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**Globalization and Social Integration:
Patterns and processes**

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The views expressed in this paper are those of the authors
and they should not be attributed to UNDP.

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"Social integration" is a broad and ambiguous term variously understood by different people. To some, it is a positive goal, implying the promotion of well-ordered and harmonious relations at all levels of society. To others, increasing integration has a negative connotation, conjuring up the image of an unwanted imposition of uniformity. For a third group, the term implies neither a positive nor a negative state. It is simply an invitation to analyse the established patterns of human relations and values which tie people to one another in any given time and place, defining the parameters of their life chances.

In this paper, the latter approach will be adopted: patterns and processes of integration are phenomena to be studied, not goals to be attained. Accepting such a premise makes it easier to explore the underlying causes of growing violence, deepening inequality and lack of solidarity throughout much of the modern world.

1. The bases of social integration: Individuals, groups, networks, institutions and values

No one goes through life alone. All of us are created within, and influenced by, networks of social relations which provide us with our identity and establish a framework for our actions. We survive and pursue our goals within a structure of institutions ranging from our families or households, clans or neighbourhoods or communities (where we seek primary support and protection), to the schools, associations, street gangs or video parlours (in which we are trained); and the smallholdings, plantations, factories, sweatshops, stores and offices (in which we work). On a more general level, our opportunities or life chances are affected by larger political and economic structures ranging from tribal councils or municipal governments to the nation state, and from non-monetary exchange relations among friends to the international financial system.

As soon as this fundamental fact of human interconnectedness is stated— as soon as it is remembered that it is virtually impossible for any human being anywhere to survive entirely on his/her own—it becomes obvious that terms like **exclusion, inclusion, disintegration and integration** must be used carefully. Neither exclusion nor disintegration can ever be absolute; and therefore one must not fall into the trap of supposing that the roots of our current social dilemma can be clarified through relying on simple dichotomies between exclusion and inclusion, or disintegration and integration.

There are of course areas of the debate on the grave social problems of the late twentieth century which can usefully be framed in terms of this dichotomy. The fact that growing numbers of people do not have access to the services, benefits and rights which others on the planet enjoy can certainly be labelled exclusion in order to emphasize the involuntary or coercive aspects of such inequality. The broad outlines of trends toward increasing economic and political exclusion will be reviewed below.

It is a mistake, however, to frame the broader study of problems of social integration solely in terms of exclusion, so that policy recommendations become largely dominated by calls to "include" those who are "excluded" from development. The disadvantaged, no matter how difficult their situation may be, are immersed in networks of social relations which link their destiny to that of others. In other words, their predicament does not arise because they are unintegrated into wider social systems. It occurs because present patterns of integration promote

unjust or destructive outcomes in some situations. It follows that good policy cannot be proposed without understanding the concrete forms of inclusion or incorporation requiring reform.

A similar problem arises when counterposing **integration and disintegration**. Profound changes in basic institutions, values and patterns of behaviour— all too frequently within a context of deep economic and political crisis— provide grounds for preoccupation with social disintegration at the end of the twentieth century. But even in the context of extreme collapse, of the kind occurring in the aftermath of savage civil war, the disintegration of previous social arrangements proceeds in tandem with the re-integration or recreation of other forms of social organization and control. Thus what remains is not a void, but a new form of integration which may make any return to the original point of departure impossible.

In the following pages, some of the complex issues emerging from the study of contemporary patterns and processes of social integration will be explored, with emphasis on the **qualitative** changes in human relations, values and institutions which mark this end of century. In particular, attention will be focused on changes in the family, community and civil society (discussed in section 3); the difficult problems of governance (analysed in section 4); and attempts to deal with challenges to social integration in multi-ethnic societies (section 5). But first, it is necessary to trace the outlines of recent trends which define the context of social integration in our day.

2. Major forces and processes shaping the context for social integration

Patterns of social integration are shaped by dominant trends in the domains of politics, economy, culture and technology. In this respect, the context for social integration has changed radically over the past two decades. Of the many important and far-reaching changes that have taken place in this period, six are especially pertinent. Some represent reversals, others imply a strengthening of the trends of the post-war period. In all cases there is a tendency for these changes to assume global dimensions.

The turn toward liberal democracy and the search for individual freedom

In the realm of politics, the most remarkable change has been the collapse of communism in Eastern Europe and the ex-Soviet Union, and the progressive replacement of one-party, military and authoritarian regimes by multi-party systems in many parts of the world. This opens up new possibilities for participation and creates opportunities for the flourishing of a wide range of voluntary associations and interest groups.

Such organizations may widen and deepen bonds of solidarity and citizenship. But they may also become focal points for the accentuation of ancient rivalries and the creation of new divisions along territorial or cultural lines. This is particularly likely when a sudden collapse of authoritarian regimes reveals a void in institutions and values.

It is perhaps important to point out that the interest in greater individual freedom which is currently sweeping the world is not always a positive force for democracy. It certainly may be so when emphasis is placed on asserting the worth of every human being and proclaiming the right of each person to express his or her opinions. But freedom can be sought for a number of reasons

which have little to do with political representation or tolerance. A great many people are, for example, currently engaged in a search for the freedom to make money or to define personal lifestyles. Extreme individualism can be associated with intolerance and disrespect for the rights of others.

The dominance of market forces

The turn toward liberal democracy and the search for individual freedom have been preceded or accompanied by a worldwide shift in favour of market forces and private enterprise in the management and organization of the economy. The origins of this latest burst in economic liberalization may be traced to the crisis experienced by industrialized countries in the aftermath of the sharp increases in petrol prices of the 1970s; but the new doctrine has since attracted an ever-increasing number of adherents in countries around the world, including the communist regimes of East and South-East Asia.

This dramatic shift in policy is manifested in such changes as the steady retreat of the state from intervention in the economy, the phasing out of administrative and quantitative controls as tools of economic management, price liberalization and deregulation of utilities and services, privatization, reduction of budget deficits, control of inflation and more generally in stabilization and structural adjustment policies and programmes.

Increasing reliance on and liberalization of markets has profoundly altered the economic and political context for social integration. It has contributed to major changes in the configuration of power relations among different social groups and countries. For instance, it seems clear that the organized working class has been greatly weakened, while transnational enterprises, owners of capital, and some managerial and professional groups have been significantly strengthened. Similarly, at the international level, creditor countries, international investors and multilateral financial organizations have seen their influence increase at the expense of indebted countries and those heavily dependent upon aid and/or foreign capital. Often the power and autonomy of the state has been reduced, with enormous consequences for all aspects of public policy.

Economic liberalization has unleashed fierce competition nationally and internationally. While this has often led to gains in static efficiency in resource use, in the short to medium run at least, it has also driven down wages and contributed to increases in unemployment, poverty and inequalities, and thus to accentuation of economic insecurity. Such problems have been exacerbated by the elimination or reduction of subsidies on goods and services of mass consumption, by substitution of indirect for direct taxes and by cuts in social services and welfare benefits.

Accelerated global economic integration

Both increasing reliance on market forces and the turn toward liberal democracy form part of a marked acceleration in the creation of an integrated world economy, society and culture. Economic liberalization has removed impediments to the worldwide expansion of trade in goods and services, flows of capital and technology, foreign investment and tourism, and the internationalization of production. At the same time, innovations in technology, communications and transport have provided fresh stimulus for capital, enterprise, technology and skills to move

across national frontiers. All these developments pose new challenges to the authority and autonomy of the state.

The trend toward creation of a global economy has of course not proceeded at identical rates in all spheres of economic activity: increased restrictions on international mobility of labour, especially unskilled labour, and imposition by industrialized countries of quantitative and other barriers on imports of some goods from the developing world, are clear violations of the free-market creed. The Uruguay Round agreement and the establishment of the World Trade Organisation may, however, provide a new lease on life to liberalization of trade and extend it to new areas such as services, agriculture and protection of intellectual property. New developments in regional economic integration, including the creation of the North American Free Trade Agreement (NAFTA) and the Southern Cone Common Market (MERCOSUR), as well as the planned expansion of the European Union, are likely to promote liberalization in some areas and to spur protectionism in others.²

In contrast to these somewhat contradictory trends in the field of trade, the growth of relatively unregulated global financial markets has been remarkable. A far greater proportion of the world's resources are currently being channelled into investment in stock and bond markets, foreign exchange markets, commodity futures and other forms of speculative secondary instruments than into the production of goods.

The worldwide scope of these financial markets — which have recently expanded to include “emerging” markets in a number of Asian, Eastern European and Latin American countries — combined with the unprecedented volume of current investment in them increases the danger of sudden instability within the global economy. The destinies of people from all walks of life — ranging from steel workers in the Czech Republic to school teachers (and their pension funds) in the United States, and from cocoa farmers in Africa to restaurateurs in Buenos Aires — are linked as never before through such highly interdependent investment networks.

Transnational enterprises are the predominant actors in the continuing process of global economic integration, controlling almost 75 per cent of all world trade in commodities, manufactured goods and services. A third of this is intrafirm trade, which largely escapes regulation by governments and/or international trade organizations³ Obviously, the power of transnational corporations in the market significantly reduces the degree to which globalization can be easily equated with the creation of “free” or “competitive” markets, and increases the likelihood that liberalization will be associated with managed competition.

Most of the economic consequences of globalization are similar to those associated with the shift in favour of market forces and private enterprise, discussed above. Its differential geographical impact should, however, be noted. While globalization provides some countries and regions with opportunities for accelerated growth, it may worsen the performance of others through flight of capital, skills and enterprise, and competition from stronger economies.

Changing production systems and labour markets

Changes in production systems and labour markets are also profoundly affecting patterns of social integration around the world. In manufacturing production, for example, the importance of raw materials and unskilled labour appears to be declining, while that of skills and knowledge

is increasing in a wide range of economic activities. Since the availability of cheap labour has underwritten the comparative advantage of many developing countries, in their efforts to attract foreign direct investment, longer term trends favouring highly trained personnel over the unskilled will present difficulties for many developing economies.

There is also a growing trend towards smaller, more flexible, decentralized and autonomous production units, within large corporations or linked through subcontracting agreements with the latter. Particularly in high technology sectors, this may imply better working conditions for those involved. Nevertheless in less technologically advanced industries, particularly in the Third World, flexibility and decentralization are associated with the renunciation of social obligations and a refusal on the part of large modern enterprises to share economic risk with smaller suppliers and assemblers. Flexible specialization contributes to extremely unstable conditions of work in many small enterprises around the world.⁴

In addition, technological progress and organizational reform appear to be weakening the relationship between expansion of output and growth of employment. Industrial employment is thus likely to shrink, even if recession gives way to a new period of high growth. This is a qualitative change of the first order in the structure of opportunity of most societies around the globe.

All of these trends will worsen the existing trend toward an increase in part-time, informal and insecure jobs, involving a growing number of women workers. The rapid growth of the informal sector within countries with varying income levels and economic structures can be partially attributed to the greater flexibility and cost-effectiveness of informal enterprises; but in many situations, such growth is merely a reflection of the role of the informal sector as a holding ground for the reserve army of the unemployed and migrants from rural areas.

Rapid technological change

Rapid technological change—especially in electronics, communications, transport and biotechnology — is one of the key features of the contemporary world. Its effects are evident everywhere, in the invention of new products and services, methods of management and organization of production. Technological breakthroughs transform work relations, destroy existing jobs and create new ones, and alter patterns of consumption and leisure activity. They have drastically reduced the importance of distance in economic activity and made global communication both relatively inexpensive and virtually instantaneous. Thus they affect the distribution of power among different social groups, between governments and civil society, and among states.

The media revolution and the globalization of consumerism

The sixth major force for change can be found in the impact of the media on culture, social relations and institutions. Recent years have witnessed an extraordinary expansion in the reach and influence of the media. While the written word and press have acquired increasing importance, the really revolutionary developments have taken place in television and video. The images and messages transmitted through these media influence the thinking, behaviour and values of hundreds of millions of people.

The revolution in mass communications, which encourages the creation of a global culture, has great potential for promoting understanding and solidarity, and enhancing knowledge throughout the world. In its present form, it also has an awesome capacity to exalt consumerism.⁵ This can represent a serious challenge to traditional values. It is therefore not surprising that the invasion of foreign influences through films, music, television and videos should have aroused strong opposition from many quarters in countries around the world. Furthermore, the instant and widespread transmission of news, especially of a sensational and dramatic nature, seems to encourage some people to emulate these exploits in order to obtain publicity or to achieve other objectives through violent means.

3. Polarization: The contradictory dynamics of exclusion and inclusion

The incorporation of very large numbers of people around the world into a global culture — holding out the promise of participation in an affluent consumer society and the exercise of greater individual freedom — occurs during a period when developments in the world economy in fact profoundly restrict the life chances of many. The picture of wealth and leisure transmitted by mass media thus frequently stands in harsh contrast to a real world of increasing deprivation. This contradictory process of simultaneous inclusion (in the realm of the imagination) and marginalization (in day-to-day material terms) must be highlighted when considering the grave social problems of our times.

The rapid elimination of cultural and economic barriers among nations and peoples has in fact proceeded for the past 20 years within a context of stubborn and recurrent recession, as well as increasing indebtedness, over a considerable part of the developed and developing world. Already severe problems of under- and unemployment, poverty and unequal income distribution have therefore grown worse in most countries, with the notable exception of those in Asia.

At the same time, the ability of governments to provide social services and compensatory support has been severely curtailed, both out of economic necessity and as the result of a growing perception that the size of the public sector should be significantly reduced. In the industrialized countries, the reduction in social benefits has been stimulated by increasing budget deficits, themselves a consequence of slow growth and high levels of unemployment, as well as by the revolt of taxpayers against tax increases, and by a feeling that existing programmes of social support for those without work may encourage chronic unemployment.

The crisis is most acute in Central and Eastern European countries, whose people have been faced with overnight collapse of a system of full employment and a range of comprehensive social benefits, as well as by sharp reductions in living standards. In developing countries, stabilization and structural adjustment have required implementing policies which tend — at least in the short to medium term — to worsen under- and unemployment, reduce wages, limit the range and quality of social services, and eliminate or cut subsidies on goods and services of mass consumption.

Ironically, the impoverishment of increasing numbers of people throughout the world — and often their growing inability to meet even the most basic requirements for food, water, shelter, education, medical attention — occurs during a period when the incomes of the very rich have risen markedly.

Between 1960 and 1989, the share of global income held by the richest fifth of the world population increased from 70 to 83 per cent, while the share of the poorest fifth dropped from 2.3 to 1.4 per cent.⁶ Statistics on changes in the distribution of income within specific countries paint similar pictures of increasing inequality.

This noteworthy process of polarization can also be observed among regions. While growth in some areas of Asia has been remarkable over the past two decades, most African countries lag further and further behind in the sharpening competition to capture a portion of the world's wealth. Between 1970 and 1989, the participation of sub-Saharan Africa in global trade dropped from 3.8 to 1 per cent, and foreign investment in that continent declined markedly.⁷ The spatial elements of contemporary processes of polarization could be illustrated with any number of other examples, within countries and among them.

As opportunity is concentrated in certain regions and countries, and in particular economic sectors, one of the most obvious responses on the part of those threatened with exclusion or marginalization is to migrate, whether within countries or abroad. And over the past few decades this has become a central element in the livelihood strategy of millions.

