

NEW DEVELOPMENT STRATEGY

by Gamini Corea

The UN is now engaged in the task of formulating an international development strategy for the 90's, the last decade of the 20th century. The General Assembly has for this purpose established a Committee of itself which has set itself the targets of preparing a draft which can be adopted by the Plenary of the General Assembly in the Autumn of 1990. So we have a little less than year within which to accomplish this work. The Committee of the Whole comprises all members of the General Assembly, so it is not a Committee in the usual sense of being a small body. It is a Committee of 163 governments, each having a number of delegates in a big room. The work on the strategy for the 90's takes place in a setting in which there has been a lot of disappointment, disillusionment about effectiveness of the strategy for the last decade, the strategy for the 80's.

That strategy was an ambitious one. It hoped that there would be a major spurt in the development practices and processes of the Third World countries. None of the quantitative targets - many of them quite high for the growth rates of developing countries, for the rate of growth of their exports, of their imports, for investment, for savings, for food production and so on - have been realised. In fact, the whole decade of the 80's did not turn out to be a decade of development, it was a decade of recession, a decade of stagnation and as a result, the targets came down to be hopelessly out of their mark. So there was scepticism as to whether this strategy was useful in the light of the past experiences, and if so, what other kind of strategy would be useful. In the end,

the General Assembly of the UN decided that it would be useful to have a strategy, but that the strategy should be more realistic, it should be less quantitative, it should not pretend to be a Work Plan, it should be selective and put its finger on a few key issues on which the international community can co-operate. So, that kind of approach has been brought to bear in the work of the new Committee, of which I am the Chairman. We have already had two substantive sessions, relatively short ones of one week each. Up to now we have been able to agree on an outline for the strategy, but we have not yet got into the content of the strategy itself. The first effort of doing so would be in January, 1990 when the Committee meets for two weeks.

Lost Decade

I have already warned the General Assembly that the prospects for the 90's, as are being presented to us from the various projections made by bodies like the World Bank, the IMF, UNCTAD, GATT, all independently calculated projections, do not present a very happy picture for the 90's. In fact they suggest that the main keys will not be very different from the 80's. The 80's was a period of recession, of slow growth and stagnation in many parts of the Third World, and in fact it has been called the lost decade, the decade of despair, rather than the decade of development. Now it seems that what we have in prospect for the next ten years, is more of the same thing, a replay of the 80's. The projections suggest that the industrialised countries of the West will grow slowly, about 2 to 3% a year,

The Eighties, far from being a Decade of Development was a decade of recession stagnation and disappointment - the lost decade. The projections of world bodies for the coming decade is also not encouraging - perhaps a replay of the Eighties. - for the developing world. And this could lead to political repercussions that will reverberate in the North. Dr. Gamini Corea, shares some thoughts on the problems and prospects for development. Dr. Corea former Secretary General of UNCTAD is currently chairman of the Institute of Policy Studies.

much less than the growth rates they themselves exhibited in the 60's and 70's which was 5 to 6% a year. The projections suggest that the prices of commodities, raw materials and primary products are not going to increase or improve over the 90's. In fact, they will not surpass the very low levels that they reached in the 80's.

In the 80's, they were about the same level as in the depression of the 30's. In real terms, the prediction now is that this state of affairs will continue, and that there would be dynamism in commodity markets. Then it is also predicted or projected, that the countries of East Asia, i.e. Taiwan and the Koreas, will continue to show dynamism. The countries of South East Asia, ASEAN, will be also following on their heels. But our part of the world, South Asia, will keep its head above water, but will not necessarily show exceptional dynamism. West Asia, the oil producing countries will also be relatively stagnant because of the uncertainty in the price of oil. But most clear of all, the two continents of Africa and Latin America will remain very much in the doldrums largely because of the

FOR THE 1990'S

effect of the debt problem in Latin America, which is going to drag down, the development efforts, in Africa because of both the debt problem and the past scarcity of investments and the running down of the economies which took place in the 80's. So the picture is not a very good one, and I have been trying to convey a political message to governments that the developing countries cannot withstand another decade of stagnation. There are social and political situations that will not permit it.

In the West, I feel that they still see the Third World societies as being objects for charity, poor countries, poor people deserving to be helped, sometimes needing to be helped. They do not see Third World societies as living organisms with their own dynamism, with their own political forces, their own pressures, their own tensions. I feel that in the 90's, this process in the Third World will gather momentum and make these countries less stable, than they are now, because everything that is happening, population growth, education, exposure to the media, expectations, lack of job opportunities is creating a situation in developing countries, different to what was prevailing in the 50's and 60's, and the governments of these countries are finding it increasingly difficult just to govern.

