

TOWARDS A WORLD DEVELOPMENT STRATEGY BASED ON GROWTH,  
SUSTAINABILITY AND SOLIDARITY: POLICY OPTIONS FOR THE 1990's

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Paris, February 8th 1989

It is wellnigh impossible , on this occasion of the 25th anniversary of the OECD Development Centre, not to realize how much the world has changed in these past 25 years., and how much more rapid and profound these changes have become in the most recent 10 years.

What has radically changed the human condition and will increasingly make its impact felt as we move into the 21st century , is the cumulative impact of interconnected changes in three interdependent systems.. These are changes in the world strategic and political situation, changes in the workings of the international economy, and changes in the global ecology. .The impact of these changes forces us from now on to think in terms of sustainable world development, rather than in the conventional terms of national development and North-South relations.

In the strategic area the two superpowers have begun to review their overall military posture and their worldwide strategic commitments in light of their excessive costs, with the purpose of bringing them in line with the limits of their basic economic strength, and to enable them to address the social and economic problems besetting the domestic base of their military and economic strength.

The INF agreement, though covering less than 5 % of their nuclear weapons arsenal, started a new period of general detente, and raised the hope of deep , 50% cuts in their strategic nuclear weapons. Whether the process that has now started will continue is not certain ; it is still possible that the reduction in numbers will be offset by a race to improve the quality of nuclear weapons, that goes by the name of modernisation. It is also possible that a further deepening of detente will be swarthed by failure to reach agreement on reductions in conventional arms.

But if agreements on these these deep . 50 % cuts, could be reached, the UK and France together would command.20 % of the number of warheads of the Soviet Union, en China 17 % , thus bringing the situation closer to strategic multipolarity. The possession or near possession of nuclear weapons by a number of other countries, , and the chances of further proliferation adds to the diffusion of explosive power in the world.

At the same time a number of persistent conflicts and political processes in the world have shown the limits of coercive power, and the fact that a large number of problems do not lend themselves to a military solution. But maybe most important of all, in terms of the purposes of this paper, is the fact that with the present armstechnology and the militarisation of the oceans and outer space national borders now have very little relevance in ensuring the security of the state. The concepts of frontline or rearguard has lost all meaning. Consequently new concepts of security are emerging Detente and the revision of superpower strategic postures are bound to set in motion processes of political change. They are of two kinds.: the emergence of regional powers or groupings, and the surfacing of hitherto hidden political aspirations in various parts of the world, each bringing with them their own problems, conflicts and the seeds of both new instability and of selforganisation and cooperation.

These changes at the strategic and political level are matched and sometimes enhanced, in magnitude and significance, by changes in the international economy. We have seen the rise of Germany and Japan and the rise of NIE's in East Asia and Latin America, which has radically changed the pattern of competitiveness between countries, but has also led to serious economic and financial imbalances.

The globalisation of national economies, made possible by the communicationsrevolution, has led to the internationalisation of financial markets and trade, massive and rapid capital movements, no longer related to trade, but driven by global institutional investors and speculators, and the consequent development of new and global powerstructures that are only accountable to themselves and are beyond the effective reach of any single government. They are part of a transnational sphere with a commanding access to capital, skills, technology and markets. The French economist Albert Bressand has stated it graphically, though not without a bit of exaggeration: "The US now has two central banks: the Federal Reserve and the Japanese insurance companies."

The heightened worldwide competition resulting from these changes has created powerful forces towards diversification among developing countries and greater economic nationalism, but also the formation of regional economic groupings. The Canadian-US single market is merely the first step in this direction. The European market that will come into being in 1992 will create the largest single market in the world. Other regional groupings may follow. In the emerging global strategic situation a European market may well increase the likelihood that Europe will also politically and economically, play a more independent role.

However, integration of regional markets, necessary though it may be, may well be a very traumatic experience for the participating countries. When economic restructuring takes place there will inevitably be a painful shake down period of fierce competition; weaker companies will fall by the wayside, or will have to merge with stronger corporations; companies which have relied in the past on government orders will have to make major readjustments. Inevitably too there will be major changes in employment levels, - patterns and - locations, requiring migration of labor or retraining.