Migration, like the revolution in communications technology, both integrates and divides. For the well-educated, or relatively affluent, migration is simply a means to improve life chances: to obtain a better job, to enjoy more personal freedom or a different style of life. Receiving countries or cities generally welcome the transfer of wealth and knowledge inherent in this kind of immigration, although it signifies a loss for the societies and economies left behind.

Larger scale migration by poorer people can imply greater impoverishment and disruption of existing forms of social organization in communities and regions of origin of migrants, particularly when most able-bodied members of households depart, leaving the young and the old to cope as best they can. Nevertheless the potential for improving the level of living of migrants' families is also considerable, as remittances are sent home and invested. Some migrants get ahead, and some find departure from their place of origin a form of liberation from oppressive obligations. In all too many instances, however, migration remains a harsh necessity — a last resort involving privation and not infrequently the danger of physical harm.

In major receiving countries, international migration creates enormous problems of social integration and cultural adaptation which are currently at the centre of the policy debate. The juxtaposition of people who often share neither a common language nor a common religion, and who have very different customs, makes unusual demands on human tolerance and understanding. The arrival of large numbers of foreigners also creates unusual strains on existing social services and local economies. Some of these issues will be taken up in more detail below, when the problems of multi-ethnic societies are reviewed in section 6.

4. Integration and disintegration: Changing values, behaviour and institutions

All of the developments just noted — advancing globalization accompanied by the strengthening of relatively unregulated world market forces, deepening polarization and immiseration, a revolution in communications and transport, new aspirations for greater

individual freedom — are associated with deeper changes in the most basic institutions of society. These involve both modification of existing bonds and patterns of behaviour, and the creation of new forms of interaction and obligation. Although this is obviously a very complex subject, some underlying currents of social change will be explored below.

The adaptation and modification of family structures

Families in different parts of the world vary so markedly in composition and function that it is impossible to make a simple statement about developments within them. In many parts of the industrialized world, traditional nuclear families, composed of two parents and their children, are declining in importance, as single-parent households increase in number. Rising divorce rates, as well as the growing number of children born to unmarried parents, can be taken to indicate a "disintegration of the [traditional nuclear] family".

In the industrial world, single-parent households, most often headed by women, are usually the poorest. This, as many analysts have noted, is because there is only one adult income earner, because women tend to receive lower wages than men, and because their double burden of child care and work outside the home leaves them less time for the latter.

This is also the case in areas of the Third World in which two-parent families (often extended to include grandparents, aunts or uncles) are the ideal. Nevertheless it is important to note that self-contained two-parent families are not the norm in many parts of the world, where women and children may traditionally live with the former's extended family, or with other wives and children of a common father. There is no direct link between female-headed households and poverty under these conditions.⁸

Longer working hours at lower pay, more frequent periods of unemployment, and other trends associated with economic retrenchment and changing production practices are placing an enormous burden on low income households throughout the world. They are also weakening the capacity of families, whatever their composition, to care for their young. Under contemporary conditions, every able-bodied family member must often work, and this increasingly includes children. While such a trend can be called "disintegration", it should probably more aptly be labelled "degradation": households may stay together, but under such difficult circumstances that the quality of interpersonal relations deteriorates markedly.⁹

Permanent migration of some members of a household does, of course, promote disintegration of the family in many areas of the developing world. So does temporary migration, when virtually all able-bodied adults must make a living somewhere else, leaving grandparents to take care of children, as is increasingly the case in rural areas hard hit by economic crisis and adjustment. Yet heroic efforts are made by millions of migrants to keep their families together, and their departure in search of work is in fact often the central element in a strategy to provide for the continuity of their households.

A final, tragic, element in the disintegration of households in some parts of the world at the end of the twentieth century is civil strife. The indiscriminate killing of civilian populations which characterizes wars like those in Cambodia, Rwanda or Somalia decimates families and leaves a legacy of millions of widows or widowers and orphans.¹⁰

Neither poverty nor warfare creates ideal conditions for strong and loving families, or for educating and rearing healthy children. To reduce these threats, rather than to reinforce the nuclear family, is perhaps the most important challenge at hand today.

The weakening of solidarity within communities and neighbourhoods

Families can only provide for the well-being of their members when they can count on at least a certain critical minimum of support from the surrounding community. Many of the global processes of change outlined at the beginning of this paper nevertheless have a tendency to undermine, rather than to strengthen, solidarity within neighbourhoods and communities, while also posing new challenges to local government.

Globalization, as many analysts have noted, reduces the importance of social bonds based upon residence or place of work, and creates new relations which do not depend upon "groundedness" or "place".¹¹ In developed and newly industrialized countries, for example, where informatics increasingly dominate the workplace, the life chances of people begin to depend less on their daily interaction with fellow workers than on management of distant relations through computers. An extreme and very modern example of this phenomenon can be found in the financial sector. The growing flow of remittances from city to countryside, or across international boundaries, has a similar effect: it also creates a basis of local livelihood which does not depend on local cooperation.

At the same time, the credo of extreme individualism which gained favour among many during the 1970s and 1980s has made it publicly acceptable — and perhaps even fashionable — for large numbers of people to renounce responsibility for the welfare of others. If the free market, driven by individual interests, is accorded supremacy in strategies to promote development, then it becomes harder to justify a call for sacrifices to be made by individuals, in the name of the common good. Stunning examples of the socially destructive character of extreme individualism can now be found in the former socialist world, where the collapse of an egalitarian ideology has created an opening for daring, and sometimes violent, attempts on the part of new "entrepreneurs" to appropriate the property of neighbours and co-workers.

Even when groups in local communities continue to have a strong commitment to working together — as is of course true of a great many communities around the world — current developments in the world economy make it increasingly difficult to maintain existing bases of solidarity and to defend existing sources of livelihood. In a relatively unregulated international competition for capital, communities must vie with one another to offer the best conditions for investment. Neighbourhoods in Essex or New Jersey or Normandy must compete with others in Johannesburg or Sao Paulo or Shanghai in providing tax incentives, cheap labour and (often) lax environmental protection. A reputation for strong defence of local interests may win interest and commitment from some investors who are concerned about the quality of life of their employees. But throughout much of the world this is clearly not the case.

Deepening poverty and associated migratory trends also pose serious challenges to community solidarity in the majority of Third World and former socialist countries, as well as in China. Agrarian communities, which have provided the primary framework for local level cooperation in developing countries, are being torn apart by contradictory forces associated with globalization and recession: both the increased pace of modernization of the past few decades,

and the subsequent withdrawal of many new forms of support on which local people were coming to depend, have left rural communities disorganized and vulnerable. The loss of population, as people try to make a living outside the community, has converted the more remote villages and towns of some Third World countries into hollow shells, and has sharply reduced the ability of the remaining inhabitants to farm or to protect the natural environment.¹²

A further element of stress which poses a sharp challenge to existing mechanisms of social solidarity — whether traditional institutions or modern programmes — in both urban and rural settings is of course the accommodation of refugees. In an age marked by a growing flood of people fleeing violence and persecution, local communities must often make extraordinary efforts to provide for the uprooted. The fragile resource base of poor rural areas can be strained to the breaking point by the massive influx of refugees, and the local labour market forced into dangerous surplus.¹³ As in the towns and cities of the developed countries, the degree to which cultural differences can be accommodated within the existing structure of social relations is also problematic.

The changing landscape of civil society

"Civil society" is an extremely ambiguous term. In many cases, it is used as a catchword which is difficult to distinguish from "society" itself.¹⁴ Here it will refer to the network of associations and interest groups formed to accomplish certain goals, further certain causes or defend particular interests outside the structure of political institutions directly associated with the state.

Until recently, in countries characterized by one-party rule, the kind of independent association necessary to constitute a civil society was generally proscribed. Over large areas of the world, people therefore pursued their interests through channels controlled by the government. This situation is changing markedly, as steps are taken to replace authoritarian regimes with nominally democratic political systems and as economic crisis reduces the capacity of many governments to maintain clientelistic or corporate structures of representation and control.

There is thus a new opening for citizens' initiatives in situations of transition to democracy, whether in China, Eastern Europe, the former Soviet Union or the Third World. And such initiatives are being encouraged by the international development community, which is currently committed to strengthening what have become known as "non-governmental organizations" through channelling an increasing proportion of available funds for aid and relief to that sector.

Certain aspects of globalization greatly favour the creation of new associations and interest groups in societies on the road to democracy. Worldwide networks of like-minded people, linked by modern communications, offer support and resources. This is particularly visible in fields like environmental protection, equality for women and human rights. International links are also forged between some trade union and farmers' organizations in Northern and Southern countries as they attempt to find allies in the struggle to limit the harmful effects of the internationalization of production. And a plethora of business associations of course search for partners in well-established and newly created democracies alike.

Since it is a truism that neither democracy nor development can be achieved without effective organization of people to pursue common interests, the awakening of civil society in many parts of the world is a heartening sign. Nevertheless some cautionary words would seem in order.

First, it should be remembered that under authoritarian regimes, the kinds of associations which permit a certain limited expression of independent identity are often based upon religious or ethnic loyalties. This "civil society", though truncated, may be better developed than any secular or non-ethnic alternative when the transition to democracy begins; and it should therefore not be surprising that exclusionary and messianic forms of organization can gain prominence in this context.

Groups may be formed to defend some very unsavoury interests. At the same time, organizations which spring up to defend very worthy causes may prove totally ineffective.¹⁵ Both observations suggest the conclusion that the apparent burgeoning of private associations is not a sufficient indicator of progress. The strengthening of civil society must be based not only on organizing drive, but more importantly on the broadening and deepening of a kind of "civic culture", which presupposes adherence to certain universal values and acceptance of workable rules for the adjudication of interests and the protection of the weak.

Furthermore, the effective exercise of citizens' initiatives, in a way which furthers sustainable human development, presupposes the existence of a functioning governmental structure based on law. And government in turn depends upon a relatively stable and widely accepted political system. These obvious points become less obvious when seen from the perspective of societies totally shattered by civil war or engaged in a revolutionary change of regime. For hundreds of millions of people today, the institutional structures which validate the very concept of citizenship are still to be built.

5. Governance and social integration

The combination of institutions, laws, procedures and norms, which allows people to express their concerns and fight for their interests within a predictable and relatively equitable context, forms the basis of good governance. Efficient administration of public resources is an additional element in this definition. And the entire edifice of good governance ultimately rests upon a legitimate use of power: public authority must be sanctioned by the consent of the governed.

The established industrial democracies have developed systems for managing and reconciling a dense and potentially very conflictive field of special interests, based primarily on class, religion and ethnic origin. In some cases, these interests are represented through corporate structures, so that certain segments of the body politic (such as workers, employers and government; or Catholics, Protestants and non-believers) are granted a specific place in relevant negotiating bodies, and/or form separate political parties. In other cases, the interests of citizens are more diffusely expressed through broadly based political parties appealing to a very wide constituency.

Contemporary concern with exclusion and social disintegration reflects not only the

perception that structures of governance in the developing world are failing to provide a minimally acceptable framework for processing the demands of most people, but also that the political and administrative systems of the industrial nations are increasingly unable to live up to the expectations of their citizens.

Part of the problem is obviously ethical, and part is most certainly structural. Corruption scandals have rocked a great many governments around the globe in the course of the past few years. But at the same time, even the most honest and efficient political systems have had to confront the enormous difficulties created by globalization, market integration and slow growth.

It has already been noted that national governments — North or South, East or West — forced by liberalization and deregulation to strengthen the competitive position of their economies in the global arena, must (like local governments) increasingly adopt measures which attract foreign capital and which furthermore cheapen production for export. As a result, new (international) interests come to form an increasingly important part of the national political equation and affect the capacity of governments to respond to well-established local constituencies in the manner traditionally expected of them.

This development is reflected in a growing inability to protect the national industrial sector, to sustain wages at levels considered adequate by organized labour, and to maintain social security provisions which symbolize the hard-won gains of working people. Whether in Mexico or Nigeria or Russia or the United States, governments whose political systems may be very different still confront the similar dilemma of how to maintain a broad and coherent basis of political support at a time when the dictates of international competition do not allow what is considered to be an adequate response to the demands of major segments of national society.

The situation is greatly complicated by the interpenetration of leading business groups of different countries, joining forces in ways which make it difficult to separate out and defend specifically "national" interests. In a sense, this is nothing new: the development of transnational enterprises over the past four decades has of course created conditions in which national boundaries became increasingly irrelevant for giant conglomerates. But in the most recent phases of internationalization, cooperation among transnational firms has grown to include joint production arrangements which make it difficult to determine the ultimate "national origin" of major products and services.

These developments divide established interest groups, creating new alliances among subgroups with particularistic links to the international economy. National labour movements, for example, suffer new forms of division. Business groups split into opposing factions based upon differing access to international markets. Political parties which have aggregated interests in relatively stable patterns over a number of years in many countries are therefore increasingly likely to confront the threat of fragmentation, instability and ineffectiveness.

The field of interests underlying political systems around the world also suffers reorganization as the livelihood of ever larger numbers of people comes to be directly dependent upon developments in world financial markets. Governments can control these markets only partially. Their room for manoeuvre at the national level is increasingly limited. In fact, even the capacity of the Group of Seven to mount a coordinated response to speculative forays by currency traders has proven insufficient to prevent instability.

At present, there is thus a worldwide tendency for national governments to lose their authority to regulate some of the most important variables in the national economy. This gives even a relatively efficient regime the appearance of weakness and ineptitude. Furthermore, as states attempt to protect their international financial position, they must increasingly grant priority to financial concerns over all other social and political ones. And this conveys an image of distance from the real problems of everyday life of its citizenry.

The latter problem is, of course, especially serious for highly indebted countries, where public policy — both economic and social — has been shaped within an overarching context of conditionality. Priority has been granted to reducing the government deficit, improving the balance of payments and re-establishing international creditworthiness; and the influence of international actors in this regard has been visibly more important in most countries than the influence of local interest groups. In fact, governments are often perceived as having abdicated their responsibility to defend national projects, preferring to ally themselves with powerful foreign patrons than with their own political supporters.

In a great many industrialized and developing countries, economic crisis and adjustment have simultaneously promoted a deep reduction in government expenditure on administration, regulation and the provision of general services, ranging from health and education to the maintenance of roads and other vital infrastructure. Especially in the Third World, as well as countries of Eastern Europe and the former Soviet Union, the quality of public administration and social services has often dropped markedly, as staff is laid off and salaries cut; and, once again, this reinforces a public perception of incompetence on the part of the state. When services are subsequently privatized, this may improve their efficiency. Nevertheless the introduction of fees simultaneously reduces the coverage of the programmes involved and sharply lessens access to them on the part of low income families.

The progressive segmentation of social services (some of which become private and others subject to new criteria of means testing and targeting) is in fact related to an important change of direction in social welfare policy during the past few years. Over wide areas of the world, the very idea that governments have the obligation to ensure a certain minimum level of welfare for all citizens is being challenged on both economic and ideological grounds. And this has clear implications in the field of governance.

