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SUSTAINABLE DEVELOPMENT THROUGH
GLOBAL INTERDEPENDENCE

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Sustainable Development Through Global Interdependence

Ali A. Attiga*

I wish to discuss with you today my understanding of sustainable development with special reference to the needs of the developing countries in the context of North-South, East-West relations and the need for a viable and mutually beneficial global interdependence. Perhaps I chose this comprehensive, multi-disciplinary approach because I think that if Raymond J. Penn were alive and with us today, this would be his way of looking at the global issues involved in the concept of sustainable development. Indeed, his intuitive wisdom, deep insights and strong belief in people, their values and institutions as the main driving force for development has been vindicated not only in his native State of Wisconsin, and not only in the United States, but also in the world at large. For me, and I presume for others as well who had the privileges to associate with him, either as students or colleagues, he was a rich source of inspiration and devotion to duty and public service. As one of his students, I feel today a distinct sense of privilege and honor to deliver this lecture.

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What is Sustainable Development?

The concept of sustainable development has emerged in recent years in response to the adverse impact of economic development on the environment. In fact, it was only in 1987, after the publication of the report of the United Nations World Commission on Environment and Development entitled: "Our Common Future", that the concept became better known and widely used. However, the full meaning and implications of this rather complex concept leaves much room for debate.

For some environmentalists, sustainable development may simply mean ecologically balanced environmental management. Such a meaning may relegate the needs for economic growth and development to the preservation of a healthy physical environment even at the cost of economic stagnation. Others may be more concerned with economic growth and rising personal incomes with little emphasis given to sound environmental management. Perhaps the core of the problem lies in the ambiguity of the concept of sustainable development. Or perhaps one might ask whether economic growth and sound environmental management are contradictory and inevitably conflictive. If they are contradictory, then how can approaches to economic development be changed to promote sound management of the environment? Or conversely, how can improved environmental management be used to sustain sound development? On the other hand, if the pursuit of development and environmental preservation are not contradictory, then where is the common bond, the mutual linkage, that holds them together? While I do not pretend to have a definite answer, I suggest that development and environmental preservation are both separable and inseparable, contradictory and non contradictory, depending on the time horizon from which these questions are viewed.

In modern times, economic development has evolved as a process of human endeavor using the factors of production to increase the rate of output of various goods and services as required or demanded by the consuming public or by the authority in control of the State. Since human wants are by definition insatiable the sky is the limit as far as developmental aspirations are concerned. In fact, the continuous depletion of the planet's physical resources and the degradation of its environment have constituted the major social costs of modern development. This reflects a relatively short-run time horizon of the current as well as of past generations. This tends to relegate environmental considerations to a low priority vis-a-vis immediate needs of economic development. This does not deny the huge investments for controlling air pollution in some of the large cities in the industrial countries. However, against these significant improvements, there are large numbers of cities in the developing countries where air pollution levels have long passed the safety margin.

What is even more tragic than the levels of pollution is the fact that despite these heavy social costs, real socio-economic progress is still very slow or nonexistent in many developing countries. What this means is that depletion of physical resources and deterioration of the environment have often occurred without achieving significant levels of development. At this point, development and environment protection (or their opposites) may become linked in a kind of vicious circle. No significant economic development on a sustainable basis can be achieved without major improvements in the environment; at the same time, such improvement cannot be accomplished without the necessary resources associated with rapid economic growth and development.

What can be done to break this vicious circle which is endangering the future of mankind? Should the attack be on the developmental or on the

environmental front? It is obvious that in the industrial countries, where economic development has achieved relatively high standards of living and where population growth has stabilized at low rates, the emphasis can more readily be on the environment. It is equally obvious that in many of the developing countries the most urgent need is for more rapid economic improvement. Yet the impact of some forms of rapid economic growth and development without due regard for ecology and environmental values could very quickly jeopardize the sustainability of development and eventually even life itself. Here again, we can see development and environment as both separable and inseparable concepts. In the short-run and on a strictly national basis they have been and are still largely considered separable and distinct. However, in the long-run, and in the regional and global context they are inseparable.

Since the long-run for re-establishing the ecological balance on our planet is getting shorter, action can no longer be postponed. Furthermore, since the persistent economic stagnation in the developing countries has resulted in serious worldwide repercussions in the areas of international trade, debts, aid, and distribution of wealth and knowledge among nations, the future of these countries has become an international issue of global concern. Similarly, as economic and monetary fluctuations in the industrial countries have major direct as well as indirect impacts on the fortune of the developing countries, such fluctuations too are of international concern. This means that people in both developing and developed countries have to change their way of thinking regarding the relation between development and the environment. Whatever the differences may have been on this issue, they cannot afford any further neglect of their common interest in achieving ecologically sound development. An essential requirement for such a desirable

change of outlook is the perception of development and environment as inseparable components of sustainable development. Pro Harlem Brundland, former Prime Minister of Norway stressed this point in her foreward to the Report of the World Commission on Environment and Development, which she chaired: ". . . The 'environment'", she says "is where we all live; and development is what we all do in attempting to improve our lot within that abode. The two are inseparable."

