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SOCIETAL FRAMEWORK FOR ECONOMIC DEVELOPMENT

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The problems of economic development have generally been analysed in the existing literature in terms of an extension of accepted economic theory developed in the West to the special case of developing countries. The underlying assumptions of the approach based on capital formation as the key variable are derived from the well-established classical doctrine. Nurkse ^{1/} expounded this broad approach for developing countries which was later advanced by Lewis ^{2/} to

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This paper is being circulated at the request of the author. He has contributed it in order to explore the validity of certain thoughts and observations through discussions with his professional colleagues in the framework of the work of the Committee. He wishes to stress that the ideas put forward in the paper are preliminary and may need substantial refinements in the light of further research.

The views expressed in this paper are those of the author and not necessarily those of the United Nations Secretariat or the organization with which he is associated.

^{1/} Ragnar Nurkse, Problems of Capital Formation in Underdeveloped Countries (New York, Oxford University Press, 1961).

^{2/} W. Arthur Lewis, "Economic development with unlimited supplies of labour", Manchester School of Economic and Social Studies, vol. 22, 1954; Benjamin H. Higgins, "The 'dualistic theory' of underdeveloped areas", Economic Development and Cultural Change, vol. IV, No. 2 (January 1956); D. W. Jorgenson, "The development of a dual economy", Economic Journal, vol. LXXI, No. 282 (June 1961).

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take into account special features of unlimited supply of labour and fixed wage rates. This approach was carried further by Ranis and Fei ^{3/} to include explicitly in the analysis the turning point at which normal response of wage rates to supply and demand conditions in the labour market would appear. Other related conceptual elaborations were reflected in the two-gap model, and the literature on the choice of investment. ^{4/} However, broadly the emphasis was on capital formation and efficiency of investment reflected in capital output ratios.

This line of reasoning derived its main inspiration from cheap and abundant supply of labour in developing countries and the need to combine it with increasing quantities of capital. This approach was seriously called into question by Schultz ^{5/} though he retained the accepted analytical framework while introducing his own modifications. Social services were to be regarded as human capital formation. Capital formation was still the real determinant, if it included human capital formation.

This entire evolution of the theory of development was in line with the original classical economics which regards labour as one of the factors of production, whose remuneration (or price) should be determined in the light of its supply and demand. Demand for labour is created by capital which is, by definition, scarce in developing countries. Return on capital should be high to reflect its scarcity value and wages should remain low as supply of labour is unlimited and because the surplus over a fixed wage can be used to increase the supply of capital and generate more demand for labour. It is hardly surprising that economic development based on such theoretical foundations tended to ignore distributional aspects. Development theory appeared to be restoring the image of economics as a "dismal science".

More important was the neglect of wider societal basis of economic development and that of the interaction of social, political, cultural and economic forces in relation to the process of economic development. Economic development, in many ways, was assumed to be taking place without reference to the specific context of the society and the diversity of relationships characterizing a societal pattern. In Asian Drama ^{6/} Myrdal, for the first time, gave explicit recognition to the

^{3/} John C. H. Fei and Gustav Ranis, "A theory of economic development", American Economic Review, vol. LI, No. 4 (September 1961); and Development of the Labor Surplus Economy: Theory and Policy (Homewood, Illinois, R. D. Irwin, 1964).

^{4/} Hollis B. Chenery and Alan M. Strout, "Foreign assistance and economic development", American Economic Review, vol. LVI, No. 4, part 1 (September 1966).

^{5/} Theodore W. Schultz, "Reflections on investment in man", Journal of Political Economy, vol. LXX, No. 5, part 2 (Supplement: October 1962); and "Investment in human capital", American Economic Review, vol. LI, No. 1 (March 1961).

^{6/} Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, Twentieth Century Fund study (New York, Pantheon Books, 1968).

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pattern of society as an element in economic development. His analysis led him to discuss economic development in terms of the wider development of the society as a whole.

The critique of the analytical framework for the development process of the present-day developing countries initiated from Asian Drama made considerable impact on practical policy as it coincided with growing dissatisfaction with the social and distributional aspects of actual development experience in a number of countries. 7/ Much of the writing on new development strategy has concentrated on the need to incorporate distributional goals more specifically in the development policy objectives. Major new themes are the specific recognition of anti-poverty programmes and the emergence of a Basic Need Strategy. 8/ However, these concepts are not yet logically integrated into a comprehensive view regarding the development process.

A more recent development is the attention focused on the changes required in the international economic relations between the developed and developing countries. The catalogue of various demands is summed up under the short title - New International Economic Order. 9/ It is realized that changes in the international economic system, to be acceptable for the dominant economic powers, should be accompanied by greater emphasis on sharing of economic gains within the developing countries. Thus the discussion on the New International Economic Order has added to the search for a new internal economic order which would be compatible with the former. Also, it appears logical to examine alternative approaches to economic development which had so far relied heavily on rather unstable, unreliable and shifting international economic relations between developed and developing countries. These relations were largely based on an attempt to provide concessional loans to developing countries. In retrospect, the quantum and net concessionality of such loans was not sufficient to offset the disadvantages under which the international system placed the developing countries.

7/ Mahbub ul Haq, "Employment and income distribution in the 1970s - a new perspective", Pakistan Economic and Social Review, June-December 1972; Moin Baqai, "GNP-ism", Ceres: FAO Review, vol. 5, No. 4 (July-August 1972).

8/ Richard Webb, "On the statistical mapping of urban poverty and employment", World Bank Staff Working Paper No. 227, January 1976; International Labour Office, Employment, Growth and Basic Needs: A One-world Problem (Geneva, 1976); Mahbub ul Haq, The Poverty Curtain: Choices for the Third World (New York, Columbia University Press, 1976).

9/ Jan Tinbergen, co-ordinator, Reshaping the International Order: A Report to the Club of Rome (New York, E. P. Dutton and Co., Inc., 1976); Mahbub ul Haq, Third World and International Economic Order, Turkeyen Third World Lecturers, Ministry of Foreign Affairs, Guyana; Moin Baqai, "Foreign assistance and the new international economic order", Pakistan Development Review, vol. XVI, No. 2 (Summer 1977).

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In this paper an attempt has been made to initiate discussion on new approaches to economic development which would seek to place such greater reliance on developing the society, as a whole, which would then be manifest in greater economic progress as one of the facets of full-scale societal advancement. Social justice, in such an approach, does not need to be a corrective against a basic development process which logically moves by creating inequalities.