In many industrial countries, whether of the market economy or centrally planned variety, the concept of citizenship has for a number of decades implied not only the enjoyment of certain legal and political rights (and the acceptance of corresponding obligations in those fields), but also the collective assurance of social rights or entitlements. This broad definition of citizenship underpins democracy: it attempts to ensure that all members of a society have access to the kinds of services (such as education, health and child care) which enable them to make informed judgements and to find productive work. And it institutionalizes a kind of social solidarity which protects those afflicted by sickness and unemployment, or rendered vulnerable by disability or old age.

The ideal of ensuring a general minimum of welfare services for the entire population has been adopted by many developing countries in the course of the past half-century, and some progress has been made toward realizing it. But there is now a clear retreat from this position in both North and South, as universalism is replaced by a residualist emphasis on targeting public

assistance only toward the neediest, while leaving the provision of general social services more frequently to the private sector.

There is of course no question that targeting has a role to play in ensuring that scarce resources reach the neediest. In fact, providing special programmes for the most disadvantaged has often formed part of the policy "mix" in so called welfare states. But relying too heavily on targeting — and more recently on adjustment-related social welfare funds — reinforces divisive tendencies within any society. There is often a stigma attached to receiving public support, and a gap is created or widened between the quality of services to be obtained in the private and public sectors. Furthermore many administrative obstacles lie in the way of targeting the neediest effectively.¹⁶

For many people, then, — particularly in Africa, Eastern Europe, Latin America and the former Soviet Union — the existing state is becoming increasingly less relevant to the satisfaction of their everyday needs. The explosion of the informal sector, under the impact of economic crisis and restructuring, is one of the clearest symptoms of this trend. Growing numbers of people provide for themselves without contributing through taxes to the maintenance of public services or receiving the protection and benefits which have been stipulated in national laws.

The question of how the rapidly growing informal sector is being — or can be — integrated into new political coalitions, so that the interests of the many groups within it can be effectively represented in widely based and relatively stable structures of governance, is an important and difficult one. The extraordinary heterogeneity of this "sector", as well as the often semi-illicit nature of activities within it, constitutes difficult terrain for the construction of political pacts within national political systems which are democratic, or engaged in a transition to democracy.¹⁷

There are, of course, wide areas of the world in which so-called "informality" has always been the norm and where the idea of political or social citizenship has never had wide currency. The poverty of most people within the informal sector, especially within the Third World, and their frequent dependence on favours extended by patrons (rather than on rights to which they are entitled as citizens) are elements in a form of governance which is often authoritarian and personalistic.

This traditional form of authoritarianism, in which allegiance or quiescence is ensured through bestowing favours or using force, can find a modern ally in international criminal syndicates — as, in fact, can any number of interests within industrial democracies. The drug and arms rings, smugglers of illegal immigrants, and other criminal organizations which have gained such attention during the past few decades are, like older mafias, organized on the basis of networks of patronage or personal loyalty, and they can dispense immense wealth. In the democratic systems of the industrial world, they can corrupt certain segments of the political system and distort the administration of justice. In less democratic settings, they can reinforce despotic government.

Over a significant part of the world today, the struggle to create relatively more democratic political systems and to defend elemental human rights is being undermined by the growing strength of criminal organizations. In countries from Colombia to Thailand, and from

Pakistan to Russia, the resources which can be marshalled by these syndicates rival or surpass those of governments themselves. In the specific case of the drug trade, which is said to control the second most important commodity in international commerce (after petroleum), the revenue recycled by drug syndicates determines the viability of a number of national economies; and the political fate of some governments depends to a considerable degree on negotiations with such interests.¹⁸

In summary, then, it seems clear that developments in the global economy and society are posing increasingly complex problems for political and administrative institutions at both local and national levels, and that some of these problems must be addressed at least in part through institutional innovation at the international level. If international crime undermines legitimacy and the rule of law in country after country, then forms of international cooperation must be designed to combat it. If global competition for capital and markets is tearing institutional structures of social solidarity apart, some way must be found to regulate competition, and/or to create new structures of social support. If traditional structures of identity are challenged or shattered by the global communications revolution, new attempts to define and promote a global identity — based on universal human rights — must be made.

6. Social integration in multi-ethnic societies

Many of the problems just discussed are magnified and distorted within the context of multi-ethnic societies. Most countries in the world are of course to some degree multi-ethnic: they contain a number of groups distinguished by differences of language, religion, tribe and/or race. Nevertheless the historical processes creating ethnic difference, as well as the challenges posed to public policy by the latter, vary greatly by country and region. In consequence, some have been more successful than others in attempting to forge tolerant and just societies.

Western Europe

Despite the fact that the unified nation state was forged in Europe, most states on the continent comprise many different ethnic groups brought together by conquest, colonial expansion and migration. The countries of Western Europe, in particular, are currently faced with two major ethnic problems: the older problem of accommodating the demands of "nationalities" such as the Basques, Britons, Catalans, Flemish, Irish, Walloons and so forth; and the newer problem posed by post-war immigrants, first from the Third World and currently from countries of Central and Eastern Europe.

Most countries have been able to accommodate the older problem, although it continues to pose challenges in some cases, such as Northern Ireland and Belgium, and to emerge in new contexts, like that of the Lombardy League in Italy. The consolidation and expansion of the European Union both stimulates regional nationalisms and provides a framework for their accommodation. The presence of coloured minorities, however, constitutes a much more serious policy challenge in Western Europe. The rise of far right parties on the strength of their anti-immigrant slogans, as well as a growing wave of violence and harassment directed against coloured minorities in several West European countries in recent years, represent a dramatic manifestation of underlying tensions and policy ambiguities.

The presence of migrants from Asia and Africa is a legacy of the colonial empires of

European powers. Small numbers of these immigrants, already resident in Western Europe in the early post-war years, were swollen by waves of new arrivals in the 1960s and early 1970s, drawn by booming economies and labour shortages in the region. There was, however, a virtual cessation of immigration from Third World countries following the first petrol shock and the accompanying economic slump. Recession and unemployment in the 1990s have led to a further intensification of restrictions on immigration throughout Western Europe.

The nature and seriousness of the problem of integration of coloured minorities varies from one country to another, in part because there is a great deal of country variation in the absolute numbers and relative importance of Third World immigrants in Western Europe. There are also differences in the citizenship status of coloured residents in Western Europe. While some of the newcomers already possessed citizenship in the host country, as was the case in France, Portugal or the United Kingdom, most came as citizens of their countries of origin. Furthermore, while in most countries it was relatively easy to acquire citizenship after residence of a certain duration, this was sometimes impossible (as in Germany) or required complicated procedures and extremely long residence (as in Switzerland). Since citizenship endows individuals with certain legal, political, economic and social rights which are denied to non-citizens, this is a most important attribute differentiating two categories of coloured people resident in Western Europe.

Although coloured minorities in Western Europe are not a homogeneous group (they differ with regard to their countries of origin, religion, language and socio-economic status), there is a persistent tendency in almost all countries for them to be disproportionately represented among socially and economically marginalized groups. Marginalization takes the form of low incomes, unskilled and precarious jobs, high unemployment and residence in poor, high risk neighbourhoods. Some of these characteristics may be explained by the low levels of education and skills attained by the immigrants and their willingness to accept jobs, as well as working and living conditions, spurned by the nationals of these countries. But the persistence of marginalization over prolonged periods, sometimes extending even to second and third generations, indicates that other factors, such as lack of equal opportunities, prejudice and discrimination, are also involved.

Governments of Western European countries have developed at least four different approaches to dealing with ethnic problems: **separation, toleration, cultural pluralism and assimilation.**¹⁹ Separation, exemplified by the German experience, is based on the policy of treating migrants as temporary workers who will at some stage return to their countries of origin. Residence is therefore tied to work permits and employers assume responsibility for provision of hostels and other forms of accommodation. The approach of the United Kingdom, in contrast, is characterized by toleration. Integration is defined as equal opportunity, accompanied by cultural diversity, in an atmosphere of mutual tolerance; and equal opportunities are promoted through enforceable anti-discrimination legislation rather than through the creation of positive programmes to benefit ethnic minorities.

The Netherlands and Sweden have been the leading proponents of cultural pluralism. Although during an earlier period migrants in the Netherlands had been treated as guest workers, as in Germany, the Dutch government assumed the responsibility in the 1980s to help minorities preserve, develop and express their cultural identity. At the same time, alarm over continuing marginalization of minorities has encouraged the Dutch to shift the focus of policy toward combating deprivation. In recent years, there seems also to have been a subtle shift in French

policy towards encouragement of cultural pluralism, despite the fact that in the 1960s and 1970s, the emphasis in France had been on assimilation of ethnic minorities to national culture or repatriation to the country of origin.

It is evident that, while considerable progress has been made in ensuring a relatively secure legal status, as well as *de jure* equal treatment in such areas as housing, employment and education for most immigrants in Western Europe, no line of policy has proved totally effective in removing socioeconomic barriers to upward mobility experienced by coloured minorities. Approaches adopted by governments have evolved and have become more flexible; but clearly the factors responsible for the continuing subordinate socio-economic status of ethnic minorities are stubborn and complex.

Central and Eastern Europe

The historical experience of Central and Eastern Europe has been radically different from that of Western Europe in at least two respects. First, most of the people in this region have been accustomed to live in states which were specifically defined as multinational and multicultural. This was the case not only under the Austro-Hungarian, Ottoman and Russian empires, but also after the break-up of these empires, in the aftermath of the First World War. Most of the new "nation states" — particularly the Soviet Union and Yugoslavia, but also in varying degrees Czechoslovakia, Hungary, Romania — continued in the inter-war period to display characteristics of sharp ethnic and cultural diversity.

The second distinguishing feature of the Eastern and Central European experience is of course that the population of this region lived under communism for periods ranging from four to seven decades. Communist states displayed an ambivalent attitude toward the question of "nationalities".²⁰ On the one hand, ethnic inequalities and other culturally defined differences were attributed to the operation of the capitalist system. It was assumed that with the establishment of socialism such differences would disappear. Indeed the dominance of the working class and the achievement of economic equality were supposed to deal a mortal blow to the ethnic problem. On the other hand, some versions of communist doctrine insisted on the principle of the sovereignty of nationalities and their voluntary association in a commonwealth of republics or multinational federations. Reality, however, seldom conformed to these ideals. In practically all communist states for most of the time, while superficial expressions of national identity were tolerated and indeed encouraged, power was highly concentrated in the central committees and politburos of communist parties. In some countries, systematic efforts were made to erase all markers of ethnic identity.

The collapse of communism has been followed by a veritable explosion of ethnic conflict. How does one explain this largely unexpected outcome of the end of communist regimes in Central and Eastern Europe? While there are no doubt important factors specific to different national contexts, it is possible to discern some common patterns which were inherent in the communist system and in the way it disappeared.

The first point to emphasize is that efforts to eradicate ethnic identity through suppressing its public manifestations seldom achieve their objective. The result is most often to drive ethnic groups underground. Nevertheless it might be expected that the reduction of inter-ethnic inequalities in incomes, education and living standards, as well as provision of a modicum of

universal economic and social security, would have contributed to lessening ethnic tensions. In fact, it seems quite plausible that during the communist era this aspect of social and economic policy did make a positive contribution to improving ethnic relations.

The irruption of ethnic violence is perhaps most attributable to the situation created by the sudden collapse of the communist system. The abrupt disintegration of the latter created a formal institutional vacuum. With the discrediting of the communist party, which constituted the centre of political and social organization, there were few institutions which could provide a viable and legitimate basis for any kind of organized activity. In this respect, as noted earlier, a fatal weakness of the system was the paucity of autonomous institutions of civil society. At the same time there was widespread rejection of the values associated with communism. Furthermore, this institutional and moral crisis coincided with a profound economic crisis, which produced a massive decline in living standards and the collapse of the social security system. Under the circumstances, it is understandable that people turned to ethnicity in their search for security and identity, and that leaders succeeded in exploiting cultural differences for political ends.

The English-speaking New World

The industrial countries of the English-speaking New World share many of the problems of Western Europe with regard to integration of ethnic minorities. Unlike Western Europe, however, the former were created as immigrant countries of relatively recent origin. Their societies have been formed through the interaction of people of European origin, on the one hand, and indigenous minorities, descendants of slaves or indentured workers, and new immigrants from the Third World, on the other.

The industrialized countries of the New World, with the exception of the United States, first saw their destiny as white dominions of the British Commonwealth. Therefore it is only in recent years that they have thrown their doors open to selective migration from all parts of the world. In view of their origin as countries of immigrants, however, they have fewer problems in accepting their identities as multicultural and multi-ethnic societies than the "nation states" of Western Europe. The bulk of their new immigrants now come from the Third World.

The experience of the United States with the integration of ethnic minorities is especially revealing. First, it illustrates with dramatic force the bitter legacy of large-scale slavery, whose consequences are still to be found in many areas of national life. Second, it can provide insights on the impact of a *de facto* apartheid system, which functioned for nearly a century. The South African experiment with apartheid was merely a more formalized and ruthless version of the American model. Third, over the past four decades beginning with the struggle over civil rights, the United States has probably made a more systematic effort than any other country to come to terms with the ethnic dimensions of social integration. Fourth, the country continues to keep its doors open, even if on a modest scale, to immigrants from the Third World at a time when many other doors are closed.

Thus, in terms of diversity and size of ethnic groups, the United States is without parallel. In a certain sense its experience can be considered the first large-scale effort in human history to create a truly global society on national soil.

As in Western Europe, ethnic minorities are on the whole disproportionately represented among the underclass in the English-speaking New World, although a significant proportion of some minorities, especially of Asian origin, enjoy high incomes and a middle class status. The absence of a well-developed system of social security and welfare benefits, especially in the United States, further intensifies economic insecurity. The marginalization and alienation of indigenous people is, however, a problem unique to the New World countries, although it finds an echo in the fate suffered by gypsies in Europe.

The most interesting aspect of the experience of industrialized New World countries is to be found in the unusually wide range of policies and programmes designed to remove discrimination and create equality of opportunities for ethnic minorities. These include establishment of autonomous territories for indigenous people, restitution of their rights to lands and natural resources, a battery of legislation to combat all forms of ethnic discrimination, wide ranging programmes of affirmative action, strong promotion of cultural pluralism, as well as the sensitization of the media, educational institutions, the police, the judiciary and the bureaucracy to the ethnic dimensions of social integration. The activism of the English-speaking New World in this domain stands in sharp contrast to the timidity of the Western European stance.

Latin America

The clash of cultures began earlier in Latin America than in most of the English-speaking New World and involved larger numbers of people. The core of the Spanish empire in the New World was in fact built in the sixteenth century on the ruins of well-developed Indian civilizations in Mesoamerica and the Andean region, whose peoples were conquered and eventually integrated into multi-ethnic societies.

In contrast, the Portuguese New World, southern Central America and the Southern Cone of Spanish South America did not contain great Indian empires and were settled largely by European immigrants (supplemented especially in the case of Brazil by slaves). Relatively primitive or isolated groups of native people in these regions were exterminated in the course of military campaigns much like those undertaken in the United States, or managed to find refuge in the vastness of the Amazon. With the notable exception of these campaigns, racism and other forms of ethnic conflict were muted by a relatively less exclusive definition of lines between cultures in Latin America (when compared to the English-speaking New World) and by centuries of intermarriage among Europeans, Indians and Africans. Slavery was abolished in Spanish America during the early nineteenth century, although it lasted in Brazil until 1888.

