

**THE EVOLVING
NEW GLOBAL
ENVIRONMENT
FOR THE
DEVELOPMENT
PROCESS**

Edited by
Mihály Simai

The evolving new global environment for the development process

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**United Nations
University Press**

TOKYO • NEW YORK • PARIS

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United Nations University/World Institute for Development Economics Research (UNU/WIDER) helps identify and meet the need for policy-oriented socio-economic research on pressing global economic problems, particularly those impacting most directly on the developing countries.

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Cable: UNATUNIV TOKYO

Typeset by Asco Trade Typesetting Limited, Hong Kong

Printed by Permanent Typesetting and Printing Co., Ltd., Hong Kong

Cover design by Paul Perlow Design, NY

UNUP-888

ISBN 92-808-0888-5

02500 P

Preface

This book is the product of a conference that was jointly sponsored by UNU/WIDER and the Institute of Development Studies of the University of Helsinki, and took place in Helsinki on 28 June 1993. The conference theme was the changing global environment and its impact on the various dimensions of the development process, such as economic growth, commodity production and trade, resource management and human capital formation, labour markets and female employment, foreign investment, development assistance, and development studies. All papers but one that were presented at the conference are included in this volume.¹

The organization of the book is as follows. Chapter 1 by Mihály Simai provides an overview of the political economy of the emerging international development agenda. This is followed by Sylvia Ostry who addresses the main trends in the world economy, and George Vassiliou discussing the challenges of global economic changes for policy makers. Tibor Palankai analyses transformations in the former centrally planned economies and the role of the European Community in this process, while Masaru Yoshitomi examines the east Asian economic successes. A paper on Africa follows: Siddig Salih presents his framework for resource management and sustainable development.

Preface

Finland, until recently a generous development donor, is the subject of Kimmo Kiljunen's paper on the Finnish economy and international development assistance. Turning to international security issues, Mary Kaldor discusses post-Cold War military conversion, some consequences of demilitarization, and the new wars. Finally, Claude Auroi's paper looks at the state of the art, including new emerging paradigms, in development studies.

I would like to thank Professor Heitor Gurgulino de Souza and Dr Maria de Lourdes Pintasilgo for their role in opening the conference, and Dr Valentine M. Moghadam for her assistance in the preparation of this book. I am also grateful for the cooperation of the technical staff of UNU/WIDER, especially Ms Arja Jumpponen and Ms Lorraine Telfer-Taivainen.

Mihály Simai, Director

Note

1. "Gender in the Development Process," by V.M. Moghadam, UNU/WIDER Senior Research Fellow, was subsequently published as "Gender and the Development Process in a Changing Environment." Helsinki: UNU/WIDER Research for Action Series, 1993.

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Political economy of the new global development agenda in the 1990s and beyond

Mihály Simai

An overview of the global changes

There is an important debate in the social sciences about the new international agenda in general, and in this context about the new development agenda – the setting of which has often been requested or recommended by the speakers in the UN General Assembly during the last few years. The long-term implications and the relevance of the major recent global shocks, the collapse of the Central and Eastern European and Soviet regimes, the dismembering of the Soviet Union, the large-scale famines, and such environmental catastrophes as the Chernobyl explosion, brought a number of new issues to the forefront. Of course, there have been other long-term problems on the international development agenda for some time, such as the consequences of the widening global gaps, the increasingly inefficient national and global institutional structures which were put into a new perspective by the more recent changes, both as sources of new risks and tensions and of new opportunities. Alternative interpretations were offered and alternative solutions were proposed. It has been increasingly recognized, however, that the changes did not have a common meaning for the actors of the international system and many of their long-term

consequences (both in positive and negative terms) may greatly differ for the developed and the developing countries.

It is too early to draw a comprehensive and credible balance of the changes and their impact on the regulating forces and processes in the global system and on the main participants and agents of the global process of development. The new realities are in many ways comprising a more difficult and to a great extent a less predictable environment for analysis or policy formulations. History has generally shown itself unwilling to comply with the (often exaggerated) prognoses of contemporaries. At this particular juncture between centuries, it is even more of a hazard to presume too much, as this period has witnessed a very rare coincidence of historical turning points with long-term consequences.