The same report defines sustainable development as "development which fulfills the needs of the present without limiting the potential for meeting the needs of future generations". Here we have a concept which defines development in terms of the present and future needs of people. It combines short and long-run time horizons, but it leaves much room for debate concerning the kind and extent of people's needs and value systems. It assumes that each generation, within a given socio-political system, will have the wisdom to agree on its own needs and at the same time maintain the potential for the needs of future generations. It also implies a high degree of equity in the distribution of the benefits of sustainable development within and between different generations of people. In a global context, sustainable development would require a certain level of equity of potential opportunity and a degree of interdependence between nations and different regions of the world. In view of the huge disparities in resources, standards of living and economic performance between the developed and the developing countries, how realistic is the concept of sustainable development on a global basis?

I am sure that there are many who can advance a hundred and more reasons against such a concept. But will those who may take this line of argument be able to convince themselves and others that sustainable development will

continue to be viable in the advanced countries of the North in isolation from the developmental needs of the numerous countries of the South? However attractive and practical this alternative may seem to those who wish to maintain the status-quo, it is highly doubtful that such an option is viable in the long-run. The fact that such a glaringly inequitable situation has characterized the global economic scene for so long does not guarantee that it can continue to survive in the face of current and expected challenges from global demographic trends, wide spread poverty, growing environmental damage, resource depletion, technological developments, and, above all, the persistent quest for human freedom and equality.

North-South Disparity

I hope by now we are all convinced that sustainable development is a long-run concept, that it is highly complex, and that it is only viable in a global context of interdependence. Let us then take a look at the state of existing disparities between the relatively few developed countries of the North and the numerous developing countries of the South. Without boring you with too much data, it is essential to mention a few aggregate statistics. After forty years of bilateral and multilateral cooperation for development, the average per capita income in the developing countries as a group is still only about six percent of the same average in the developed countries of the North. However, as a result of significant improvements in public health, sanitation and medical care, the average life expectancy in the developing countries has risen to about 80 percent of that in the developed countries. This means that demographic pressure on scarce resources in developing countries is steadily increasing not only due to high rates of natural increase, but also in response to the increase in life expectancy.

With more than 70% of the present world population of 5.3 billion and 90% of the expected increase during this decade (estimated at one billion) in the developing countries of the South, population pressure will further aggravate the already intractable problem of poverty in most of the developing world. Of all the well-known impediments to development on a national, regional or global scale, persistent poverty is the most serious threat to the attainment of sustainable development. It is the main source of poor health, illiteracy, chronic unemployment, crime, social unrest and political instability. Yet, to overcome poverty, there is no substitute for implementing effective development strategies aimed at productive employment of human resources. But with less than six percent of the average per capita income of developed countries, most developing countries simply lack the minimum resources needed for a massive attack on poverty. Thus, we have another vicious circle preventing the achievement of sustainable development. To break this circle, developing countries need massive transfers of investment funds from the affluent developed countries. Regrettably, the trend is in the opposite direction.

Due primarily to external borrowing and direct investment in the 1970's, the net flow of resources was positive and in favor of developing countries until 1983. But from that date onward, the net flow became negative at an increasing rate. A sample of 98 developing countries shows that between 1983 and 1988, a sum of \$115 billion has been transferred from their resources to the affluent countries of the North. The total net negative transfer increased from \$0.7 billion in 1983 to \$32.5 billion in 1988. A preliminary World Bank estimate for 1989 shows a net outflow of more than \$50 billion.

In addition to the well-known legal channels of resource movements, developing countries have long suffered from illegal capital flight. An IMF

estimate shows that Africa alone lost about \$30 billion between 1974-85, while Latin America lost more than \$200 billion or nearly the equivalent of half its total foreign debt. At the same time, direct foreign investments in developing countries decreased from \$20 billion in 1982 to \$10 billion in 1986.

In the area of foreign trade, developing countries continue to lose resources due to adverse terms of trade during most of the last four decades. Although most of the world's people live in the countries of the South, their share in total world exports of goods and services are at present no more than 16 percent. The composition of these exports is mainly raw materials of which crude oil is the most important single commodity in terms of value and strategic importance. International prices of raw materials and other commodities exported from developing countries for the last forty years have been mostly on a declining trend either in nominal or real terms or both. They are subject to wide fluctuation in response to market conditions.