The major lines of social conflict in Latin America have been drawn more frequently along class than along ethnic lines. Nevertheless there are significant areas of Mesoamerica and the Andean region in which the large pre-Columbian indigenous population was gradually pushed into marginal rural areas and dominated by large landowners, mining companies, moneylenders and/or political bosses of both Indian and non-Indian background. Resentment against exploitation, which was only partially based upon ethnic identity, contributed to revolution in Bolivia and Mexico, and to a number of Indian uprisings in other Andean and Central American countries.

Unlike indigenous populations in the English-speaking New World, those in Latin America have not fought for territorial separateness. They have, however, demanded recognition

of their rights to hold communal land and to preserve their local customs, as well as assurances of economic and political equality within the wider society. Ethnically based violence has been limited to certain regions, such as Ecuador, Guatemala, southern Mexico and Peru, and has usually taken the form of sustained, low level conflict. On occasion, however, this has given way to encounters on a large scale.

Despite the reality of a violent conquest and later of everyday discrimination against indigenous minorities, Latin America has witnessed many enlightened attempts to promote and protect Indian culture and livelihood. Progressive elements within the Catholic Church wrestled with questions of cultural difference as early as the sixteenth century; and during the early twentieth century Mexico and Peru were once again sites of pathbreaking efforts to integrate Indian peoples into national societies without destroying their cultures. Perhaps the greatest stumbling block to promoting the well-being of indigenous peoples in Latin America is posed by the deficient development of institutions which protect human rights for all citizens of the region and permit the development of democracy.

Asia and Africa

Unlike Latin America, the boundaries of most Asian and African countries are relatively recent colonial creations. Typically the colonial authorities grouped together a diverse collection of neighbouring ethnic groups into territories which subsequently became independent states. The ethnic mosaic was further enriched by immigrants from other parts of the colonial empire. The primary challenge faced by governments under these circumstances was to create a sense of national identity and unity among their diverse ethnic groups and to promote economic development and improve living standards of the people.²¹

At the time of independence in the mid-twentieth century or later, few leaders had given much thought to the complex issues raised in the course of creating national identity and integration. Special constitutional arrangements were made on the eve of independence in some countries, such as Fiji and Malaysia, where indigenous people felt threatened by immigrant communities. Similarly, a few countries (such as India and Lebanon) devised power-sharing and territorial arrangements in response to ethnic problems. More generally, however, there was a tendency to opt for strong states, centralization of power and suppression of ethnic claims. The expression of ethnic identity was generally frowned upon, and tribalism (and its variants) became a term of opprobrium.

In contrast to the sporadic violence seen in Western Europe and the New World, ethnic tensions are a pervasive reality in most African and Asian countries; and the incidence of violent conflicts appears to have increased significantly since the early 1970s. The heritage from the colonial era in fact continues to cast a long shadow on ethnic relations in many countries. Since separate communal residential areas, schools, hospitals, social and cultural organizations were a common feature in many colonies, social and economic distance among different ethnic communities was often systematically maintained. In several countries colonial policy also tended to promote or intensify specialization of occupation along ethnic lines, as well as regional or ethnic economic inequalities.

After independence, governments sought to overcome the problems of divided societies through such policies as provision of social services on an integrated basis and adoption of

preferential policies for disadvantaged regions and minorities. But several developments tended to militate against ethnic accommodation. There was a general trend toward concentration of political and economic power in the hands of the central government. Multiparty regimes were replaced by military or single-party governments, especially in Africa. Autonomous organizations such as unions and cooperatives were either suppressed or brought under government control. At the same time, governments assumed an ever-increasing role in the economy.

Control over the institutions of the state thus became an obsessive objective of most groups. In the absence of other bases of legitimacy, the dispensation of economic benefits to selected groups and individuals came to be a principal mechanism for buying support for the régime. Furthermore, the control of the state often passed into the hands of a dominant ethnic group or an alliance of similar groups, with the result that those excluded from such benefits not only suffered material deprivation but saw their culture — and even their future as a distinct ethnic group — under threat. The combination of economic insecurity, discriminatory social and economic policies, and a lack of any avenue for expression of their demands was reason enough for many minority groups to take up arms and to fight for secession or autonomy.

These sources of discontent were massively aggravated by a profound economic crisis which engulfed most African, Latin American, Middle Eastern and some Asian countries in the late 1970s and 1980s. An abrupt decline in living standards and increasing unemployment, combined with sharp reductions in public services and welfare benefits created widespread social distress, which extended even to groups who were hitherto relatively secure. Such developments coincided with a further erosion in the authority and legitimacy of the state, brought about by its diminishing resources and power. The national project, associated with independence, was tarnished, and there was a proclivity for widespread corruption and violation of human rights. The growing ease with which international support could be secured for ethnic claims, in a situation which also permitted increasing access to arms, fanned the flames of violent conflicts based on ethnic difference.

Violent ethnic conflict is by no means inevitable or universal in African and Asian countries. Several multicultural and multi-ethnic states (including Cameroon, Mauritius, Tanzania, Zambia, Zimbabwe, in Africa, and Malaysia, Singapore and Thailand, in Asia) have succeeded in achieving peaceful accommodation of tensions inherent in all such societies. There are no doubt many features specific to these countries which account for their relatively favourable experiences. But some of the lessons they have learned are of wider relevance.

Accommodating ethnic tensions

Although any realistic attempt to deal effectively with ethnic tension must be firmly grounded in the historical experience and current situation of a particular country, certain kinds of policies are likely to promote accommodation in a wide range of situations.

For example, it is obvious that the existence of a rule of law, respect for fundamental human rights and an independent judiciary are essential in mitigating minorities' fears that they will be victimized and discriminated against. At the same time, broad-based and sustained economic growth creates a feeling of general well-being and security, and gives governments access to resources which can be used to meet some of the demands of aggrieved ethnic groups. On the other hand, economic crisis, mass poverty and high levels of unemployment are breeding

grounds for tensions which can be manipulated by ethnic entrepreneurs who capitalize on a generalized state of insecurity.

The experiences of countries as diverse as Belgium, India, Lebanon, Malaysia and Nigeria and Switzerland illustrate the fact that systems of government characterized by power-sharing arrangements between the centre and the regions, as well as among different ethnic groups, can be effective in easing ethnic tensions over critical periods. Electoral systems can also be tailored to the specific ethnic structures and problems of individual countries, so that they guarantee a place for minority ethnic groups. The extremely original and imaginative arrangements recently hammered out in South Africa over a long period of intensive discussions among contending ethnic groups highlight the central importance of developing innovative institutional mechanisms for relieving ethnic tensions.

A dense network of advocacy groups, concerned with humanitarian questions and human rights as well as with social welfare and development, is another central element in the search for new approaches and solutions to ethnic conflict. These institutions have no doubt contributed to the reduction of ethnic discrimination and bias in Western Europe and the New World, and they are now beginning to do so in Latin America. In contrast, the absence or weakness of such a web of autonomous institutions has been an important factor in the failure to find peaceful means for accommodating ethnic conflict in many countries in Central and Eastern Europe, Africa and Asia.

Finally greater attention must be paid to the important role that education can play in promoting understanding and tolerance in multicultural societies. This should go hand in hand with tough policies and actions directed against those who seek for various reasons to stir up ethnic hatred and to indulge in acts of ethnic harassment and violence.

7. Changing patterns of integration: Past, present, future

In closing, it is perhaps useful to place current patterns and processes of social integration in historical perspective, before looking toward the future.

We live at a time when the vast majority of people around the world are being integrated into a single global economy and culture, organized around the principles of individualism, liberal democracy and faith in the market. This is a revolutionary development, comparable in its scope to the industrial revolution of the late eighteenth and early nineteenth centuries, and in many ways a logical extension of that process.

The industrial revolution uprooted people in agrarian societies, destroyed their families and communities, and forced them into precarious wage labour under conditions of great vulnerability. As traditional forms of integration broke apart, crime and other violent manifestations of social stress became more frequent; and the poor were stigmatized as slothful and of doubtful moral character.

The current expansion of the market economy is having similar effects. People who have been protected from indigence by traditional forms of solidarity in the Third World, or by modern forms of social protection in the industrial capitalist or socialist world, are being forced

to fend increasingly for themselves — but within a context of global consumer culture and instantaneous communication unimagined when the industrial revolution began.

Mass migration accompanied the industrial revolution, just as it marks our contemporary world. And ethnic conflict erupted in the nineteenth and early twentieth century, just as it does today. Throughout the past century, many were required to build new identities, as certain categories of occupation and certain localities or regions were degraded or made irrelevant by the rapidly changing economy. Again, however, migration and the juxtaposition of cultures occur at present with a speed and depth not possible in a less technologically advanced era. And the sheer numbers of people affected today are very much larger than they were a century or more ago. The scale of the current process of social reorganization is planetary.

The new order created over the course of the last century to cope with the deeply divisive effects of the industrial revolution rested in many parts of the world on citizenship, nationality and class. In a growing number of settings, individuals were eventually perceived to have rights; and these rights were protected by new forms of social organization including trade unions and other interest associations, political parties, courts, and so forth. The modern state became the guarantor of political and economic rights and provided the framework for collective identity across wide areas of the world; and an attempt was made under colonialism to transplant it into new territories.

Current developments within the global economy and society, however, tend increasingly to undermine the efficacy of states and in some instances create incentives for their fragmentation or dissolution. Unregulated markets can destroy social compacts, as notions of solidarity and the concept of citizens' rights are subject to the strains inherent in all-out competition. Uncritical adherence to consumerism has a similar effect. In consequence, many of the modern structures of representation and accountability, which emerged as an outgrowth of social conflict and accommodation in industrial or newly industrializing democracies, are being severely challenged.

At the same time, of course, the current process of rapid economic and social change creates new opportunities for personal freedom and choice in many settings traditionally characterized by rigid social stratification and/or the authoritarian or dictatorial exercise of power. The problem faced in these situations is how to create new institutions which satisfy the basic economic and political needs of most people, during a period when so great a degree of influence on local conditions is in fact exerted by forces far beyond local control.

There is at present a striking incongruence between patterns of social integration which bind people around the world more closely together than ever before, on the one hand, and the frailty of existing mechanisms for subjecting global processes to regulation and channelling them toward the promotion of human welfare, on the other. Although the nation state increasingly fulfilled this function in the aftermath of the industrial revolution, it cannot be expected to assume primary or sole responsibility for doing so in the new global context.

A number of challenges thus emerge which have only partial corollaries in earlier periods. How, for example, can the international community control the centripetal, polarizing effects of global markets — sustained by information technologies which permit virtually instantaneous communication — without returning to a kind of protectionism which stifles

possibilities for growth in Third World as well as Northern economies?

How can new bases of solidarity be created during a period when capital is almost infinitely mobile and labour is much more mobile than it has ever been before? And how can the clash of values and cultures be minimized, and elements of a common culture constructed, in a world which grows smaller and more densely interconnected with each passing day?

How can new forms of livelihood and standards of personal worth be created in a context characterized by secular decline in the need for human labour? And how can the current trend toward socio-economic and political marginalization of growing numbers of people be reversed?

Finally, how can we deal with the unprecedented degree of environmental degradation generated by current patterns of resource use, as well as with the equally unprecedented opportunities created by modern technology for conflict to degenerate into violence, and for violence to expand over wide areas.

Confronting these challenges will require institutional reform at many levels of society and within many different spheres of daily life. It will also require a conscious shift of values. The international context assumes greater importance in this endeavour than ever before — not because it is possible to design universal solutions, uniformly applied around the world, but because global forces have created inescapable common problems of worldwide scope. The concept of an "international community" is no longer a simple ideal. It is a fact of life.

Footnotes

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³UNDP, *Human Development Report 1994*, Oxford University Press, New York, 1994, p. 87.

⁴For an analysis of the Chilean case, see Alvaro Díaz, *Restructuring and the New Working Classes In Chile: Trends in Waged Employment, Informality and Poverty, 1973-1990*, Discussion Paper No. 47, UNRISD, Geneva, October 1993.

⁵On global consumerism, see Richard J. Barnett and John Cavanagh, *Global Dreams: Imperial Corporations and the New World Order*, Simon and Schuster, New York, 1994.

⁶UNDP, *Human Development Report, 1992*, Oxford University Press, New York, 1992, p. 36.

⁷*Ibid.*, p. 37.

⁸See Henrietta Moore, "Social Integration and the Family", UNRISD Occasional Paper for the Social Summit, forthcoming.

⁹Growing adult and child prostitution in some areas and localities, as well as the development of new networks for the sale of child brides and babies, are harsh reminders of the effects of deepening poverty on primary solidarity and affection within households. Increasing number of children living and working on the streets of large urban areas have also drawn the attention of the world community. See Anthony Swift, *Brazil: The Fight for Childhood In the City*, Innocenti Studies, UNICEF International Child Development Centre, Florence, 1991.

¹⁰The collection of papers edited by Peter Utting, *Between Hope and Insecurity: The Social Consciousness of the Cambodian Peace Process* (UNRISD, Geneva, 1994), contains recent commentary on this subject.

¹¹See Martin Carnoy, et al., *The New Global Economy in the Information Age: Reflections on Our Changing World*, Pennsylvania State University, University Park, 1993.

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¹⁵See Jessica Vivian and Gladys Maseko, *NGOs, Participation and Rural Development: Testing the Assumptions with Evidence from Zimbabwe*, Discussion Paper No. 49, UNRISD, Geneva, January 1994.

¹⁶See the series of papers on adjustment-related social funds and the targeting of social policy in specific country contexts, prepared within the context of the UNRISD/UNDP project on Economic Restructuring and New Social Policies. The conclusions of this project are presented in Jessica Vivian, *Social Safety Nets and Adjustment In Developing Countries*, UNRISD Occasional Paper for the Social Summit, forthcoming.

¹⁷Yusuf Bangura, *Economic Restructuring, Coping Strategies and Social Change: Implications for Institutional Development In Africa*, paper presented at the SAREC International Colloquium on New Directions in Development Economics, 9-11 March 1994, Stockholm, Sweden. Forthcoming as UNRISD Discussion Paper No. 52.

¹⁸See LaMond Tullis, *Beneficiaries of the Illicit Drug Trade: Political Consequences and International Policy at the Intersection of Supply and Demand*, Discussion Paper No. 19, UNRISD, Geneva, March 1991.

¹⁹Sarah Collinson, *Beyond Borders: Western European Migration Policy towards the 21st Century*, Royal Institute of International Affairs, London, 1993.

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²¹D.L. Horowitz, *Ethnic Groups in Conflict*, University of California Press, Berkeley, 1985.

New Imperatives of Human Security

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The views expressed in this paper are those of the author
and should not be attributed to UNDP.

We are entering a new era of human security where the entire concept of security will change — and change dramatically.

Security will be interpreted as:

- security of people, not just security of territory.
- security of individuals, not just security of their nations.
- security through development, not security through arms.
- security of all the people everywhere — in their homes, in their jobs, in their streets, in their communities, in their environment.

And yet another perception will change. Human security will be regarded as universal, global and indivisible. The same speed that has brought many modern products and services to our doorsteps has also brought much human misery to our backyards.

