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**UNDP ROUNDTABLE ON GLOBAL CHANGE  
CHANGE: SOCIAL CONFLICT OR HARMONY?**

**"FROM MEGACRISIS TO SUSTAINABILITY:  
THE CHALLENGE FOR  
INTERNATIONAL DEVELOPMENT  
ORGANIZATIONS"**

by

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**Introduction**

During most of the post-war period, while the ideological duel of the Cold War was conducted, North-South relations have been grounded in an inspiring, publicly-funded experiment in international development. All evidence suggests that the experiment is drawing to a rapid close. The funding base, stagnant in real terms for over a decade, is now beginning to erode in nominal terms as well.

This situation has generated anxiety and alarm in poor countries, especially in Africa, where words like abandonment and betrayal are used to describe what is taking place. Development organizations -- bilateral, multilateral and non-governmental -- have been investing heavily in demonstrating that "development works". Such demonstrations, their authors hope, will galvanize public and political will in industrial countries for increased allocations of public funds for international development.

Thus, we are witnessing a growing literature which tries to demonstrate that economic development is working. The World Bank, for example, devoted its entire World Development Report (WDR) of 1991 to this purpose. With few exceptions, the case being made by development organizations rests on the following:

- average incomes in developing countries have doubled over the past three decades, increasing faster than in the United States, the United Kingdom, or Japan;
- people in developing countries now live some 10 years longer on average than in 1960 - twice the gain the United States could achieve by eliminating both cancer and heart disease; and
- the rate of infant deaths has been nearly halved, child death rates have plummeted and immunization rates have soared.

The case is valid and the frequency and sophistication of its presentation are increasing. The best that may be said for its influence, however, is that it may be reducing the rate of erosion of public finances for development. It is certainly not stopping or reversing the trend.

Nor, in my view, will it. The problem lies not in the validity of the argument, but in the argument itself. Bluntly stated, whether or not one accepts the validity of the argument, it is the wrong argument. The case which development organizations are making rests, implicitly and explicitly, on four broad propositions:

- The declining commitment to publicly-funded international development results from the global recession. Current economic difficulties are part of the normal economic cycle and it follows from this that matters will "return to normal" once the recession is over.
- Development has been and remains a "North-South" issue with the poverty of the South being something that can be eliminated by transferring the "surplus" of the North.
- The state is the appropriate instrument of intermediation between North and South in redistributing the economic "surplus".
- The task of development remains what it has been over the past five decades -- to achieve, in the span of one generation, the standards of living that the rich nations of the West achieved in three or four generations.

However noble the underlying intent, the problem with these propositions is that some are completely wrong and all fail to account for the dramatically changed context in which development efforts find themselves today. What that context calls for is the re-examination, in a fundamental way, of the meaning of development and of progress.

### **The New Context for Development**

The visions of plenty and happiness that during decades guided the "catching-up" efforts of the less fortunate nations have become hazy and blurred. Development, in theory and in practice, has rested on and been measured against the material standards of living of the rich nations of the West. Today, it is those very Western standards of living to which all humanity was supposed to aspire which are being questioned. This is not only because of their negative environmental consequences, but also because they were defined primarily in material terms and neglected the social, cultural and spiritual dimensions of human development. The rise of religious fundamentalism and of fierce ethnic rivalries throughout the world indicate the extent to which these neglected non-material dimensions of development have re-emerged, and have acquired a disruptive and even pathological character.

Most of the post-war intellectual architecture of development has derived from economics. "Development economics", a new area of economic specialization starting in the 1950s, held that, under the right conditions, development was linear, measurable, predictable, and subject to the universal treatment of economic theory.

Much of this architecture, we now know, requires fundamental rethinking which must take place at a time of unprecedented turmoil and change in practically all aspects of human activity. Most notably, the international order that prevailed for five decades collapsed as we entered the 1990s, and both nations and individuals are facing the uncertainties and instabilities that accompany the difficult transition to a new, and as yet undefined, world order. International security and political concerns, once processed through the relatively stable bi-polar system of confrontation between the East and the West, have now acquired a much more complex and unpredictable character. The world economy is experiencing profound transformations, mainly as a result of shifts in trade patterns, the globalization of financial markets, the changes in the nature of work and the impact of technological advances, which challenge established economic practices and confound the search for models and strategies to follow.