In the European case the burning political and economic questions will be: who will determine the economic structure and political substance of the European community: the bankers, major corporations and the speculators, or will it be possible to retain, although possibly in different form, some of the essential attributes and values of the welfare state? Will it be possible to speed up the economic integration of Europe's internal "South" through an accelerated development effort, without sacrificing Europe's traditional role in development support to the developing countries in general? A third question is: to what extent will the European community be able to withstand the natural tendency in such a transition temporarily to insulate itself from external competitive pressures, and to remain open to the rest of the world?

The answers to these questions will profoundly influence what happens in other parts of the world, and this will in turn exert its impact on Europe. The point is that, while Europe, and any other integrated trading area, is of course, fully entitled to make its own rules and decisions with regard to its common future, it will have to take its decisions in the context of global economic and strategic interdependence. In that way Europe's social problem, and that of any other regional grouping, is inescapably linked to the world's social problem: international poverty.

The so-called Third Industrial Revolution has made it possible for those countries that could make use of these technologies to increase their

productivity significantly, thereby further widening the gap between the North and South. At the same time, the communications revolution especially, has raised expectations in poor developing countries with access to industrial country television programs, to the point at which the national economy in no way could hope ever to meet those expectations except at the cost of unacceptable inequalities. The contradiction many populous developing countries now have to contend with is that in order to become or remain competitive in today's world, they have to increase their productivity with sophisticated technology that is most often labor saving, while at the same time they have to contend domestically with their massive unemployment problem. They will need information, which today has become as much a capital asset as financial and physical capital. They will have to find ways to have access to that information without exposing themselves to the dangers of unrealistic expectations that might destroy the kind of social cohesion young nations need to nurture in their nationbuilding effort.

The poverty gap now has three dimensions: the gap between the have's and the have not's, between the know's and the know's not, and between those who have work and those who do not have work. The changes in the political, strategic and economic spheres have not only affected the international sphere, they also have impacted heavily on political and economic structures within each country, on interpersonal relations, on lifestyles, on social cohesion and the loosening of the bond of primary social groups.

No country, no group of countries anywhere in the world, whatever their ideological orientation, has remained immune from the consequences of these changes and the fragility of the world economic system, its exchange rate fluctuations and the 3d world debt problem.

No country whether North or South, East or West, can achieve its social objectives, or for that matter its strategic and economic objectives, alone any more, on its own steam. Likewise it has become abundantly clear that it is no longer possible to think of development as purely a national effort. It has turned out to be an effort that has to be conducted as part of a larger, global effort requiring the cooperation of North and South, in development on a global scale and cooperation to stabilize the international economic system and correct its malfunctioning.

There is however a third set of changes that impinge on the human situation. These have to do with the global changes in the earth's physical, chemical, and weather systems and the earth's biological diversity, resulting from human action. There is now a consensus among the majority of

scientists in the world that the warming of the earth's temperature primarily although not exclusively, as a result of the burning of fossil fuels, is now inevitable. Its impact is already discernible in today's changing and often unpredictable weather patterns.

The question that has to be addressed is not how to prevent it - for that option is no longer open, but how to slow down and to reduce the warming process to no more than 3 degrees so as to enable humankind to make the necessary adaptations. Without effective international and national actions we will have to take into account the likelihood of an increase in temperature of 6 degrees Celsius in the next 110 years. In that case it is not impossible that by the middle of the 21st century, i.e. during the lifetime of our grandchildren - the grain baskets of the American Midwest and the Soviet Ukraine will have turned into scrub deserts. Grain will then a.o. have to grow in the much less fertile soils in Canada, while other parts of the world will be plagued by too much rain. Towards the end of the century, it is expected that a number of major coastal cities will be permanently inundated because of rising sea levels resulting from the melting of polar ice.

We will have to take into account that already now China, after the USA and the Soviet Union, is the 3rd largest producer of CO<sub>2</sub>. In the long term China's continued industrialisation and the industrialisation of the 3rd World is bound to take place, whatever the human and social cost. These processes are bound to increase CO<sub>2</sub> emissions by a few factors. Even though industrial countries may embark on major efforts to increase energy efficiency, these efforts may not compensate for the greater fossil fuel utilisation in an industrialising 3rd world. In addition we all know of course how poverty is one of the greatest polluters in the world. It drives millions of people to cut the forests to meet their own energy needs.

