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# Editorial

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## Britain's predicament

For the past four years the major industrial OECD countries have been in the throes of a crisis brought to a head by the oil price rises of 1973-74, but arising from longer-run difficulties which had already begun to appear by the late 1960s. The crisis is by no means over. The situation of the economically stronger countries such as the USA, Japan and West Germany seems to be on the upturn but the recovery of others including Britain is still very much in doubt. With increasing oil output, Britain's balance of payments is rapidly improving—but this is far from a sufficient condition for dealing with unemployment, stagnation in key sectors, regional imbalance, low productivity and decline or collapse in the social services. And in any case the issues for Britain are not simply economic, but involve also social and political problems which recession has sharpened: the difficulties of coming to terms with Scottish, Welsh and Irish nationalism; racial conflict; political violence; persistent poverty; the erosion of the welfare state; and corruption and decay in our police and local government bureaucracies.

A time of crisis presents both dangers and opportunities, bringing into sharp relief difficulties which previously escaped notice, but possibly also creating conditions in which to seek for more fundamental solutions. The dangers are, of course, increased if British economic policy ignores the deeper problems (as several of our contributors argue) and concentrates on short-run symptoms rather than long-run causes; seeks solutions primarily by aiming at rates of GNP growth (the 5 per cent endorsed both by the NEDC and the OECD) which are unrealistic in present circumstances, beyond anything Britain has achieved in the past and which fail to deal with the structural causes underlying our current difficulties (Richard Jolly); is unable to look beyond the problems and instruments of short-run demand management (B. S. Minhas); believes that if only we could control the money supply or (alternatively) if only we could make incomes policy stick our difficulties would be over; or places too much faith in the ability of legislation to settle difficult problems such as race relations or regional devolution; or succumbs to the almost millenarian faith that our troubles will be calmed by North Sea oil.

The danger is equally one of responding too narrowly to our international predicament. The conventional debate between policies of free trade with deflation or import control with expansion poses the issues far too starkly for either analysis or prescription. This debate largely ignores the real costs of measures aimed at solving our difficulties in the short-run but in ways which in the long-run would tend to maintain inappropriate patterns of international specialisation or damage the fragile economies of our Third World neighbours: such as allowing technological advance to proceed without any sense of long-run world industrial balance, let alone the employment or other human costs; or restricting imports of cheap manufactures from the poorer countries without adequate consideration of the opportunities for mutual adjustment; or promoting our arms exports to developing countries (Mary Kaldor); or imposing and administering immigration restrictions in such a way as to harm race relations in our own country and damage relations with (and exports to) several important countries in the Third World.

## The relevance of development studies

It is with some trepidation that we undertake in this issue of the *Bulletin* to analyse some of these dangers and to call attention to some of the opportunities which lie beyond them. Most of us<sup>1</sup> lack direct experience, except in our capacity as citizens and residents, in dealing with British problems. Further, the *direct* analogy between Britain and the developing countries is, as most of our contributors point out, rather suspect. To be sure, there are many similarities: structural unemployment, inflation and balance of payments difficulties; the emigration of professional manpower; the visiting experts from the IMF; regional imbalance and the difficulty of inducing investment and expansion. But even if we hold these in common they indicate shared features of underdevelopment, rather than comparable patterns of development.

And the differences are critical. We are, after all, an industrial country and many of our problems are those of over-development or the wrong kind of development, for instance: an agricultural sector that is too small and overspecialised

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<sup>1</sup> From this caveat we should except some of our distinguished contributors from outside the IDS: Stuart Holland, Barbara Ward, Mary Kaldor, Brian Johnson and Michael Allaby.