Accelerated social and cultural changes have turned upside down the time-honoured and cherished assumptions that underpinned the social order in many parts of the world, and particularly in the developing regions and the former socialist countries. The complex web of human values and interpersonal relations that keep communities together has been subjected to unprecedented strains, and in some instances has broken down completely with tragic consequences.

But it is in our capacity to generate and utilize knowledge that changes and transformations have been most profound. Scientific and technological advances have become the main determinants of the paths that much of the world community will take in the new millennium. As a consequence, those who have access to the products of scientific and technological research -- as well as the ability to understand, absorb and make use of them -- will exert an ever increasing influence in the conduct of human affairs. Moreover, in parallel with the astonishing pace of advances in science and technology during the last few decades, differences between nations in their capacities to generate and utilize knowledge have become more pronounced and even abysmal. This will severely limit the possibility of many nations to pursue their own development objectives, whichever form they take, and, unchecked, will doubtless create a new global apartheid that will apply both between nations and within individual societies.

All of these changes configure a completely new situation. This, in turn, is embedded in an even larger framework: our very understanding of the essence of humanness is evolving. New findings and discoveries are forcing us to revise drastically our ideas about humanity and its place in the order of things, as well as our conceptions of what human beings are, can be and will be:

We are beginning to accept and internalize the tight coupling that exists between human beings and the physical and biological world, acknowledging that we cannot act with impunity on the environment, trusting blindly the regenerative capacities of ecosystems. This implies a radical shift away from the perception of 18th and 19th century scientism that human beings are lords and masters with the right to do as we see fit on the planet, and towards considering us as stewards of a precious heritage that must be passed on to our children.

We are beginning to realize that advances in information technology are creating a new level of reality ("virtual reality", "cyberspace") that lies in between the tangible and real world which has been with us since time immemorial, and the world of abstract concepts which has been with us for at least 2,500 years since the invention of theory by the Greeks. Communications technologies are also creating new modes of human interaction, and in the process are altering what we mean by experience, privacy, selfhood, cultural identity and governance.

We are becoming aware of our newfound capacity for consciously altering the direction of human evolution, and of the possibility to overcome the limitations of an individual's biological and genetic hardware. However, although we may be developing the possibility of managing evolution, we still have to develop a concept of the governance of evolution and the morality of managing it which would correspond to the newly acquired responsibility of human beings for their own biological, in addition to cultural, future.

Advances in expert systems and robotics are forcing us to reconsider what we held as functional attributes of human beings. As we become increasingly aware of the impact that artifacts and mechanical constructions have on the way we live, the idea of "co-evolution" between humans and machines is beginning to emerge.

All of this suggests that, as the new millennium approaches, humanity is in the midst of a bewildering transition towards something that cannot be visualized clearly as yet. Such momentous changes are accompanied by profound fears of the unknown, by low tolerance for uncertainty, by a desire to escape from real or imagined threats, and by a crippling sense of helplessness. A retreat to what is perceived as safe, known and familiar emerges as a response, usually expressed in the form of nostalgia for the certainties of the past and a return to primal loyalties. But our human condition is changing and history tells us that it is not possible to turn around and go back to where we were even a few years ago.

In this context of a turbulent world stumbling towards a new millennium, rethinking the concepts of development and progress has become an urgent task. As Einstein stated many years ago:

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"We cannot solve the problems we have created with the same thinking that created them".

### Rethinking Development

The New World Order is changing the North-South axis of wealth and poverty. Indeed, the very terms "North-South" are fast becoming a serious impediment to any understanding of development. A more accurate formulation in terms of our present and emerging reality is found on a geographically heterogeneous "included-excluded" axis. The New World Order is in the process of spreading the "included" around more. There are quite a few (and there are going to be more) of them in the South, where much more manufacturing is being done, particularly in Asia. The New Order is also spreading the "excluded" around more -- a higher percentage of them are going to live in the North.

Development thinking and the very language of development will have to be modified. This will not be easy. To quote Keynes: "The difficulty lies not in new ideas, but escaping from old ones". We have grown accustomed to political and business leaders addressing themselves only to limited manifestations of the crisis in which we find ourselves and this will complicate any rethinking of development. The strange thing about this crisis is that, unlike previous crises of economic depression or warfare, this one has not generated its own language. We continue to use the language of development, "enriched," so to speak, through the introduction of precisely the most reactionary principles unearthed from the cemetery of neo-classical economics. The result is that most development discourse continues with a language of unlimited economic growth and expansion in the face of a reality of social and ecological collapse. This places development in a situation of dangerous incoherence: unless changed, its language will be judged as incoherent with our historical reality.