The point is that the energy problem, including the technology of its generation and the technology of energy use, but also the lifestyles, expectations and values, that lie behind each technological choice, has become a global problem. At the present state of technology there is no hope that the expected higher levels of energy use the world over, the warming process can be halted or slowed down enough for humankind to make the necessary adaptations. The hope that nuclear energy could provide an alternative, has after Chernobyl and other accidents lost much of its attraction, especially now that apparently unexpected problems of finding politically and economically acceptable locations for nuclear waste disposal have emerged. A report prepared for publication in the December issue of the American journal "Energy Policy" on the implications of the so-called nuclear option in the effort to reduce CO<sub>2</sub> emissions, concludes that the transition to nuclear energy will require an investment level that is

impossible to achieve either nationally or internationally. Dr. Keepin, one of the authors, stated recently to the press, that if the nuclear industry were to commission a new nuclear plant every two days, the CO<sub>2</sub> level in the atmosphere could be kept more or less constant. This would mean a 20 to 30 times enlargement of total nuclear capacity in the whole world, which would cost \$587 billion a year.

This means that most likely only nuclear fusion and the soft technologies would be able to mobilize enough financial and political support to provide a feasible alternative. This implies that the research and development for these technologies on the scale they deserve to be undertaken, should not be left to blind market forces, i.e. the prevailing price of oil. But the costs should be compared with the likely cost of moving major cities from their present locations to higher grounds. These calculations should also take account of the unpredictable food supply problems which will result from the general changes in weather patterns and increase in temperature.

It is obvious that the problems of energy needs of the industrial countries and those of the developing countries are not separate problems. There are of course, quite a number of other environmental problems which require a broad international effort. The hole in the ozone layer is one of them, acid rain and the storage and disposal of toxic waste another. But certainly there is a need for an international energy regime that could regulate the transition of industrial countries and an industrialising 3d world towards an ecologically less destructive pattern, and organize the R&D necessary to that end.

The other problem in this rubric is the problem of international poverty and population growth.

It is at the moment quite fashionable to speak about compassion fatigue or aid-fatigue when discussing the diminished political and financial support for development assistance.

The problem however, is in my view, an entirely different one.

Except maybe for the four Little Dragons, South Korea, Taiwan, Hongkong and Singapore, which have managed to overcome this gap, global economic and social dualism still exists. This gap is now in the process of widening as a result of the complex of problems that manifests itself in the debt burden of the 3d world, the net resource flow to the industrial countries, and the stagnation and even regression of the economy, resulting in the destruction of all the progress achieved in the area of health delivery, education and other social services. It is bound eventually to lead to major political convulsions, and in those cases where redemocratisation has occurred, to its reversal. According to the Japanese economist Saburo Okita 1980 saw a net

inflow of \$ 39.3 billion to the developing countries, while 1985 witnessed a net outflow of \$31.0 billion: an enormous shift of \$ 70 billion of official and private funds.

Apart from the debt problem the rapid development of laborsaving technologies has further widened the gap, through rapid increase in productivity of the industrial countries of the North. In the increasingly competitive world of today this development confronts the latecomers in industrialisation with the dilemma of how to become, or remain, internationally competitive, and still be able to deal effectively with the massive underemployment problem that is beginning to strain the resilience of the political system in their own countries., whatever their ideological orientation. It should be possible, and necessary, to think of combining hightech and lowtech , laborsaving and labor intensive components in the production process. However not much work has been done in this direction.

The crux of the matter is that if nothing is done, the enormous disparities in standard of living and in birthrates between the industrial and developing countries will become so great that the pressure to migrate to the industrial countries will turn into an irresistible floodtide.. That pressure is now greatest on the border between Mexico and the USA and between the northern and southern riparian states around the Mediterranean Sea. It is quite likely that that pressure will grow and will manifest itself in other places on the globe as well. Even in the 3d world itself. a.o. in Africa where because of war, drought, landhunger or landexhaustion, territorial borders are transgressed by huge numbers of people. Similar occurrences take place in South Asia, and even within such large populous countries as Indonesia and China. We can no longer escape the implications of the fact that together we keep on losing arable land every day while populations keep on increasing.

