

Joint trading companies are, of course, also relevant to intra-Third World trade. Since lack of knowledge of available products is a major barrier to trade expansion and to complementary development, their short-term impact could be critical both in respect of immediate material gains and in underlining the potential for cooperation in coordinated production development. In addition—especially if related to a Third World clearing system or national soft-loan schemes (such as that under which Venezuela exports oil to Central America)—they could encourage the selective use of credit, especially by the rich Third World countries, by ensuring that concessionary terms would really benefit Third World importing states and not be siphoned off by TNC intermediaries.

#### **Third World countries' joint action as 'hosts' of transnational corporations**

At the micro-level, the most important single element in relations with TNCs is enhancement of the negotiating power of Third World countries. The ability to set and enforce a framework of national goals and limits within which foreign firms must operate, and to negotiate particular agreements within such a framework, is a field where joint action can be more effective than purely national policy.

The following joint activities should be envisaged:

*Data collection and analysis* (including laws, contracts, regulations and cases in other countries which are readily available to TNCs but rarely to Third World countries). In this respect, it is urgent to implement the decision to establish an information and research centre for non-aligned countries taken at the Conference of Heads of State in Algiers (September 1973). Certain pressures to minimize the role and to diminish the effectiveness of the UN Centre on Transnational Corporations make it essential for Third World countries to develop their own instrument of investigation.

*Joint guidelines and rules*, which not only allow for optimum national use of technical expertise but also prevent the TNCs from playing off one country against another, raising TNCs' losses from their failure to agree by broadening the market or sources of supply foreclosed to it.

*Reciprocal technical assistance* (on an exchange basis or from a joint institution) which can radically improve the experience, knowledge and technical capacity of cooperating state teams in negotiations with TNCs.

OPEC, Decision 24 of the Andean Group, and, in the fiscal policy field, Kenya, Uganda and Tanzania treasury coordination are clear examples of the potential in such avenues of cooperation.

The foreign firm physically present in Third World countries is not the only type of unit where such cooperation is needed. When all of the external stages of marketing and production are foreign-controlled (as is usually the case in e.g. f.o.b. raw material exports, petroleum transport and distribution units) the framework and negotiation must encompass external foreign firms as well as resident ones, if they are to be effective. Joint action in respect of commodity brokers, airlines, petroleum refiners and tanker operators is often at least as critical as in 'resident' transnational units.

## An agenda for negotiation between Third World and industrialized countries

Transition towards a new international economic order will include joint dialogue and bargaining between Third World and industrialized countries. This can take place in global forums (e.g. UNCTAD), between Third World and industrial countries' regional groupings (e.g. ACP/EEC) or in a special *ad hoc* forum (e.g. the Paris OPEC-Third World/Western oil importer attempt at a dialogue in relations between the present Third World and industrialized economies).

If the forums are not global, they may run the risk of creating divisive tendencies among Third World countries. The fact that the ACP group membership was defined by the EEC illustrates this risk. Similarly, the attempt to divide OPEC and other Third World countries at the Paris talks was quite overt, especially on the issue of a dialogue on commodities other than oil. This is a reason for seeking global talks or a Third World definition of those Third World countries which should attend (for example by a constituency system, as discussed earlier). Vigilance to avoid being trapped by efforts to divide and rule must not lead to systematic insistence on mass global conferences as the sole appropriate forums, when alternatives give sufficient assurance that all interests will be considered.

The first step is the realization that systems, ways of thought and patterns of action previously viewed as fixed and unchangeable not only can but must be changed. The second is that entering into a dialogue leading to the preservation of the *status quo* is purposeless, mutually damaging, or both. The third step is to engage in negotiations on the measures and sequences of change. Areas in which positive negotiations could yield tangible short- to medium-term results include:

- 1 Transfer of basic foreign-owned assets to national control.
- 2 Patterns of production and trade, with special reference to market and supply access, including the cases of both commodities and industry.
- 3 Technology, knowledge and technical transfer and use arrangements.
- 4 Transition towards a new industrial geography of the world.
- 5 Financial transfers.
- 6 Access to food.

## 1 Transfer of basic foreign-owned assets to national control

The international community has long recognized the principle of national sovereignty over natural resources, but world power structures have not really accepted the meaningful exercise of this right. The right to national sovereignty over the economic processes is not of course limited to natural resources; it includes the whole of the productive sector.

There is, today, a widespread concern over foreign control of key sectors of the national economies in both industrialized and Third World countries. The reaction of industrialized countries to investment by petroleum producers in some of their enterprises contributes, ironically, to bringing to the fore the implications of foreign control. Conditions may thus have improved for the implementation of the rights that countries have but very often—if they are small or weak—cannot enforce without economically damaging confrontations they may be unable or unwilling to risk.

Third World countries need to own, manage, administer and market their own resources. Only to the extent that they are masters in their own houses can they be expected to participate fully in collective efforts at the international level. A resources policy of Third World countries managed, directly or indirectly, from industrialized countries will have no stability whatsoever. Negotiating power based on real control by Third World countries of their own economies is a precondition for meaningful international discussions. An orderly and effective transfer of foreign-owned resources to national control should be fostered and organized. This would avoid a long, drawn-out process of repet-

itive bickering and confrontation over the effective control of natural resources, leading to strains and tensions arising from nationalization and expropriations, actions which themselves generate retaliations. The sooner the process of effective national control is achieved, the better the conditions for international cooperation will be. This is an area in which the effectiveness of pure confrontation (e.g. Cuba and Iraq) and confrontation followed by negotiation (e.g. Tanzania, Peru and Algeria) have been demonstrated adequately enough to suggest that a real basis for a serious dialogue, free from the ghost of the 'prompt, adequate, effective' compensation slogan, now exists.

Asset acquisition and compensation are operationally matters of parameters, practices and procedures. The problems lie in the ability to exercise the right involved, in what regard for damage to basic external economy interests means, and in how to settle differences in particular cases.

Under these circumstances continued debate on abstract principles is more often an exchange without communication than a dialogue aimed at establishing guidelines charting out broad parameters within which individual cases could be evaluated and negotiations conducted. The resulting situation produces uncertainty, increases risk, encourages unilateral action and retaliation, and impedes individual case negotiations. No one benefits from this, at least, not beyond the very short run.

A series of propositions which could form the basis for a more predictable, orderly and operationally acceptable framework is as follows:

National economic sovereignty includes the rights to produce, allocate production and determine who may produce.

These rights—and particularly the radical changes resulting from their exercise—carry a duty to take account of the basic needs (including access to supplies) of the people of other countries.

The rights to acquire and to regulate the use of assets within a country are an integral part of its economic sovereignty.

Exercise of the right to acquire entails a right to consider whether compensation should be paid, taking into account the total historic and economic context surrounding previous ownership of the acquired assets.

Contracts palpably based on coercion or radically unequal knowledge could be unilaterally abrogated or subject to compulsory renegotiation.

The definition of how to evaluate assets, the identification of relevant historical and economic circumstances (e.g. past profit remittances, tax treatment, transfer prices) and the use of clauses providing for automatic or contingent renegotiation of long-term agreements are among the areas in which technical work and negotiation would be needed to flesh out the five skeletal propositions into a workable set of guiding principles.

The control of TNCs is an area in which lines of action on a global level clearly beneficial to the Third World remain to be identified.

The capacity for autonomy and flexibility of the TNCs has put sovereignty to the test in rich as well as poor countries. New forms of management and control by states—individually, regionally and globally—are needed and can be in the interests of both industrial and Third World countries.

What global measures are appropriate requires thorough investigation. A weak international regulatory agency 'checking' flimsy declarations on 'desirable practices' would be a negative step, cosmetic at best, and at worst, a tool of those it purported to regulate. Two initial international actions should be on the international agenda for negotiation:

*A minimum code of conduct*; its violation would be recognized as giving a host state full right to take corrective and punitive actions with the support, or at least acquiescence, of other countries.

*An international data-collection, compilation-analysis and recording system* to make the workings of TNCs more available to national regulators and to the people whose lives are affected by TNC operations.

The code of conduct should be a floor—from which better terms can be negotiated—not a ceiling or goal. The data service should assist national or regional regulatory bodies. The development of these two international procedures should be possible over 1975–77. The dialogue leading to them and their initial operation should suggest further practicable steps.

