

Informal Consultations with the Committee on the Review and Appraisal  
of the Implementation of the International Development Strategy  
for the Third United Nations Development Decade

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It is a great pleasure for me to be able to participate in the substantive and informal consultations with the Committee on the Review and Appraisal of the Implementation of the International Development Strategy for the Third United Nations Development Decade. As you may know, the United Nations University is not a specialized agency of the United Nations, but an organ of the United Nations established on the basis of a resolution by the General Assembly in December 1973. Its Charter enjoins the United Nations University to engage in research, post graduate training and dissemination of knowledge concerning the pressing global problems of human survival, development and welfare. It is governed by a Council which consists not of national representatives but of individual scholars. At the same time, the Secretary-General of the United Nations and the Director-General of UNESCO are represented on the Council. The University's autonomy within the UN system and its academic freedom are guaranteed by its Charter, and as a result the United Nations University has taken up a rather unique position at the crossroads between the United Nations system and the university community worldwide. The United Nations University is charged with the same concerns as the United Nations system as a whole, which I believe gives the United Nations University its uniqueness in its obligation to deal with these concerns in a scientific way.

As I am speaking here, I will not represent the view of the United Nations University. As a university, the United Nations University does not have, nor is it entitled to nor does it claim nor does it desire to present a single point of view. In fact, one of its purposes is to provide a forum in which multiple perspectives - whether ideological, scientific, or cultural - can be represented and can engage in a dialogue which might strengthen the conditions for international peace and justice. The statement I am presenting now therefore very much represents my own views, even though they have been subjected to review by my colleagues at the United Nations University. I remain, however, personally responsible for the defects, the errors and the weaknesses of this particular statement.

I know that the various agencies and organs and bodies of the United Nations will all have an opportunity to present their assessment of the degree to which the policy measures recommended by the Development Strategy have been implemented and the targets of the Strategy have been met. And I am afraid that you will hear many laments about the failure to implement the policy recommendations and to achieve the targets. I will, therefore, refrain from covering the specific areas of the Strategy in which it has recommended policies and set targets, whether it be in the area of international trade, the

resource flow necessary for development, the international monetary and financial questions, or the transfer and development of a science and technology for development. I believe that the best contribution I can make from the perspective of the United Nations University is to give a general statement that bears on the failures in implementation, and then point out the ways in which we at the United Nations University are working to help develop new approaches in development strategy.

The assumptions on which the International Development Strategy were based have been overtaken by events. Who imagined, at the start of the Second Development Decade in 1970, that by 1984 the flow of resources from North to South would be negative, to the tune of 16 billion dollars in a single year? Who predicted such a general failure, with so few exceptions, of development efforts to reach the poorest of the poor? Who would have thought, even at a pessimistic moment in 1970, that economic growth in Africa and Latin America would have gone into reverse, or that per capita food production in Africa would have plunged by more than 25 percent? And who foresaw that the volume of world trade would decline in 1983 for the first time since World War II, or that commodity prices would reach their lowest real levels for 30 years?

The damage done by the most severe global recession of the post-war period is such that the poor countries as a group may not begin to grow again in this decade. Development capital, increasingly, has become available only on commercial or near-commercial terms, if at all. Many donor countries seem to have lost interest in cooperative approaches to development assistance and have re-compartmentalized their relations with developing countries. Both major producers and major consumers have drawn back from the pursuit of stable commodity agreements. There is a growing interest in bilateral, reciprocal trade agreements rather than general agreements such as the GATT approach. The liquidity crisis of the Third World has forced many debtor countries to rely on counter-trade, itself a symptom of the poor functioning of the international monetary system.

Foreign assistance to developing countries is also subject to a resurgent bilateral and commercial bias. More and more frequently, aid takes the form of supply credits and subsidies which are even more restrictive than older forms of tied aid. The negative effects are multiple. Donors become engaged in a process of competitive bidding for involvement in development projects, which are then financed through a mixture of commercial credits, concessional aid and expert credits. As a result, supplier interests in the donor countries develop bureaucratic alliances with particular ministries and business groups within the receiving country. Development projects are chosen because of the interest groups they serve and the ease with which they can be financed rather than for their contributions to national priorities. Countries find themselves acquiring large burdens of commercial debt as an adjunct to concessional aid. And the import content of development projects increases far beyond what is strictly necessary. A further distortion of development assistance is brought about by the tendency of some donors to subordinate aid to security objectives.

All of the foregoing are aspects of a broad retreat from earlier commitments to internationalism. There are many reasons for this, and not all are economic. In addition to the impact of the recession - which has caused many nations to become preoccupied with their own difficulties - there is a certain amount of disillusionment and fatigue in persisting with development efforts.

Many reports to this meeting, I am sure, will also mention the increasingly dominant concern with security which has pushed aside interest in the development effort per se and led to an obsession with arms, to the detriment of development strategies everywhere.

At the same time it is equally obvious that underlying these phenomena are other processes that fuel their dynamics. These processes have to do with the very profound and unprecedentedly rapid social and cultural changes that are now taking place in almost all societies.

It is impossible to comprehend the welter of forces and counterforces as a single coherent movement of humankind as a whole. No existing philosophy of history is capable of explaining satisfactorily the coexistence of fragmentation, the increasing eruptions of violence, the pervasive fears and sense of vulnerability affecting the powerless and the powerful alike, at the individual as well as the collective level. On the other hand we see the despair of the unemployed, the hopelessness of the billions of young people in the Third World who cannot see any real possibility of getting a job, and the rage that comes in response to the growing disparities in the world; and on the other hand we can observe the processes of remarkable economic growth under very adverse conditions and the reemergence of participatory governments in areas that had for long periods of time succumbed to authoritarian rule. It is against this background of social transformation on a global scale, with both the threat of total destructiveness and the new hopes for justice and freedom also emerging, that we will have to place the review and the assessment of the Development Strategy.