(Brian Johnson); wasteful methods of energy production and use (Barbara Ward); disease patterns created by stress, lack of exercise and overconsumption (Michael Lipton); and over-specialisation in highly complex defence and aerospace technology (Mary Kaldor). We are still (though decreasingly so) an exporter of technology and culture, including, as Richard Batley and Alan Rew point out, our new town housing policy. We still have large investments abroad (Stuart Holland) and remain the home base of several of the larger multi-national corporations, including some operating in the Third World.<sup>2</sup>

Nevertheless we believe that the analytical approaches of 'development studies' can suggest new ways of studying Britain's admittedly different problems. For a variety of reasons—cogently explained by Osvaldo Sunkel in a previous issue of the *IDS Bulletin* (vol. 8, no. 3, March, 1977)—planners and social scientists working in developing countries became aware of the inadequacy of policies based on the conventional methods of analysis well *before* the present crisis raised doubts about them in the major industrial countries. As both B. S. Minhas and Stuart Holland point out below, monetary policy and Keynesian demand management are simply not workable in most developing countries; and the prime emphasis of economic policy has *always* been on the structure of production or supply. The inadequacy of growth in GNP as the prime objective of development policy with little regard for distribution, employment, welfare and structural change became ever clearer during the period of relatively high growth rates in the developing countries in the 1960s. (Paradoxically, at about the same time Britain was beginning to give more emphasis to growth in her economic policy and somewhat less than before to welfare and full employment.) Moreover those in development studies have long become used to the idea that significant improvements may come only through major structural change, often accompanied by acute social conflict. And finally, the vulnerability of Third World countries to external economic and political pressures has made us increasingly aware of the consequences of international dependence and of the need for self-reliant strategies of development.

In none of these respects is a 'development approach' completely new, nor is it narrowly confined to 'developing countries'. Indeed, as

Dudley Seers argues so persuasively, the intellectual division of labour between development studies and other social sciences becomes increasingly difficult to define. But we believe that the issues have been posed earlier and somewhat more sharply in countries at the periphery than in the industrialised centres of Europe and North America.

Further, those of us who argue that rapid growth and industrialisation do not necessarily bring development in the Third World can readily identify parallels in the over-industrialisation of Britain, a convergence which is brought out most clearly in the sectoral papers by Michael Lipton, Alan Rew and Richard Batley, Brian Johnson and Michael Allaby, and Barbara Ward. Redistribution, alternative cultures and lifestyles, small units of production and consumption rather than large, decentralisation and self-reliance; these are all themes which emerge both in the development literature and in blueprints for change in Britain.

One of the most troublesome aspects of developing a conservationist, self-reliant strategy of change in Britain is dealing with its possible implications for trade and other transactions with the Third World. This is considered carefully in the paper by Brian Johnson and Michael Allaby who contend that the altered (and increased) agricultural production they advocate in the UK would not require as much adjustment in our trade with the developing countries as with our European Common Market partners. It is less certain whether the same can be said of the case for energy conservation persuasively explored by Barbara Ward, which would surely have major consequences for oil production and prices, at least if put into effect by other industrial consumers as well as Britain. Even developing countries which would otherwise stand to gain by lower oil prices might view with concern, for example, any consequent loss in OPEC's bargaining power *vis-a-vis* the industrial countries. This is not to say, however, that adjustment would be impossible or that the long-run interests of both energy consuming and energy producing countries may not be fairly close as Posner argues in his review of an IDS communications paper on North Sea Oil. Oil producers the world over (including Britain) are increasingly worried about the depletion of their reserves and what happens to them 'after oil'; for both producers and consumers have long-run interests in conservation, however important the differences between them on timing and short-run adjustment.

Neither Britain's own development, nor that of the developing countries can be discussed, there-

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<sup>2</sup> The implications of Britain as a base for multinational operations were explained in a paper by Paul Kesterton and Paul Spray prepared for a Workshop on Britain and Development at which several of the papers in this *Bulletin* were discussed.