Except for oil during the 1970's, the overall terms of trade have generally moved in favor of the importing countries of the North. According to United Nations estimates "primary commodity prices have, on average, declined by about 10% between 1980-88, while international prices for manufacturers rose by some 25%" Even the sharp increase in the price of oil in the 1970s, when seen against the continuous fall in its real price during the previous 20 years and again in the 1980s, did not compensate for the vast loss of depletable hydrocarbon resources at rather low prices for about 30 years.

In the case of foreign debt, developing countries were generally encouraged by various means to increase their borrowings in order to absorb the increasing liquidity generated from the rapid ascent of oil prices in the 1970s. As most of the major oil-exporting countries were unable to quickly

absorb their sudden and vast increase in liquid funds, various international banks and financial institutions took over the task of lending these funds to developing countries, particularly in Latin America. The net result of new borrowing raised the total debt of developing countries from \$58.1 billion in 1970 to \$1.3 trillion in 1988, with an annual interest charge of about \$100 billion. As these loan obligations became due for repayment on a large scale during the 1980s, developing countries as a group became, for the first time in recent history, net exporters of capital despite their desperate need for investment funds to sustain economic development. Often lacking the resources with which to repay their debts, they are generally forced to undertake more borrowings, seek more aid and further deplete their domestic resources at the expense of their development and general standard of living. The net result is even more poverty for the majority of their people, with all the consequences of social unrest and political instability normally common in such circumstances.

New lending to developing countries, whether from commercial banks or multilateral agencies is now stagnant and declining in nominal terms. Thus in 1988, total lending was 18 percent less than the annual lending of 10 years earlier.

The same is true for international aid, with an increasing trend towards bilateralism, various conditionalities and tied aid. In the case of foreign trade, the trend is towards greater economic integration and more trade among the developed countries of the North with a corresponding decline in trade with the developing countries. With recent changes in East-West relations, the prospects are for even greater economic cooperation among the countries of the North which may further weaken the economic position of the countries of the South.

It is evident that the situation of the developing countries as a group is already grave and critical enough. Their annual GDP growth rate has not exceeded one percent during 1980-88 compared with a GDP rate of growth of 6 to 7 percent during the 1970s. Even their present meager growth rate is unevenly distributed, with practically all the growth in GDP concentrated in China, India and South-East Asia. In Latin America, the Caribbean and Africa, economic growth has lagged far behind population increases, leading to sharp declines in per capita GDP for most of the 1980s.

Except for population pressures, all problems mentioned thus far are of an external nature over which the developing countries have little or no direct control. In the spheres of foreign trade, aid, external debt, international finance, technology and war and peace, it is the policies and actions of the powerful industrial countries of the North that generally determine the direction and outcome of all significant events.

The Need for Internal Reforms

However, even if all the major external problems facing developing countries were suddenly solved, most of these countries would still have to undertake basic internal institutional and economic reforms before they could attain sustainable development. First of all, their political systems have to be made more participatory and democratic, allowing for greater individual freedom in politics as well as in economics. Their economic institutions have to be made more efficient, accountable and responsive to the social needs and the enhanced welfare of their people, regardless of whether they are public or private. Their educational systems have to be up-graded and expanded, with improved criteria for selecting the more capable students for higher education while simultaneously providing adequate opportunities for all others and thus moving toward the elimination of illiteracy.

In many developing countries, land tenure systems still need basic reforms with the aim of achieving more equitable distribution of rights and obligations consistent with the needs of a more stable and productive agriculture. Here I would recall the noble aims of the World Land Tenure Conference organized by this great University in September 1951. Raymond J. Penn, who was then Chairman of the Department of Agricultural Economics, was partly responsible for that great and far-sighted initiative. I was fortunate to be the youngest participant in that Conference, which also marks my introduction to the University of Wisconsin. However, despite the significant achievements of that Conference, actual agrarian reform performance in the field has fallen far short of the needs for the development of a modern and efficient agriculture. Thus, nearly forty years after that Conference, most developing countries still suffer from over-concentration of land ownership, tribal land tenure, excessive land fragmentation, absentee landownership or all of these combined.