Just imagine for a moment that every drug that quietly kills, every disease that silently travels, every form of pollution that roams the globe, every act of terrorism that destroys life senselessly — just imagine for a moment that they all carried a national label of origin — much as traded goods do — we shall realize with a sudden shock that concerns for human security are more globalized today than even global trade.

A second perception will change. We shall all realize that poverty cannot be stopped at national borders. Poor people may be stopped. But not the tragic consequences of their poverty. They travel without a passport. And they travel in unpleasant forms. Drugs, and AIDS, and pollution, and terrorism stop at no national frontier today. They can strike with devastating speed in any corner of the world. In fact, when people travel, they bring much dynamism and creativity with them. When only their poverty travels, it brings nothing but human misery.

One more perception will change. We shall all begin to recognize that it is easier, more humane, and less costly to deal with the new issues of human security upstream rather than downstream. Does it make any sense to incur a staggering cost of US\$240 billion in the last decade for HIV/AIDS when even a fraction of that amount invested intelligently in primary health care and family planning education may have prevented such a fast spread of this deadly disease? Is it a great tribute to international diplomacy to spend \$2 billion in a single year on soldiers in Somalia to deliver humanitarian assistance when such an amount invested much earlier in increased domestic food production may have averted the final human tragedy — not for one year but for a long time to come? Is it a reflection of human ingenuity that we are willing to spend hundreds of billions of dollars on drug prevention and rehabilitation, but not even a small part of that amount on alternative livelihoods for poor nations from where drugs may originate?

We need to fashion today a new concept of human security that is reflected in the lives of our people, not in the weapons of our country.

From the emerging concept of human security, there flow many hopeful insights and policy prescriptions. Human security can also serve as the new basis for a Human World Order. This would require at least five determined steps.

The *first* step is to seek a new concept of development. There must be a search for models of development which enhance human life, not marginalize it; which treat GNP growth as a means, not as an end; which distribute income equitably, not concentrate it; which replenish natural resources for future generations, not destroy them; which encourage grass root participation of people in the events and processes that shape their lives.

The issue is not growth *per se* but its character and its distribution. Those who postulate a fundamental conflict between economic growth and sustainable human development do no service to the poor nations. To address poverty, economic growth is not an option: it is an imperative. But what type of growth? And who participates in it? And who derives the benefits? These are the real issues. To benefit the masses, growth opportunities must be equitably distributed. And they must be sustainable from one generation to the next. The concept of sustainable human development is fairly simple: it is based on equal access to development opportunities, for present and for future generations. But such a simple statement does scant justice to its far-reaching policy implications.

The heart of this concept is equity — within generations and between generations. But it is equity in opportunities, not necessarily in results. What people do with their opportunities is their own concern, but they should not be denied an equal opportunity to develop their human capabilities. The purpose of development is thus to enlarge people's choices — income being only one of those choices, not the sumtotal of human life. Such equity, however, requires many structural reforms: better distribution of productive assets, including land and credit; open access to market opportunities; a conducive policy environment for job-creation; and social safety nets for those who are bypassed by the markets.

The emerging concern with sustainability takes this dialogue a step further. Development opportunities must be provided not only to present generations but to future generations as well. This does not mean protecting every form of natural capital or every resource or every species. If more efficient substitutes are available, they must be used. What must be protected is human life. We must never forget that it is human life that is the most threatened species on this earth. Whether it is economic growth or whether it is environmental protection, these are only means — the real end is human welfare. What must be sustained for the next generation is the capacity to enjoy the same level of well-being that our own generation possesses.

The concept of sustainable development focuses attention not only on the future but also on the present. There would be something distinctly odd worrying about the yet unborn generations if the present generations are poor and wretched. There would be something clearly immoral about sustaining the present levels of poverty. Development patterns which perpetuate today's inequities are neither sustainable nor worth sustaining. Indeed, global sustainability without global justice is an elusive dream. Again, the policy implications are profound. A major restructuring of the world's income and consumption patterns — especially a fundamental change in the current lifestyles of the rich nations — may be a necessary precondition for any viable strategy of sustainable human development.

In the last analysis, the ethical and philosophic foundation of the new development paradigm lies in acknowledging the universalism of life claims. No new born child should be denied development opportunities merely because that child happens to be born in the "wrong class", or in the "wrong country", or to be of the "wrong sex". For people, the purpose of development must be to increase their options, to equalize their opportunities, to enable them to enter the market competition on an equal footing. This is the real essence of sustainable human development strategies.

There is an increasing consensus on this new paradigm of development. Our next real challenge is an operational one: it is to translate this message of equality of opportunity in the formulation of national development policies, in the dialogue on development cooperation, and in the actual workings of the international institutions.

A *second* step is needed to move from arms security to human security and to use the emerging peace dividend to finance the lengthening social agenda of humankind. The cold war is not over yet. The job is only half-done. We have phased out the cold war in East-West relations. But we have forgotten to phase it out in the Third World. No leader from the Third World ever participated in the disarmament talks at Geneva: it was entirely an East-West affair.

Isn't it time that we ask the leaders of the Third World:

- why do they insist on spending two or three times as much on arms as on the education and health of their people?
- why do they have twenty times more soldiers than doctors today?
- how can they find the resources for air-conditioned jeeps for their military generals when they lack even windowless school rooms for their children?

And isn't it time that we ask the leaders of the rich nations to stop the continuing arithmetic of death and destruction in the Third World — where 22 million have died in over 120 conflicts during the so-called "peaceful transition" since the Second World War? Should they not fix a concrete time table, say the next three years, within which they undertake to:

- close down all existing military bases.
- convert all existing military aid into economic aid.
- stop the existing arms shipment of over \$35 billion a year to make huge profits from poor nations that cannot even feed their people.
- eliminate subsidies to arms exporters and retrain their workers for jobs in civilian industries?

Our next challenge is to curtail the huge arms spending of \$130 billion a year in the poor nations and to invest this money instead in the welfare of their people. Those big powers which launched the cold war have a moral obligation now to defuse global tensions, to build new alliances for peace, and to help developing countries make a smooth transition from arms security to human security.

Let us also not give up on the peace dividend. It is a fact that global military expenditures

have begun to decline for the first time in our lifetime. It is a fact that, between 1987-92, global military expenditures have fallen and yielded a cumulative peace dividend of \$500 billion. Where has this peace dividend gone? Why is it not available for the neglected social agenda held over from the days that societies were accumulating arms and their people were praying that the arms race would stop?

In the rich nations, the current preoccupation is with balancing the budgets. But would it take a new genius to discover how to balance the financial budgets without unbalancing human lives? Why should rich societies find it impossible to provide resources for their unvaccinated children or for their homeless people or for their decaying cities in an era of such rapidly falling military expenditures?

In the poor nations, unfortunately, the decline in military spending is still slow and hesitant. In fact, military expenditures are still going up in two of the poorest regions of the world — Sub-Saharan Africa and South Asia. Obviously, the poverty of their people is no barrier to the affluence of their armies. Even a freeze on current military spending levels in the Third World will release sufficient resources to take care of their essential human agendas.

Look at Sub-Saharan Africa. Its military spending to GNP ratio increased from 0.7% in 1960 to 3.5% in 1990 — a five times increase at a time when these countries were cutting down social spending in the name of structural adjustment.

And look at South Asia: an expenditure of \$18 billion a year on defence between India and Pakistan when they contain the largest number of the poorest people in the world. During 1988-92, India and Pakistan imported twice as many arms as Saudi Arabia which is 20 times richer.

It is time for one final push, to ensure that arms security is replaced by human security — particularly in the poor lands where every new jet fighter is costing one million additional children in school.

The *third* step relates to a new partnership between the North and the South — based on justice, not on charity; based on an equitable sharing of global market opportunities, not on aid; based on two-way compacts, not on one-way transfers; based on mutual cooperation, not on unilateral conditionality or confrontation.

Foreign aid has often dominated North-South relations in the post-Second World War era, even though this aid was often marginal and misdirected. Just consider one sobering comparison: rich nations channel an average of 15% of their GNP to their own 100 million people below a poverty line of around \$5000 a year. The same nations earmark only 0.3% of their GNP for poor nations which contain 1.3 billion poor people below an income level of \$300 a year. What a telling contrast between national and international social safety nets! And yet a public perception persists in the rich nations that their aid money could be better employed at home. The rich nations hardly recognize that even if all their aid stopped today, it would increase their domestic social safety nets from 15% of GNP to merely 15.3% — perhaps not the most handsome bargain in history. It is not just the marginal role of aid but its distribution that matters. Aid carries today all the scars of the cold war era. It was often given to strategic allies rather than to poor nations. Just consider the link of aid with the oft-repeated objective of elimination of global poverty. Only

one-third of ODA is earmarked for the ten countries containing two-thirds of the world's absolute poor. Twice as much ODA per capita is given to the top 40% income group in the world as to the bottom 40%. Egypt receives \$280 per poor person, India receives only \$7. Only less than 7% of bilateral ODA is directed towards human priority concerns — viz., primary health care, basic education, safe drinking water, nutrition programmes, and family planning services.

Consider yet another dimension of aid: most of it was directed towards strategic allies in the cold war, to many authoritarian regimes, to many high military spenders. Even today, two and a half times as much per capita ODA goes to high military spenders as to low military spenders. Even today, strategic allies get preference over poor nations: for example, El Salvador receives 16 times as much U.S. ODA per poor person as does Bangladesh, even though Bangladesh is five times poorer.

And then consider the final irony: while aid transfers so few resources to the developing world, denial of global market opportunities takes away several times more through trade protection, immigration barriers and an increasing debt burden. According to the *Human Development Report 1992*, such global losses are about ten times the aid that poor nations receive.

It is time to restore our perspective. What is crucial for poor nations is an equitable access to global market opportunities, not charity. What we must battle for today is a removal of trade barriers, particularly on textiles and agriculture, which would yield at least \$100 billion a year in additional exports. What we must insist on today is a compensation package from rich nations for imposing immigration controls, since free labour flows were supposed to be an essential component of a liberal international economic system which would equalize global opportunities. What we must negotiate today is a price market in global environmental resources which would oblige the rich nations to pay their due share for the over-use of our common heritage: they may end up paying as much as 5% of their GNP according to some recent studies on tradeable environmental permits. This is not aid. This is not charity. This is merely taking the logic of the market place back to the rich nations.

For too long, we have missed the real essence of a new system of development cooperation between rich and poor nations. When we should have sought participation in markets, we sought exemption from these market rules. When we should have constructed a comprehensive design of relations between the North and the South — including all flows of trade, labour, investment and technology — we got hopelessly stuck on the 0.7% aid target. When we should have sought fair rules for international competition, we kept counting our diminishing aid dollars.

It is time to advance from a charitable aid relationship to a more respectable development relationship. It is time to build a new design of development cooperation between the North and the South, which enables the poor nations to gain a more equitable access to global market opportunities. We must also create a new mechanism to facilitate payments by one country to another for services rendered. These are mutually beneficial services which by their very nature cannot be mediated by markets. Examples include payments for environmental services, payments for control of narcotic drugs, and payments for the control of contagious diseases. We must, at the same time, create a new mechanism to facilitate compensation for damages when one country inflicts an economic injury on another. Compensation can be thought of as fines

payable by countries which depart from internationally agreed rules of good conduct. Some of the examples may include: encouragement of brain drain from poor nations, restrictions on the migration of low-skilled labour, trade restrictions on exports from poor countries. These compensations are in a sense voluntary since they can be avoided by refraining from engaging in objectionable behaviour. Aid will have only a marginal role in this new design of development cooperation — as a global social safety net for the very poorest nations and, hopefully, as a more predictable and obligatory commitment by the rich nations. Aid is needed to address some of the darkest aspects of poverty but it must be far better targeted than in the past.

We need, therefore, a much broader design of development cooperation than just aid — a design that draws new strength from our domestic reforms in the South, that recognizes that real human security in the North will ultimately depend on an investment in reducing global poverty, that secures an equitable access to global market opportunities for all people all over the globe.

A *fourth* step in the search for a Human World Order is to fashion a new framework of global governance. Global markets or automatic mechanisms cannot achieve justice for all nations or all people. Global institutions are necessary to set rules, to monitor “global goods” and “global bads”, to redress widening disparities. Paradoxically, these global institutions are weakening precisely at a time that global interdependence is increasing. All global institutions desperately need both strengthening and reform.

Take, for instance, the Bretton Woods institutions. What should worry us today is not their seeming arrogance, but their growing irrelevance. They are no longer institutions of global governance, they are now institutions to direct economic management in the developing world.

The writ of the IMF runs only in developing countries which are responsible for a mere 10% of global liquidity. G-7, not IMF, influences the global monetary system today. The rich nations hold their breath for the pronouncements of Alan Greenspan, not of Michel Camdessus.

The World Bank has a limited role in recycling global surpluses. It collects more debts each year than the resources it lends to the developing world. It is private capital markets which recycle resources — but three-fourths of those go to about ten better off developing countries, in East Asia and Latin America. The other countries wait for a World Bank intervention that never materializes on a scale that was originally envisaged.

The GATT jurisdiction was excluded till recently from most of the important items of international trade: textiles, tropical products, agricultural commodities, services, labour and investment flows. And the GATT stands strangely silent on the sidelines as the US and Japan get ready to launch a disastrous trade war.

The United Nations never became the strongest pillar of human development that it was supposed to be. To be frank, most donors always preferred the one-dollar-one-vote governance pattern of the Bretton Woods institutions to one-country-one-vote governance of the United Nations. So UN development programmes never got the support they really deserved. Limited finance led to diminished efficiency and diminished efficiency became the justification for even more limited finance.

What are our real options today? Bashing international institutions is a tempting option.

But it is a self-defeating one at a time when global governance is already so weak.

Instead, we must form alliances for change within these institutions as well as with their governance. Our goal should be reform, not demolition. We must convince these institutions to focus more on human development strategies, to formulate adjustment programmes which place much greater burdens on the rich than on the poor and which balance budgets without unbalancing the lives of the people, and to evolve governance patterns which give a much greater voice to the poor nations.

We can draw up all sorts of scenarios for the global economic and financial institutions of the 21st century but one thing is certain. As distances shrink and we become a global village, we are likely to witness a similar evolution at the global level as we have already seen at the national level in the last century. That is why we should start giving serious thought to the possible structure for a world central bank, a global taxation system, a world trading organization, an international investment trust, and even a world treasury. Some of us may not live to see all these global developments, but we are completely confident that our grandchildren surely will. So let us at least begin with the rough architecture of these global institutions.

In fact, it simply amazes me how little intellectual ferment we have today regarding a new structure of global governance. Out of the rubble of the Second World War, there emerged the United Nations, the Bretton Woods institutions, the Marshall Plan for the reconstruction of Europe, the faint blueprints of a European Economic Community and many more hopeful institutions. John Maynard Keynes and Jean Monnet were preparing the rough architecture of the global institutions of the future even as bombs were still raining on their cities. But today when we have seen some unprecedented change in the global environment — from the fall of the Berlin wall to the end of apartheid in South Africa — our sources of creativity are curiously passive regarding the future shape of global governance. It is time to begin designing the global institutions of the 21st century.