Because of the uncertain implications of the different changes, the international community will have to strive to be especially attuned to shifting realities, anticipating and managing risks where it is able to do so, and maximizing the opportunities that present themselves. And so, while a prognosis will be avoided it is nevertheless possible, and necessary, to draw some tentative conclusions about how the changes have affected the world, what their likely implications might be, and how a reconciliation of views might be achieved. The aim of this conference is not only to provide a modest contribution to the international debates but to help in the formulation of the new programme of UNU/WIDER.

A more complex global security environment

There is a new, more complex, global security environment evolving with major implications for all the countries of the world. The ending of the Cold War has made the world a safer place to live in. The dangers of nuclear holocaust, which had overshadowed human life for almost half a century, have disappeared. To say that this has been an important global change is an understatement; it has been an unqualified victory of the human instinct for survival and of reason.

The changes in international politics, the ending of the Cold War and of the arms race between the United States and the former Soviet Union, the reduction of the risk of global nuclear war, the collapse of communism as a major political factor, and the disintegration of the Soviet Union and its central power preserves, have presented new opportunities for all nations in the world to improve their relations and cooperate at all levels. As it has been indicated above, the international

agenda at the same time is full of old and new problems and major challenges. Some of those problems are connected with the globalization or the global implications of certain processes, like the growth of the world's population, poverty, increasing global and national inequalities, etc. Other problems are rooted in the uncertainties of the transition process and the basically unpredictable consequences of the evolving new global power structure. The gaps between the future needs and the slowly improving, or in certain cases even deteriorating capabilities of, national and global governance are also important sources of the new challenges. It is also unclear whether the readiness of the countries for the collective management of major global risks and for effective global governance will improve at a scale which is required. All those and other sources of problems and challenges have different roots, and are of a different nature. They have also important common characteristics; they are complex issues, having different components. Each one of those components comprise in itself major problems. They are also interrelated. The further growth and the global distribution of the world's population, for example, is an acute problem with major potential dangers involved for the ecological system for global politics and economics. Increasing social tensions, unemployment, and poverty are not only domestic problems, they influence the global system as a whole. Ethnic problems and tensions comprise another important source of risks and instability for the global community as human rights issues and as real or potential sources of conflicts and violence. Trade wars may split the world into hostile regional blocs. While all those and other issues and the risks involved are still manageable at the mid-1990s, if they will not be dealt with properly and jointly by the countries, they will destabilize the future of humankind rather rapidly.

More states, new interests, interactions, and power structure

The increasing number of states and the changing character of their interactions is another major source of uncertainties in the 1990s and beyond. The increase in the number of states is becoming in itself a source of growing diversity in the structure of interests, values, intentions, policies, and actions. The transition process to the new era has often been characterized as the end of bipolarism and the beginning of multipolarism. It is, however, a much more complex and multilevel process. The major and increasing differences between the traditions, international experiences, roles, and the political, military, and eco-