The skewed distribution of wealth and power in most developing countries is not confined to land. It applies also to the gains from economic development. Almost irrespective of whether these countries have followed public or private systems of ownership, the result has been more concentration of wealth and power in the hands of the few. The persistence of such a state of affairs has further reinforced the dual economy originally inherited from colonial times. The manifestation of this dual economy can be seen in certain parts of the urban sectors with modern hotels, shopping centers and generally affluent consumer groups whose interests and needs are more integrated with the economics of the industrial countries of the North than with their own native land. Almost inevitably, these groups include the political leaders, their relatives and associates and the social elite. The other much larger

and impoverished segment of the society can also be seen in the same urban centers and of course in rural towns and villages. As long as this kind of economic and social dichotomy continues, there will be little prospect for sustainable development to take root.

Creating the necessary conditions for sustainable development in developing countries requires a global program to help these countries undertake the needed domestic reforms. But equally important is the urgent need to implement a global action-oriented program of removing all or most of the external problems facing developing countries. Domestic reforms not only need political will and popular support, they also require the necessary resources and professional competence to formulate and effectively implement the various policies and programs associated with such reforms. That is why sustainable development cannot take root by simply promoting sound environmental management. External problems and constraints associated with foreign debts, trade, aid, technology and the maintenance of world peace have to be successfully confronted. Similarly essential domestic reforms have to be effectively implemented on a much larger scale than has so far been the case in most developing countries.

Another vicious circle

But which should come first: domestic reforms or the removal of external constraints? Here we have another vicious circle: massive external resources and assistance are needed to carry out domestic reforms; however, without these reforms no external help will bring about sustainable development. As a condition for the assistance, bilateral and multilateral aid institutions often demand that recipient countries undertake certain domestic reforms, particularly at the level of macro-economic management. This is especially the case with the IMF and the World Bank. On the face of it, this kind of

conditionality seems reasonable, but in reality it can easily miss the target. The underdeveloped state of the economy of most developing countries is such as to be non-responsive to macro-economic management. Fiscal and monetary measures applicable in the more advanced, highly monetarized economies of the industrial countries are practically irrelevant in dealing with the economic problems of the developing countries. An underdeveloped economy, burdened with excessive poverty, heavy foreign debts and a generally unfavorable internal and external development climate has little or no flexibility to adjust to macro-economic demand or supply management measures. It needs basic institutional reforms and massive infrastructural and human resource investments. These are long-term investments which cannot be achieved via the conventional IMF/World Bank economic adjustment loans.

All this highlights the need for giving developing countries a chance to develop by removing certain external constraints, particularly in the areas of foreign debts and trade, as a condition for their undertaking basic institutional reforms on a sustainable long-term basis. The present drain of financial resources from the developing countries must be quickly stopped and reversed in their favor. The adverse terms of trade for primary commodities should be made more equitable and then stabilized. Developing countries should be encouraged and urged to diversify their exports by giving them greater and more reliable access to industrial country markets. A growing number of developing countries with considerable export capacity and potential can benefit immediately from such a favorable policy. This could help them achieve a status of development whereby they would cease to be aid recipients and join the group of developed donor countries in a global effort to help other developing countries graduate from the list of aid recipients. This was in fact what

happened with the West European countries under the famous Marshal Plan. Once they managed to accomplish the reconstruction of their economies and fully recover from the aftermath of World War II, they quickly became donors and partners in development aid. Prior to that, they were the recipients of massive and highly concessional aid; they also enjoyed a favorable external economic climate, particularly with the United States.

The Experience of Western Europe

Although the example of the Western European countries rather simplifies the case of developing countries of today, it is worth noting some of the significant lessons from that successful venture in development cooperation. First, European countries, despite their relatively developed state of human resources and institutions, had to receive massive concessional aid and investment funds for a long time before they were able to liberalize their economies and become capital exporters and aid-giving nations. In the case of developing countries, where both human resources and national institutions are still largely underdeveloped, there is a greater need for concessional aid on a larger scale and for a longer period of time than was the case in Western Europe. Yet, as we have mentioned, developing countries have for the last seven years made a net transfer to the developed countries of the North of about \$165 billion.

The second lesson to note from the West European experience is the vital importance of regional cooperation and economic integration. One of the chief merits of the Marshal Plan and its most far-sighted vision was the European Community concept. It began with the Coal and Steel Community and was gradually enlarged and carefully developed to include other sectors of the economies of its member countries, including the most difficult sectors such as agriculture,

professional services, finance and money. Initially, foreign aid to European countries under the Marshall Plan was conditioned upon their working together to forge a united front with the United States in the face of the then advancing Communist Doctrine in Europe and the world at large. No such conditionality exists today for giving aid to developing countries. On the contrary, most IMF/World Bank conditionalities require economic and political measures which aim at quick liberalization of the economy and tend to discourage regional economic grouping among developing countries. The same is generally true for much of the tied bilateral aid from the industrial countries.