Whatever shape this new architecture takes, it is becoming increasingly essential to set up an Economic Security Council in the UN as the highest decision making forum to deal with threats to global human security and to agree on the necessary actions. Such a Council must deal with all issues confronting humanity — from food security to environmental security, from global poverty to jobless growth, from international migration to drug trafficking. While its total membership should be kept small and manageable, it should represent all world constituencies and carry no country veto. It should oversee the policy direction of all international and regional institutions. It must be serviced by the ablest professional staff, formulating enlightened policy options on economic and social dilemmas facing humankind. In fact, it is impossible to think of a democratic global governance for the 21st century without the evolution of such an Economic Security Council, in one form or another.

The *fifth* and final step that the imperatives of human security force upon us is the inevitable evolution of a global civil society. Future changes will not depend exclusively on governments. They will come primarily from the actions of the people at the grassroots — people who are often far ahead of their governments. People will hold their leaders increasingly more accountable for all their actions.

The forces of democratic change have swept across the world in the last decade. In one

country after another, people are standing up to their authoritarian regimes and bending them to the popular will. The nation states are under much pressure today. The age of people may have finally arrived.

This new momentum for change carries both dangers and opportunities. There are dangers of anarchy and social disintegration if people are denied their legitimate economic and political rights. But there is also a unique opportunity to build together a new global civilization at this particular hinge of history.

In poor nations, a realistic process of change has already begun. These nations are opening up their economies, carrying out many painful structural adjustments, and passing through a rapid phase of democratic change. They no longer blame the North for all their troubles. They are beginning to recognize that the real battle of poverty will be fought and won in the South itself. They seek justice, not charity.

Unfortunately, at a time of such a profound change in human affairs, the North is choosing to become somewhat passive, cautious, conservative and almost reactionary—fearing that it may lose some of its previous privileges.

Consider the recent evidence:

- While the poor nations are beginning to open up their economies, the rich nations are beginning to close theirs.
- While the poor nations are undergoing a structural adjustment at such a low level of income, the rich nations are resisting any such adjustment in their own lifestyles.
- While the rich nations preach democracy to the poor nations, they resist such democracy in international institutions and in global governance
- While the rich nations rightly condemn corruption in poor lands, they fail to discipline their own multinationals who offer bribes or their banks which gladly accept corrupt money and make a handsome profit on it.
- While the rich nations have started advocating reduced military spending to developing nations, they have quietly turned around and increased subsidies to their own arms exporters.

A new partnership between North and South will also demand a new ethics of mutual responsibility and mutual respect. The North does not realize yet that, through its constant advocacy, it may have unleashed forces of change which will not only change other nations but also its own lifestyles. In particular, democracy is rarely so obliging as to stop at national borders. Its vast sweep will change global governance in the 21st century. The real choice is either to accept the evolution of such a global civil society and to speed up its arrival — or to resist it in the name of old-fashioned power balances and to plunge the world into utter confusion.

These five steps can lead towards a new Human World Order. A unique opportunity to build such an order will come at the time of the World Summit for Social Development in March 1995 in Copenhagen. The Social Summit is to review the progress made by humanity in the last

50 years and the new architecture of peace and development for the next 50 years. This is the time to fashion a new concept of sustainable human development, to take concrete steps to capture the peace dividend, to design a new structure of international development cooperation, to initiate some work on the architecture of a new global governance, and to speed up the evolution of a global civil society and a human world order.

**The 20/20 Initiative:
Achieving Universal Access to Basic Social Services
for Sustainable Human Development**

A Note prepared jointly by UNDP, UNFPA and UNICEF

The Proposal in Brief

The 20/20 proposal aims at ensuring that all people have access to basic social services. In light of past development experience, this objective hardly needs justification. There is by now broad-based agreement that meeting people's basic needs in terms of health, including reproductive health and family planning, education, nutrition, water and sanitation, is an investment critical to empowering them to improve their quality of life and participate in the development of their individual and social potential.

According to existing estimates, attaining universal access to basic social services would require over the rest of the decade additional spending in the amount of some \$30-40 billion per annum. Beyond that period, further additional spending will be required. In the area of reproductive health and family planning, in connection with the International Conference on Population and Development (ICPD), estimates have been prepared up to the year 2015.

While this is a sizable amount, the necessary resources could be found if developing countries and donor countries were to agree on a global compact, viz.: for the former to increase their current level of public spending on basic social services from the current approximate average level of 13 per cent to about 20 per cent on average — which would yield two thirds of the required amount of resources; and for donors to increase aid allocations to basic social services also to about 20 per cent, on average — which could yield the remaining one third of the required resources.

In this way, developing countries and donors would share the responsibility for realizing the shared, common objective of universal access to basic social services, creating a strengthened foundation for poverty reduction, a better balance between population growth and available resources, improved global human security, peace and development in the future.

However, it should be emphasized that the 20/20 proposal is but a general guidepost, in a double sense. First, it describes the overall amount of resources that may be required in terms of additional spending world wide in order to attain the stated goal of universal access to basic social services, assuming that there is also requisite encouragement of private spending and of efficiency in service delivery. In other words, it refers to the **combined** effort that developing countries and donors would respectively have to make, with individual, country- and donor-specific efforts, of course, being likely to vary considerably.

Second, the 20/20 proposal alludes to the fact that a number of countries have been able to achieve decent levels of access to social services within a 20 per cent expenditure level. Therefore, it might be useful to take the 20 per cent figure as a starting point when examining individual country situations and exploring ways and means of further progress towards the goal of universal access to basic social services — whether the route to take would be to promote increased private spending, or greater efficiency in existing programmes, or additional public spending, and if the latter, whether to mobilize requisite resources domestically and to what extent to complement them, if at all, by external assistance funds.

Finally, it is important to emphasize that the 20/20 concept constitutes only one element of the basic requirements for an acceptable quality of life for all people. Others include guarantees of sustainable livelihoods and productive employment; access to productive assets including credit, land and information; adequate shelter, and participation in governance and decision-making.

The 20/20 proposal thus does not in any way stipulate across-the-board uniformity in policy approaches; nor does it in any way imply conditionality. Rather, it suggests a pragmatic, practical and flexible approach for developing countries and donors to share responsibility for moving closer towards the realization of a long-standing shared development vision — universal access to basic social services and thus a further step towards empowering all, men and women, to improve their lives.

The Objective

The global community has long hoped for the time when it could meet the basic needs of every human being. But this has often seemed to be a distant and difficult to realize goal. Priority had, it was felt, to be accorded to other investments, syphoning off resources from the provision of basic social services.

By now, however, it is clear that investment in people's capabilities — such as investment in their health, including their reproductive health and family planning, education, or adequate nutrition — is not only a desirable objective in and by itself but also a critical ingredient of overall development, global peace and security. It provides the basis for more participatory development, enhances productivity, helps slow population growth, fosters gender equity and equality and improves opportunities for sustainable livelihoods, reducing poverty and socio-economic disparity — problems which form so often the root causes of social discrimination, conflict, political tension, ethnic violence and war.

The growing recognition of the critical developmental importance of basic social services has led to renewed and often added political emphasis being placed on their universal accessibility and coverage — on achieving 'basic social services' (BSS). The declarations and action programmes which emanated from such events as the World Conference on Education for All, the World Summit for Children and the Earth Summit bear testimony to that.

The forthcoming International Conference on Population and Development (ICDP), the World Summit on Social Development (WSSD) and the Fourth World Women's Conference (WWC) provide the international community with a unique opportunity to achieve a break-through towards its long-standing goal of BSS. At these conferences governments could agree now to move jointly to decisive policy action on **three main fronts**, viz.:

- basic education for all with special emphasis on women and girls education;
- basic health care for all, including nutrition, reproductive health and family planning services;
- universal access to safe drinking water and basic sanitary facilities.

Ensuring the availability of these services to all, men and women, would constitute a major step towards attaining such **internationally shared and agreed upon targets** as:

- Halving illiteracy between 1990 and 2000, with that of females being no higher than that of males;
- Reduction in severe, as well as moderate malnutrition among under-5 children by half of 1990 levels by 2000;
- Halving maternal mortality between 1990 and 2000;
- Between 1990 and 2000, reduction of infant and under-5 child mortality rate by one-third or to 50 and 70 per 1,000 live births respectively, whichever is less;
- Reproductive health care, including family planning information and services being available to all individuals and couples by 2000.

If these and other related targets were met, the international community would also be well on its way towards realizing important aspects of its **longer-term development vision and objectives**: For example, the slowing of population growth foreseen by ICDP will be facilitated by improvements in both the accessibility and quality of primary health care, basic education, especially education for females, as well as the provision of safe water and sanitation. There could be no durable poverty reduction without the poor, men and women, being empowered — through enhanced investment in their basic capabilities — to help themselves. And the realization of gender equity and equality will require that access to basic social services be universal. Countries would otherwise continue paying the high costs of female dis-

crimination which they can ill afford given the magnitude of the existing problems of poverty and social disintegration. Progress towards each of the goals facilitates attainment of the others.

However, it is important to stress that universal access to BSS, as conceived here, does not just mean a mechanical expansion of relevant services. That aspect is certainly there. But for the suggested effort to be self-sustaining and fully adjusted to evolving country needs and requirements, **national capacity building** will be absolutely essential, both on a sector-specific basis and in relevant cross-sectoral areas, such as in the field of public sector management, policy design, and decentralized, participatory governance, including the creation of effective and efficient collaborative links in the provision of BSS between governments, the private sector, NGOs and people themselves.

While BSS is critical to the successful implementation of the plans and programmes eventually to emanate from ICDP, WSSD and WWC, it is **no panacea**. Stabilization of world population, poverty reduction, more productive and remunerative employment, social integration and gender equity and equality will depend on more than that. If the core elements of these objectives are to be attained, BSS must form part of a broader developmental package. It must in particular be accompanied by measures encouraging people to put their capabilities to use — including, for example, improved access for all (including the poor, small-scale entrepreneurs — women and men) to assets, notably credit; a proper incentive system for labour utilization; and equal access for all to markets, national and international. All these 'other' measures would be of very limited value if there continued to be today's large number of poor and deprived people — people too hungry, too ignorant or too sick to apply for credit, to open an enterprise or to take on a job. Universal access to BSS must be provided concurrently with these 'other' opportunities.

The Resource Implications

Ensuring BSS will require more than financial resources. First and foremost, it will require societies to **value human creativity, private initiative and enterprise** and to provide necessary policy incentives for unleashing those. It calls for **more participatory and more decentralized development**. It will also demand of people and nations more in terms of sharing developmental opportunities more equitably, e.g., through a socially fair system of user charges for social services. Often, **more equity** in this respect might, at the same time, mean **greater efficiency** and cost-effectiveness.

There will, in spite of these types of efforts, also be a need for **financial resource additionality**.

It is suggested that the total amount of the additional financial resources needed for BSS would be in the range of \$30 to 40 billion per annum during the rest of this decade (i.e. up to 2000), with appropriate expenditures continuing beyond that date. In the area of basic reproductive health care, including family planning services, these have been estimated in the ICPD Programme of Action up to the year 2015.

The total amount of required additional financial resources would be comprised of the following:

	Additional Resource Requirements US \$ billion per annum**/**
Basic education	3-6
Basic health care and nutrition	11-13
Reproductive health and family planning	11-12
Low-cost water supply and sanitation	5-9
TOTAL	30-40

* The amounts mentioned here include provision of resources needed for requisite national capacity building.

** For background information on the cost estimates presented below and the definition of expenditure categories, see annexes I and II, respectively.

A vision for a brighter future

Sustained investment in BSS by developing countries and donors in the magnitude envisioned by the 20/20 proposal, and as suggested, accompanied by other complementary measures aimed at enhancing work and income-earning opportunities for the poor, could, within less than one generation's time, help enable the majority of the world's population to earn their own up-keep and to assume responsibility for meeting their own basic needs.

Realizing the vision of the 20/20 initiative and the goals it stands for could help end the worst physical manifestations of poverty and contribute to diffusing the social bomb threatening global security today. While nuclear security has been achieved through deterrence, social — or human — security will have to be achieved through participation — centering development around people.

United Nations support for 20/20

Background materials on the 20/20 proposal have been prepared by a number of concerned UN system agencies. UNDP's Human Development Report opened the debate on this topic in 1991 by analyzing public spending on human development priorities at all levels of government. UNICEF advanced this debate in its 1993 Report on the State of the World's Children. The proposal for 20/20 is also included in the draft Programme of Action of the ICDP. It has been fur-

ther elaborated in the 1994 Human Development Report which addresses itself primarily to issues in front of WSSD. Other concerned agencies of the UN system have also contributed to the debate, including UNESCO, WHO and the World Bank.

Clearly, 'basic social services' cannot be dealt with apart from other developmental concerns that developing countries — and donor countries — may have. Through the resident coordinator system the UN will respond to needs at the country level; and UNDP, UNICEF and UNFPA stand ready to assist governments upon request, in making the 20/20 proposal a fully integral part of their overall development analysis, priority setting, resource mobilization and management.

Annex

References to UN Background Studies and Reports on the 20/20 Proposal

UNDP

Human Development Reports 1991, 1992, 1993 and 1994. Published on behalf of UNDP by Oxford University Press. New York, 1991, 1992, 1993, and 1994, respectively.

UNFPA

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UNICEF

The State of the World's Children 1992. Oxford University Press for UNICEF. Oxford, 1992.

20/20. Mobilizing Resources for Children in the 1990s. By David Parker and Eva Jespersen. UNICEF Staff Working Papers, No.12. New York, 1994.

Children and Development in the 1990s, a UNICEF source book on the occasion of the World Summit for Children, 27-30 September 1990.

A Model of Costs and Resources for Rural and Peri-Urban Water Supply and Sanitation in the 1990s, by Ashok Nigam and Gourisankar Ghosh, UNICEF, 1994.

Educating all the Children, by Christopher Colclough, with Keith Lewin, Clarendon Press, Oxford, 1993.

Annexure 1

A Technical Note on Estimates of Global Costs for Basic Social Services

This note relates existing estimates of the global costs for basic social services to the 20/20 Initiative. It provides consolidated figures for the joint proposal by UNDP, UNFPA and UNICEF. The common platform builds upon the cost estimates prepared by the various agencies, and reflects a series of discussions to arrive at a set of consensus estimates.

Table 1:

Comparison of annual additional cost estimates for basic social services (U.S. \$ billion)

Sector ¹	World Summit for Children ²	Human Development Report 1994 ³	World Development Report 1993 ⁴	ICPD estimates to 2000 ⁵	Consensus Estimates of Add'l Global Cost to 2000
Health & Nutrition ⁶	6 (9)	5 - 7	10		11 - 13
Reproductive health and population	5 (6)	10 - 12		12	11 - 12
Education	5 (6)	5 - 6			3 - 6
Low-cost water & sanitation	9 (9)	10 - 15			5 - 9
Total	25 (30)	30 - 40			30 - 40

Notes: (1) Annexure 2 provides details of the basic social services covered by these cost estimates. (2) Figures in parenthesis reflect updating of 1990 costs as the UNICEF estimates for the World Summit for Children (WSC) were prepared in 1989. (3) UNDP, Human Development Report 1994, figures are based on inter-agency estimates. (4) The World Development Report 1993 estimated that for public health and essential clinical services the additional cost would be in the region of \$30-40 billion per year. Through re-structuring and reallocation of costs in high and middle-income countries, the additional resource requirement would be about \$10 billion per year in low-income countries. This cost estimate is reported upon in this table. (5) Costs for Reproductive Health and Population activities are based on an analysis of an integrated programme with some elements in common with prior estimates in health but without overlap. The total cost in the year 2000 is estimated at \$17 billion. Current estimates of the expenditure in family planning programmes is \$5-6 billion. Draft Programme of Action of the International Conference on Population and Development (Document: A/CONF/171/L.1) (6) The Health and Nutrition estimates have not been separated. At the WSC the costs for each of health and nutrition was estimated at \$3 billion. Nutrition covers adequate food, prevention and control of disease, care and household food security. The nutrition estimates do not include costs for household food security.