It may be instructive to pause for a moment and to recall a time when the world approached the end of a previous century and was staggered and bewildered by forces of tidal change. Thomas Paine (1737-1809), renowned in England, France and America as the protagonist of the Rights of Man, looked about his world at the end of the eighteenth century. What he saw was a Europe in disarray; the French revolution; the rise of the Reign of Terror; the American Revolution; Europe coming unstuck and on the verge of the Napoleonic Wars; demagogues rising up everywhere; the breakdown of government; people homeless in the streets as the result of the Industrial Revolution; individuals whose social, economic and cultural roots had disappeared, who were no longer rural and had no place in an urban world; high degrees of violence and criminality; the beginning of the breakdown of the Church.

Thomas Paine stood back from this frightening landscape and wrote the following:

"We have it in our power to begin the world all over again. A situation similar

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to the present hath not appeared since the days of Noah until now."

Paine's words would, of course, be total hyperbole were it not for the fact that he was right. The very nature of society, of government, of the relationship of the individual to the collectivity was transformed in the years of the nineteenth century, as was the pattern of values, attitudes and beliefs. The result of this was that development and progress as we have known and understood them for most of the last 200 years were defined.

The diagnosis of a problem usually proves much easier than does prognosis. Certainly, the dangers today are greater than when Paine saw in pervasive danger the opportunity to re-invent the world. Ours is a heavier legacy than Paine's and we have less time to fix things. Yet just as the Chinese ideogram for "crisis" is made up of two symbols -- one for danger and one for opportunity -- it is essential that development thinking look beyond the dangers and seek out the opportunities. There is no roadmap to redefining development, but there are in my view three significant clusters of opportunity which represent good beginning points.

The first opportunity I see is in the **trend towards increasing recognition and acceptance of global interdependence**. To say this may appear at first blush to be naive, to ignore completely the current reality of ever increasing economic globalization with its unprecedented competition. Yet, in parallel with that globalization is the fact that the ideological battles of the past are being replaced by the search for a more pragmatic partnership between market efficiency and social compassion. And humanity is being reminded with the growing force of the rising environmental threat and of the imperative of common survival on this fragile planet, of the fact that we are all in this together.

Although this kind of thinking is far from new, the idea of global interdependence, dangerously slow in taking root, is finding a place in the public mind. The United Nations Conference on Environment and Development, the Earth Summit at Rio, was evidence of this. Of the 182 nations who came to discuss the future of the world, 105 were represented by their heads of government. Also in attendance from all parts of the world and as major new players in international negotiations were non-governmental organizations, women's organizations, youth, and indigenous peoples' movements. Yes, there were different agendas. Yes, some came saying "the problem is in developing countries where population is growing too fast." Yes, some argued that "the villains are industrial countries where consumption is out of control." But, equally true is the fact that they came and that in some modest way initial building blocks were laid for a global framework. Conventions on carbon-gas emissions and biodiversity were signed. Statements on forestry principles were promulgated. "Agenda 21" was announced as a global action plan, though one that was much watered down because it was in the end what it had to be: an intergovernmental, consensus document. But for whatever its defects, "Agenda 21" is a global action plan that assumes interdependence.



Another element of this recognition of interdependence is to be found in the debates within countries and within communities on "security". These debates are not on security in the Cold War sense of protection from nuclear attack; they entail a much more complex view of how a lifestyle -- be it national or individual -- depends on factors that are far removed from direct control, but over which some influence is desirable. Security for the northern hemisphere is seen increasingly in terms of what happens to the rainforests of the Amazon or the drylands of Africa. Certainly, we do not understand all the linkages, but awareness and concern are growing.

The security debate does not end with environmental concerns. It is expanding to include security in terms of education and health security, food security, employment security and cultural security. And this is natural for we are already beginning to see that the conflicts of the future will be more between people than between nations. If we succeed in redefining security in this way, we may be able to take advantage of the only opportunity that history has given us to reduce military expenditures. In the past five years, we have seen a reduction of global military expenditure of some \$250 billion. Never before, at least not in our lifetime, has this happened. There is a peace dividend and we should not be fooled into thinking that it is but an illusion. Military spending increased annually for over forty years, but it has decreased by three percent each year over the past six years.