The external influences which basically inhibit the natural growth of the society and determine direction of the energies of the people in non-creative channels are seen in this approach to be too costly and not fully counterbalanced by inflow of foreign assistance. Much more emphasis, therefore, has to be placed on internalizing the process of growth in terms of encouraging the society to find growth points within its own cultural pattern. This can be attained by maintaining a life-style which is in harmony with the domestic production possibilities and pursuing technological progress in a much longer time framework without seeking short-term gains in living conditions based on imports of products and technology that promote patterns of dependency.

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I

The current discussion on development issues has brought out the need for an integrated approach which recognizes the broader aspects of a comprehensive change in the society in various spheres of life. While economic factors may appear crucial, these have to be recognized as part of a wider and more comprehensive change. Traditional literature on economic development has reflected a recognition of the need for basic social changes as a pre-condition to sustained growth. ^{10/} Rostow ^{11/} specifically included a pre-condition stage in his growth analysis, but in effect it was only the necessary change required to provide for a transition in a society from low saving-investment to high saving-investment stage. The nature of social change required was thus determined by the capital formation model. It was indicated that aggressive acquisitive attitudes should be developed on the pattern which led to high capital formation and growth during the industrial revolution in the United Kingdom of Great Britain and Northern Ireland and subsequently in other countries. In practice, the formula appeared to be that an attempt should be made to recreate the conditions which led to the emergence of rapid growth in Western societies in the nineteenth and early twentieth centuries.

The approach had many flaws. Apart from the simple fact that conditions of an earlier century in another society could not be recreated in totality, there was the basic reality of a variety of cultures existing in developing countries which had evolved over the centuries and were much better equipped to respond to the particular situations prevailing in these countries. These cultures could not be easily broken and replaced by something new. It was typical of the arrogance with which the economists were offering solutions in the 1950s and the 1960s, that they assumed away the problem of existing cultures and their intimate relationship in determining production and distribution relationships. The development economics, which began with the generalizations of a few Western economists with a limited experience of work in some developing countries, showed scant respect for a cultural pattern which had allowed substantial material advancement, social harmony and artistic expression at earlier stages. The question was seldom posed in terms of improvements required in the existing

^{10/} Edward C. Banfield and L. F. Banfield, The Moral Basis of a Backward Society (Glencoe, Illinois, The Free Press, 1958); Berthold F. Hoselitz, Sociological Aspects of Economic Growth (Glencoe, Illinois, The Free Press, 1960); Max Weber, The Theory of Social and Economic Organization (Glencoe, Illinois, The Free Press, 1957); Everett E. Hagen, On the Theory of Social Change: How Economic Growth Begins (Homewood, Illinois, The Dorsey Press, 1962); David C. McClelland, The Achieving Society (Princeton, N.J., Van Nostrand, 1961).

^{11/} W. W. Rostow, The Stages of Economic Growth: A Non-communist Manifesto (Cambridge, Cambridge University Press, 1960); W. W. Rostow, ed., The Economics of Take-off into Sustained Growth: Proceedings of a Conference held by the International Economic Association (New York, St. Martin's Press, 1963).

patterns and to remove the distortions responsible for the malfunctioning of the system. The answer was provided in the form of new borrowed institutions grafted to the main body.

An attempt was made to break these cultures by the so-called modernization approach which, in effect, only attempted isolated transplantation of certain institutions and ideas borrowed from successful Western countries. These transplants could affect only a small class and they led to the well-known problem of duality and emergence of a number of subcultures. The way of life could not be changed for the entire society. Small islands were created where values from an alien dominant culture were transplanted. The élite were completely isolated from the mainstream of the society by their way of life, language, dress and housing. All the material and non-material rewards were reserved for those who excelled in adopting the alien culture and values. A pattern of development based on equality became almost impossible, under this division of the society. Those on the island of prosperity found themselves surrounded by a sea of poverty and a way of life which had become completely abhorrent for them. Their insecurity in a system which conferred social distinction only on the basis of property ownership, expressed in an expensive way of life, was responsible for giving rise to greed and corruption. Others, attracted by the glamour of this limited prosperity, were constantly striving to enter the charmed circle of the élite, little realizing that the character of élite enclave itself would be changed if large numbers were added.

Secondly, what was adopted was not a set of values designed to increase productive contribution of individuals and their active participation in production process but values directed towards higher consumption. Modern Western cultures are the only ones which can be seen and imitated. These are cultures determined by affluent societies and are oriented towards mass consumption society. Nurkse talked of "demonstration effect" as a marginal problem. ^{12/} In developing countries, after three decades of effort towards creating a sound process of development, major success is achieved in creating limited consumption of what are mass consumption articles in Western societies. This becomes the central element dividing the élite from the rest of the society. Development which thus involves introduction of more commodities dividing the masses and the élite is thus inevitably associated with growing tensions. Tensions arise because those unable to afford new luxuries are increasingly subjected to a sense of deprivation. Introduction of every new item of consumption, which in the Western societies creates a new wave of prosperity, pushes the mass of people in developing countries down one rung of the ladder into relative poverty. Their hard work and progress can, at best, keep them from the absolute poverty overtaking them. The deprivation is not only psychological. In a real sense the way of life dictated by the élite adds to the misery of the non-élite. For instance, the suburban style of living without an adequate public transport system makes it compulsory for people to travel daily over large distances while facing an acute shortage of the means of transportation. In the West, modern large spread out cities developed when the production system had created a large supply of

^{12/} Ragnar Nurkse, op. cit.

transport equipment. It is the reverse in developing countries. Even where a large number of cars are imported, these add to the congestion and the difficulties of pedestrians and cyclists.

The value system which is carefully cultivated as being most conducive to economic growth is based on material rewards and success measured in terms of ownership of property and command over the means of production. This engenders conflict since there is not enough to go round for both essential and luxury consumption as well as store of value for security. Every section of the society tends to react with class consciousness and with emphasis on rewards more than discharge of new obligations. In this light, it does not appear strange that, in almost every country, progress on economic development front has been accompanied by growing tensions which, at times, explode in violence or are controlled by authoritarian Governments.

The cultural pattern of a society is composed of a set of intricate relationships governing production and consumption relationship at a certain level of technology. When the industrial technology had not advanced and was not changing rapidly, the accumulation of production assets was not a major claimant from the current production stream. Society's main concern was with the problems of ownership of land and regulation of consumption. Production was not likely to grow very rapidly and therefore the success of an individual could not be judged by his contribution towards increasing production. The major problem was sharing the production in a manner that would keep harmony in society. Patterns of community living emerged in a number of oriental societies which were based on commonly accepted standards. Luxuries were available for a small class, which were of a type that would lead to the development of arts, skills and patronage for the artisans. Poverty was not abhorrent and did not preclude an individual from rising in scholastic or artistic achievements.