conomic potentials of states in the international system are influencing international relations in a great number of areas. The changing global power structure is just one, but very important aspect of it. Multipolarity as the power structure category does not sufficiently reflect the complex relations between global and economic superpowers, middle powers, and small, even tiny, states which will coexist on the planet. The majority of states will remain the “price takers” of global politics and economics. According to present trends, the vast majority of nation states that will be created with the fragmentation of “super-states” will be smaller countries. It is too early (and even in a way, too late) to place a value judgement on the positive or negative role of these trends. As far as the political implications are concerned, there is a famous line attributed to Clemenceau to the effect that small states are quite as bad as the large ones, only they cannot afford being so on as grand a scale. Indeed, the history of many small states in different parts of the world has not been a story of sinless existence with regard to the abuse of power. In the second half of the twentieth century, where the majority of states are small, several have become sources of global risk through their own domestic instability or by initiating major regional hostilities. Some of the small states have weak political capacity to handle their domestic problems and already there are examples of states existing in the international system without government (Somalia). The economic problems of the small states are even more difficult. The small national markets in the case of the small developing countries hamper or make impossible the modernization process based on manufacturing industries and the modern service sector. They would need much greater attention and well-functioning regional cooperation arrangements in the international system. The main powers in the international political system of the later part of the twentieth and the early twenty-first centuries will be the United States, Japan, Russia, and Germany. China and India, as the two most populous countries of the world (20.3 per cent and 16.6 per cent of the world’s population, respectively, by the year 2000), may also be very important powers with a major regional and increasingly global role if they can demonstrate an ability to manage their domestic problems and sustain political stability. There will be, of course, other important powers in all regions of the world, like Brazil or Argentina in Latin America, Nigeria in Africa, and Indonesia, Pakistan and a potentially united Korea in Asia. While there are important converging interests of the main powers in certain areas – for example in sustaining global

peace and stability – there is also a growing diversity and contrast of interests especially in those issues, where they have major domestic problems to solve. The evolving global power structure may be further complicated by the role, relations, and potential conflicts between the evolving regional blocks. The outcome of the integration process that may result in the “United States of Europe” is still highly uncertain, but even in the event of faster progress towards a politically united Europe, its impact on world politics will not be decisively felt in the 1990s, though the process itself will have a major impact on European and global politics and economics. The relations between the small and larger regional powers, and the international framework which can help in the solution of many specific economic and political problems of the small countries will be a very important issue and task of global governance and risk management. Only multilateral cooperation and a relatively open economic system can provide certain guarantees against the creation of new client state networks around regional powers and global and regional power politics.

The new East, the changing South, and the old North

The development of North–South relations and the ways the successor states of the Soviet Union and the Central and East European countries will integrate into the global political and economic system will be extremely important issues of the coming decades. The evolving relations as components of the international system are sources of new global partnership opportunities as well as of new conflicts.

In contrast to the post-World War I and post-World War II eras, the post-Cold War world is not divided into winners on one side and losers on the other. After all, the collapse of totalitarian regimes was not a loss for those who had lived under those regimes for decades. Nevertheless, in strict economic terms, there are dividing lines between nations: inequalities in wealth and poverty make for strong frontiers between nations, frontiers that could become stronger and more dramatic in the future. The outcome of the political and economic changes and the implications for the population in the region will in many ways determine the future of European politics and it will have important global consequences as well. The influence of economic inequalities are especially strong on North–South relations, which themselves have various components and implications. Indeed, in the early 1990s, one can be confident in stating that the North–South conflict will not

replace the East–West conflict in the future international system, as some have surmised, because the issues are destined to be more socio-economic than political-ideological in nature and also because both the North and the South are divided on many issues influencing inter-relations between countries.

Ongoing political crises of the differentiated South will be an integral problematic aspect of the evolving post-Cold War international political system. This crisis has been expressed in widespread disillusionment with state structures and in their decline in legitimacy. Many countries in the South have been ruled by authoritarian, often repressive, regimes. Even in those cases where trends for democratization have been stronger, like in Latin America, there have been the same problems of disillusionment as governments have proved incapable of meeting the expectations of their citizenry under prevailing economic conditions. The deterioration of living conditions, together with massive unemployment, will remain a major source of social discontent and political unrest.

North–South relations will change in the absence of the Cold War factor. Some traditional crisis centres in the South may disappear as sources of regional conflicts and violence. Others, however, may become more important in creating new problems and tensions in an era where the constraints imposed by the two dominating blocs will no longer influence the behaviour of age-old enemies. The post-Cold War era in the South may also result in the extensive proliferation of nuclear, chemical, and biological weapons, and of their delivery systems. Mass migration from the South to the North may become an explosive issue in future global politics. It is imperative for the countries of the world to devote much greater attention to understanding, clearly articulating, and more efficiently managing the existing and potential issues that are likely to become sources of North–South conflict.