The rise of the massive debt problem and the growing protectionism on the part of the industrial countries have played havoc with the international institutions which were intended during the post World War II period to expand international trade and make possible the transfer of resources to the Third World for development. At the same time these forces have also shown how futile it is to think about and plan development in isolation from the international context in which that development effort has to take place. It is already obvious that a period of at least ten years will be required before many of the developing countries will again achieve the level of per capita income which they had reached four or five years ago, owing to the erosion not only of savings but also of assets within many of these subsistence societies. In addition, the rapid advances of microprocessors and communications technology, of biotechnology and in the field of materials technology are bound to have a profound impact on production processes and social and cultural relations within societies, especially on the widening of the gap between the North and the South. If the South is to avoid

developing new comparative disadvantages and new dependencies, it must very rapidly develop independent capabilities in these new frontier areas. The latecomers to industrialization in the Third World will find it necessary fundamentally to rethink their industrialization strategies in order either to retain or develop new comparative advantages in the international market while, at the same time, responding to the massive unemployment problems in their own country.

The same new technologies are also bound to affect the comparative advantages between industrial countries themselves. These compound the domestic problems that turn around what we could call the crisis of the welfare state, i.e. the growing incapacity of the bureaucratic welfare state to bear the cost of its social security and welfare programmes. The industrial world itself is faced with profound problems of restructuring its economies and the transitional problems that have to be faced in that connexion are enormous. Unless these transitions can be organized in a way that will not put the burden on the weakest elements in the society, social unrest may well become a major element that will obstruct efforts to overcome the rigidities within many of the older industrial economies.

One of the things that we lack is a shared diagnosis of the crisis that is upon us - a common diagnosis on which cooperative international action can be based. It was impossible to predict, and remains impossible to explain, the current economic disarray on the basis of existing theory. I think it is incumbent upon us to engage in a major, sustained intellectual effort to develop a framework for analysis into which the complex and disparate elements of the crisis can be integrated. These elements include the need for economic restructuring in the North, the debt problem in the South and financial flows generally, the need for the developing countries to confront their own problems of inequality and poverty, and the disproportionate expenditure on weapons in both the North and the South. While developing such a new framework, it is important to continue, extend and refine the kind of monitoring of the international system that the United Nations system has been doing. This will at least give us some sense, however inadequate, of humankind's collective capacity to make good its aspirations. It may also alert us to the need for course corrections - or entirely new directions - in development strategies.

The Third Development Decade, therefore, needs three related but distinct kinds of intellectual underpinning: one, diagnosis of current problems and past failures; two, monitoring of continuing trends (which might include the search for new indicators capable of reflecting structural change); and three, re-conceptualization of an integrated theoretical basis for a development strategy that is an integral part of the restructuring of the international economy. These three kinds of efforts should be able to lead us to practicable policy formulations: for example, to the definition of new negotiating packages to restart the North-South dialogue on the basis of common needs and interests, rather than confrontation.

The present intellectual landscape is certainly not a desert. There are many new ideas that are beginning to come up. There are many new experiments that are being undertaken. There are major processes of change and adjustment taking place, but it will be necessary to bring them all into a coherent context within which new perspectives could emerge. It is for these reasons that the United Nations University, interpreting and implementing its mandate to deal with issues encompassing global problems of human survival, development and welfare, has not limited itself to the conventional research into practical problems of the improvement of the conditions of the poor; we have also begun to try to reach a deeper level of analysis for a more comprehensive understanding of the forces at work and their manifestations in the concrete situations with which we are faced in our various countries and at the international level. It is for these reasons that the United Nations University is attempting through its research programmes to fill some of the lacunae in development theory and analysis. For example, one research project at the United Nations University is devising a set of economic development models for countries that are rich in natural resources. Ironically, the most extensive literature on successful development models for late-comers to industrialization is based on the experience of resource-poor countries such as Japan. Another research project deals with the political economy of fiscal policy. Case studies of national fiscal policies will illustrate what kinds of fiscal measures, expansionist or austere, have been politically and economically viable under what circumstances. A third project is examining actual planning experiences in several countries, seeking to identify concretely the factors that contributed to the success or lack of success in implementing development plans at the national level.

Other projects of the United Nations University are researching microeconomic factors, such as the way economic decisions are made at the household level; while still others are examining the state of the natural resource base that underlies most economic activity in the developing countries. Such specific research projects as those described above will, I hope, make a significant contribution to the understanding of economic processes at work in the world today. But we at the United Nations University recognize that much more is needed - a sustained, multidisciplinary, innovative effort that goes beyond the scale and duration of any one of our research projects.

It is for this reason that we are establishing this year the World Institute of Development Economics Research - we call it WIDER - as a research and training institution of the United Nations University. It will be located in Helsinki, Finland. One of the founding premises of WIDER is that development cannot realistically be dealt with in isolation from the workings of the global economic system. Its research programme will therefore work toward an integrated approach to the economic problems of the North and the South. The research will be interdisciplinary, for it must take into account the political rigidities that stand in the way of restructuring; the changing cultural values attached to work, leisure and participation; and the social cohesiveness of societies in the midst of rapid change. We are hopeful that some real theoretical and practical breakthroughs in dealing with global

economic interdependence will be achieved in the context of this new institute.

We really need to go back to the drawing board before we are asked to launch a new development decade. I fear that the prognosis for the Third Decade will be no brighter than the outcome of the second until and unless we achieve some better understanding of what we are up against.

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