## 2 New patterns of production and trade

New patterns of production and international trade form the basis of a new international economic order. Self-reliance—nationally or regionally—is unlikely to require or in many cases even be consistent with absolutely declining levels of international trade. Changes in commodity terms of trade would allow an adequate increase to be achieved only if complemented by shifts in the composition of exports. Many areas of production development—nationally and regionally—are practicable only if effective access to industrial-economy, regional and Third World markets can be attained. In other fields such access would reduce costs and hasten the progress of primarily national-market and basic-need-oriented industrial projects. As already mentioned, commodities constitute the most critical area for the next few years. Action seems possible because:

Not only is there a genuine joint interest of rich and poor countries in achieving more equitable and stable commodity arrangements, but the existence of this joint interest is perceived by many Third World and industrialized countries, governments and firms.

A few initial steps and detailed, negotiable proposals exist—UNCTAD's Integrated Commodity Programme, for example.

The point is that if significant progress cannot be made on the commodity front over 1975–77 then the prospects for a mutually destructive economic confrontation may be very real. Effective commodity action should comprise:

Rapid achievement of parallel (not necessarily identical) agreements on

fifteen to twenty key commodities, which provide for indexation, maximum and minimum price ranges and their adjustments, buffer stocks and intervention procedures, and access to supplies.

International financing for the initial working capital of the schemes, which, if properly managed, would earn enough to meet interest and operating expenses.

Back-up compensation agreements to mitigate falls in export proceeds (whether price- or quantity-related).

Forward integration of Third World primary producers into marketing structures, market information generation and market management. This would reduce the role of the present, often destabilizing, terminal markets and of the brokerage firms. Probably, it would also involve wider use of multi-year, price- and quantity-defined contracts.

Parallel integration of Third World primary exporters into processing and manufacturing stages prior to export. This measure would have to be backed by access development similar to that for non-traditional exports in general.

The above programme is a long way from being in itself a new international economic order. It is, however, equally far from the old model pursued with so little success over the past thirty years (one-commodity, fixed-money price range, primary-form-only). It is a practicable programme. For example, the package-of-commodity-agreements approach increases acceptability: European economies, like the Third World's, are concerned with grain supply assur-

ances and ceiling prices; the USA, like West African states and Malaysia, has an interest in minimum, indexed oil-seed prices; Japan, like Algeria, is concerned with the cost and availability of sugar. Assuming properly set and adjusted ranges and competent management, a buffer stock can turn a profit—as demonstrated by the International Tin Agreement. The maximum working capital likely to be needed at any one time is not by any means unobtainable in the context of a viable investment. Indexation of price ranges to some agreed world trade-price index would reduce the need for renegotiation of price ranges. It would be necessary only in cases in which their relationship to other commodities had to be changed to provide adequate supply or limit excess production.

National economic integration (including flexibility between domestically used and internationally traded products), economic balance, adjustment assistance, commodities (especially forward integration into marketing, processing and manufacturing) are interrelated. Progress on each front would smooth the way for progress on others. However, while action on commodities is important, effective access for non-traditional exports (including processed and manufactured stages of present primary product exports) to industrialized countries' markets will continue to be a critical factor in achieving more balanced, more equitable and more dynamic periphery-centre trade patterns. Similarly, in an alternative development based on self-reliant concentration or meeting basic needs, international trade is a supporting means not an end or the centre-piece of a material-growth-oriented dynamic. It is, however, a significant means qualitatively and usually quantitatively, and

one whose proper utilization can be crucial to the success of national and collective self-reliance.

Effectiveness, certainty, freedom from discrimination, and growth are the most important features of access. Preferential treatment, while sometimes useful, is less critical, especially if 'infant export-industry' promotion schemes are accepted *pari-passu* with 'infant import-substitution industry' protection. For many manufactured goods the certainty that increasing volumes would be purchased if offered at competitive prices is far more important than minor tariff preferences against third-party producers.

The instruments to ensure access will probably undergo major changes in the coming years. Conventional measures, although useful, cannot by themselves ensure major changes in present trade patterns. They do not eliminate problems resulting from intra-TNC trade, foreign control of marketing channels or the 'imitative' syndrome implicit in indirect commercial policy measures to stimulate trade. A mechanism that may emerge in the future is 'negotiated planning', at governmental levels, of Third World countries' export growth. This will require institutional changes in market-economy industrialized countries. Planned expansion of trade implies governmental commitments to buy directly or to assure a certain level of imports by local enterprises. This could be coupled with agreed structural industrial transformation to avoid major disruptions. Also, facilitating direct market channels between Third World producers or exporters and industrialized wholesalers and users would broaden access, create alternatives to TNC extra-firm trade, invalidate in a number of products existing import

monopolistic structures and permit the governments of industrialized countries to have a better overview of the types of commitments they could accept.

Systematic negotiation on the concrete conditions of effective access, backed by export promotion and marketing capacity build-up both by individual Third World countries and mutual cooperation for development centred on regions or products, could produce far greater results than wide-ranging exhortations for immediate, totally free access. These demands alarm industrial economies and—for most countries and products—cannot lead to major export gains until new capacity is installed. Given this need to build up production and marketing capacity on a product-by-product basis, there is every reason in the case of major products to negotiate rates of export growth and to cooperate in allowing transformation-adjustment schemes in rich countries to reduce human distress and economic loss. Thus, they would diminish resistance to major international economic reform.

In the case of centrally planned industrialized economies, the same principles apply, but in a somewhat different form. What is needed are medium- or long-term contracts for the purchase of

processed and manufactured exports, whether as part of general trade agreements, linked to machinery export credits, or separately. With the exception of intra-CMEA agreements involving Cuba and Mongolia, and—to a lesser degree—Yugoslavia, socialist European countries have not given significant access to non-traditional exports of Third World countries. Given the planned nature of their consumption, production and trade patterns they are exceptionally well placed to provide assured access and negotiations aimed at achieving that end should be given high priority.

The link between borrowings (or more strictly repayments) and non-traditional export access is of relevance to market as well as centrally planned economies. There are examples of finance secured by and repaid through export contracts to the capital-exporting country. These should be sought both initially and by renegotiation. In respect of plant and machinery supply contract loans, guaranteed access for a portion of the products of the plant, preferably under contracts entered into in parallel with those for financing the plant, would often be the most advantageous way of guaranteeing that the loan could be serviced without heavy strains on the borrower's foreign-exchange earnings.

### 3 Social control of technology

Development of science and technology has become primarily a political and social issue, not a technical one. Producing technology, in the present international structure, means producing instruments of control and influence over other individuals, firms and nations. The capacity of technology to transform the nature, orientation and purpose of development

is such that the question of who controls technology is central to who controls development. Technology can no longer be considered as a mere component of the production process; it is one of the principal factors of change. In such a context the private or national appropriation of technology and the proprietary orientation of research and development should

give way to policies of strict social control of technological development and the concept of private property in knowledge must be changed. Technology must be considered as a social good whose administration and orientation must conform to social objectives.

The first step in this direction must be a reformulation of the patent and copyright systems. Work and some initiatives on the former are under way in UNCTAD but they are subject to formidable opposition from the dominant power structures. However, reform of patent and copyright regulations is far from adequate. Negotiation must involve effective transfer of related knowledge and experience and of training to allow its incorporation into the importer's body of usable and adaptable techniques. Requirements for locally based design, development and adaptation units in TNC subsidiaries in Third World countries might be a limited first step in this direction. The root of the problem lies not in the importation of knowledge and technology—the Japanese experience demonstrates that—but in a lack of selectivity, and above all, in paying for technology, without actually securing control over it, much less over its reproduction and adaptation.

Technological and technical knowledge transfer and use negotiations at the global level must be grounded on national and regional programmes of action, if they are to be meaningful. As with TNC regulation—of which knowledge transfer regulation is a part—the present capacity for international action is limited.

However, three areas for international action do exist:

Support for technology development and adaptation in Third World countries should be made central (rather than marginal) to UN activities. The record of joint research in agriculture—however imperfect and limited—demonstrates the real potential that Unesco, UNIDO, FAO and ILO have failed to tap.

Reform and coordination of UN consultancy services in the technology transfer and development field should be pursued to make them more precise, operative and competent. This requires different, and fewer, permanent staff and more use of special-purpose, individual or firm, consultancy expertise.

The draft UNCTAD code of conduct—if adopted as minimum provisions, the violation of which would be internationally accepted as justifying penalties—could be of some value in setting minimum standards for peripheral countries suffering from particularly onerous transfer terms and use restrictions, aggravated by inadequate knowledge on how to proceed. However, to adopt a watered-down version as long-term 'ceiling' goals would be a counterproductive step, restricting present negotiation leaders, such as Mexico and the Andean Pact, more than it would help weaker countries.

#### 4 Transition towards a new industrial geography of the world

Industrialization is a fundamental component of a need-oriented and self-reliant economy in Third World countries. Its three basic objectives are:

To establish an industrial support base that would permit the highest degree of self-sufficiency in the satisfaction of basic needs. This would diminish external vulnerability, an essential requirement of self-reliance.