While many would agree that developing countries, as exporters of raw material, energy and primary products should organize themselves to improve their bargaining position in international markets, there are no specific regional or global procedures for assisting them to do so. On the contrary, we see a trend of resisting and discouraging such schemes. For example, when the oil exporting countries managed to establish OPEC in 1960, and when they were able to gain some control on the price of their exports in the 1970s, the industrial countries reacted with collective vigor against OPEC and what it stood for. It was called a dangerous cartel, when in fact it was simply a loose association of mostly small and fragmented developing countries, heavily dependent on the export of crude oil. This fact was amply demonstrated when the demand for oil began to fall in response to conservation and substitution effects as well as collective demand management through the International Energy Association (IEA). If OPEC really had the characteristics of an effective cartel, it would have responded to such a situation by sharply reducing output and keeping the price at its previous high levels. Since OPEC was treated as a residual supplier, oil importing countries would have had to

buy their residual needs at whatever price set by the exporters. Instead, we saw how in 1986 the price collapsed from \$25 to less than \$6 a barrel in a relatively short time.

Thus while most developing countries are struggling as a group of competitive exporters of few primary commodities and as importers of many consumer and capital goods, they face modern and well-organized markets in the industrial countries. In the case of foreign debts for example, creditor countries and their financial institutions have established two well-organized groups to consolidate their positions in dealing with the debtor countries of the South. Although these two groups display strong features of cartel behavior, they are given the attractive names of the Paris Club and the London Club!

A third lesson from the recent development experience of the West European countries is the general political ideology and framework within which they operate and even compete. Domestically, they all embrace plural parliamentary and participatory political procedures. Externally, they generally agree on the common challenges facing them in foreign affairs and defense needs. Again, the United States was a moving force behind the evolution of this favorable political climate. So far, no such a situation exists in any of the regions of the developing countries. However, there are positive signs that similar conditions may eventually develop particularly in South-East Asia, Latin America and perhaps even the Middle East, if durable peace can be achieved. In any case, the experience of Europe, East and West, proves beyond doubt that sustainable economic development can best take root in a favorable, democratic and participatory political climate.

This leads us directly to a fourth lesson from the European experience. That is the paramount importance of durable peace as a pre-condition for sustainable development. For the first time in its recorded history, Europe enjoyed 45 years of total peace with itself and with its neighbors. With regard to developing countries, Europe's major colonial powers managed, with few exceptions, to respond positively to demands for political independence and gradually replaced their colonial role with new forms of influence and cooperation in which they still play a leading role. At the same time, regional armed conflicts, border disputes and violent internal political struggles continued to multiply within and between many developing countries to the detriment of their prospects for peaceful cooperation and sustained development.

These regional wars and local conflicts found wide encouragement and support during the era of the cold war. From the regional wars in Viet Nam, Angola, Afghanistan, the Middle East, Latin America and other African conflicts, the developing countries were and still are the battle ground for wars by proxy. In the process, they have paid a very heavy price for their participation in terms of scarce resources and human sufferings. Moreover, they lost precious time and opportunities for establishing the conditions necessary for achieving sustained development.

The Global Issues

The great challenges posed by environmental degradation, international finance, trade and external debts, as well as modern technology and peace making have by their nature become the global issues of our time. Consequently sustained development itself has become a global concern. The developed countries of the North can no longer expect to sustain their development in isolation from the needs and progress of the developing

countries. Persistent lack of development in the latter will eventually create economic and political conditions that would necessarily hinder and even reverse progress in the developed parts of the world. In other words, in the future, the developing countries may be either a powerful engine for global economic growth and development, or an equally powerful force inducing more armed conflicts and instability throughout the world. Even with the recent accord between the two superpowers and the dramatic political changes taking place in Eastern Europe and the Soviet Union, continued lack of progress in the developing countries will adversely affect economic progress and cooperation among the developed countries of the North. Their export markets will be severely reduced, and their active involvements in the regional conflicts and instabilities of the South will inevitably have strong negative repercussions on their societies as well.

The Geopolitical Structure

If it is agreed that all the great issues affecting sustained development are of a global nature, then the geopolitical structure within which these issues have to be peacefully resolved must be examined. Whatever the constraints within the current structures, they must evolve into a general system reflecting the global interdependence between different regions and among all nations of the world. This will require a major departure from the past which was largely characterized by highly inequitable independent/dependent relationships between the developed and the developing countries. An essential feature of such a departure should be a global and systematic approach aimed at successive narrowing of the economic and technological gaps between developed and developing countries. We have mentioned several areas where urgent action is needed on the part of the two groups of countries. What remains to be examined are the resources required

and the kind of regional and global institutions suitable for implementing global schemes for sustained development.