This notion of interdependence is revolutionary; it requires not merely a change to some of our thoughts, but a change in mindset. And one first step towards that may be the need for a change in language. Language is not mere detail; it hampers or facilitates our ability to look at a new set of relations and concepts that may be better adapted to the future. A characteristic of the current global transformation is that the landscape, or earthscape, is changing even as we attempt to understand and analyze it. A second characteristic is that our concepts and the language we use to express them are increasingly inadequate or, even, erroneous.

Interdependence is a concept of enormous complexity, requiring fresh thinking if we are to understand it. Although we know how to describe and how to explain, we can easily overlook the fact that describing and explaining do not amount to understanding. The former have to do with knowledge, which is the stuff of science, while the latter has to do with meaning, the stuff of enlightenment. I believe that I can describe and explain interdependence, but I know that I do not understand it. I do not understand what it would mean to our theories of society, whether social or economic. What I do know is that the theory and practice of economics and of development will be changed profoundly by an understanding of interdependence. I also know that much of my current language will not fit into an interdependence paradigm. Terms like "Third World", "North/South" or even "developing countries" suggest groups that are homogeneous, whereas we have long known that as labels they obscure as much as they elucidate.

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So, recognition of interdependence is a major opportunity and one that will require us to change our mindset and the language of development.

A second opportunity involves the rise of local initiatives as people and communities around the world demand more control over their lives. The rate of technological and economic change has far outstripped the rate of social innovation, or even the power of governments to keep up. And this, of course, again challenges us to re-think what we mean by "development." Can the international development community bury the mindset which holds that development is something that is done to and for people? Can effective conceptual frameworks and models be generated which move us beyond simple macro-economic formulations and a growing dependence on a globalized marketplace to arbitrate development? Can strategic planning approaches which help build social capital and which are conducive to community ownership be constructed around the rise of local initiatives? In development many actors -- donor and government organizations -- have lost sight of these factors. In some cases, people have lost sight of them too. We want a clean environment, but it is someone else's responsibility to provide it.

The evidence is growing world-wide of community initiative and the seizing of local control. This is perhaps driven in part by sheer necessity, by the declining capacity of the nation-state to distribute social goods, by the basic drive for survival. But it is happening. There are elements of social innovation, or re-claiming control, that give cause for optimism. The importance of social capital as the engine of development is underscored in an elaborate study by Robert Putnam which demonstrates that the quality of social organizations in the community is a precondition to economic growth.

"Historical reviews in Italy suggest that communities did not become civil because they were rich, but rather became rich because they were civic... The social capital represented by networks of civic engagements seems to be a pre-condition for economic development and effective government. A society that relies on generalized reciprocity and mutual assistance is more effective than a competitive, distrustful society. The network helps to overcome anonymity, cultivates reputation and builds trust of others through communication and interaction. Successful collaboration in one activity builds social capital connections and trust for other activities. The social capital is built from an investment of the time and caring of individuals: it does not deplete the public treasury."

For much of the past forty years, development has been cloaked in the pretence that it was value-free or value-neutral. Nothing was further from the truth. The foundation stone of development thought and practice was the dominant socio-economic paradigm of the industrial North, emphasizing individualism, technology, consumption, personal wealth and the inadvertent neglect of the social fabric of the community. Values and culture were factors

which, for the most part, simply "got in the way"; they were dealt with as incidentals, as "externalities" to the development model. The rethinking of development must deal with this and not merely with how to "enhance" and "refine" our approach.

So people reasserting control, and re-focusing development has tremendous potential and is a powerful opportunity.

A third opportunity cluster lies in the growing realization of the importance of knowledge and innovation. Not only are we in the midst of global transformation based on knowledge, in terms of our production processes, but we require better knowledge overall to respond to the conditions that define the crisis in which we find ourselves. And this demand for knowledge about how to do things better has probably never been more pronounced. The quest for innovation is accelerating and is evident at both the macro and micro levels.