To develop a diversified industrial structure, which can sustain non-imitative patterns of consumption appropriate to the resource-base, environmental characteristics and socio-political choices of each country. This would respond to the endogenous requirements of another development.

To link parts of the industrial structure with the international economy so as to benefit from new patterns of trade relationships with industrialized countries. This would foster the international dimension of self-reliance.

All three objectives imply a large degree of technological innovation and industrial cooperation with other Third World countries at the subregional, regional or interregional levels. In this context, the success of a new international economic order will be measured to a great extent by its ability to achieve, in an orderly way, a radical change in the industrial geography of the world, permitting a much more substantial participation of Third World countries in total industrial output. Redeployment of new industrial activities in Third World countries could become one of the most important instruments for transferring real resources to them.

The rationale of redeployment emerges clearly from an assessment of present trade and production patterns. Workers, specialized manpower, energy, raw materials and even capital increasingly flow from Third World countries towards industrialized centres where they are employed in intermediate and final industrial processing. Thus, the value added of the whole productive process is internalized in industrial economies. A primary objective of a new international economic order would be to reverse this trend. Production should be located where a large number of the production factors are found, rather than in the market centres where most are now imported. These obvious advantages of Third World countries have not been explored adequately—a fact which shows clearly that the present patterns of world industrialization have little in common with even traditional textbook economic rationality and much more with power politics and the imperatives of economic domination.

The 'pull' factors drawing a more diversified economic activity pattern to the Third World are accompanied by some 'push' factors in the over-industrialized parts of the world. Further concentration of factories at the centre is likely to increase environmental problems. While pollution can often be overcome, albeit at some real cost, the hazards involved in the creation of extensive 'heat islands' may ultimately limit the further expansion of production. Over-taxing local ecosystems is likely to be self-defeating for the population directly involved and detrimental to the collective ecological interest of mankind.

Industrial redeployment leading to a new geographical distribution of produc-

tion must be undertaken in the context of selective participation by Third World countries in the international economic system. The capacity to choose the type of new activities to be transferred is indispensable in maintaining a coherent development policy. Monitoring the impact of new industries on local consumption patterns is required, to counteract undesired demonstration effects. This implies that many of the 'new' industries would not necessarily be linked to national markets but could essentially be directed toward international markets, thus optimizing the income generation benefits of their relocation as a means to paying for imports in the service of basic needs while also minimizing the dangers of disrupting internal consumption styles.

It is clear that such changes will not come about easily. A number of problems and dangers, both for Third World and industrialized countries, seem evident. A planned process of transition is thus indispensable; if redeployment is to become a credible proposition it must help limit the inevitable transformation problems in industrialized countries.

Creating unemployment and disrupting human communities are not among the goals of another development, and the efficiency of the transition to another geography of production turns in large measure on identifying sequences which minimize these problems. The same is true regarding the possibilities of bringing about change largely by negotiation rather than by total confrontation. If trade unions in industrialized countries see another geography as meaning widespread unemployment and increasing social problems in their own countries they will become the most committed opponents of another development. It is imperative to demonstrate that the transition need not have these effects and

that they can be averted. The level of absolute numbers involved in changes of employment, production patterns and location of economic activity is not excessively high. A 1 per cent annual shift in employment patterns in industrialized countries maintained over twenty-five years would certainly be adequate to allow the transition to another geography of production. Labour-force entry, departure and job-changes for other reasons are usually about ten times as high. Reconversion in the two years following the Second World War involved at least 25 per cent of most industrial-economy workers in job changes.

The pace and sequences of transformation require research, dialogue and negotiation. The efforts of the ILO regarding the 1976 World Employment Conference are a sign that increased attention is being paid to these issues. But much more priority should be given to them, especially in industrialized countries and international organizations. The Lima Charter of UNIDO will remain either a dead issue or a source of needlessly damaging discord until the road from 1975 to 1985 is mapped out to enable progress towards the Charter's generalized targets for the year 2000.

Within this context three points need to be stated:

Industrialized countries and their workers neither can nor will agree to a rapid pace of change—regardless of how well planned the transformation strategies are—unless large-scale human suffering is prevented.

Third World production capacity cannot be created immediately; it can be built up rapidly but only with assured market access.

Temporary problems of adjustment in industrialized countries will reveal a

genuine need to adjust the pace of transition for specific countries, commodities and time periods.

These points do not lead to inevitable conflict. They do suggest that an agreed, globally regulated framework providing assured access but subject to limited, compensated adjustments in particular cases is necessary.

Regulation and joint planning of the transition period also stems from the need to avert a number of dangers confronting Third World countries. As stated above, a selective approach is necessary. It would:

Ensure that a new geography is not in fact planned and implemented by TNCs according to their own interests and objectives.

Choose types of production that will not result in a new, unequal structural relationship with industrialized countries at a higher, more sophisticated, but none the less dependent level.

Make certain that Third World countries do not become 'pollution havens', by establishing adequate environmental safeguards.

Distribute the location of new industries along economically rational lines among Third World countries so

that projects do not concentrate exclusively on larger, better endowed and relatively more industrialized countries.

Conduct negotiations towards linking the reduction of the temporary migration of unskilled workers with training and production transfers to the Third World.

Such negotiations might include:

Training programme requirements for all countries employing immigrant workers, related to their home-country skills and employment development needs.

Contracts with employing firms to stimulate phased transfer of production to Third World countries.

Enactment—as well as enforcement—of minimum-wage, incremental, social-security and housing provisions broadly comparable to those of national workers for all migrant workers, to assure the well-being of those who—for some years to come—will still need to work abroad. This would also make clear the true economic cost of migrant workers to industrialized countries and employers and thus encourage changes in the location of production.

## 5 Financial transfers

Financial transfers are a complementary instrument in a policy of redistribution of resources towards Third World countries. A new international economic order is centred on measures to put an end to the present drain of resources towards industrialized countries, to improve terms of exchange for Third World countries and to increase the resource-creating capacity by industrial

redeployment. Financial transfers are necessary to complement and facilitate the attainment of these objectives, but they cannot take their place. In the same manner, they are complementary to national policies of change and must be oriented to support the objectives of another development.

Experience shows that reliance on purely financial transfers is unreal (real

transfers in percentage terms of GNP are diminishing), inefficient ('aid' has not been primarily directed to countries or projects which make the needs of peoples their overriding concern), and politically dangerous (through action or abstention it is often used to control or impede economic policies of other countries).

To a large extent, financial transfers have been used as a political instrument to stimulate growth of those countries or projects which do not pose any threat to existing power structures, while withholding it from those which have embarked on the road of radical structural transformation. An odd correlation has emerged between 'aid' and lack of respect for human rights, fostering large volumes of transfers to countries whose stability is based on torture, repression and disrespect for the dignity of man.

On a bilateral level, this practice—although reprehensible—reflects none the less the right of a country to choose the recipients of its transfers. This situation can only be changed from within those industrialized countries which pursue these policies, through a better control by parliaments, political parties and progressive pressure groups.

Worse still is the fact that public multilateral financial institutions, theoretically oriented by the values of the UN Charter, have often followed—under the cloak of 'technical analysis'—very similar policies. There are signs of a positive evolution, at least at the conceptual level, but many constraints, both political (the decision-making structure) and financial (the sources of funds), remain and there is a long way to go before these institutions become real instruments of another development.

Changes appear easier to bring about in the UN institutions, whose vot-

ing system is more democratic; the creation of new funds, such as the Special Fund, the Human Settlements Foundation or the International Fund for Agricultural Development, underlines the need for clear policy guidelines (see Part Three for a discussion of the institutional problems). Finally, there are a few enlightened bilateral programmes, those of countries such as Sweden, the Netherlands, Canada and Norway which provide a *de facto* alternative to conservative policies.

Taken together, such bilateral sources and the UN resources already amount to US\$2 to 3 billion per annum and are likely to increase rapidly. In addition, in such funds the proportion of real transfers is significantly higher than the world average, since they are more 'recipient-oriented', less tied and offer softer conditions.

Financial transfers are by definition marginal in relation to the investment financed by Third World countries themselves. They must therefore be directed towards critical bottlenecks in such a manner as to become decisive. Decisions concerning resources transfer must be in tune with those of another development. Otherwise, they would only continue to contribute to maintaining the existing 'order'.

The following considerations should be more borne in mind—in addition to the criteria listed in Point 7 of the Introduction to this Report—when reorienting financial transfers or confirming the positive orientations of some of them:

Bilateral financial transfers should not be offset by negative trade practices. They should on the contrary be a consistent element of a coherent national policy of international co-operation.