We all will have to chose from 3 alternatives, if we want to prevent such massive and global redistribution of population : 1) to deal with the problem of underdevelopment and international poverty on a scale that does justice to the magnitude of the problem. 2) accept the free movement of people in the way the free movement of capital across the globe has now by and large been accepted. 3) a combination of the first two options: a much higher level of international development cooperation, a much higher level of immigration from the 3d world, coupled with policies that aim at increasing the absorptive capacity and the necessary tolerance in the receiving country . It means essentially to accept the inevitability of multi-ethnic states in the industrial world.

There is another dimension that irrevocably ties the South and the North together.

Despite the unexpectedly favorable rate of economic growth of the OECD countries, it is clear that when the developing countries continue to stagnate, a combination of overproduction in the North and undeconsumption in the South may well occur. It is therefore in the interest of the industrial countries to reach a settlement of the 3d world debt problem in a manner that will make resumption of economic growth possible, and a much increased resource flow to the 3d world.

It will be important to realize that in the long run, demographically speaking, the markets of the industrial countries are bound to shrink, both relatively and in absolute terms, while an accelerated development will turn the growing population in the 3d world into potentially new markets.

These two gargantuan problems will make it unlikely that there ever will be a future for the industrial world that is separate from that of the poor countries. Economic, as well as demographic and ecological interdependence will force all of us to find solutions to our own problems in a global context, and within the limits of the earth's carrying capacity. It is in the interest of each and all of us that we articulate our own vision of the future within the context of a simultaneously developed global vision that encompasses human survival, human solidarity, and the habitability of our planet. We will have to do so in a world of very rapid and profound social change, that seems to surpass the adjustment capacity of our social and political institutions, with an international system in which no country, no single group of countries, in fact even no intergovernmental organisation of any kind, is in control, and in which new players, at the transnational as well as at the subnational level have made their presence felt in extremely powerful ways. It is no exaggeration to state that the "governability" of the global system as well of many states is at risk. A great deal will depend on whether it will be possible to make the transnational sphere socially accountable. Much of our thought and reaction patterns seem to be hopelessly obsolete. At the same time global economic growth is an essential condition for humankind to be able to make the major adjustments that sustainable development demands, while human solidarity is not only an ethical category but also a condition for common survival.

The problem of development assistance is therefore not a question of charity, but is every body's problem. It concerns the maintenance of the ecological life support systems for the human species and the governability of the human community.



.It is therefore no more a utopian vision, but a practical necessity. It is a problem of humankind's general preparation for life in the 21st century. And we know, or at least suspect, how unprepared we all are for that future.

What are the rough contours for such a world development strategy? In which general directions should we look ? It is impossible for me to do more at this stage than sketch a very provisional roadmap for further discussion and reflection.

It is already quite likely that the methods of the decades of the 60's and 70's , of global negotiations , may not work for the moment. The prevailing climate in international politics that insists that everything should be left to free, or should one say blind, market forces , is not conducive to their resumption. It should be said that, given the complexity of interlocking interdependencies and with considerable scientific uncertainties still remaining on a number of concrete issues, it might be more suitable to "improvise within the limits of fairly generally accepted goals", and to look for ways to initiate new thoughts and processes among smaller, strategically selected groups of North and South, in search of new approaches.. Even the following very rough suggestions will require further elaboration and precision. Most likely we will have to develop them as we go along.

We will then have to look in the direction of a much larger transfer of productive resources to the developing countries. The Brandt Commission's now almost forgotten report mentions a 3% of GNP. in the form of ODA and private funds., a much higher target than the 0.7 % established by the OECD. . It still looks to me the most telling figure. As against this, developing countries will have to commit themselves to bring about the necessary adjustments necessary for the absorption of such a largescale transfer..

2) This process should be preceded by collective steps to stabilize the international economy at a level and in a way that takes full account of the interests of the developing countries.

3) Unrestricted increase of international trade. Protection would only be justified for the most underdeveloped countries.

A restructuring of the international division of labor would leave low value added manufacturing primarily to the 3d world, while the industrial countries would concentrate primarily , though not exclusively, on high value added production. It would be ideal - and rather utopian - if the transition of the industrial countries to a post- industrial, information society could take place in lockstep with the pace of industrialisation of the 3d world. Such a linkage would lead to a major increase in international trade, without the

spectre of a regularly recurring debtproblem. In any case all markets should remain open for the exports of developing countries.