At the macro level, we are emerging from a major ideological battle around the issues of the market and the state. One of the myths that characterized the battle was that the market could do it all. Yet any reading of history tells us that the very qualities of aggressiveness, daring and greed that make markets work also cause them to fail. And that same reading of history tells us that a strong state is needed to deal with market failure or, better still, to prevent the more severe dislocations by preventing market failure. History notwithstanding, we still hear strident claims that socialism is dead and the market has triumphed. Capitalism has shown its vitality and not for the first time, but we must ensure that the victory is not a victory only of personal greed. And if socialism as an ideology is vanquished, let us ensure that it is not also the death of all social objectives. Of course, the efficiency of the marketplace is needed. The creative energies of capitalism must be blended with the social objectives of equity and of human development.

Robert Heilbroner in his 1992 essay "Twenty-First Century Capitalism" looks to the future and offers a reflection on the possible nature of an innovative economic-social blend:

"If I were to hazard a description of the capitalisms most likely to succeed, I would think they would be those characterized by a high degree of political pragmatism, a low index of ideological fervour, a well-developed civil service, and a tradition of public cohesion. All successful capitalisms, I further believe, will find ways to assure labour of security of employment and income, management of the right to restructure tasks for efficiency's sake, and government of its legitimate role as a coordinator of national growth...".

The call for appropriate innovation at the macro level is as yet largely unheeded. Globalization is the current watchword where we all compete for each others internal markets and, in so doing, we continue to dismantle what Heilbroner refers to as the "legitimate" role of government

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as coordinator of national growth. If development is to be rethought and to be viewed as a credible approach to the crisis, it will have to help formulate appropriate innovations in this area. For it is here in the pragmatic combination of efficiency and equity that the viability of future models of development will be found.

At the micro level, innovation in technology also has a role to play -- if not as the all-powerful fixer, at least as the essential helper. We know that technology has been a driving factor in all cases of rapid economic growth. This proved as true for the United States in the 19th century, Japan in the 19th and early 20th centuries, as it has been for South Korea, Taiwan, or Singapore over the past few years. Entirely new technologies open fantastic new opportunities. But ongoing adaptation, enrichment and innovation to technologies is the key to more sustained economic growth. Again development thinking must move beyond the simplistic macro-economic formulations on which it has depended for so many years and development institutions must discover approaches that stimulate appropriate technological innovations.

#### **Conclusion:**

I have tried to demonstrate why international development organizations will be ignored and marginalized increasingly unless they move quickly beyond their current and limiting preoccupation with demonstrating their own effectiveness. I have also argued that it is imperative that development itself be rethought -- and rethought urgently -- in order to take account of the principal features of change in the global context, of the profound and wrenching transformations that the world is undergoing. And I have suggested three "clusters of opportunity" as possible starting points for the rethinking of development.

Building on the recognition of interdependence will require an international institutional framework that is more effective and more robust than the one we now have. The present set of institutions and mechanisms is inadequate for dealing with the changes that have already taken place in our world, much less those that are still to come. There will clearly be much discussion of reform to the UN framework this year and next, as we lead up to the 50th anniversary of the United Nations and this may provide another opportunity.

People will expect and demand a more direct role in their own development and in the international, regional and national institutions which undertake development. NGOs are going to play a bigger role in the UN either directly or through parallel but influential channels such as occurred at Rio. More experimentation and use will be made of inclusive means of consultation and consensus-building. Social innovation, building on our social capital, must invigorate our communities and our interactions.

The quest for innovation presents enormous challenges to development organizations and especially to knowledge-based institutions in helping to build a global partnership of knowledge

by strengthening developing countries' capacity to participate and contribute to creating and using it for development. For knowledge to be used requires that those using it "appropriate" it, assume ownership of it, and this requires capacity.

The 21st century could be a time when human knowledge supports a new vision of global sustainable and equitable development. International development organizations would be wise to heed the words of Harvey Brooks, distinguished scientist and professor emeritus of Harvard University. In a recent lecture, he stated:

"We find ourselves at a unique moment in human history on the planet... a time not only of unprecedented problems but also of unprecedented opportunities... We are thus in a time of transition -- a transition leading either towards catastrophe and social disintegration or towards a sustainably growing world society...".

There is an urgent need for leadership if that positive transition is to occur. The world's international development community should be an important part of this. If this is to happen, that community must rethink what it is and remake what it does. This will involve both the controversy that goes with the dismantling of conventional wisdoms that have become incoherent with reality and the high risks that go with real leadership. Only in this manner, however, can development signal a much needed hope for a sustainable and equitable future.