In order to support another development, financial transfers should be directed towards innovation aiming at solving the specific problems of Third World countries. They should in no circumstances be the vehicles for the exportation or indiscriminate transfer of irrelevant socio-economic models, technologies, etc. They should generously support autonomous research capacity and activities in the Third World.

Multilateral and bilateral financial transfers would be optimized if they were made systematically on a grant basis, or at least at no interest with long periods of reimbursement and adequate reimbursement holidays.

Financial transfers, whether supporting budgets or benefiting particular programmes or projects, should be effectively directed to meeting the requirements of another development in so far as they imply internal redistribution of resources: specifically, they should not merely replace savings which would have occurred in the absence of such transfers. In other words, they should accrue only to countries whose policies are seriously geared to the eradication of poverty and to the achievement of self-

reliance, or to projects directly benefiting the poorest and most exploited or those whose situation is the most critical (young children, pregnant and nursing mothers).

Should transfers linked to projects continue to be deemed necessary, such projects should as a matter of principle be executed by host-country institutions, since foreign inputs, whether bilateral or multilateral, are of an ancillary nature.

Resource-transfers in the form of supply of technical assistance should draw consistently on the expertise available in the Third World itself.

Last but not least, the manner of transferring new international resources must be such as to overcome the present contradiction between the application of the principles of non-intervention and the respect for human rights; at the present time, in applying the former virtually no one questions the violation of the latter. This Report believes such policies cannot continue; they make a travesty of all that the United Nations should stand for. The international community has a right to decide what priorities should inform the resource-transfers that it finances. In such a framework respect for human rights must be an overriding criterion.

## 6 Access to food

The main objective of a food policy for another development is to attain effective access to adequate food for all human beings. For poor countries this requires the highest attainable degree of self-sufficiency nationally or jointly with other Third World countries. This requires basic reforms in the land tenure and distribution structures together with

income reallocation patterns which make food accessible to the poorer sectors of the people.

International action is needed to support the process of change and to provide for the food deficit which will continue to exist in the transitional period. International cooperation without internal changes would have no meaning;

internal changes without international cooperation would not solve the immediate short-term food shortages.

Despite their limitations the conclusions of the World Food Conference and, more important, the OPEC initiatives which have led to the International Fund for Agricultural Development attaining its \$1 billion initial funding target represent first steps. They should be followed up to ensure:

Adequate emergency supplies of food to poor countries facing crisis because of crop failures or sudden food and fertilizer price changes.

Support for Third World development of food-production capacity including research and input production capabilities;

Promotion of changes in socio-economic and technical-economic patterns which limit access to food even when it is physically available.

If IFAD and industrial-country programmes are to contribute to meeting these goals, a number of proposals and provisions need to be negotiated and implemented:

Providing adequate reserve stockpiles of basic foodstuffs to avoid starvation. This should be in an amount sufficient for at least two successive years of poor global harvests.

Financing of stockpiles by basic foodstuff exporters and high-income importers and their location in or near major using regions.

Achieving agreed allocation procedures

designed not simply to ration stocks but to operate two price systems to guarantee basic human needs globally and locally in years of scarcity by putting most or all the quantity shortfall and price pressure on luxury markets.

Moving towards reform of the industrial-economy agricultural protection policies which have systematically discouraged peripheral economies from aiming at surpluses. This has steadily eroded the world's food safety margin.

Providing effective access to supplies of and finance for agricultural inputs for Third World countries' agricultural build-up in respect both to physical availability and acceptable prices.

Substantially increasing finance for global, regional and national Third World agricultural research and development oriented to simple technology, more productive use of more labour, natural renewal of soils, control of the impact of drought, and forest and water management.

Relating the use of food and agricultural input supply transfers to the financing of land reform, rural public works of particular benefit to small farmers, and rural employment development programmes oriented to the needs for employment and for basic goods and services of rural workers and peasants.

## *The agenda package*

This agenda for negotiation does not by itself constitute a blueprint for a new international economic order, nor for achieving another development that must be based on national self-reliance—a more equitable international economic order is crucial but by no means sufficient to attaining it. The foregoing proposals are not the sum total of all the changes needed: they are rather an outline of the major opportunities for negotiated change which can be pressed forward at the 1975 Special Session of the United Nations General Assembly.

On the other hand, the agenda is not

a catalogue from which a few items can be selected according to taste and the bulk thrust aside. That approach is at best marginal reformism, which can contribute nothing to resolving the 'great disorder under heaven'. The negotiation agenda should be an interrelated package of parallel initial steps towards a new international order and another development. Nothing is more unreasonable than to claim, in the name of reasonableness, that it is too large, too soon or too extreme. If anything it is too small, long overdue and too moderate.



*Part Three*

**Towards a new United Nations development  
and international cooperation system**

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The following discussion<sup>1</sup> is based on a number of conceptual and practical assumptions. Some of them flow from the previous parts of the Report and will only be alluded to; others are more specific to this part and need to be stated for the sake of clarifying the argument.

**1** The critical nature of the present situation calls for radical changes in development policies and in international relations. These changes require in turn an equally drastic reform of the UN system.

**2** Development—required by all societies, whether or not they are based on an industrialized economy—is a need-oriented, self-reliant, endogenous and innovative process, taking into account environmental limits and potentials and benefiting from the experiences of other societies. It thus encompasses many elements which cannot be fully understood, let alone influenced, except through an integrated treatment; this would enable the many linkages of these elements to be perceived as a complex system of interrelationships that could be acted upon in a dynamic and forward-looking manner.

**3** Development of all societies is facilitated by a positive world political and economic environment; it is the responsibility of the world community as a whole to create it. At the present stage it requires the establishment of a new international order, putting an end to exploitation detrimental to the Third World, ensuring to all access to resources, goods, services and markets, and aiding those countries which continue to need it. This should be a major function of the UN. The new international order will result from a process of multiple negotiations aiming at concrete commitments, binding on all partners.

**4** Just as a better balance in international relations requires that Third World countries set up a Trade Union-type of organization, there is a role for a parliamentary type of organization, which could provide a framework for negotiations, codify their results and establish at least minimum rights. Such an organiza-

## Basic assumptions

<sup>1</sup> This text is largely derived from a restricted draft submitted for discussion to a few persons in November 1974. It was communicated, in March 1975, on a personal basis, to members of the Group of Experts on the Structure of the United Nations System.

tion—the UN development and international cooperation component—is the place where the underprivileged can defend their interests.

5 The resources available to the UN system for development and international cooperation purposes are inadequate and should be increased. Optimum use of existing resources, which is obviously not achieved today, is essential, but significant changes are not likely to occur in a static situation. Under certain conditions, a massive increase in resources could create the kind of dynamism that would make the required changes possible. It is the responsibility of contributors—industrialized and Third World countries alike—to act in such a manner as to make additional resources and reformed structures strengthen each other.

6 If the UN were to be established today, its structural model would be quite different from the present one, resulting as it does from unplanned growth and attempts to meet specific problems as perceived under political circumstances widely different from those of today. However, a realistic appraisal of the situation suggests that a complete overhaul of the existing machinery, much as it may be desirable, may not be possible. In particular, changes implying modifications in the Charter are most unlikely, and have therefore not been considered. This is a serious impediment, but it is still possible to introduce far-reaching changes under the present Charter. Governments can certainly, on the basis of a clear overall concept, cut drastically through the jungle of resolutions they have passed over the years. The Secretariat, as one of the six principal organs of the UN, can certainly exercise its role more fully—to include the presentation of proposals to governments—and, if necessary, it should be instructed to do so.

7 No institutional change can ever be final: the reform should provide for a built-in device continuously to adapt the system to new requirements as they emerge, and there is need for a central forecasting mechanism bearing on both programmes and instruments.

8 The suggestions made here are limited to the development and international cooperation functions of the UN system; they deliberately set aside its purely political functions, although it is recognized that peace-keeping and peace-building cannot be separated. However, the assumption is that a new commitment of the UN to development, 'the new name of peace', has an absolute priority in itself and constitutes indeed the substance of the terms of reference of the Seventh Special Session.

The approach outlined below is of course only one of several possible approaches and is itself amenable to a number of variations both in the substance of the measures sketched and in the manner of implementing them. The intention of this part is not so much to advocate the specific approach presented, but rather to contribute to the discussion by giving examples of possible measures in a direction different from that accepted so far.

There appear to be four principal functions of the UN system for development and international cooperation. Functions

#### **1 Fact finding, data collection and monitoring function**

The UN system has a world weather watch (WMO) and an earthwatch (UNEP), while FAO to some extent monitors the food situation; there are plenty of fragmentary statistics on health, habitat, education, trade, gross product and its distribution, etc., but there is no systematic and comprehensive world development watch applying to all countries—whether market oriented or centrally planned, industrialized or belonging to the Third World—and assessing their performance in achieving the goals of development postulated earlier, on the basis of general and specific surveys as well as on feedback from the exercise of other functions.