In the Western countries, the process of social evolution, spurred by wars, led to the emergence of conditions conducive to the application of major technological innovations based on individual initiative to the production process. ^{13/} Previously technological advancements were simple and isolated and could be easily adopted by countries other than those where original invention took place. The new element was a simultaneous outburst of innovation and application of advancing technology on a wide front. The process also became continuous with self-generating pressures for further innovation. This is recognized as the phenomenon of continuous feeding of new production functions in industrial societies. ^{14/}

The societies in the West were quick to grasp the great value of changes which were taking place in technology and were prepared to make adjustments in

^{13/} Arnold J. Toynbee, The Industrial Revolution (Boston, Beacon Press, 1956); Thomas S. Ashton, The Industrial Revolution: 1760-1830 (London, New York, Oxford University Press, 1948).

^{14/} W. W. Rostow, op. cit.

social philosophy which would allow new developments to have full effect. This explains the great impact of Adam Smith, who recognized the significance of the division of labour or specialization, which required larger markets, free trade, and unhindered private initiative. ^{15/} It was necessary to provide almost unlimited rewards for successful innovators and entrepreneurs.

It is significant that saving was given importance in the initial writings. Subsequently, under the influence of Schumpeter, the emphasis was on the role of the entrepreneurs and the availability of credit for the enterprise. ^{16/} The problem of market size was solved through free international trade, which could be assured in practice as a result of imperial relationship with the colonies ^{17/} (or, in the case of the United States of America, through westward expansion and large immigration). The Keynesian revolution, in the late 1930s, recognized the fact that, in the later stages of development, affluent societies can rely on domestic consumption as the major motive force for maintaining growth in production. ^{18/} This phase continued until the early 1970s when it became obvious that uninhibited expansion of production (not for meeting human needs but for the sake of smooth functioning of the economic system itself which required creation of new wants) has inevitably to run against the constraint of natural resource base. Sources of energy are the first to become scarce requiring reorientation of growth policies. ^{19/}

Developing countries had a different scenario. Their societies were late in developing a scientific attitude. They were over-powered by countries with superior technology, and the dominant impact of imperial powers played a definite role in arresting the natural process of the synthesis of technological advances with an evolutionary change in indigenous cultures.

There were two different and marked reactions among the subjugated people. There were those who clung to their own cultural patterns and refused to accept change or learn from the successful dominant nations. The resistance to change, seeking to freeze a cultural pattern more suited to stagnation in production functions, could not be expected to accomplish anything but delay the impact of contact with more dynamic cultures. Such resistance had the opposite effect of bringing changes as part of a reaction and therefore in a highly uncritical

^{15/} Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (New York, The Modern Library, 1937).

^{16/} Joseph A. Schumpeter, The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle (Cambridge, Mass., Harvard University Press, 1934).

^{17/} Kenneth E. Boulding and Tapan Mukerjee, eds., Economic Imperialism: A Book of Readings (Ann Arbor, Mich., University of Michigan Press, 1972).

^{18/} J. M. Keynes, The General Theory of Employment, Interest and Money (New York, Harcourt, Brace and Co., 1935).

^{19/} Donella H. Meadows and others, The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind (New York, Universe Books, 1972).

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manner. The earlier accepted patterns of life were completely discarded, instead of being evolved and modified.

The opposite reaction was in terms of quick imitation of dominant cultural patterns in the name of modernization and with the hope that this would somehow lead to progress in the same manner as in imperial mother nations. This led to rather ridiculous results particularly in what was then "British India". (The bulk of the world's real poverty is concentrated in Bangladesh, Burma, India, Nepal, Pakistan and Sri Lanka.) There were a large number of "experts" in British legal system with few top scientists. Development of doctors practising Western medicine effectively stifled indigenous systems of medicine. The élite showed considerable ability to reproduce quotations from classical English literature and literary criticism with little or no touch with the life and problems of people within the country. Both the village and urban communities became degraded in comparison with new suburban life (or civil lines culture) which was originally exclusive to the British élite who had to live away from the people by the very nature of their relationship with them.

The imitative patterns have permitted some "development" but essentially of a limited nature and with divisive effects on the society. Such development has denuded villages of their more talented and enterprising young people, making it difficult to modernize villages in the true sense of the word. In the cities, a small industrial base has existed on the basis of impoverished labour living in filth and squalour. Any attempt to improve the living conditions of labour generally results in arresting growth or even stopping the operation of industry. Basically, the industry which has no stable foundations in fully grasped technology and widely acquired skills is incapable of generating the kind of surplus which provides a decent standard of living to workers in the Western countries. The surplus in industry in advanced industrial countries is significantly the contribution of "rent" received for technological innovations. The present style of life in the Western world can only be sustained so long as "rent-receiving" class is a minority of world population and the resource-base of the world continues to provide the real resources from which the rent of technology can be paid.

The most successful cases of economic development in the world are those in which an over-all cultural harmony with the development process encompassing the entire nation could be achieved. In the first instance, development process appeared to be entirely correlated with the Western culture. From the United Kingdom to Europe and North America, the developed societies were transplanted in Australia, Canada and South Africa. 20/

The Union of Soviet Socialist Republics was the first case of a new pattern of development based on a value system which differed from Western capitalist

20/ Angus Maddison, Economic Growth in the West: Comparative Experience in Europe and North America (New York, Twentieth Century Fund, 1964).

morality. 21/ The main lesson was clear. The transition towards an industrial society in the twentieth century was not required to be based on constant innovation and feeding of new production functions. On the other hand, it was necessary to adopt cumulative technological advances and innovations already well established on a sufficiently wide scale. This type of industrialization by importing known technological advances required collective societal effort just as the original industrial revolution in the United Kingdom required free enterprise to permit individuals to break new ground. Even when technological advance reached a stage requiring more original research and innovation, it needed substantial resources and pooling of talent. It is significant that during this period the Soviet society in general successfully isolated itself from the pressures to increase current consumption inherent in Western industrial nations since the latter depend for their increased production on increased demand. Technology could be obtained by the Soviet Union without opening the society to more general influences from outside. More recent attempts to open up contacts with the outside world are related to the phase when more advances in technology beyond a certain level in the Soviet Union require a closer view of developments in the outside world. The impact on consumption from such opening of the society can be met from the development of the Soviet industry.