4) The 3d world debt should not be an obstacle for further economic growth, unless the economic plans are too obviously irrational and unproductive.

5) An international consensus needs to be developed with regard to an international energy regime, which should include the R&D for energy generation and energy efficiency. Such a consensus should also encompass understandings regarding the effective dissemination of these technologies and policies across the globe, as well as arrangements with regard to the protection of the tropical rainforests and to an international system of compensation, and incentives and disincentives for those countries in which these forests are located.

6) There is going to be a need to enhance the scientific and technological capabilities in the 3d world. Without a massive and global spread of scientific and technological knowledge and skills, the dependency of the 3d world and the gap between North and South, are bound to increase, as will be their incapacity to develop their own solutions to their own problems. It would be a major error if fear of competition would constitute an obstacle to such an international program. In the long run the consequences are likely to be more costly than cooperating with the industrialisation of the 3d world., including the industrialisation of the countryside, something that is still in its infancy.

An international program for the dissemination of scientific and technological capabilities in the 3d word should also include the enhancement of capabilities in the area of environmental management. Better methodologies will have to be developed towards a more effective integration of developmentplanning and natural resource planning, as well as towards a capacity to participate effectively in global environmental regimes that should ensure the sustained habitability of this planet.

7) It will be of the greatest importance that the principles of "fair trade" and "reciprocity" which Europe needs in order to equalize the conditions of competition, not be applied to developing countries in the early phase of their industrialisation.

8) It will be necessary to review the way development assistance is channeled. Channeling through central governments and national bureaucracies has often encouraged concentration of power and even the growth of authoritarianism. It has also led to the bureaucratisation of the countryside, the destruction of traditional village autonomy, local initiative and local accountability. It is very important as much as possible to encourage wherever possible, the growth of pluralism and local accountability. NGO's and university centers as well as the media have a major role to play here.

It goes without saying that an effort of this magnitude will be impossible as long as defense expenditures, including R&D in the industrial as well as in the developing countries remain at the present level.

In addition, an approach that so intrusively deals with matters that conventionally fall within the domestic jurisdiction of sovereign nations, will require much more than critical discussions. It requires profound changes in conceptions of the state and of the international order.. It will for instance be necessary, in a kind of second Copernican revolution, to look at the international order not in terms of an arbitrary configuration of sovereign states, but as a system in which the nationstates revolve around a set of shared core values that have to do with human survival and human solidarity.. It will be necessary to blunt the sharper edges of the traditional concept of national sovereignty - something which Europeans now have to get themselves accustomed to - as well as the expansion of man's moral horizon and of personal loyalties and commitments. These will have to transcend the tribe, the ethnic community, the nation and should encompass the whole of humanity including future generations.

The identification of such a set of irreducible shared values, which aside from those of human survival and human solidarity, should encompass the values of security, justice, liberty, tolerance and human rights, both the individual as well as the more collective social and economic rights, need not in any way lead to the imposition of a single value system on the whole of humankind. Humankind's racial, cultural and religious diversity, like the biological diversity on this planet, ensures rather than reduces the stability of the human race. In this regard cultural pluralism is based on the fact that these shared core values are imbedded in different value configuration that

are specific for each culture and each nation. Judging from the strength of the political, economic and cultural nationalism of which we see so many manifestations at present, this cultural pluralism will most likely continue to exist, despite the powerful homogenizing tendencies that can also be observed. The three interdependencies referred to in this paper, force us, within the context of a globalised worldeconomy and the likely formation of a number of large trading blocs, to search, in each culture, for new, culturally specific, but globally compatible, balances between economic growth, technology, employment, social justice and culture, in an international system that should make a sustainable worlddevelopment possible.

If this is the direction that we should go towards a world development strategy based on growth, sustainability and solidarity, then we should also realize that we are still a long distance away from the point where we could begin to actually move..

Firstly, the international community is in no mood to take such ideas seriously. The likelihood of a debt settlement policy, rather than debt management, that would restore the possibilities for growth in the debtor countries, seems to be quite remote. By the same token, the likelihood of effective policies that would stem the hemorrhage of the debtor countries and the enunciation of policies that would lead to a resumption of resource transfer to the 3d world, will remain very small for a long period. There seems to be no particular desire to stabilise the international exchange markets, neither is there any consensus on what needs to be done, how it should be done, and how quickly.