Such an instrument is needed for the permanent monitoring of the development situation and trends, to identify problems and the actions required to deal with them, and to serve as a forecasting tool for discerning forthcoming problems. A conceptual framework is needed, reflecting the comprehensive

nature of the development process, and to that effect the necessary indicators need to be developed. This function is conceptually simple enough and technically perfectly feasible. The missing element to initiate it is a political decision.

## **2 Conceptual and planning function**

Conversely, the second function is conceptually and politically much more complex. Even at the cost of restating the obvious, one must bear in mind that the General Assembly is not a world parliament, the Security Council not a world government and ECOSOC is neither a world development ministry nor a truly multinational corporation. This means that realism and concern for effective action require a preliminary clarification of what the UN can and cannot do, and in which fields.

First, as far as national development goes, the major contribution of the UN system would appear to be to ensure a systematic exchange of experiences between countries in all fields, from, say, the definition of a poverty line to the measures for improving the satisfaction of needs. The dissemination and discussion of, for example, the Peruvian experience in non-conventional education or the Chinese experience in non-conventional health services (prevention and barefoot doctors) or the Tanzanian experience in socio-economic structural changes and local self-reliance, are likely to yield more concrete results in other countries than will the setting of abstract targets. Such targets may be misleading, inadequate for some of the countries they are directed to or beyond reach for others: in short, ineffective even if the subject of protracted negotiations, since negotiations on words do not entail commitment, because measures to attain these targets derive only from the sovereign will of governments. Some aspects of the International Development Strategy and of the Lima Declaration on industrialization are cases in point.

Second, however, there is a most useful opinion-forming aspect or furthering of values and concepts in such normative or standard-setting statements as the Universal Declaration of Human Rights, the International Development Strategy and the declarations of a number of major conferences. Provided they are clearly seen as declarations of principles, they need not

be negotiated at length. Ideas are not spread by unanimity or consensus, they stand on their own validity, i.e. their responsiveness to social forces which extend far beyond governmental action. At the same time, real negotiations on concrete measures are necessary, but they belong to a different category (cf. section 3 below).

Third, there is a field where integrated conception and planning are needed, and that is the sphere of the operational activities of the UN system.

There is a pressing need for serious trade and other negotiations, and in view of the growing amount of resources flowing through the UN system, it is now of primary importance that their utilization be geared to facilitating another development, to the establishment of new international economic relations and to the transfer of real resources to poor countries in the context of meaningful development cooperation. In this field, which must be distinguished from national development policies and measures, there is need for clear policy guidance from the General Assembly.

Existing declarations—the International Development Strategy, the Programme of Action and the Charter of Economic Rights and Duties of States—and the new orientations which may emerge from the Seventh Special Session constitute the policy basis for such an endeavour. The translation of the useful principles enunciated in those texts into operational guidelines for the whole of the activities of the UN system is required now. The necessary breakthrough implies a redefinition of the tasks to be discharged by UN activities and of the measures to be planned, organized and implemented to achieve them; it requires a central policy planning function for the system, which has to be mobilized for this purpose.

### **3 Negotiation forum and preparation function**

There is now a political necessity to negotiate in earnest on each of the components of the new international order. Proper negotiations basically require adequate preparations by partners, clear delimitation on the subject matter to be negotiated, specific selection of participants, and availability of adequate instruments. The fact that successful negotiations do

not depend on mechanisms alone, but rather on the balance of power, does not exclude the necessity of adequate and specialized mechanisms. On the contrary, they are needed all the more.

Powerful economies continue to use GATT when they mean business, and they delegate to it plenipotentiaries empowered to make commitments. UNCTAD continues to suffer from a fundamental schizophrenia in so far as it is meant to be at one and the same time a forum of the Third World and a central *de facto* negotiating instrument. The result is usually ineffectiveness, and it is time to streamline its functions and make it a really global specialized body—perhaps a genuine International Trade Organization.

Finally, in view of the fact that some major economic decisions go beyond purely governmental action, one wonders whether it would not be worth while to re-examine the ILO tripartite experience to see if some of it could not be of relevance to building up the new negotiation mechanisms. It may also be pertinent in so far as non-governmental entities—TNCs, trade unions, consumers' cooperatives—are concerned with the substance of the negotiations.

#### **4 Resources transfer and technical assistance function**

This function includes programmes and projects undertaken with the financial support of such central sources of funds as IBRD, IDA, UNDP, UNFPA, UNICEF, WFP, the Fund of UNEP and, hopefully, the Special Fund established by General Assembly resolution 3202 (S-VI), the International Fund for Agricultural Development resulting from the World Food Conference and the Habitat and Human Settlements Foundation set up by General Assembly resolution 3327 (XXIX), as well as, in some cases, agencies' regular budgets.

The multiplicity of sources of funding creates confusion for both the providers and recipients of resources, costly administration at the management level and, even more important, inconsistency between the policies proclaimed and those carried out; bigness is certainly not an end in itself, but integrated planning combined with decentralized operations would certainly be more efficient than the present haphazard methods.

Since three of the basic functions appear in most agencies as well as system-wide, there is neither a clear correlation between the functions and the organizational structure, nor a real relationship between the functions. It is suggested that the UN development system could be made more effective and, to that extent, more manageable, if its structure, either through complete overhaul or through provision of both leadership and horizontal linkages, could be brought somewhat closer to its functional tasks. This implies changes at both the intergovernmental and secretariat levels, centrally as well as regionally.

### **The intergovernmental level**

A critical element, indeed a prerequisite of any improvement, is leadership.

At the central intergovernmental level, leadership is practically impossible because of the scattering of policy-making functions in the system. There are some practical reasons to explain this situation, and it is the purpose of this section to concentrate on them. One cannot forget, however, that such practicalities, and the resulting lack of direction, probably correspond to the vested interests of some governments and the lack of interest of others; but this is no reason to prevent those who wish to from acting.

The fact is that the sheer number of bodies, even in the UN proper, dealing with matters related to development makes it literally unmanageable. It is a financial impossibility for all but a few countries to staff their New York and Geneva missions properly and for the corresponding services at home to understand fully and really master what is happening in the UN. It is impossible for them to read, let alone analyse and relate to other documents, the ever-increasing volume of reports produced in a highly uncoordinated manner by the Secretariat, or rather by its different units.

Furthermore, New York missions, as opposed to Geneva ones (because of the presence of UNCTAD and the high concentration of Agencies, i.e. WHO, ILO, WMO, ITU, GATT), are usually led by political diplomats for whom the priority body is obviously the Security Council; the New York missions

### **The need for leadership**

are often ill-prepared to comprehend and follow up systematically the problems of development.

There seems to be, therefore, as a condition for effective decision-making by governments, an urgent need to stop the cancerous proliferation of organs, meetings and reports; to simplify drastically the structure of both intergovernmental bodies and Secretariat units serving them; and to relocate some major components of the Secretariat.

Practical steps at the central intergovernmental level could include:

Radical simplification of the full membership organs of the General Assembly, i.e. replacement of its second (economic and financial) and third (social, humanitarian and cultural) committees as well as UNCTAD (as a conference) by one UN Development Committee.

Regroupment in a really new ECOSOC (a Charter organ) of the policy-making functions of ECOSOC, the Trade and Development Board, UNEP Governing Council, with provision both for drastic cuts in the number of subsidiaries and for reinforcement of the essential ones.

One key subsidiary of such a rejuvenated ECOSOC could be a system-wide Managing Board for resources transfer and technical assistance, administering all UN funds, i.e. regrouping all or part of the functions of the governing councils or similar bodies of UNDP, UNFPA, WFP, UNEP, UNSF, IFAD, UNHHSF, etc.

Concerning the specialized agencies and comparable bodies such as UNIDO and the new Habitat Foundation, different functions obviously require different treatment, but in all cases, *ex post* coordination, which has been a major weakness of the system almost since its inception, should give way to central policy-making and planning to achieve strategic objectives in a trans-sectoral, comprehensive and problem-oriented manner.

As far as policy-making is concerned, there is a need for a redefinition of the roles of sectoral agencies and a new system of horizontal linkages between them. Agencies should really become—as some of the small agencies are—centres of excel-

lence in their respective fields, representative of the best of existing world knowledge. This is not likely to be achieved by the perpetuation of huge bureaucracies, but rather through the operation of professional networks by a number of institutes.

Such institutes, advised by expert bodies in their field of competence but without an autonomous power base, would report to and be brought into relationship by a rejuvenated ECOSOC, so that the present fragmentation of authority gives way to an effective governing power to direct the work of the entire system.