At the same time, in Japan, there was one of the most successful cases of industrial development in modern times. 22/ The main distinguishing feature of Japan's development was that it was the first case of a non-Western society achieving a complete transformation to a modern industrial State. In so doing Japan had not become a cultural satellite of Western societies, but had made sufficient adjustments in its own cultural pattern to respond to the challenge of modern technology and to absorb it on an expanding scale without facing very serious tensions or breakdown of the society. Private enterprise was used but with considerable interweaving of the private sector with the state apparatus. It was a clear case where simple imitation of the cultural pattern associated with Western technology was not adopted. On the other hand there was no resistance to change. Innovation was retained as an essential feature in economic relationships and technological adaptation, while a great deal of absorption of new technology was simple imitation. This allowed the continuity of industrial advance in Japan even in the phase where moving from technological imitation to creativity and expanding the technological base required a new approach.

21/ Maurice Dobb, Soviet Economic Development since 1917 (London, Routledge and Kegan Paul, 1966); Marie L. Lavigne, The Socialist Economies of the Soviet Union and Europe (London, Martin Robertson, 1974).

22/ William W. Lockwood, The Economic Development of Japan: Growth and Structural Change (Princeton, N.J., Princeton University Press, 1968); Marius B. Jansen, ed., Changing Japanese Attitudes towards Modernization (Princeton, N.J., Princeton University Press, 1965); Thorstein Veblen, Essays in Our Changing Order; Leon Ardizzone, ed., "The Opportunity of Japan" (New York, A. M. Kelley, 1964).

In China, which is a more recent example of the successful development of a less developed country, the emphasis on cultural advancement along with the expansion of industrial base, the identification of the elements of strength in the domestic culture, the utilization of such elements for the development process, the evolution of old institutions to accept new responsibilities, the merging of modern technology with domestic life styles have played an important role in moulding the pattern of success.^{23/} The most significant feature of Chinese leadership was the strength of its roots within the cultural pattern of the nation and links with the rural society. These elements were strengthened by the struggle against foreign elements, the long march and rural mobilization, and determined the subsequent thought on development issues.

All this leads to a rather simple and obvious conclusion that a society has to develop on its own foundations rooted in history, culture and traditions. It cannot develop in economic field by adopting an alien way of life and seeking to transplant it among the few to be later imitated by others. It must maintain its cohesion and introduce elements of change which would be widely accepted and would lead to the entire society moving forward together. There is general agreement now in the development community that the trickle-down theory of economic benefits from rich to the poor cannot be a valid basis for development planning. Such a trickle-down approach in basic social changes presents an equally unrealistic view. If the economic rewards are related to social changes in a direction which cannot for a sufficiently long period be imbibed by the society as a whole, inequalities would persist.

This simple view has wide repercussions on various aspects of life, including the use of national language, housing, design of cities, transport system, clothing. In short the style of life which would be evolving from the interaction of traditional values and environment and the requirements of a modern industrial society would affect the pattern of development rather than an imported pattern of development deciding the style of life.

^{23/} John G. Gurley, "Capitalist and Chinese economic development", Pakistan Economic and Social Review, June-December 1972; Yuan-li Wu, The Economy of Communist China: An Introduction (New York, F. A. Praeger, 1965).

II

The style of life thus acquires significance as the central issue in development strategy in the developing countries. The imitative style of life advocated by the present thinking on development problems as being a necessary part of modernization and thus an essential element in absorbing modern technology usually curbs initiative and creativity. A creative application of scientific knowledge to productive process is basic to the whole issue of economic development. It requires both receiving knowledge and acting in a manner which would subject the application of received knowledge to a careful analysis of the given situation and its surroundings. It may not be quite accidental that the world's major concentration of poverty after 30 years of sustained development is in countries where a foreign language was adopted as the vehicle of transmission of knowledge and ideas implying a clear break between the style of life reflected in vernacular culture on the one hand and an imitative attitude towards developments in an alien culture stifling all creativity and initiative in a large group of educated people.

The break in the style of life comes mainly because a culture steeped in the acceptance of poverty as the most prevalent reality is no longer the main regulating force in the society. The norms of success require an individual to break from the mainstream of socio-cultural pattern. One moves from the village to the city and within the city from the mohalla (close-knit urban community) to the isolation of a new urban development scheme where all the neighbours have similarly moved from their moorings and carry their self-consciousness of a past which they would like to forget. The successful acquire a new mode of transportation and gadgets produced abroad. Their housing is a poor imitation of housing pattern in other countries, with no relationship to the climate and environment in the country. It is not based on the economic realities of limited land and availability of construction materials. Hence persistent housing shortage. The education system is designed to separate the products of foreign-language-medium schools from those of the mainstream of education. The mainstream of education itself is dividing the product on the basis of the knowledge of foreign language or languages.

Examples could be multiplied from education in missionary schools, reading of imported literature, travel abroad for pleasure and treatment of ailments in foreign clinics. It is, however, clear that the standards of achievement are set in such terms as would require a break in society rather than cohesion. Also the expenditure by the successful class does not sustain economic activity in the country. It sustains the dependent status of the country on an international plane.

Dependence resulting from style of life needs further elaboration. There is considerable discussion on self-reliance and on the New International Economic Order. Both are related to the life style problem in the developing countries. To understand this problem, one has to go back somewhat in history when East India and other commercial companies opened up trade and expanded markets for their products. The products of technology (both for consumption and defence) they offered were considered highly attractive and were available under monopoly conditions. The local élite who lost faith in their own traditions and culture were keen to be ahead in accepting new dominant cultural patterns and to acquire goods which would give them the appearance of belonging to the more "progressive"

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dominant culture". In economic terms, the elasticity of the demand for such new products in the subject countries was very low. The local élite had to acquire more command of resources within the country to pay for new luxuries. The old luxuries had at least created favourable climate for the development of arts and craftsmanship at home. The new attitude helped develop foreign industries and began the process of unfavourable terms of trade against commodity producers. Africa provided ivory, gold and diamonds in return for trinkets.