The magnitude of resources needed for more rapid development in developing countries is huge but not beyond the means of present day global productive capacity. Actually, the main problem is not the provision of resources per se, but rather the difficulty of mobilizing sufficient political will and popular support for more rational and productive allocation of resources. For example, a mere 10 percent reduction in global military expenditure would provide an annual sum of about \$100 billion for more sustainable development. A 50 percent reduction in the total external debts of developing countries would provide another \$50 billion per annum. These two measures alone, if properly directed towards productive investment would reverse the flow of financial resources in favor of developing countries to the tune of \$100 billion per year. That would be sufficient to generate new investments and high rates of economic growth in many developing countries. Such investments will generate higher purchasing power and thereby expand the export markets of the industrial creditor countries. At the same time, these two measures would not require higher taxes in the developed countries of the North.

Although a global consensus and an appropriate plan of action are needed for the effective implementation of these two measures, much of the power for action rests in the hands of the affluent creditor countries and their financial institutions. They must be convinced that such a global and far-sighted action is in their long-term interest. With the present and expected state of global interdependence, it should not be too difficult to realize that sustainable development requires, among other things, a higher rate of economic growth in developing countries, which in turn, clearly requires a much higher rate of productive investments.

Fortunately, for the first time in the last four decades, we have a steady and promising trend towards the reduction of global tension and regional conflicts. The radical and sudden improvement in East-West relations should reduce and eventually eliminate the alleged need for the arms race and the so-called balance of terror. Instead, we should have an intensive race for global sustainable development based on a balance of regional and global interests and responsibilities. Although it is likely that many bilateral and regional conflicts will remain unresolved for sometime to come, the rapid transformation of East-West relations from confrontation to cooperation should promote a more peaceful approach to all regional disputes. In such a favorable situation, the United Nations would become more effective in performing its original function of peacemaking throughout the world.

The Secretary-General of the United Nations, Mr. Javier Perez de Cuellar explained this favorable global trend in his address to the International Relations Club in Warsaw, Poland on 25 April 1989, when he stated:

The progress achieved (in the settlement of inter-State conflicts) over the past year has been made possible by a combination of two circumstances: the emergence of a measure of political consensus in favor of the settlement of regional conflicts, and the availability of means at the United Nations for translating that consensus into reality. If the United Nations has been closely associated with recent successes, it is because it has been able to facilitate the expression of the new political will to put an end to regional conflicts and to offer parties the impartial assistance that they require in making and keeping peace.

Continued progress in the resolution of regional conflicts through peaceful means assisted by the United Nations would lead to progressive reduction in military expenditure in the developing countries. For example, a 25 percent reduction in the total military budget of the developing countries would provide about \$50 billion per year which is more than ten times the annual additional investment needed to achieve full primary school enrollment for all the children of the world. In this connection, the Administrator of

the United Nations Development Program (UNDP), Mr. William H. Draper III, recently presented a strong case for reducing military expenditure of developing countries. In his address to the World Conference on Education for All held in Thailand 5-7 March 1990, he stated the following:

Special attention should go to reducing military spending in many developing countries. Their arms outlays have risen nearly three times as fast as in the industrial nations in the last 30 years and are now approaching 200 billion dollars a year. Developing countries as a group are devoting 5.5 percent of their total GNP to military spending. That is significantly more than the 4.8 percent spent on education and health combined. In many developing countries (some of them among the very poorest), military spending is two or three times greater than the investment in school teachers. And, for the developing world as a whole, soldiers outnumber physicians by a ratio of eight to one. Surely, in the changed climate of the 1990s, more rational choices should become possible.

I would add that such rational choices should not only become possible, but rather inevitable if the present change in East-West relations would lead to a general sense of global security and greater awareness of the need for more rapid and equitable global economic and social development. In that case, a more substantial reduction in military spending of industrial countries during the 1990s and beyond would free additional resources. The importance and relevance of such a basic change to the needs of global sustainable development are obvious. What is less obvious, however, is how to proceed towards reaching consensus regarding the necessity for a radical change in direction.

Forty years ago, at the time of the World Land Tenure Conference, the global geopolitical scene was quite different from what it is today. The United States was the sole global economic power, possessing almost complete monopoly on the financial resources and technology needed for development. Europe was just beginning to cope with the aftermath of a devastating war which resulted in a sharp division between East and West. Although the Soviet

Union emerged out of the Second World War as a military superpower it was never able to compete with the United States and other advanced economies in the field of economic growth and technological development. In any case, the Soviet Union and Eastern Europe formed a geographic and ideological bloc while the United States, Western Europe and Japan formed another bloc. The rest of the world was divided between different spheres of influence of the two opposing blocs.