Under such a scheme, the Development Committee could meet once a year, at the highest (i.e. ministerial) level, for a short period. The September 1975 Special Session could well establish itself as a model for such a Committee, whereas the new ECOSOC could become a permanent body, meeting as often as necessary, as does the Security Council.

Such an improvement in the UN system requires in turn that national machinery dealing with UN affairs be similarly streamlined: governments should speak with one voice in all UN forums.

### **The Secretariat level**

At the central Secretariat level, it should be noted first that whatever the merits of whoever holds the highest office of the United Nations, the post of Secretary General, it appears physically impossible that the same person could devote the same attention to political problems, *stricto sensu*, and to problems of development and international cooperation.

It is true that there is an Under-Secretary General for Economic and Social Affairs, but it is an intrinsic weakness that the top person in that field, on the one hand, does not have a rank higher than fifteen of his UN colleagues<sup>1</sup> and, on the other hand, is lower in status than the heads of UNDP and of major specialized agencies, not to mention the World Bank and the IMF. It is also a paradox—and a significant one—that the Under-Secretary General for ESA and his two deputies all come from industrialized countries (France, USA and USSR).

One result of this situation is that the goal of development

<sup>1</sup> Including those for administration and management, conference services, inter-agency affairs and UN office in Geneva. Oddly enough, under present arrangements, with regard to the Under-Secretary General for ESA, the Commissioner for Technical Cooperation, in principle his subordinate, has the same rank, yet the latter function does not carry any system-wide responsibilities.

is not given its rightful place in the system, and that ECOSOC, while being the supreme developmental policy-making body, does not possess, at the Secretariat level, the kind of authority it needs to discharge the functions attributed to it by the Charter.

There is therefore a need to upgrade dramatically the top job in development affairs. One solution would be to appoint or, as already done in some cases, to have elected by the General Assembly, one, and only one, Deputy-Secretary General in charge of development and cooperation who could be given the title of Director General<sup>1</sup> for Development and International Cooperation and who should rank above Under-Secretary Generals and Heads of Agencies. The Director General should be appointed or elected for one six-year term only, at the same time as the Secretary General himself. This would assure not only proper geopolitical balance, but would provide member governments, before electing a Secretary General, with a chance to ascertain what his views on development and international cooperation are. Third World countries may bear in mind, in this connection, that whatever the recommendations of the Security Council—i.e. those which its five permanent members concur in—the Secretary General is appointed by the General Assembly, where they have a majority.

As for staff, looking at what the present Department of Economic and Social Affairs, UNCTAD and UNEP secretariats do, one cannot but see a considerable number of concerns shared by the three staffs, as well as some functions which could possibly be discharged more effectively in other ways. The central core of the three staffs could easily become one, so as to include such activities as development planning (is it not a striking fact that the Chairman of the ECOSOC Development Planning Committee became last year the Secretary General of UNCTAD?) and policies, including environmental, social and economic components, science and technology, and statistics (ESA has a branch on 'international trade and related statistics'). Some others, while more specific—population, institutions, public administration, trade—could be dealt with in the same framework (after all, UNCTAD is an organization for trade *and* development).

<sup>1</sup> As proposed by the Group of Experts on the Structure of the UN System.

Further, the authority and efficiency of a new ECOSOC secretariat merged with those of UNCTAD and UNEP as just outlined would certainly be enhanced if it were to concentrate on what it is meant for, i.e. functions one (fact finding), two (assisting the intergovernmental body in policy-making) and three (negotiations). This would mean giving up purely sectoral activities as well as operational ones. Examples are to be found in resources and energy (which seem anyway more related to UNIDO work) and human settlements—one of the basic human needs, with food, health and education, which appears to be moving in the direction of a distinct institution, incidentally providing an opportunity to establish a different institutional model.

A better-organized Secretariat would be in a position to exercise in a responsible manner its right to make proposals to governments, which would help to put an end to the existing practice of second-level officials selling their pet projects 'under the counter'.

As for one of the specific functions of the present UNCTAD, trade negotiations, as distinct from research and policy-making in international economic relations, it would probably be more efficiently dealt with by a modest specialized secretariat—a newly conceived International Trade Organization—utilizing the findings of the main body and servicing intergovernmental negotiating groups. This would be more effective than such long conferences as UNCTAD I, II and III.

The situation with regard to function four, transfer of resources and technical assistance, is paradoxically both more complicated and simpler. Since the adoption of the consensus, which went half way in endorsing the recommendations of the *Capacity Study*, it seems accepted that effective development programmes and projects need both functional coherence and managerial decentralization. The principle was adopted at the country level, where theoretically the UNDP Resident Representative manages the resources provided by the UN. This was in a sense a revolution, since UNDP resources were no longer to be shared between agencies—a typical donorbiased approach—but between countries—a move towards recipient-centred policies.

The principle is, however, still distorted by the continuing practice of the agencies' quasi-monopoly in the execution of projects. At the very minimum, this should be abolished in actual practice, but the goal would be better achieved if operations at the international level were squarely put under the responsibility of the regional and national arms of the Management Board mentioned above. Operational offices at regional and national level would, of course, use the intellectual and technical assistance of the sectoral agencies or institutes, as consultants, whereas projects should be more and more executed by national bodies. The UNEP concept of 'programme activity centres', which constitutes an attempt to deal with problems in a comprehensive manner through the provision of system-wide leadership and sectoral contributions, could be applied to a number of regional or multi-country activities.

At the country level, the role of the resident UN mission could be made more important than that of managing the UN funds allocated to a country. The proper discharge of its resources transfer and technical cooperation planning function in support of the national development plan should enable it to provide a framework for a number of similar bilateral programmes.

A more difficult question may be that of fund raising, at least in a static situation. Some say that adding to the number of funds does not increase the total amount of money available. Others say that certain funds—for children, population, environment, etc.—have specific appeals to specific constituencies. It is also maintained, not without reason, that an efficient agency (UNICEF is usually mentioned in this connection) should not suffer setbacks for the sake of organizational logic.

The establishment of the Special Fund and that of the multi-billion dollar International Fund for Agricultural Development adds a completely new dimension to the problem. Should resources of the expected magnitude be forthcoming—and this is quite possible—the question of the merger of all funds would become much easier. The new order of magnitude seems not only to make possible but actually to require one managing secretariat for the whole of the UN development financing and operations, regrouping UNDP, UNFPA, WFP,

the Fund of UNEP, the Special Fund, IFAD as well as all the minor funds. The Board secretariat could, anyhow, continue to provide a number of 'windows' according to specific needs and possibly linked to specific funding—but there is a clear need for an overall financial and operational policy and for unified management at the country or regional level.

Any progressive approach short of a complete overhaul is likely to leave unsolved the problem of the organic links between policies (function two) and operations (function four). The United Nations Director General for Development and International Cooperation should therefore be made responsible for the whole of development work and be assisted by two principal deputies, one directing the ECOSOC secretariat, the other the Managing Board's staff. He or she would be assisted, at the inter-secretariat level, by a UN-system Development Board which would take over the functions of the ACC, IACB and ECB.

Something has already been said about the location question. In line with a clearer distinction between political and developmental affairs, one could envisage that New York would remain the basis for political affairs and the main centre of the UN, under the Secretary General, whereas development monitoring and policy-making functions should be regrouped in Geneva and the management function placed in the Third World. The Geneva location of the developmental functions with regard to monitoring (IOB, CORE, central computer facilities, UNEP level one, statistical offices) and policy-making (UNCTAD, UNEP level two and ESA-related functions) would have obvious advantages since all the specialized agencies but one are located in Europe, and a good number in Geneva itself. This would also make the job of merging ESA and UNCTAD much easier. To somewhat alleviate the burden on Geneva, the ECE could be relocated in Vienna, which in any case is more of an East-West place than Geneva, as far as European affairs go.

The possibility of locating the management function in the Third World should not present major problems given certain conditions, both political and financial, i.e. if the trend towards a lesser degree of dependence on one major donor were to continue. Already, the combined contribution of the Nordic

countries to UNDP exceeds that of the USA; the OPEC countries' contributions to the Special Fund and IFAD are likely to be overwhelming. A shift in the sources of funds may make possible a more democratic control of the machinery.

Focus on  
the region

At the regional level, there is a need for a similar streamlining of functions on the basis of a real decentralization. As a principle, all the functions which can be better exercised at the regional level should belong to that echelon.

United Nations Regional Commissions, as UN Regional Development and International Cooperation Commissions, should be given much more autonomy, authority and resources. The Agencies' regional organizations, where they exist, should be merged with such rejuvenated UN Regional Commissions. Close links should be established between the Commissions and the Regional Development Banks.