The surplus generated in the developed countries as a result of original favourable terms of trade multiplied with the magic of compound interest formula. The success of these countries has been in using the surplus to generate continuously new products which prove highly tempting for the élite and even non-élite in the primary producing developing countries. From watches to cars, refrigerators, colour television there is always a new product for which the developing countries are willing to pay by an increasing supply of precious natural resources. This depresses the terms of trade continuously against the developing countries. On the other hand, if the developing countries had originally resisted the temptation to buy surplus products from Western factories and continued with their style of life, using the surplus available with them to acquire technology and command over production processes, the whole nature of development would have been different. Such a new beginning is difficult with the much wider gap between developed and developing countries which has emerged after the lapse of a couple of centuries. It would be desirable if smoother adjustments could be made in the international economic order. However, in many ways, the only effective answer even today lies in making a beginning with the approach which avoids strengthening the existing domination of industrially advanced countries, through imitative consumption patterns in the developing countries. It does not matter whether cosmetics are produced at home under licence from known brand names. The technical fees, import of formula and compounds make this type of industrialization a sham and essentially increase the pressure for consumption of such items.

The developing countries, by adopting a different style of life, could reduce requirements both for consumption and "investment" (in the sense of setting up factories based on rent of outmoded technology paid to industrial nations for producing generally less essential consumer goods) and also reduce military purchases from developed countries (which provide no defence against developed countries but only against one another where again the outcome is determined by the industrial Powers through a decision either to supply more sophisticated weapons to one side or by withholding spare parts to finish effectiveness of one of the countries). This would create a different relationship. The developing countries would devote much more of their resources for meeting their basic consumption requirements and genuine investment in expanding the technological base of the society.

It can be seen that the starting point of development is not the objective to remove poverty but to remove all signs of affluence. The poverty in developing countries, in a historical context, was the by-product of the new type of affluence which encouraged production and employment abroad. McNamara has elaborated upon this theme of distinction between absolute and relative poverty. ^{24/} However, the

^{24/} Robert S. McNamara, address to the Board of Governors of the World Bank Group, 1976 Annual Meetings of the Boards of Governors, Summary Proceedings, Manila, Philippines, October 4-8, 1976. /...

more real and abiding problem is the poverty directly resulting from affluence and attempts to create a mass consumption society on the basis of foreign production. With some exceptions arising from a disturbance of the natural pattern of growth in the developing countries and serious distortions created during alien rule, absolute poverty is as much the result of affluence as relative poverty. Absolute poverty is the outcome of the pre-emption of resources for meeting less urgent needs while relative poverty arises from the sense of deprivation regarding elements which become part of the necessities of life from social and cultural patterns dominated by the more affluent.

The immediate problem of the developing countries and a feasible target for them is not the removal of poverty. It is to free them from the influence of affluence, which sets wrong goals and wrong attitudes for the society. Poverty cannot be removed within the foreseeable future and without considerable international adjustment. Removal of poverty did not result even in the countries where economic development was quite rapid. A combined social and economic approach is necessary.

The approach has to be different from the traditional concept of austerity and denial. A negative view implied in austerity is very difficult to practise over a long period. Luxuries are desirable and attractive. Restrictions on luxury consumption through economic and administrative measures, while the social values are pressing for their increasing use, result in smuggling, black-marketing, corruption, travel abroad for acquiring goods not available easily in the country and in emigration of capital and talent from the country.

In developing countries, when imports of luxuries are banned or subjected to heavy duties in the name of austerity, one of the two results follows. Either a domestic industry develops supplying those luxuries at a higher price, or an active smuggling trade in the banned item flourishes. Economists turn around and rightly ridicule such attempts as they produce results diametrically opposed to what was intended. The underlying problem is that while the society continues to encourage the use of such items and rewards the users with respect and admiration, it employs negative means to discourage their use.

The only way to bring harmony within the economic objectives is to approach the problem at the societal plane. The society should put a premium on values and life-style which are suited to its development objectives rather than on those aspects which serve the opposite ends.

Any society needs a balance among various elements of economic policy. First, it needs a system which essentially seeks to meet basic minimum needs of the population generally. Secondly, it needs, at the same time, a system of rewards for success in different walks of life which would bring forth the best effort from those possessing talent and drive. Thirdly, it needs a balance in the system of rewards between the present and the future. All these elements are linked.

A system remains functionally healthy so long as these aspects are balanced and properly interwoven. In the developed Western countries the rewards for

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success are very great. In the initial phases these were not balanced with an assurance for the majority that their reasonable needs will be met. This led to the breakdown of the system in the depression of the 1930s and brought pressure for subsequent reform. In the successful cases of recent development, some developing countries have been able to limit considerably the monetary rewards for success, combining them with non-monetary rewards of persuading the recipients to postpone the benefits to the future. In Japan, the Soviet Union and China, the common feature was a relative or absolute insulation of domestic economy from external influences and ideas in the most critical period of early development which determined consumption patterns and a system of rewards for success in line with domestic production possibilities.

Currently, developing countries even more need this isolation and the strengthening of traditional and less expensive cultural patterns. Recent advances in knowledge have shown that the mass consumption society in the style of the United States of America cannot be globally sustained. The natural resource base of this planet Earth even with the anticipated rate of technological progress would be insufficient to provide to the entire population of this world, the style of life initially developed in the United States of America and then adopted by other advanced industrial nations. This does not mean a limited view of technological advancement and acceptance of a doom theory. However, given a reasonable time framework both resources and technology are finite. The entire debate on the New International Economic Order is about the style of life. The dominant nations are seeking to preserve their present style of life which can only be maintained in the existing international economic order. The logical corollary of this theorem is that others must continue to live without much hope of ever attaining the style of life adopted in the West on a wide scale. It is possible that a few small countries with a good natural resource base or dynamic enterprise can break the barrier. It is also possible that a small minority at the top in the developing countries can attain the standard of living of the West. However, for the bulk of the population of the developing countries it remains an impossible target.

More important, the developed countries themselves are at a point where it is becoming obvious that they cannot indefinitely maintain the present style of life. In the first place, the economic systems are devised in a manner that growth cannot stop at any point. The gross national product should continue to grow to manage the economy and keep its balance. This requires an ever-increasing level of consumption to meet a growing number of less important and socially less useful demands. Thus the style of life question is not static. It is dynamic. Secondly, as developing countries also add to the demand for natural resources, whose availability must be regarded as finite (including the ability of technology to substitute natural resources), there would be increasing difficulties and specific constraints. Energy is the first such constraint.

In this background, for the developing countries to seek development on the assumption of an impracticable style of life would be suicidal. Such a development can never be self-reliant. It would help sustain the existing economic order by continuing the transfer of resources to the developed countries. It would require partial flow-back of resources in the form of foreign assistance,

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which in itself is a self-terminating relationship (through declining net flows with increasing debt service payments).