I once said that Third World countries are becoming increasingly ungovernable, because of the growth of discontent from below, and I was trying to convey to the rich countries that although this may not be their concern, it is definitely so in the South. If there is major tension, turmoil and upheavals in developing countries, this is bound to spill

over to the prosperous North in a hundred ways, through migration, disruption of trade, communication links, investment flows and soon. They can not think of getting into a kind of an apartheid of a prosperous Northern half living side by side with a Southern half which is languishing. So I have been trying to say that there is danger to the whole world community and to international peace if the 90's are to become not a decade of development, but a decade of turmoil and tension. I do not know to what extent that this message has gone through, because I found that North today, meaning the capitalist Western market economy countries are very self satisfied.

They feel that they are not doing very badly by growing slowly, but since they are rich, they don't need to grow very fast. They feel inflation is being kept down, they feel that investment is beginning to pick up, they feel that even unemployment is beginning to improve, and they are looking to the emerging of markets in Europe between U.S. and Canada and the creation of new centres of growth and dynamism. so they are not very mindful of what is happening in the rest of the world.

Eastern Europe

The development of Eastern Europe will help the world economy and the developing countries. But the immediate fear is that there will be a shift of focus on international policies particularly policies of the Western countries, away from North South problems and Third World problems towards the problems of helping and accommodating the change in Eastern Europe, and that there would possibly be rival claims for the necessary resources for aid,

for investment, for trade and so on. So that in the 90's, the South may even become a less if a priority for the North, as it has been upto now. As I said, the picture is not altogether a very propitious one.

Another remarkable point is that the 80's showed lack of success, no matter what the model, no matter what the political system, democracy, dictatorships, military government, they all found it difficult to cope with the aspirations of their people. I have two thoughts on this. One is that in the 80's, there was an exceptionally adverse external economic environment caused by the developed market economy countries. They felt that as a result of the oil shocks of the 70's and early 80's, their own economies were being overheated, and that inflation was becoming too excessive and they decided consciously on a policy of contraction. They contracted their own budgets, and there own demands. This created problems for themselves, because it led to unemployment and slow growth in the North. It also had tremendous repercussions over the rest of the world, particularly in the South.

Resource Flow

In the 80's there were three major developments which made it very difficult to produce results on the development front. One was, flow of resources from the rich to the poor dried up in practice. It was the other way around, aid budgets were cut, and with the debt crisis, banks stopped lending to developing countries with the result that where as in 1978 and 1979 about 40 billion dollars was flowing from the North to the South, in 1988 this flow was the other way, almost 60 million dollars coming from the poor countries to

Continued on page 26

the rich countries, 30 million on account of debt service payment and another 30 million on account of the falling commodity prices, and the decline in the terms of trade. So, 60 million dollars a year going from those who don't have it to those who have it, and do not need it. One aspect accompanying that was the collapse in commodity prices, reaching a contrast in pitch reached in the 1930's. And then there was also the upsurge of protectionism. The developing countries which were beginning to acquire new capabilities in industry and manufacture, found that wherever they were becoming competitive, they were running into increasing barriers in the markets of the North, both tariff and non tariff. So if you have a situation in which resources have been drained from the South to the North, the commodity markets which developing countries were very dependent have collapsed, and with access to trade and markets for manufacture limited, it is very difficult for any model to work, because all these models reflecting certain interdependence in the world economy and it requires a certain amount of participation in world trade. That is one factor.

The other thought I have, is that even in situations with some success, in which no growth was being registered, mostly before the 70's and 80's specially in Latin America, this growth was not well distributed and did not reach out to all sections of the population. In many countries, higher growth rates were accompanied by not only widening of the income gap, but deterioration in absolute terms of sections of the people, because of inflation. So some people really get poorer although the economy is getting richer and this of course added to the social tensions. So now even in the discussions on strategy, a lot of emphasis is

being given to the need to have a style of development which encourages economic growth on the one hand and which at the same time is particularly focussed on protecting the most vulnerable groups in society, the rural and urban, poor and women, many of whom get left behind in the process of highly lopsided or highly urbanised economic growth. Then also there are concerns about the impact of growth on environment. The fact that it can wreck the resource base of countries in the long run and make development unsustainable.

Knowledge Gap

So these themes have begun to emerge in addition to the traditional one of how to get the style of development that is sensitive to the poverty problem, the style of development which is economically, ecologically sustainable, and the style of development which also pays attention to human resources, particularly, the role of women, and the need for knowledge and skills. Because the 21st century they say, will be one in which the determinant of the wealth of nations will not be natural resources, or numbers, but knowledge and the world will be divided according to the knowledge-gap between those who know and those who do not know. Countries which fall back in the race will be those who are not capable of using the benefits of the scientific and technological revolutions. If they do not have the skilled cadres and the infra structure they will fall back. So these three special themes - poverty alleviation, environment and human resources are emerging as the highlights of a new strategy for the 90's.

The proponents of market oriented development always argue that given time, capitalism rather than the other systems will succeed in dealing with

the equity problem. But developing countries did not have that sort of time and we cannot allow equity to be a by product of capitalist development. We have to work with it directly as a separate sector and if we don't do that, you may not even get capitalist development. What you will probably have would be increasing turmoil and breakdown.