While preserving the positive elements deriving from their membership of a global body, Regional Commissions should become much more responsible to the needs of the countries in the regions where they are established. In addition to performing at their level the four functions of the central machinery, they should develop direct and horizontal links between them.

At the intergovernmental level, there should be only one ministerial regional commission for development and international cooperation, grouping only countries of their region, assisted by sectoral or functional groups of experts or intergovernmental committees as necessary.

At the secretariat level, the Executive Secretaries of the Commissions should be the regional counterparts of the UN Director General for Development and International Cooperation, and they should obviously be senior to all other UN system personnel in the region. They should be elected by the Regional Commission.

The UNDP regional bureaux should be merged with the Regional Commissions and moved to the regions.

Drastic changes are needed at all levels of staffing, with regard both to numbers and to the nature of contracts.

The guiding principle, for all secretariats, should be that they would function as operators of professional networks and not as omniscient bureaucracies. The economist or the expert in pig husbandry may well be the best when hired, but he cannot possibly be the best twenty years later. The presentation by their authors, on their own responsibility, of innovative thinking or advanced practice, would facilitate the non-conventional, forward-looking function of the Secretariat, and the limitation of staff work, with its concentration on proposals considered ripe for intergovernmental action, would help reduce bureaucratic and diplomatic pressures.

The reduction of the staff made possible by the redefinition of its role would contribute, by the prior removal of non-development-minded personnel, to the decolonization of the Secretariat and open it to qualified Third World civil servants so as to promote the new concepts of self-reliant and pluralistic development, as opposed to the mimetic integration into the still-dominant one-dimensional system.

Reduction in staff numbers could be made possible through a scheme of early retirement for those who could not adjust to the new requirements. There is in any event a need for serious rejuvenation of the Secretariat, at all levels. The world within which it operates is a world of young ministers and young ambassadors, but it is run more often than not by old bureaucrats.

The practice of permanent contracts should be replaced by that of renewable six-year contracts: there is no reason to cripple the Organization with dead wood.

The management of the UN system should be radically simplified. It should, at all levels, clearly be seen as and act as ancillary to the substantive functions; not, as happens too often, the reverse. On the basis of standard rules, decentralization should be maximized. Procedures should be simplified and made much less expensive.

## Staff and management

Towards  
automatic  
financing

As a rule, the cost of all the central or staff functions of the UN system should be covered by the regular assessed budget, as voted by governments and paid by them. The system of contributions could be revised to reduce the Organization's dependence on a few major contributors. Voluntary contributions should be assigned only to transfer of resources and technical assistance proper. In both cases, the provision of contributions and their use should be kept absolutely distinct, and the Secretariat should be reminded by the General Assembly to reject any pressure by any government concerning the use of the resources it puts at the disposal of the Organization. This is provided for by the Charter (Art. 100), but it is not always achieved in practice.

UN resources for development cannot depend only on voluntary contributions. They should be progressively generated in an automatic manner. This could happen through the establishment of a Sea-bed Authority whose income would be directed first to development, by the collection of a tax, or levy, on the movement of goods or persons on or in mankind's common property, such as the high seas and the atmosphere, or by the establishment of a specific link between SDRs and the transfer of resources. Some of these measures may take time. This does not detract from either the necessity to keep them in mind as a goal to be achieved within a fixed number of years, say five, or the need to start studying their practicability without delay. The Special Session may well request the Secretariat to initiate the necessary investigation.

The IMF and IBRD group have been left outside the scope of this discussion. They follow a different logic—as recently underlined by the manner in which a new 'Development Council' was established. The only line of action seems to be for some governments to readjust the distribution of their financial contributions according to their decisions in the General Assembly. (Why, for instance, should a progressive or a Third World government provide funds to IDA if they are to be used according to market principles? Why could they not be channelled through an efficient and more democratically controlled UN

development finance and operations Managing Board or through Regional Development Banks?)

The changes suggested in the above outline, radical as they may appear, are feasible. Governments which place their hopes in the UN—and which are prepared to make full use of it—whether they belong to the Third World or the industrialized one, could change the UN system if they so decide. Changes are not likely to originate in the present Secretariat; the initiative should therefore come from the Special Session. If countries so wish, it could result in a better UN system, where the balance of power—in the intergovernmental bodies as well as in the Secretariat—would be modified in favour of those who need it most.

Reform is possible

## To conclude

*Only one Earth:* the same challenge faces Third World and industrialized countries, poor and rich alike: to discover the roads to another development. Such roads will necessarily be diverse by virtue of different initial conditions and the nature of material and ecological constraints, as well as cultural and political preferences, the range of possible futures, and the creativity and inventiveness deployed. All, however, will be based upon the same fundamental values: respect for man, equality, self-reliance, the right to diversity, the promotion of ecologically prudent technologies.

*One common concern:* the creation of an international environment favourable to the search for another development.

*One hope:* the establishment of a system of cooperation between states and nations designed to render this task less difficult, or at least designed to eliminate exogenous obstacles.

This common concern and this hope explain why it was necessary to examine the case for another development before proceeding to formulate suggestions concerning the international order and the reform of the United Nations system. Unless preceded by an examination of the final goals of this reform, such suggestions may lose their meaning. Like nations, the international order requires a social project, without which any discussion of institutional changes becomes, to all intents and purposes, unreal.

Another development, other developments—are they utopias? Not entirely, however difficult redirecting growth in its political, institutional and technical aspects may prove to be. After all, there is a margin of freedom; many real alternatives already exist and are being put into practice by more than one society or are past the trial-and-error stage of research (albeit frequently 'unsuitable' in terms of the trends and modes now in favour within existing structures). Such research should be founded on the principle of self-reliance, which should not be mistaken for a rejection of cooperation with others; this principle allows the peoples concerned to decide for themselves, in concrete terms, the relative roles to be played by transfer, adaptation and original research.

A rigorous demonstration would require systematic assessments of the entire range of methods whereby needs could be fulfilled, and means of evaluating these methods in the light of the above-mentioned values. In the short time available it has not been possible for this Project to tackle such an undertaking effectively, though it is unquestionably a matter of great urgency. Development cannot, however, be considered as a series of disconnected sectoral activities or of purely technological choices. It implies global coherence and the political will to bring about social change. It often occurs through institutional change: it assumes a certain degree of articulation and organization on the part of the agents of social change.

Confrontation, compromise, consensus? This will depend on the configuration of forces at work and the specific circumstances of each case. New social projects will not crystallize without struggle nor without conflicts of interests. For this reason, it is not enough merely to define a desirable course of development. To avoid falling into the trap of proposing a series of unworkable utopias, transition strategies must be evolved that would optimize the conditions for change. This is the agenda for national and international action. The task is within reach.

**Never measure the height of a mountain until you have reached the top. Then you will see how low it was.**

Dag Hammarskjöld, *Markings*



# List of papers prepared for the 1975 Dag Hammarskjöld Project

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- Svein Aass** An alternative scenario of the organization of a village in Indonesia (11 p.)
- Krishna A. Ahoja-Patel** Some questions on self-reliance: a note (6 p.)  
Half of humanity and the new international order (5 p.)
- Cynthia H. de Alcántara** A commentary on the satisfaction of basic needs in Mexico, 1967–1975 (32 p.)
- Göran Bäckstrand & Lars Ingelstam** How much is *lagom*? Sweden as a case in the quest for appropriate development (21 p.)
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\*CIRED.

## Abbreviations

ACC	Administrative Committee on Coordination (UN)	ILO	International Labour Organisation
ACP	Africa Caribbean Pacific (countries)	IMF	International Monetary Fund
CIPEC	Intergovernmental Council of Copper Exporting Countries	ITU	International Telecommunications Union
CMEA	Council of Mutual Economic Assistance	LAFTA	Latin American Free Trade Area
ECB	Environmental Coordinating Board (UNEP)	OAPEC	Organization of Arab Petroleum Exporting Countries
ECE	Economic Commission for Europe (UN)	OECD	Organization for Economic Cooperation and Development
ECOSOC	Economic and Social Council (UN)	OPEC	Organization of Petroleum Exporting Countries
EEC	European Economic Community	SDRs	Special Drawing Rights
ESA	Economic and Social Affairs (UN Secretariat)	TNCs	Transnational corporations
FAO	Food and Agriculture Organization of the UN	UNCTAD	United Nations Conference on Trade and Development
GATT	General Agreement on Tariffs and Trade	UNDP	United Nations Development Programme
IACB	Inter-Agency Consultative Board (UNDP)	UNEP	United Nations Environment Programme
IBRD	International Bank for Reconstruction and Development (World Bank)	UNFPA	United Nations Fund for Population Activities
IDA	International Development Association (World Bank group)	UNICEF	United Nations Children's Fund
IDS	International Development Strategy	UNIDO	United Nations Industrial Development Organization
IFAD	International Fund for Agricultural Development	UNRISD	United Nations Research Institute for Social Development
		WFP	World Food Programme (UN-FAO)
		WMO	World Meteorological Organization

# The 1975 Dag Hammarskjöld Project

*Project director:* Marc Nerfin

*Principal advisers:* Ahmed Ben Salah, Ignacy Sachs, Juan Somavía

*The Uppsala group:* Krishna Ahojja-Patel (India), Göran Bäckstrand (Sweden), Andrés Biró (France), Fernando Henrique Cardoso (Brazil), Sveneld Evteev (USSR), Mohammed Taghi Farvar (Iran), Johan Galtung (Norway), Reginald Herbold Green (USA), Arne Haselbach (Austria), Ibrahim M. Kaduma (Tanzania), William H. Matthews (USA), Philip Ndegwa (Kenya), Patrick van Rensburg (Botswana), Rodolfo Stavenhagen (Mexico). This group met twice at the Dag Hammarskjöld Centre in Uppsala (16 to 18 January and 26 to 28 May 1975).