The global cost estimates are derived from a number of documents. The estimates in the various sectors are based on "best practice" analysis, which incorporate assumptions about economies of scale and various reforms to maximize beneficiary responsiveness and the effectiveness of the programmes, and improve the quality of service delivery; some reforms reduce costs and others increase them. The magnitude of the unit cost savings vary from programme to pro-

gramme, depending on initial programme sizes, levels of efficiency and the availability and resource requirements of different programmatic options. The analyses supporting various sector resource requirements are roughly comparable.

Health & Nutrition

The health and nutrition estimates were developed in the World Development Report 1993. The WDR estimated that the annual cost of a basic public health package would be about \$21 billion. With countries spending only \$4 billion per year on public health, the additional cost is estimated at about \$17 billion. The public health package includes: EPI Plus, school health programmes, tobacco and alcohol control, health nutrition and family planning information; vector control; STD prevention; monitoring and surveillance.

The WDR also notes that a package of public health and essential clinical services which includes tuberculosis treatment, management of the sick child, prenatal and delivery care, family planning, STD treatment, treatment of infection and minor trauma, assessment advice and pain alleviation, would be in the region of \$62 billion per year. With countries estimated to be currently spending \$20 - 30 billion per year, the annual additional costs would be about \$30 - 40 billion. Through re-structuring and reallocation of costs in high and middle income countries, the additional resource requirement would be about \$10 billion per year in low-income countries.

Excluding reproductive health and population activities, the health and nutrition package is estimated at **\$11 - 13 billion per year**.

Reproductive Health and Population

The detailed projections of reproductive health and population programmes contained in the ICPD Programme of Action anticipate total costs at \$17 billion per year in the year 2000. This integrated programme includes pre-natal and post-natal care and normal delivery services, family planning, STD/HIV prevention and treatment, reproductive tract infection prevention and treatment, basic population data collection, policy analysis, contraceptive research, operations research, quality of care improvement and strategic management interventions. Current estimates for the cost of family planning programmes are about \$5-6 billion per year. The additional annual costs for reproductive health and population including family planning are therefore projected in year 2000 to amount to **\$11 - 12 billion per year**.

The ICPD programme cost estimates incorporate declining unit costs for services due to economies of scale, which offset increased costs for improvements in the quality of care. Since the ICPD

Programme of Action includes goals to the year 2015, projections of resource requirements for reproductive health and population programmes are made up to the year 2015, by which time the annual cost of the integrated programme reaches \$21.7 billion per year.

Education

The education estimates are from *Educating all the Children* by Colclough with Lewin (1993). They represent the additional costs of attaining schooling for all (SFA) defined as a school system in which all eligible children are enrolled in schools of at least minimally acceptable quality. This is a stricter standard of learning achievement than that implied by universal primary education. The estimates are again based on "best practices", in that they are conditional on certain cost-saving, cost-shifting and quality enhancing reforms in all the countries. The cost-saving and cost-shifting reforms reduce costs from those in the base year, while the quality-enhancing reforms such as increased expenditures on learning materials and teachers' salaries increase costs. Implementation of cost-effective reform is, therefore, conceived in a context in which the quality of education is not compromised. Without such reforms, the costs of achieving universal primary education would be much higher.

Education budgets in most countries are relatively larger than in other sectors, and studies suggest that much can be achieved with educational reform and re-structuring with emphasis on primary education. It is also expected that community investments will be significant in meeting the goals.

Low-cost water supply and sanitation

The estimates for low-cost water supply and sanitation have been derived from recent calculations made in "A Model of Costs and Resources for Rural and Peri-Urban Water Supply and Sanitation in the 1990s", prepared by Ashok Nigam and Gourisankar Ghosh (1994), and in UNICEF Sourcebook for the World Summit for Children. The low end of the estimate is based on a weighted average model of unit costs for countries in which a mix of low-cost technologies would be promoted. The standard for water supply is defined as a borehole with handpump providing a minimum requirement of 20 litres per capita per day and located within 1 kilometre of each household. This differentiated model of costing reflects that with the adoption of a number of cost-effective reforms, the system management, material input and overhead costs can be reduced, particularly in Africa. Costs have already declined significantly in a number of countries in Asia. The high end of the estimate is based on the assumption, reasonable for a number of countries, that current unit costs per capita may not decline significantly in the short-term.

At a meeting between UNDP, UNFPA and UNICEF on 17 August 1994, the various prior estimates were reviewed and a consensus set of estimates were arrived at, as shown in Column 6 of Table 1.

Annexure 2

Composition of Basic Social Services

The explanation below provides further details on the activities in each of the sectors of the basic social services. The examples are not exhaustive, but are intended to guide the categorization of flows according to the structure of different donors' programmes. Some instances will inevitably arise where an activity might fall in more than one category. In these cases, the exact attribution is less important than that the flow is accounted for.

Basic Health

All of the following activities as carried out within a PHC framework.

- **Disease Control:** Activities for the prevention and control of specific diseases. Includes EPI, CDD, AIDS, malaria and other major programmes.
- **Mother and child health:** Prenatal and antenatal care; safe motherhood activities.
- **Basic curative care:** Essential curative health services.
- **Health personnel development:** training of health staff at all levels for primary health care services. Includes training of nurses, auxiliaries, managers and other cadres, support for training facilities and training materials. Excludes medical training for tertiary level services.
- **District-level hospitals and health service management:** Strengthening of health services in rural and urban areas, with focus on increasing access to and quality of care.
- **Health education:** Information, education and training of the population for improving health knowledge and practices.

Basic Education

- **Primary education:** Teaching materials, including production of textbooks and supplies. Training of teachers, curriculum development and strengthening of education management at the primary level. Evaluation of educational aptitude and performance.

- **Early childhood development:** Improvement of the environment of young child. Child care, nursery schools and other settings for early instruction.

- **Basic adult education:** Formal and non-formal means of adult education. Includes literacy training, as well as other skills development.

Water and Sanitation

- **Low-cost technologies for water supply:** Provision of water supply through low-cost technologies, including handpumps, gravity-fed system and rainwater collection. Includes provision of pumps, pipes, training of workers, development and strengthening of management procedures. Excludes most piped water systems, particularly in the urban areas. E.g. facilities costing less than \$30 per beneficiary.

- **Low-cost technologies for sanitation:** Development of sanitation facilities through low-cost technologies, including VIP and other latrines. Includes provision of materials, training, development and strengthening of management procedures. E.g. facilities costing less than \$20 per beneficiary.

- **Hygiene education and training:** Information, education and communication activities to improve knowledge and behaviour related to water supply and sanitation.

Nutrition

Those activities most directly supporting nutritional improvements.

- **Direct feeding programmes:** Provision of food and associated management support for feeding programmes, including maternal feeding, child feeding, school feeding and nutrition rehabilitation.
- **Nutrition information systems:** Monitoring of nutritional status at the community level. Collection and processing of information on nutritional status at the local and national levels.
- **Micronutrient malnutrition:** Determination of micronutrient deficiencies. Provision of Vitamin A, iodine, iron and other micronutrients through supplementation, fortification, and dietary change.
- **Household food security:** Activities to improve access to food at the household and community levels. Includes home gardening, training of workers and education of the population.
- **Child feeding:** Improvement of infant and young child feeding. Includes promotion, protection and support of breastfeeding and improved weaning foods and practices, through training of workers, education of the population and provision of food.

Reproductive Health and Population

- **Basic reproductive health services:** Information and routine services for prenatal, normal and safe delivery and post-natal care; prevention of abortion and the management of the consequences of abortion (as permitted by the laws of individual countries); information, education and communication about reproductive health including sexually transmitted diseases, human sexuality and responsible parenthood, and against harmful practices; adequate counseling; diagnosis and treatment for sexually transmitted diseases and other reproductive tract infections as feasible; prevention of infertility and appropriate treatment, where feasible; and referrals, education and counselling services for sexually transmitted diseases, including HIV/AIDS, and for pregnancy and delivery complications.
- **Family planning:** Contraceptive commodities and services delivery; capacity building for information, education and communication regarding family planning and population and development issues; national capacity building through support for training; infrastructure development and upgrading of facilities; policy development and programme evaluation; management information systems; basic service statistics; and focused efforts to ensure good quality care.
- **HIV/AIDS prevention:** mass media and in-school education programmes, promotion of voluntary abstinence and responsible sexual behaviour, and expanded condom distribution.
- **Data/policy/analysis:** national capacity-building through support for demographic, as well as programme relevant data collection and analysis, research, policy development and training.

Resources for Social Development

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The views in this paper are those of the authors
and should not be attributed to UNDP.

The World Summit for Social Development (WSSD) is intended to consider for adoption a programme of action recommending national and international policy measures to address the three main concerns of the Summit, viz. poverty reduction, productive employment creation and social integration.

While there is within the international community broad-based agreement that social issues must move to the top of the world's policy agendas if there is to be sustained development, global peace and security in the 21st century, policy makers are concerned about the cost implications of that consensus — about how to make already overcommitted government budgets absorb any additional expenditures on social development.

This concern has prompted UNDP to examine in closer detail, the question of 'resources for social development'. The purpose of the present paper is to share some of the major findings of that examination with the delegations to the Second Meeting of the Preparatory Committee for WSSD.

The overall conclusion emerging from the discussion below is that there are **plenty of resources** that could be tapped for social development. But this only **under the following five conditions**:

- Avoidance to the maximum extent possible, of social aspects of development;
- Improved private (household) spending on social development;
- Improved balance between military and developmental aspects of security;
- Tapping innovative global sources of funding; and
- More efficient use of official development assistance (ODA).

The following sections I-V will discuss each of these conditions in turn. A summary of the policy conclusions and action proposals emerging therefrom is presented in the concluding sixth section.(1)

Avoiding Social Costs — Promoting Socially Responsible Development

In large measure today's development crisis has been triggered by the over-emphasis on economic growth and income expansion which has marked developmental theory and practice during the past five decades. By now we know that the trickle-down of economic growth works at best very hesitantly and that the pattern of growth is as important as the level of income and the economic growth rates which a country enjoys.

Increasingly there is therefore the call for promoting not only environmentally sound development but taking the next step, too, and ensuring full consistency between all three major development concerns — economic growth, the environment and social development.

Such consistency would aim at not letting social costs of development arise in the first place, wherever this is avoidable. The rationale is that if these costs are allowed to occur — e.g. poverty stemming from the inability of the poor to find access to credit or health problems resulting from air or water pollution — social programmes will continue to be pre-occupied with remedying problems without ever being able to take a positive step forward in social development. Real social progress thus requires **development as a whole to be socially responsible**. People must be the end of development and economic growth the means. If this pattern were followed, there would obviously be a vast increase in available 'resources for social development' because all developmental resources would be brought to bear on social progress.

Making practical headway towards such a re-orientation of development requires a whole new set of policy instruments and techniques, including on a priority basis the following five:

- **Alternative packages of structural adjustment** — which would pursue economic restructuring and balancing of budgets without unbalancing people's lives;
- **Debt swap arrangements for the poorest countries** — under which debt payments, which cripple the country's development, would be converted into investments in people: human capital formation;
- **Social impact assessment of all major public policy measures** — so as fully to reflect social-development concerns in their design;
- **Review of existing concepts and techniques of investment analyses** so as to make future investments as far as possible, profitable, environmentally sound and socially responsible (i.e. establishing a 'triple bottom line');
- **Design of long-term development models demonstrating consistency between growth, the environment and people's concerns.**

Reducing Poverty and Unemployment — Improving Private Spending on Social Development

Income is certainly not the sum-total of human life, as the analyses of the Human Development Report (HDR) have shown over the years. Yet, it is an important option that people might want — and ought — to have in order to be able to manage their own affairs.

People need not to have cash income. Assets, such as land, or goods in kind, such as the crop they produced on their land, could also serve the purpose of giving them means to ensure a sustainable livelihood and satisfaction at least of their basic needs and interests.

But the problem today is that far too many people are barred from earning their own income and being able to be responsible for their own life and that of their dependents. Five policy measures could be adopted in order to remedy this situation — none of them likely to require any significant additional spending on the part of governments:

■ **Ensuring universal access to basic social services** — People who are in ill health, incarcerated in ignorance and plagued by hunger are often not in a position to access developmental opportunities, such as jobs or credit, even if they exist; they are unlikely to generate their own work and income-earning opportunities; and their productivity tends to be low. They are forced to be a burden on society — rather than an asset. They suffer, and society suffers. And all this although the goal of 'basic social services for all' (BSSFA) is an affordable and do-able goal. What it requires is a doubling on average, of current public spending on BSSFA. In other words, if governments in developing countries were to increase their spending on BSSFA from currently 13% to 20% and if donors also were to bring up theirs to about 20%, an additional US\$30-40 billion would become available per annum — exactly the amount estimated to be required over the next ten years in terms of additional spending in order to realize BSSFA. Most government and donor budgets would have the scope, to absorb such a 20/20 proposal within existing resources, if their spending priorities were adjusted accordingly.

■ **Credit for all** — There exists ample empirical evidence showing that self-employed producers and small-scale entrepreneurs, especially the women among them, are excellent lenders and sound credit risks. Yet, these groups continue to encounter obstacles when trying to access credit and are often compelled to turn to the informal capital market, paying above-market interest rates. And if they cannot afford to do that, they are forced to remain idle, dependent if they are lucky, on special government-supported poverty alleviation schemes.

In order more fully to unleash people's creativity and initiative in the future efforts should be made to spread the message that lending to the poor can be sustainable and profitable and to encourage the banking system to step up such lending. Banking operations should be decentralized down to the local level; and in order to keep administrative costs low banks could, at least initially, collobarate with financial intermediaries, such as NGOs, for whom the government may want to provide necessary supporting legislation, insurance schemes, and as and if necessary, seed money, including external assistance. (2)

■ **Tax reform to encourage utilization of labour** — While self-employment is becoming increasingly important in both developing and industrial countries governments will have to give thought to how to encourage enterprises to maintain, and if possible, increase their labour utilization. One measure, which would deserve exploration in this connection, is a change in tax systems in favour of labour. In order to be effective, such a measure would, of course, have to be accompanied by all the other 'good policy practices' which the employment literature tends to recommend, including for example, policies to avoid the creation or aggravation of duality and segmentation of the labour market as well as policies to ensure a favourable overall economic environment.(3)

■ **Sharing existing work opportunities more equitably** — Given the phenomenon of 'jobless growth', the large backlog of un- and underemployment as well as the high number of new entrants into the labour force during the forthcoming years it is doubtful that there will be sufficient job opportunities for the world's labour force. This poses the question of what would be possible ways and means of sharing existing work opportunities more equitably: Could reducing working hours be the answer? Would the creation of more part-time jobs help? Should the concept of work be redefined so as to include also activities, such as housework, which are today not being valued (paid) but are of special developmental importance? What effects would these changes have on wages and income? In today's interdependent world could any country alone introduce such changes or would it be desirable to aim at a more concerted international initiative? Clearly, the issue of 'full employment' is at present surrounded by more questions than answers. However, social progress will critically depend on more than the usual marginal corrections of the current employment situation. Therefore, it might be best for the international community jointly to undertake a thorough investigation of this matter and to this end to convene as an urgent follow-up measure to WSSD, a global meeting on 'growth with jobs'.