Most of today's developing countries were still under direct or indirect colonial rule of West European countries, particularly Britain and France. While movements for independence in nearly all these countries began long before the outbreak of World War II, it was not until the end of that war that they began to achieve in one form or another, a formal political independence. However, as most of them were dependent on external economic and technical assistance they provided a vast and fertile battlefield for the cold war between the two opposing blocs of East and West. Since in that kind of a confrontation there was no possibility for global cooperation and interdependence each bloc, lead by its most powerful member, concentrated its efforts on building its common defenses based on similar economic and political systems. As the developing countries increased in number and as they felt the increasing pressure of the cold war they began to form a third bloc, whose objective was to avoid, as much as possible, formal alliance with either of the two opposing blocs. That was the beginning of the movement of Non-Aligned Nations.

The adverse impact of the cold war on the performance of the United Nations was evident from the start. With the two opposing blocs confronting each other on all major regional and global issues, the United Nations was not able to function as the center for peaceful resolution of conflicts and the

principal vehicle for economic and technical cooperation among nations. In such a situation, each of the opposing blocs sought to further consolidate its military and economic power while the developing countries continued to struggle against various forces of economic backwardness, internal political instability, regional conflicts and cold war tension. Small wonder that so many of them had little or no chance for true nation building. The United Nations, with all its defects, was the only outlet for expressing their needs and grievances. But because of the impact of the cold war, they were not able to generate the necessary response. Nevertheless, all members of the United Nations, even at the height of the cold war, were in general agreement regarding the need to protect the universal identity of the organization and to preserve its moral and professional integrity for future generations. In retrospect, that was a great achievement.

Today, we are fortunate to witness the beginning of some fundamental changes on the global geopolitical scene. In East-West relations, ideological confrontation is being replaced by a promising trend of economic and technological cooperation. In the case of North-South relations, there is growing awareness of the high degree of interdependence between developing and developed countries as well as among developing countries themselves. Instead of only one global economic power forty years ago, we now have the European Economic Community and Japan, competing for equal status with the United States. The Soviet Union has the potential of joining the rank of global economic powers once it manages to re-structure its economy towards a more efficient and open market system. The countries of Eastern Europe, once they get settled in their new directions, may well form a viable bridge between the Soviet Union and the EEC.

Among the developing countries, India and China are already major regional economic powers and they have the potential to become global if they can manage to contain their population growth and continue substantially to increase per capital outputs during the 1990s as they have done in the 1980s. The ASEAN countries have made significant economic progress in recent years. As a group, they have the potential to become a major economic force in support of sustainable development in Asia. In Latin America, Brazil and Argentina are already regional economic powers. If the principal Latin American countries could manage to establish a common market they would have the potential, as a group, to become another global economic power. Africa and the Middle East are the only two major regions of the world where conditions for peaceful economic integration remain relatively unsatisfactory. This is not necessarily due to a lack of natural resources, on a regional basis, or to a lack of desire for development. Rather, it is primarily because of several unresolved bilateral and regional conflicts as well as serious internal problems of a political, social and economic nature. Excessive political and economic fragmentation in these two areas has contributed to the persistence of internal and external problems facing each and every country (big or small, rich or poor).

Previous attempts at political cooperation and economic integration in these two areas have generally failed, but it is hoped that recent trends towards sub-regional grouping among the Arab countries will succeed. Certainly, a peaceful solution to the Palestinian-Israeli conflict, which guarantees Palestinian rights to self-determination, will remove a major obstacle to sustained economic development in the Middle East. Similarly, a final settlement of the Iraq-Iran conflict will enable the two neighboring countries to devote their full attention and sizable resources to productive

investment, which in time may lead to lasting economic cooperation between them. After all, who could have expected fifty years ago that the end of World War II would be the beginning of permanent cooperation and integration between Germany and France?

For Africa, there is pressing need for renewed regional and sub-regional cooperation within and between different regions. The aim of such cooperation should be first to settle bilateral conflicts, internal instability and put an end to apartheid. Only then will sustainable economic development have a chance in Africa.

A New Outlook

As one looks to the future, one can see a new global geopolitical structure emerging. It is a multi-polar system reinforced by several regional economic powers, which will eventually compete for global status. A peaceful evolution of such a system should lead to a more balanced global structure based on a series of bridges and linkages of global interdependence: human rights and freedom, energy and environmental management, international trade and finance, modern communication, and science and technological development. These constitute the main pillars and bridges of present and future forms of global interdependence. If managed properly within a global and regional framework they can lead to global sustainable development. On the other hand, if these strong linkages and bridges become the object of sheer competition between different economic power blocs regardless of the over-all needs and interests of equitable, global, sustainable development, then the world may simply face a new era of regional and global confrontation.