*The Hague group:* Private consultations took place at The Hague on 24 and 25 May, on the occasion of the Symposium on the New International Economic Order organized by the Netherlands Minister for Development Cooperation, Mr Jan Pronk. The following officials participated in their personal capacity: M. A. M. J. DeWulf, Senator (Belgium); Erhard Eppler, Member of Parliament (Federal Republic of Germany); Shridath S. Ramphal, Minister of Foreign Affairs (Guyana); S. Chakravarty, Member of Planning Commission (India); Majid Rahnema, Adviser to the Prime Minister (Iran); Donald O. Mills, Permanent Representative to the United Nations (Jamaica); Jan Pronk, Minister for Development Cooperation, L. H. J. B. van Gorkom, Director-General, International Cooperation, Jan Meijer, Special Adviser to the Minister of Foreign Affairs (Netherlands); Lal Jayawardena, Additional Secretary, Ministry of Planning and Economic Affairs (Sri Lanka); Carl Lidbom, Minister of State, Inga Thorsson, Under-Secretary of State for Foreign Affairs, Ernst Michanek, Chairman of the Board, Dag Hammarskjöld Foundation, Örjan Berner, Head of the UN Bureau, Ministry of Foreign Affairs (Sweden); A. H. Jamal, Minister for Commerce and Industries (Tanzania); Judith Hart, Minister for Overseas Development (United

Kingdom); Manuel Perez Guerrero, Minister of State for International Economic Affairs (Venezuela); Ismat Kittani, Executive Assistant to the Secretary General (United Nations); Gamani Corea, Secretary General (UNCTAD); Maurice F. Strong, Executive Director (UNEP); Abd-El Rahman Khane, Executive Director (UNIDO).

*The Algiers Conference:* The first conference of the International Development Centre on the New International Economic Order (Algiers, 24 to 27 June 1975) provided some members of the Uppsala group with an opportunity to discuss the Report. Special gratitude is due to the President of the Conference, Mr Layachi Yaker, Minister of Commerce (Algeria), the Secretary-General of the IDC, Mr Hernan Santa Cruz (Chile), the chairmen of the three Conference commissions (development, new international economic order and reform of the UN system), Mr Ismail Sabri Abdallah (Egypt), Mr Maurice F. Strong (Canada), Mr René Maheu (France), and many other participants, including Messrs Mamadou Aw (Mali), Philip Noel-Baker (UK), Jacques Chonchol (Chile), Celso Furtado (Brazil), Paul Gérin Lajoie (Canada), Paul Marc Henry (France), Robert E. Hunter (USA), L. K. Jha (India), Joseph Ki-Zerbo (Upper Volta), Carl Lidbom (Sweden) and Michel Rocard (France).

*The Uppsala panels:* The Dag Hammarskjöld Foundation organized, in the context of the Project, two panels of experts, both of which met at the Dag Hammarskjöld Centre in Uppsala. A panel on alternatives in education met from 23 to 25 April; it consisted of Ahmed Ben Salah (Tunisia), Carlos Malpica Faustor (Peru), J. P. Naik (India), Patrick van Rensburg (Botswana) and Ted Ward (USA). A panel on alternatives in health met from 26 to 28 April; it consisted of Florencio Baeza (Chile), Debabar Banerji (India), Vojo Djukanovic (Yugoslavia), M. Taghi Farvar (Iran), H. Jack Geiger (USA), Oscar Gish (USA), Majid Rahnema (Iran) and Göran Sterky (Sweden).

Many persons have been consulted at various stages on either the Project or the Report. Their comments, reactions and advice were always useful and are often reflected in the Report. However, those whose contributions are acknowledged here bear no responsibility for the Report in its final form:

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A small *ad hoc* research cell was assembled for the Project at the Maison des Sciences de l'Homme (Paris) in cooperation with the Centre for International Research on Environment and Development (CIRED) and its director, Ignacy Sachs. Its members, on a part-time or full-time basis, were: Maria Edy Chonchol (Chile), Eduardo Kugelmas (Brazil), Max Perea Espinosa (Chile), Silvia Sigal (Argentina) and Michel Schiray (France). Daniel Wermus (Switzerland) also worked as a research assistant.

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The Dag Hammarskjöld Foundation was established in 1962 in memory of the late Secretary General of the United Nations. Its main purpose is to organize seminars and conferences on the social, economic and legal problems of the Third World and to publish the materials arising out of these activities. In recent years, the Foundation has increasingly devoted itself to the promotion of a continuing dialogue on world development among policy-makers, administrators and professionals, particularly in the Third World. The Foundation is directed by Sven Hamrell and Olle Nordberg.

In addition to its book-publishing programme, the Foundation issues, twice a

year, *DEVELOPMENT DIALOGUE*, a journal of international development cooperation. This year *DEVELOPMENT DIALOGUE* appears only in the form of this double number, which is also published by the Foundation in French and Spanish and entirely devoted to the 1975 Dag Hammarskjöld Report. Copies of the English, French and Spanish editions of the journal can be obtained free of charge from the Dag Hammarskjöld Foundation, Övre Slottsgatan 2, 75220 Uppsala, Sweden.

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This is the fifth printing of the 1975 Dag Hammarskjöld Report, *What Now: Another Development*. The immediate reason for the reprint is that a considerable number of copies were destroyed in a fire that ravaged the Dag Hammarskjöld Centre on April 20, 1982.

Six language editions of the Dag Hammarskjöld Report have appeared: English, 29,000 copies; French, *Que faire: un autre développement*, 9,000 copies; Spanish, *Qué hacer: otro desarrollo*, 6,000 copies (these three as a special issue of *Development Dialogue*, first published in 1975); German, *Was tun*, 8,200 copies, published by the Vienna Institute for Development (1975), Kärntnerstrasse 25, A-1010 Vienna, Austria; Arabic, 5,000 copies, published in 1981 by Société nationale d'édition et de diffusion, boulevard Zirout Youcef, B.P., Algiers, Algeria; and Polish, in *Nowy międzynarodowy ład ekonomiczny*, pp 145–242, published in Warsaw in 1979 by Państwowe Wydawnictwo Ekonomiczne.

The 1975 Dag Hammarskjöld Project, directed by Marc Nerfin, also led to the following publications:

● Marc Nerfin (ed), *Another Development: Approaches and Strategies*, with contributions by Fernando Henrique Cardoso, Rodolfo Stavenhagen, Krishna Ahojja-Patel, Jacques Berthelot, Johan Galtung, Paul Singer and Bolivar Lamounier, Cynthia Hewitt de Alcántara, Rajni Kothari, Sergio Bitar and Ahmed Ben Salah. Uppsala, Dag Hammarskjöld Foundation, 1977, 266 pp.

● Marc Nerfin (compilador), *Hacia otro Desarrollo: Enfoques y Estrategias*. Mexico, Siglo XXI, 1978, 334 pp. (This is a translation of the above book).

● William H. Matthews (ed), *Outer Limits and Human Needs*, with contributions by William H. Matthews, Ignacy Sachs and Md Taghi Farvar. Uppsala, Dag Hammarskjöld Foundation, 1976, 102 pp.

● Michel Schiray, *Tiers Monde et monde industrialisé*. Paris, La documentation française, 1978, 176 pp.

● Ignacy Sachs, Anne Bergeret, Michel Schiray, Silvia Sigal, Daniel Théry, Krystyna Vinaver, *Initiation à l'écodéveloppement*. Toulouse, Privat, 1981, 368 pp.

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