The approach being suggested had some common features with the basic needs, an approach to which the existing thinking on development has already moved from a different route. The obvious point regarding the priority to meeting the basic needs of the people in preference to a more general and qualitatively amoral growth rate concept is being given increasing attention in practical policy. However, this aspect is not logically followed through. First, there is a basic conflict between a realistic basic needs approach and imported standards for attaining such a goal. Nutrition is conceived in Western terms without any attempt to evolve eating and cooking habits and family customs which would get maximum nutrition from familiar background. In education, instead of getting the teacher and the taught together, emphasis is placed on modern school buildings quite out of line with their rural surrounding. Housing is perceived in terms of the requirements of nuclear families living in isolation in sprawling suburbs rather than improvement of community life and facilities. Secondly, as approached by aid-givers, the interpretation of basic needs approach tends to acquire the characteristics of charity. Foreign aid is given as charity; it should go to the deserving and should be seen to reach them. Thus developmental aspects which would provide a more viable basis for self-reliance tend to be ignored, namely, the development of the technological base of the recipient country. Increased expenditure on social services and adoption of foreign standards for such services with borrowed funds can help in the short run, but there is no firm base to support these services or even to maintain them. The society would benefit in the long run due to increased productivity of manpower provided investment is taking place simultaneously in the productive sectors. The distinction between sectors which directly reach the common man and others which would affect him indirectly by strengthening the economy is convenient for aid donors but not really meaningful, except on the assumption that aid donors would continue to finance social services for the poor indefinitely. Thirdly, within the recipient countries, the basic needs approach is an additional element in their development planning. The other aspects of economic management continue as before. The consumption pattern in other parts of the society remains unaffected. Colour television can be developed and expanded along with expansion of rural water supply.

The basic needs approach and the aid relationship geared to it would require a global compact on a much wider scale, encompassing an agreement on the basics of international economic relations between the developed and developing countries. The developed countries, at this stage, are not willing to move in the direction of this comprehensive approach. The formula is for limited availability of aid determined by what can be spared and not by what is needed to achieve the goals. This is not likely to produce envisaged results.

The real basic needs approach consists in the society taking an internal decision that only basic needs of the people are to be met in whatever allocation is made for current consumption. The entire surplus over and above meeting the basic needs defined in a manner dictated by the availability of resources and cultural patterns is to be devoted:

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- (a) To development of skill base of the society on an extensive basis;
- (b) To larger application of technology to production process.

These elements are developed to produce either producer goods or consumption goods which are needed for meeting basic needs. Production of semi-luxuries above the level of basic needs is taken up highly selectively to introduce relatively non-essential items which ultimately have a chance of being used by the masses generally. Here, the sequence is not from demand to production, but via a production decision based on resources and a command of technology to meet the felt needs of the society at a given level of economic development. There would be slower changes in the pattern of living but on a mass scale. This would be the complete reverse of present big advance for a limited group. The big advance comes from abroad, and gives rise to import needs. The small changes would be based on domestic production capabilities and would require domestic resources. A few illustrations may help. Under the present strategy, solution of the housing problem appears impossible because it is conceived in terms of housing of the type available in satellite towns. It is so expensive that it becomes a privilege for a minority, leads to distortion in income distribution by appreciation in land values which must result from scarcity and leads to corruption in allotments. The new approach should be based on improvement in old crowded areas, development of new areas on the old standards of housing, with minimum changes necessary for health standards. The changes considered necessary would be extensively carried out throughout the country. Similar considerations would apply to transport systems in the cities which should be based on cycle and some public transport system with very limited use permitted of cars. Medical and educational systems would be conceived in a way that facilities would be available for all. Almost all sectors would require a new orientation.

The need is for a society to find elements in its own culture which would allow it to find a positive attitude towards a less expensive way of life and to avoid the temptation to adopt aspects of a wasteful Western life-style. This would be an essential new starting point for development along a road which would avoid the tensions of limited imitation of an alien way of life. Only then will be released the energies of the whole people for creative application to material and cultural advance leaving no one on the periphery.

III

From the analysis, the next step must inevitably be towards practical prescription. However, practical situation of a large number of developing countries does not allow them the option of experimenting with their development on their own through a policy of insulation from the undesirable effects of social patterns prevailing in the developed countries. As analysed earlier, successful examples of later-day industrial development relate either to countries which were part of the Western culture (Canada, Australia after Europe and the United States of America) or were able to isolate successfully their economies during the early period of their development (Japan, the Soviet Union and China).

The developing countries of today are neither able to make a complete change and adopt Western pattern on a comprehensive basis (except for large Latin American or small island Asian economies) nor can they successfully isolate themselves physically from the world influences. International contact is much more established in the world today in terms of ideas, products and standards compared to the inter-war period when Japan and the Soviet Union completed the transition towards self-sustaining growth on the basis of national sacrifices obtained from the people in relative isolation from external influences. Also, in the larger category of medium-sized countries belonging to the low-income developing world today, economic and physical isolation is much less feasible than for larger continental countries like the Soviet Union and China or for an island nation like Japan.

This does not, however, imply that the links with the world economy should be built in the manner dictated by the dominant international economic order. Protection of the economic, social and cultural values can still be assiduously built, to isolate the harmful effects of an imitative pattern which involves pressures for higher consumption, fragmentation of the society in different classes and a pattern of dependency on outside sources for every element that is crucial for development.

It becomes necessary to build more positive barriers against disruptive external influences, because the negative barriers are less workable in modern times.. As physical contact continues, a more positive faith in the value system unifying a national entity has to be assiduously cultivated. This becomes the antithesis of the earlier accepted precept that certain economic values found useful in modern societies must be adopted as a prerequisite for economic development. A reformist element, remoulding the cultural pattern, which incorporates changes in the existing system but still retains its wide appeal, may be a more constructive approach.

Such an attachment with what may, for convenience, be called the ideology of a nation, is necessary to get response from the people in different positions for non-material rewards. The theory that all changes must occur in response to love for monetary rewards has led to serious disruption in many societies in the process of development, arresting growth prematurely in a web of corruption and arising class conflict. Motivations must go beyond immediate improvement in life-style or living conditions. Rapid improvement on a wide scale may not come quickly and may lead to the organization of various groups to seek improvements at

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the cost of the other groups. Profit motive and monetary rewards are means for relating the social position of individuals and groups in a society to their productive contribution. These cannot be an end in themselves. Social position can be determined irrespective of the consumption pattern of individuals and more related to their production contribution.