fore, without taking account of Britain's changing place in the world economy. This is partly a matter of history. Britain's emergence as the major industrial and imperial power and her subsequent decline have had momentous consequences for the patterns of development and underdevelopment established both in the Third World and in Britain herself. Such historic links continue to shape events even when, as Michael Lipton argues in his book *The Erosion of a Relationship: India and Britain since 1960* (Lipton & Firm, OUP, 1975)—they are explicitly rejected by both former colony and former metropolis.<sup>3</sup> Ray Crotty forcefully argues that Ireland's present problems descend directly from her relationships with Britain in the past; and that they can only be dealt with by major changes in the structure of Irish society, changes which would also require the restructuring of Ireland's relationships with Britain. Mary Kaldor suggests that Britain has specialised excessively in defence and aerospace technology both in order to maintain her status as a major military power and to solve, by arms production and exports, short-run difficulties in employment and the balance of payments. This has serious costs in terms of the diversion of resources and technological innovation from alternative uses, in terms of our relations with other arms producing countries and our participation in the arms race, and in terms of the flow of arms to the developing countries.

To a large extent historic connections between Britain and the Third World are being transformed by new international influences including the expansion and transformation of the world economic system, the growing power and resources of the multinational corporations, the emergence of the socialist bloc and the cold war and the increasing integration of certain leading Third World exporters into the manufacturing structure of world production. The problems posed in Britain are not dissimilar to those affecting the developing countries; the decline in our international economic bargaining power due to our lack of competitiveness and recurrent balance of payments difficulties, and the problem of making the activities of multinational corporations compatible with national economic strategies (Stuart Holland). In some ways, however, we are less vulnerable than the developing countries. Foreign multinational corporations invest heavily in the UK, Britain

herself is the home base of several multinational corporations with extensive investments abroad (though this may not be as much of an advantage as it looks, given that even 'British' multinational corporations would not find it difficult to relocate if things became difficult for them in the UK). We export more arms than we import. We rely on doctors from Sri Lanka, India and other developing countries as well as exporting them to the USA, Canada or Australia. In other respects, however, (especially militarily as Mary Kaldor observes) we may depend more heavily upon our NATO and EEC partners than developing countries like Iran or India do upon, say, the USA or the USSR. Although the precise nature of our international predicament and the way we cope with it differs from that of countries in the Third World, we have as much to learn from them as they do from us.

### From theory to practice

It is one thing to advocate—like most of the papers in this *Bulletin*—a less growth-oriented, more self-reliant strategy of change in Britain. It is quite another to put it into effect. Several of our contributors begin by looking at the changes necessary in one sector, but end up with a far broader set of prescriptions cutting across a number of different areas. Alan Rew and Richard Batley, for example, criticise "welfare monism" and argue that housing and welfare policy cannot be considered separately from its interrelation with urban growth, industrial production and employment. Barbara Ward's proposals for the conservation of energy would involve changes in transport policy, methods of agricultural production, housing, employment and probably defence. Michael Lipton suggests that a comprehensive strategy of health care would include alterations in education, patterns of work and leisure, sport, transport and habits of consumption such as smoking and the fiscal policies affecting them. All in all our contributors make a persuasive case for comprehensive rather than piecemeal approaches to our problems. Nevertheless they differ in that some of them (in particular Michael Lipton) seem to envisage changes in one sector setting off a wave of 'spread effects' elsewhere; while others (like Stuart Holland) offer more broadly based strategies for national recovery.

Anyone who has worked in development studies—or for that matter any other policy science—is aware of the difficulty of moving between the analysis of problems, prescriptions for dealing with them and back again to assessment of the conditions under which they can (or cannot) be implemented. The difficulties posed can be seen

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<sup>3</sup> Lipton's argument is that India overreacted by cutting links with Britain even more than self-interest alone would dictate; parallels in Britain's reactions to its former Empire are not hard to find.