.In fact there is no analysis of what is happening in the world today, and what is happening to it, that can command international consensus. - essential condition for international action. There are simply too many contradictory explanations..We are as Edgard Pisani has said, in a "crisis of intelligibility" Economic theory as well as political philosophy have failed us dismally here. . . Nevertheless Europe is engaged in a process of major social transformation, although it is at the same time likely that Europe will remain preoccupied with its own restructuring for a long time, before it will be ready to address some of the larger global issues.

We should also be aware of the degree of scientific uncertainty regarding a number of problems at this confluence of different interdependent systems. This of course facilitates justification for delaying decisions. Still we will have to learn to make decisions in conditions of scientific uncertainty and social instability., most likely by making decisions sequentially, so as not permanently to foreclose any option that might be important later., by committing oneself irrevocably to a single course of action. Apart from stimulating the kind of research that would reduce as much as possible, and as soon as possible, the areas of scientific uncertainty, an effort should be

made to develop what could be called a new economics that could relate economic theory to the micro- and macro environmental system as well as to new concepts of security, if we want a firmer basis for international consensus and international action. A great deal of new integrative thinking is needed now that the great ideologies that have given shape and direction to the course of history in the first part of this century, have exhausted themselves. In more practical terms, more effective tools will also have to be developed that integrate development planning to natural resource planning and environmental management.

Equally important is the need to build into the political process a greater capability and willingness to deal with longterm problems. This will not only involve a greater role for governmental and freestanding research institutions, but also for NGO's, pressure groups, popular movements, linked internationally through various networks, concerned with such issues. Similarly also for the universities in general. As most of these longterm problems are multidisciplinary in character, at the interface between different scientific fields, it may even be necessary not only for the universities to make the relevant adjustments, but also to review the manner in which governments are conventionally organised into various ministries, with the occasional interministerial taskforce.

We will, more generally have to learn to face the inherent complexity of natural and social systems, to accept the fact that we are part of the globe's interaction between natural and social systems, and that we are inside it, not outside, and that we cannot control the systems in which we are imbedded. At most we can learn how to influence the probabilities of outcomes from within the system. Planning then ceases to be final, but becomes part of a social learning process, in which both planner, and those affected by plans, learn from each other, and continuously make the necessary adjustments.

It will also be necessary to draw lessons from earlier grassroots movements: the liberation movement, the labor movement, the women's movement, the peace and environmental movements. These movements did succeed in changing the political agenda of their respective nations. Governments generally reluctantly have followed.

Likewise it will be important to link national constituencies together into an international network, and begin to persuade the general public and their governments to take international action. Coupled with this should be an effort for government and freestanding research institutions to review the development process and the theories underlying it, in light of the trends towards the globalisation of the international economy on the one hand and the political and economic nationalisms in reaction to it as well as the processes of regionalisation. For even if there were no political obstacles, the policy instruments that could turn the development effort into more ecologically sustainable development are still in a rather rudimentary stage. We are still some distance away from the integration of development planning and natural resource planning, from determining what the various points of irreversibility are in processes of ecological damage.; from determining the scale of the various international efforts that have to be undertaken in the field of energy for instance, pollution abatement, nuclear and other toxic wastes. and from turning the economy to less CO2 producing energy sources.

In conclusion, it is obvious that the 1990's will most likely not be the decade that will see the enunciation of a clear and coherent world strategy of the kind that our times really demand of us. Rather we will have to use that decade to prepare ourselves, the general public, and our governments for the evolution of our respective political cultures that is needed.

It is however at the same time equally important to realize that at this very moment three major experimentations are going on, the outcome of each of which will greatly affect all of us. These are the experiment in nuclear disarmament and general detente. It may become an experiment in living with peace, rather than with the constant threat of war. Two, Perestroika and Glasnost, and three, the European Common Market. All three experiments still face many difficulties and a great many uncertainties and doubts remain. Still the vision and the courage to embark upon them were somehow generated. It is in a sense a manifestation of humankind's continued creative ability. It also encourages us to hope that in the end we will be able to respond in time to the challenges of our common future.