Even as the character of risks and instability from socio-economic and environmental sources is significantly different than the character of military threat (though the compounded effects of either may be equally devastating to human beings), their moderation, solution, and management require different institutional forms and cooperation regimes on an international scale. In the new era, the mechanisms, accords, and compromises in these areas of the past 40 years will be found insufficient for managing international relations and coping with risk factors.

A world without blocs and discipline?

Bloc discipline and mutual interests in the cohesiveness of alliances as factors moderating disagreements and conflicts between states have ceased to influence relations and besides the fear of reciprocity and such legal and moral accords which are difficult to be enforced, there are no strong international disciplining factors in the system. In the traditional democracies of course, domestic control is an important force on international policies. The bipolar power structure, with all its global implications, has been a primary source of international risk and instability, and has functioned quite differently than would a multipolar system. Even during its decline, bipolarity was based on taut relations between the two global powers, and while it confined the risk of major global confrontation to their discrete conflict areas, it stimulated other types of regional conflicts. Bipolar confrontation made the potential dangers of war exceedingly devastating; however, it is because of this that a mutual interest to avoid such a conflict became articulated. The Cold War, from the end of the 1940s, imposed a certain bloc discipline on the major actors in the international system. Up to a point, they subordinated their own agendas to bloc agendas. The majority of the people in the "first" and "second" world accepted that there were general interests in staking out common ground against either communism or capitalism. Ideological and political discipline influenced national attitudes in pursuing economic interests and competition, and resulted in mutual economic compromises and concessions among the Western powers. In a future multipolar system, with a larger number of global and regional actors having competing interests, the sources of potential conflicts will be qualitatively different than those of bipolarism, and their management will require different structural forms and machinery, and new institutional safeguards. Under bipolarism, the two superpowers played a moderating role in conflicts and imposed certain constraints (to varying degrees of success) on the policies and actions of regional powers, especially in those cases when it was disadvantageous to superpower interests. In the future, this element will be absent.

While in a more peaceful and democratic world, there may be no need for discipline of a Cold War nature, it would none the less be a grave political error to allow new and unconstrained risk factors, like ethnic conflict, to emerge from fresh global contests among different power interests. The Cold War was, to a degree, a restraining influ-

ence. Both superpowers exerted pressure on their clients or partners to avoid implementing policies that threatened the destabilization of countries in their respective spheres of influence. Certainly, new initiatives and more democratic mechanisms will in the future be required to substitute for those stabilizing forces which were conditioned by common strategic interests in the Cold War. These initiatives would, in part, constitute global political risk management, and would be of special significance to Europe. The danger of the increasing technological sophistication of the arsenals of smaller countries, the foment caused by policies towards different ethnic minorities, and the problem of international terrorist groups, have also become more serious risk factors requiring special global attention.

Collective security needs and domestic policies

National governance and international cooperation must rise to the new tasks and challenges. The changes in the concept of security and its extension into the economic, social, and environmental areas and on that basis, the increase of the security consciousness of the global community and of individual states at all levels and in different dimensions has been a promising factor of international life. The individual nations of the world have become more aware that they are vulnerably exposed to a great number of dangers beyond the conventional military threats to security. The impact of greater security consciousness, however, is not yet strong enough to influence national or global politics. The concept of common and comprehensive security, and the formulas for achieving this end, have yet to transform the values and processes of national and international political structures. Nevertheless, governments are now focusing on common security structures and measures as they never have before.

There are, however, important new problems, especially in regard to the conflict between perceived domestic and global security concerns. There is a new relationship between domestic and international issues which influences a great number of processes. The development models which characterized the main countries or regions in the past decades are challenged by the evolving domestic and international problems. In a simplified way, the Cold War period could be characterized by the dominance of international problems over domestic issues. Even the strongest countries of the world had to significantly subordinate their domestic policies to policies that would guarantee their power positions in the Cold War conflict. External efforts aimed at destabi-