The key element is the relatively small group which has the responsibility to direct the progress of the society. This is variously termed as élite, ruling class, intellectuals, intelligentsia. These terms carry various figurative and pejorative attributes. The purely factual position is that a group of motivated people would have to assume leadership in the society for directing its course. The essential quality for this group has to be that, while in many ways it would be better placed than a large part of the people, it would be continuously seeking to strengthen its relationship and roots with the people.

The major problem with the leadership groups in the developing countries has been their dissociation from the mainstream of social forces affecting the bulk of the population. They have acted as instruments of change, getting ideas from abroad, practising them and passing them on to others to imitate in the same manner. They have been receiving material rewards for this service far in excess of the real contribution made to the society. Such a remuneration is essential for them to maintain an alien way of life, irrespective of what the impact on society is. A doctor lives in modern style for services in dispensing medicine to patients who are dying because of malnutrition and unhealthy environment. The engineer gets a comfortable life, in a general technological climate, though workers lack proper skills and machines are not maintained properly. The industrialist must earn a large profit even when his industry is known to be inefficient.

Emphasis on economic progress directed towards national improvement in the standard of living has heightened the consciousness of each group and subgroup towards its right away from its obligations. Farmers want high support prices irrespective of production response expected in agriculture under a variety of constraints. Labour seeks wage increases along with the introduction of measures which would reduce pressures to increase productivity. Management and enterprise are seeking more incentives for their operations.

The developing countries have to define their objectives of development not in terms of an improvement in the standard of living but in terms of national advancement and progress. An improvement in the standard of living may be a long time to come if a proper development strategy is followed under which the basic technological capacity of the country is strengthened well before increases in the production of consumer goods are brought about. A premature concern for improvement in the standard of living would, in fact, heighten distributional problems and social tension.

The objective which provides a motivational force would have to be defined on the basis of objective conditions in each case.

Motivational apparatus, without promise of an immediate material advancement, can be expected to work if the leading groups in the society agree to respond and

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work for the objectives so defined. Naturally, a large number of trained manpower and traditional élite would not be willing to participate in a system which does not promise to maintain their life-style in line with the more developed centres of the world. They may find jobs outside or attempt a flight of capital. However, even losing them may be better than trying to keep them at a cost which is intolerable for a poor society. For the future, the entire training and education of the new generation would have to be on lines which would prepare them for conditions in a developing country and not in the developed countries.

The majority of intelligent leaders in a developing country would be able to see that their fate is intricately linked with the country. They cannot continue to live in islands of prosperity. Their struggle for increasing the number and size of such islands is counter-productive. The real prosperity would be that which is based on the productive system in the country and its technological capabilities, and is supported by all participants in the productive system.

An integration of society which is essential for a meaningful growth in the economy combined with equity and fairness would require a deliberate attempt by the "leadership groups" to merge with the mainstream of the society. This would require their giving up a foreign language as the main stay of their intellectual and cultural life (together with the blind acceptance of ideas and ideals originating in a different climate under different conditions), and giving up the protection which comes from a language and a way to dress distinct from that of the common people.

Institutions would have to be revived or created which emphasize the integrated nature of the society and common ideals. Traditional occasions of festivities, fares and religious ceremonies are not symbols of past decadence but elements cementing common ties.

Mass media and literature would be used in this case to project national character and values. At present, through the imported television programmes, mass circulation pictorial journals and advertisements, a campaign is carried out to create a desire in every heart to adopt a standard of life which cannot realistically be achieved by more than a few. Films and locally-produced creative art reflect middle-class life to which writers and artists belong or a dream of middle-class life, which is an imitation of borrowed life patterns.

Changes are thus possible without necessarily bringing physical barriers. Problems arose from foreign occupation which has physically gone but has left the legacy of intellectual subjugation. For a meaningful economic development, intellectual independence and self-confidence in the national value system have to be the starting point.

This does not mean a romantic slide back into the stagnant past. Nor does it imply a rejection of everything modern or alien. Innovation, adaptation and creativity are essential elements of progress. Value systems must carefully foster these. Local communities have to be organized in rural areas and in close-knit urban communities. Their self-confidence and assertion would be a major factor in arresting the flow of talent and expertise from community life to new urban and

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suburban areas. Thus decentralization of planning and execution of changes in community life, provision of basic amenities, would move together with a pressure to retain educated and trained people within the community acting as agents of change.

Economic development, as a narrower concept, requires capital or savings, technology, skills, innovation and labour. Saving has long been misconceived as an individual phenomenon and is thus regarded as depending upon incentives working on individual decisions. The traditional advice to developing countries has been to encourage savings by offering higher interest rates and development of an institutional framework for mobilizing savings. High interest rates are justified because of the scarcity value of capital though the productivity of capital may not be high enough for quite some time to offer such high rates of interest. The only manner in which high interest rates can actually be paid in a society where new capital has not acquired high productivity in the short run is by reducing real interest rates through inflation.

Saving function is in effect largely influenced by social behaviour. The incentive effect of interest rates on individuals is countered by social pressures to increase consumption in consumption-oriented societies. To rise in social status, a new style of dress is essential. Moving to a new locality and having a more modern type of house comes next. There is a continuous pressure on individuals to spend more. A whole advertisement industry backed by a taxation system which subsidizes advertisement for higher consumption, taking expenditure as genuine business expenditures deductible from income for tax purposes, actively works to reduce savings.

The savings on a large scale can come only if the standards set by society require savings and not consumption. Contrary to the view that traditional society encouraged wasteful and ostentatious consumption, the pre-modern society regulated consumption in an orderly manner. In an otherwise simple daily life, some relaxation was obtained by festivals and festivities. On the whole, the societies showed acute awareness of the scarcity of resources. There was a great deal of healthy respect for all resources. Even water, the traditional free commodity, was not to be wasted. The wastage of food was looked down upon. People sat on the floor and did not require furniture and the space needed to accommodate furniture. Demonstration of wealth took the form of non-perishable assets like jewellery and precious stones, rather than consumption of wasting assets like electrical gadgets.

The modern industrial societies encourage consumption of consumer durables, because such goods are being produced and require a large market. Wealth is not held in the form of non-earning assets like jewellery but in stocks and shares. There is a clear distinction between consumption and accumulation of assets. The developing countries imitating the pattern start acquiring consumer durables by utilizing their saving margin.