■ **Facilitating market access** — The employment issue cannot be separated from the issue of trade, because goods and services must find their markets for work to be productive and remunerative. Progress in reducing protective market barriers, especially in areas of special interest to developing countries, is critical to world-wide social progress. In fact, trade policies should, in the same way as other economic policies, also be subjected to the social impact assessments suggested under point I above.

Redefining Security — From Military Security to Developmental Security

Security in the past has, in large measure, been equated with defence: the built-up of military power as a measure of deterrence. This approach has led to an unprecedented arms race during the Cold-War era and soaring military expenditures. At the end, the stockpiles of arms which were meant for people's and nations' defence turned into one of the most horrifying threats to human security — the threat of a nuclear holocaust.

While the world has so far managed to prevent this catastrophe from happening, other arms — often the simplest ones such as guns — have begun to turn against people — in Bosnia, Somalia, Angola, Rwanda, and elsewhere.

In addition, the tremendously increased interdependence among countries today makes aggression of one country against another one increasingly unlikely. Consequently, there is a considerably reduced need for territorial security and military defence. Moreover, what threatens people's security today — unemployment, deadly diseases such as HIV/AIDS, ethnic violence, or crime — cannot be resolved through arms. It requires accelerated development.

Thus, there exist today strong reasons for reducing military spending in favour of increased social spending. As a minimum governments should aim at maintaining past trends which have, since 1987, shown a **decline in world military spending by about 3% per annum**. If this decline were to continue, it would yield by the year 2000 a global accumulative peace dividend of \$ 460 billion.

In order to capture this potential peace dividend (and not let it vanish as we did with the past peace dividend) the Human Development Report 1994 has suggested the establishment of global demilitarization funds which could **primarily be utilized to support demobilization and conversion initiatives** — both of which are critical in order to remove the 'defence scar' which many economies are carrying and adjust them to a more development-oriented approach to security.

Needless to say that the proposed reduction in military spending would be greatly helped by complementary measures such as an agreement to phase out over a three-year period all military bases, military assistance, arms shipments (particularly to trouble spots), and subsidies to arms exporters.

Tapping Innovative Sources of Funding

In both developing and industrial countries government budgets are strained by high deficits. Yet, as policy makers realize finding solutions to today's developmental problems can no longer be postponed — neither on the environmental side nor on the social side. While much can be done within existing resources, as the foregoing discussion tried to show, some problems will have considerable resource implications. This especially in low-income and highly aid dependent countries. Also, countries will not only want to satisfy the basic needs of their people but move on to higher levels of education and training, curative health care and so on. In addition there are resource demands from other sectors. According to the 1994 World Development Report, infrastructure development in developing countries alone might require an investment of some \$200 billion per year. Then there are environmental tasks to accomplish. The demands on the existing scarce budgetary resources of developing countries are many, and therefore, there is also always the risk of resources for social development becoming crowded out by other resource needs. What is best for social development is therefore to improve the overall budgetary situation.

Fortunately enough, past development has not only handed down to us these challenges. It has also opened up new opportunities for resource mobilization. They lie primarily at the global level.

Using a modest amount of global prosperity to eradicate the worst forms of global poverty

For example, past development has, as mentioned before, led to a rapidly growing internationalization of development: more international trade, more international travel, more international communication, and more international movements of capital. All these are signs of global prosperity — expressions of the fact that world income, measured in constant 1987 dollars, has grown fivefold since 1950 and about 2.5 times, when expressed in per capita terms. As available statistics show, these gains have been distributed highly inequitably: While the ratio between the income of the world's richest population quintile and that of the poorest quintile was 30:1 in 1960, it is 60:1 in 1990.

Hence, before letting global poverty reach such proportions that it may jeopardize global prosperity, one should consider using a modest part of that prosperity to eradicate the worst forms of global poverty. This could, for example, be done by introducing modest fees for various global transactions — e.g. the use of satellite time, international air transport, or transactions in international capital markets.

As regards the latter, i.e. the fee on international currency movements, a proposal to this effect has been formulated by the Nobel Laureate James Tobin.⁽⁴⁾ A summary description of its key features was prepared by James Tobin for the 1994 Human Development Report and is annexed to this paper for ease of reference.

Considering the amount of resources which the implementation of the Tobin proposal could generate, it is clear that 'scarcity' of developmental resources must not be a real constraint. It is very much a matter of policy choice whether governments will continue to work under this

constraint or whether they adjust their resource mobilization efforts to the new developmental realities — the increasingly international character of development.

As so many other issues confronting policy makers today, this issue also would need further review and careful study before concrete policy actions can be taken. It would therefore be useful if a commission of world renowned finance and development experts could be set up, jointly by the UN, the IMF and the World Bank to further study the Tobin proposal and other related policy options.

Discouraging global 'bads' to further global 'goods'

Another developmental phenomenon which has gained in prominence in recent years and is of special importance in the present context is the growing globalization of development, i.e. the fact that developmental problems have increasingly border-transgressing consequences — and often negative consequences. This holds true in particular, for environmental problems, such as air pollution, but also for developmental despair and frustration which may express themselves in problems such as excessive international migration, ethnic tension, drug abuse and drug trafficking, and terrorism or the travelling across borders of deadly diseases such as HIV/AIDS.

In a way, the aforementioned issue of international currency movements could also be mentioned in the present context because many of these movements are for speculative purposes and can imply negative consequences in terms of economic stability. In fact, when James Tobin originally made the proposal his main concern was to calm international capital markets — rather than raising funds for developmental purposes.

One suggestion that has been advanced repeatedly as a means of discouraging global 'bads' is the one for tradable pollution permits. An excerpt from the 1994 Human Development Report on this issue is also attached to this paper, as annex 2. Mention could furthermore be made of the proposal for a global tax on the consumption of non-renewable energy (e.g. \$1 per barrel of oil and its equivalent in coal consumption) which could annually generate more than \$60 billion — approximately the same amount as ODA. It might be useful for the suggested commission on innovative global funding sources to examine all of these various ideas in an integrated fashion.

A global human security account

Both sources funding, viz. the surcharge on international transactions, especially international currency transactions, as well as the discouragement of global 'bads', could, among other things be used for dealing in a decisive and effective manner with the key issues of global human security. To this end, one could consider setting up a global human security account of the type described in this year's Human Development Report and reproduced here as annex 3.

Should one day indeed agreement be reached on tapping the aforementioned new funding sources for international development cooperation, there might then be no longer any need for ODA. But for the time being there is. In fact, ODA is one of the few sources available for the time being for deliberate and systematic investment in global human security. Therefore, there is also a need for using ODA in a much more targeted way than in the past: for the poorest countries, the poorest people and the most pressing problems.

But there seems to be at present a proliferation of 'most pressing problems' in the world — besides the traditional type of poverty and environmental degradation, there is a growing number of failing states, a growing number of conflicts, war and natural disasters, countries struggling through difficult transition processes, and the challenge of rebuilding war-torn societies. By focussing on these priorities alone, ODA is at risk of over-extending itself — without having even begun to focus on long-term development needs. Serious consideration should, therefore, be given to increasing ODA to its agreed upon 0.7% level and to complement and support it by improved conditions of international trade, foreign direct investment and the proposed new global funding sources.

In order to ensure that all these possibilities for funding development, including social development, be developed and utilized in a rational, mutually supportive way, it might be desirable also to subject this topic to further scrutiny and to set up a high-level expert commission to elaborate a new framework for international development cooperation — beyond aid.

The main concern of the present paper has been, on the one hand, to show that a lot can be achieved in terms of social development through ways and means which either have no financial implications or can be implemented within existing financial resources, e.g. by adjusting expenditure priorities to policy priorities. But on the other hand, the paper also tried to make the point that there is today a strongly perceived scarcity of resources which threatens to paralyze many urgently needed development efforts in both industrial and developing countries. Given the urgency of the developmental challenges, including the human security problems, the world is currently facing, the international community can ill afford such paralysis. Therefore, the paper offered a number of suggestions on innovative global funding sources and arrangements which could generate sufficient amounts of resources to tackle existing challenges in a resolute and systematic manner.

In other words, the paper suggests that adequate resources can be available for social development if one follows two principles, viz.:

■ One, not to equate 'resources' simply with financial resources and especially not with public spending. Social development needs more than that. It needs re-orientation of societal values and policy priorities. It needs contributions from all developmental actors - government, the private sector, civil society and first and foremost, people themselves. To ensure sustainable livelihoods, productive and remunerative employment and thus improved private spending on social development must be a top priority.

■ Two, to adjust the framework for development funding, including that for international development cooperation, to the new realities of the global economy and human security. Virtually invisible fees on global transactions could, such as international currency movements, could yield very visible results in terms of development financing. And so could the deliberate discouragement of international 'bads' such as air pollution or arms sales.

In line with these two basic principles, the paper sets forth some concrete action proposals, including:

Suggestions on avoiding social costs and ensuring development as a whole is socially responsible

- To develop alternative — socially responsible — packages of structural adjustment
- To make arrangements for debt swaps in favour of social development
- To subject all major policy measures to social impact assessments
- To develop methodologies and techniques for appraising investments from the triple viewpoint of being profitable, environmentally sound and socially responsible
- To go beyond structural adjustment and to devise longer-term development scenarios based on consistency between the triple objectives of ensuring economic growth, environmental regeneration and meeting people's needs

Suggestions on ensuring more sustainable livelihoods and improved private spending on social development

- To ensure the availability of basic social services for all, and to this end, to make arrangements for a 20/20 compact between developing countries and their aid partners
- To encourage the banking system to extend credit to the poor, self-employed producers and small-scale entrepreneurs, including women
- To reform existing tax systems so as to encourage greater utilization of labour
- To examine ways and means of sharing existing work opportunities better, and to this end, to organise as a follow-up meeting to WSSD, a global conference on 'growth with jobs and sustainable livelihoods'
- To make further progress in removing trade barriers, especially in areas of interest to developing countries, so as to expand their market opportunities and hence their opportunities for productive and remunerative work

Suggestions on freeing resources in non-developmental areas, notably the military area, for re-allocation to more socially-oriented purposes

- To continue the past trend of a 3% reduction in military spending in industrial and developing countries up to the year 2000
- To transfer the resources thus freed to special demilitarization funds (or accounts), to be used in particular, for purposes of assisting economies to adjust (through conversion of military industries and reintegration of soldiers into the civilian labour force) to a more development-oriented approach to security

Suggestions on tapping innovative global funding sources

- To set up a commission of high-level finance and development experts to examine various proposals for development-oriented fees on global transactions, including the Tobin proposal for a fee on international currency transactions
- To consider establishing with the funds generated through such global fees, a 'global human security account' from which to finance in particular programmes aimed at addressing threats to global human security

Suggestions on a more targetted approach to ODA

- While awaiting the policy decisions on tapping existing global funding sources, to use ODA in a decisive and systematic way for tackling challenges to global human security, and to this end, to focus ODA on the poorest countries, the poorest people, and the most pressing problems
- Since these demands alone exceed current ODA levels, to consider increasing ODA to the agreed-upon 0.7% level — so that some funds remain for also addressing in a meaningful way issues of longer-term development
- To set up a high-level expert commission to develop recommendations on a new framework for international development cooperation which would go beyond ODA, incorporating also trade, foreign direct investment and the resources that may eventually become available from the new global funding sources.

Footnotes

1. The paper draws on the discussion on financing issues contained in the **Human Development Report 1994** (Published for UNDP by Oxford University Press, New York, 1994). If not otherwise stated, figures mentioned in this paper are taken from this Report. In addition, the paper has benefitted from the deliberations at the seminar on 'Innovative Resource Management for Social Development' organised in preparation for the World Summit for Social Development by the Policy Forum of the **German Foundation for International Development** from 21 to 24 June 1994 in Berlin, Germany, the results of which have been published in a report on the same topic, dated August 1994.
2. See in this connection also **Women's World Banking**, Report on the United Nations Expert Group on Women and Finance. New York, 1994. (mimeo)
3. For a detailed discussion on the issue of good policy practices for employment creation, see **Azizur R. Khan**, A Global Agenda for the Expansion of Productive Employment. UNDP Policy Paper No. 2. New York, 1994.

**The Tobin Tax Proposal:
Background, Issues and Prospects**

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I. The Tobin Tax Proposal: An Overview

Some 16 years ago, James Tobin, a prominent monetary economist and Nobel Laureate, proposed a tax on foreign exchange transactions with the following features:¹

1. The tax would be applied at a uniform ad valorem rate by, at the least, all the key currency countries.
2. It would be administered and collected by each government on *all* payments by residents within its jurisdiction that involved a spot currency exchange, including, as in the case of Eurocurrency transactions, exchanges that do not involve the home currency.
3. The proceeds from the tax would be paid into a central fund controlled by the IMF or the World Bank.
4. Subject perhaps to prior IMF consent, countries could form currency areas within which the tax would not apply. That is, small countries that formally tied their currency to a key currency would not be required to levy the tax on intra-area currency exchanges.

The primary objective of the tax was to discourage speculative runs on the key world currencies. Such runs had helped collapse the Bretton Woods fixed exchange rate regime in the early 1970s and were intensifying under the flexible exchange rate regime that followed, contrary to the expectations of its advocates. To Tobin the runs were adversely impacting the real world economy. They heightened exchange rate volatility between the key world currencies, which deterred international trade and shortened the investment horizon of foreign direct investment. And even more importantly for Tobin, monetary-fiscal authorities were deterred from adopting policies with socially desirable longer-term payoffs out of fear of immediate hostile reactions of the financial markets.

The tax, in Tobin's words, would "throw some sand in the well-greased wheels" of the global financial market mechanism, or would help, in Keynes' well-known phrase, "to mitigate the predominance of speculation over enterprise." It would do this because a small transactions tax — Tobin tentatively suggested one percent — would cut deeply into the yield from currency speculation, since that involves "short-term financial round-trip excursions into another currency," with the expected yield from each quick circuit usually a modest percent of the mainly borrowed funds put in motion. It would, however, cut much less deeply into the yield from financial placements with higher expected returns and more delayed repatriation, such as in commodity trade and foreign direct investment. Moreover, while currency speculators, saddled with the tax bite and less exchange volatility to exploit, would be clear losers, exporters, importers and long term investors would get more stable exchange rates as a *quid pro quo* for their tax bite.

Governments in turn would gain more space for autonomous monetary-fiscal policies. E.g., with a one percent tax, domestic interest rates could deviate an additional two percent from foreign rates without sparking capital flows to arbitrage the interest differences and set off exchange rate turbulence.

Tobin didn't elaborate on his suggestion that the tax proceeds be transferred to the IMF or World Bank. Perhaps he had in mind compensating for the spreading foreign aid "fatigue" of the