most sharply in relation to the imaginary speech by a Minister of Health which Michael Lipton uses as the vehicle for his arguments. Under what circumstances might a British Minister of Health *actually* deliver such a speech and what response (derision or delight?) would it get from his colleagues? How easy would it be to buy off the vested interests he talks about? How would one deal with the vested interests of the medical profession? Would the combination of incentives and alterations in legislation really bring major changes in the structure of health care? How might British politicians hoping to bring about such radical changes win support for their views from those whom Lipton regards as being at the unimaginative centre of the British political spectrum? Would a "non-partisan" approach to health—or any other major issue of social concern—necessarily be the best way of bringing this about? Under what circumstances could politicians develop the vision, leadership and *support* to introduce such fundamental changes in the approach to health or to any other sector, which an alternative development strategy involves? And what are the conditions for such changes to be followed through in other sectors as well? Does the present crisis create the conditions under which the necessary political support could be mobilised for change? How much dissatisfaction with existing conditions—unemployment, declining real incomes, deterioration in social services—is needed? How could this dissatisfaction be mobilised and what are the main political obstacles that would be encountered?

Such questions are all the more necessary because even our practising politicians tend to discuss their policies mainly in terms of economic desirability without assessing (or perhaps deliberately preferring to ignore) their possible political repercussions. As a former economic adviser to the government recently put it in *The Times*:

All economic analysis in this field has to assume that the Government is in a position to enforce the policy recommended—e.g. that a monetarist Government will remain in power however much unemployment turns out to be needed to prevent wage and price escalation, or that an incomes-policy Government will be willing to face and win a confrontation with a powerful union determined to break the rules. Only a visionary optimist would claim today, as you seem to be doing about monetary policy, or as advocates of income policy such as myself have done in the past, that there is any likelihood of either of the main parties being willing to face enough unemployment, or enough confron-

tation, to make it credible to the trade unions that they can and will carry out their policy.<sup>4</sup> Nor is it always easy to circumvent the administrative obstacles to change. In their article on urban housing, Alan Rew and Richard Batley suggest that planning and bureaucratic decisions have tended to 'redistribute' social problems—to other people, to other agencies or to other sectors—instead of solving them. This is typical of a situation in which changes are mainly seen as being introduced from the top by politicians, planners and civil servants.<sup>5</sup> Although most of us advocate more participatory styles of development, there is not enough discussion in this *Bulletin* of the way participation itself can generate the momentum for balanced change; except by Stuart Holland who also comes closest to spelling out the particular British groups he thinks are most likely to press for reform. Yet even he gives too little attention to the conflicts from which changes are most likely to arise, to the necessary process of mobilising political support and to the methods by which genuine control over the national economy might in practice be secured.

Any strategy for major change in British society would also have to consider how the necessary international adjustments could be ensured: for example the modifications in our links with NATO implied in Mary Kaldor's proposals for cutting back our arms production and military spending; or the revisions of the Common Agricultural Policy of the European Common Market which would permit the kind of decentralisation and diversification of agricultural production proposed by Brian Johnson; or the international trade adjustments both with the industrial countries of the OECD and with the developing countries that would be made necessary by structural changes in our own economy. The adverse international pressures might be considerable—the more so given the recent reinforcement of international economic dependence. Yet we need not assume that the room for international manoeuvre is completely blocked.<sup>6</sup> Enough dissatisfaction with the workings of the world economy has been expressed in recent years—to show that other countries, too, not merely in the Third World, have recognised the need for reform in its operations. A new assessment is badly needed in order to distinguish the real inter-

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4 Letter from Lord Roberthall to *The Times*, September 16, 1977.

5 It may sometimes, however, also be typical of a decentralised approach, in which local groups take initiatives in solving local problems as they see them.

6 See, for example, the discussion in *IDS Bulletin*, Vol 7, No. 4, on UNCTAD IV.

national constraints from those which are merely manipulated to protect vested interests in our *own* society from necessary change.

Such an assessment would also enable us to identify possible international sources of support for our new position, some of these, perhaps, from outside the 'inner circle' of the industrial OECD countries, in the countries of the Third World whose interests on some issues we share.

All this is to say that both social scientists and practical planners need to give much more thought

to how fundamental changes in strategy can be made politically and administratively feasible, in the rich countries as much as in the Third World. Making realistic proposals for structural change is a difficult task in any society—not least our own. But in many areas it is the starting point for the international changes in which much of the advance in the poorer countries of the Third World will depend.

*ARJ and RL.*