Savings would obviously be higher in a society which is able to avoid the pressure for increasing the use of consumer durables. A resistance built into the social fabric against the introduction of new competitive goods would be a stronger

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factor for saving than higher interest rates. High interest rates, even if effective in obtaining a positive saving response, accomplish this at a high cost by distorting income distribution. Saving has to be approached as a social phenomenon and helped by changing social pressures in favour of a simpler life.

The surplus of resources over basic needs would thus be available for investment in advancing the technological base of the society. This has to be conceived as a much broader concept than simple investment. In investment, there is an obvious emphasis on early and visible increase in production. Growth in production should be directly attributable to investment. This tends to support a distorted short-term approach to development. If a factory is set up with imported machinery and imported skills, and leads to increase in production, growth justifies investment. The factory may deteriorate because of lack of proper maintenance and may not create any long-term impact because of absence of skills. It may not create any real development in the sense of advancing the technological level of the society. In this ultimate analysis, it may only amount to import of machinery replacing import of goods. In fact, there may be a greater commitment to import raw materials so that the choice of cutting consumption, when needed, is pre-empted.

On the other hand, development of primary education may require years of patient work to create the base of an educated community. This may be carried out further to a more meaningful middle level of education which would, over a period, start changing the basic level of education and the technical competence of average worker and peasant. Technical and scientific education, at the secondary level, would add to the supply of skills. Such programmes may take the life-time of a generation to be accomplished but, without such a broad foundation, an industrial society cannot emerge.

Similarly, it would be necessary to develop skills already available into gradually advancing technology. Improvements in the agricultural implements may take longer but would make a wider impact than a straight beginning with large tractors unrelated to the size of holding. Appropriate technology has become an accepted modern idea but is not practised widely. The main reason is its incompatibility with the accepted desirable way of life which is related to the most advanced technology. It can only be widely accepted in a society which is seeking to change its production process by introducing innovations on a wide scale rather than transplanting modern islands in isolation. The approach would have to be consistent in the production and consumption styles.

At the same time, it would be necessary to be moving ahead with the more advanced forms of technology. Appropriate technology for production processes, used widely, would itself have to be interpreted as a dynamic concept requiring continuous improvement and innovation. However, in completely new areas, most modern technology may have to be adopted, provided it is related to a genuine transfer of technology. Construction of a steel mill should enable the recipient country to construct another mill on the basis of the grasp of technology acquired with the first mill.

The developing country can go for high-level technology on the same grounds on which it takes up primary education. Both yield results over a long period.

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Developing countries have in the past 30 years been keen to record short-term growth rates. These are essential if increase in consumption in the shortest possible time is the most important goal. However, if for a period, the developing countries can introduce social changes which would reduce pressures for early increases in consumption, longer-term and more basic changes can be produced. Development would thus be more solidly based.

Discount for time is the central point of cost-benefit analysis for development projects. This is valid for limited and partial analysis. For basic changes involved in meaningful economic development, the developing countries may have to realize that the present and not the future may be subjected to discount.

To conclude this lengthy piece, the central theme can be summed up as the need to recognize the prevailing cultural pattern of poor countries as an element of strength for healthy development rather than an impediment. The cultures of poor societies are more suited to bring about transformation in large-sized poor countries than the cultures of affluent societies. A substantial strengthening and modernization of existing institutions is called for. But it is essential to take the society as it exists as the starting point for change. Change should be based on a healthy respect for traditions which have sanctified responses to a given environment. New institutions must evolve out of a critical evaluation and appreciation of the existing ones. This is required for two reasons:

- (a) To maintain the basic integration of the society and avoid its fragmentation;
- (b) To avoid increase in consumption demands moving ahead of production possibilities.

It is particularly essential for these countries to preserve carefully a style of life which has permitted them for centuries to accommodate the fact of poverty. Poverty is not to be removed but incorporated in a way of life which carefully seeks to avoid waste of resources, not necessarily by pricing out users but by cultivating social values. This is essential to maintain social justice as an integral part of the societal fabric rather than as a corrective addendum to a basic pressure towards inequalities.

The manifestations of this basic approach could be carried forward to develop suggestions and ideas in various segments of economic development strategy as also in relation to various social and political issues. In the above discussion, certain illustrations have been used where necessary. In this sense, the discussion tends to be more specific than it was intended to be. Yet, at some points, it is held back short of developing the full argument. The approach is adopted to explain the argument without letting the debate deflect to points which are not crucial to the central theme. The essential purpose of this paper is to demonstrate that an alternative approach to the present crusade against poverty arising from the attitude of the affluent to a phenomenon which they do not fully grasp is both possible and desirable. This approach would, in fact, be the only feasible approach for poor developing countries, in case the demand for changes in the present unjust international economic order does not attract a positive response in reasonable

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time. The basic point is simple and in some ways quite obvious. Originality cannot be claimed for the ideas which have been presented. In fact, some readers may feel that the approach is similar to models based on Gandhian philosophy. Shumacher's "Small is Beautiful" philosophy or China's experience in development planning. There are indeed elements in the suggested approach which can be compared with the experiments made earlier. Every new experiment includes progress which later becomes part of total human heritage. Planning was initially Russian. At present, French planning would hardly be connected with its Soviet origin. Incentives for production and investment are no longer exclusively American. Chinese experience in the organization of village communities is a similar advance, and new concepts in development cannot ignore this great progress. However, any attempt to label this article as falling under a particular category would miss its central idea. It is to avoid being enamoured of success in a particular case and uncritically adopting measures which have worked elsewhere. Developing countries need to study intensively their own economic organization, culture and institutions and to evolve a comprehensive approach which would involve widespread change in any orderly fashion. In this, the leading groups (present or future) would have to play a critical role by being involved with and resisting the glamour of foreign goods and the uncritical attitude towards alien ideas and concepts. In general, much more of a societal change, starting from the local communities through a decentralized pattern is necessary together with a willingness to take a longer view of economic growth.

The value of accepting a given level of poverty and poverty-based culture is only in its providing a better start for a comprehensive change. The acceptance of poverty in a dynamic sense means working to change the elements responsible for pervasive poverty as a basic societal change. Society should work towards strengthening its technological base and skill level. Over the period when this development is taking place, consumption levels have to be regulated with a pattern of life which is more economical in the use of resources. Even in the long run, while technological development should proceed, it would be necessary for developing countries that technology should work towards avoiding waste of natural resources, as the balance between population and resources is becoming more precarious globally.