In the case of energy, particularly oil and gas, much benefit can be gained from systematic cooperation between producers and consumers. For several decades, the international oil industry was totally in the hands of

the industrial countries and their transnational companies. During that period huge oil reserves were discovered and exploited, but the oil-exporting countries received very little return for the depletion of their most important natural resource. The result was eventually a strong reaction against this situation which led to a series of nationalizations and take-overs by the host countries. This was followed by a sharp increase in oil prices in the 1970s which contributed to a wave of economic instability and general mistrust between exporters and importers of oil. Then, as demand for oil declined and as producers could not agree to distribute the reduction of sales among themselves, the oil market came under the control of the buyers. This is still the situation today. However, as excess production capacity in the oil-exporting countries is progressively utilized, with no significant expansion in sight, and as the demand for oil continues to increase, particularly in the developing countries, oil prices may again undergo a rapid increase. The net result of such a situation will be a repetition of successive cycles of confrontation and economic instability during which global sustainable development cannot endure.

Clearly, there is a pressing need for a regional and global system of cooperation based on durable interdependence between producers and consumers of oil, gas, coal and other forms of energy. If we take the case of oil and gas, which still constitute about 65 percent of all energy consumed today, we find that the three continents of developing countries (Asia, Africa and Latin America) are all net exporters while the OECD countries are net importers. It is expected that as the Soviet Union further develops and diversifies its economy it will greatly diminish or even cease its exports of oil. At the same time, developing countries, including the oil-exporters, are expected to increase their consumption of oil if they manage to raise their output of

goods and services and improve their standard of living. If all that happens, without significant new investments in the development of conventional and new source of energy, then the world could certainly face a global energy crisis by the end of this century. Oil would just be too short of a bridge to reach global sustainable development for the post-oil era. This would be true for oil exporters as well as importers. This is a clear case where sustainable development can only be achieved through an adequate system of global interdependence. The same argument can be made for environment, trade, finance and technology. In all these cases there are urgent needs for adequate institutional frameworks at the regional and the global levels. As we have seen, the industrial countries have long managed to establish their viable regional institutions. In the case of Western Europe the Single European Act will by the end of next year provide for a fully integrated common market. The OECD establishment includes in addition to all members of the EEC the United States, Japan, Canada, Australia and other countries. For cooperation in the field of energy there is the International Energy Agency. In the case of defense needs there is the NATO Alliance.

For most developing countries we still have no clear cut lines of direction regarding their regional institutions. Despite some significant achievement in certain parts of the Third World there are still many regional conflicts and bilateral disputes awaiting settlement. Their peaceful resolution should be a top priority on the global agenda for this decade. Advanced industrial countries should be able to realize that stable regional institutions involving developing countries would make significant contributions to world peace and global sustainable development.

At the global level, the United Nations is still our best hope for a viable institutional system of cooperation and interdependence among nations.

Although membership has increased nearly four fold since its establishment and although there are wide variations in the size and strength of its members, its vital role in dealing with global issues is generally recognized and accepted. Whatever defects the United Nations system may have, they can all be corrected through a collective spirit of cooperation and consensus aiming at sustainable development. The promotion of viable regional institutions among developing countries to balance the regional institutions of developed countries would enhance the effectiveness of the United Nations as a global center for negotiations, cooperation and settlement of disputes. In this connection, I would quote from an article by Norman Cousins, former editor of The Saturday Review, which appeared in the Christian Science Monitor of February 20, 1990, in which he says: "Auspicious events are erupting all over the globe. If these gains are not to be lost, the UN will have to be truly institutionalized. The UN is not only the best candidate for enduring peace, it is the only candidate we have".

In this connection, may I conclude by stressing the vital and pioneering role of Universities and other Centers of learning and research. If global ideological confrontation and narrow nationalism are out of date, then there is an urgent need for worldwide recognition of the necessity for global cooperation for sustainable development based on a spirit of internationalism in place of nationalism and multilateralism instead of bilateralism. Surely, the University of Wisconsin, with its rich heritage in social science and global vision is in an excellent position to make new and significant contributions in this direction. This would indeed be in the best tradition of this great institution and in line with what Raymond J. Penn and Mahmoud ElShafie wrote in 1978. From their contribution to the Wisconsin Seminar on Natural Resource Policies in Relation to Economic Development and

International Cooperation, I quote:

Nation - states, rich and poor, can face up to the existing limits on growth of production and consumption to stock resources by mutual cooperation for mutual benefit. Nations must share the cost of resource depletion through use and must divide the accrued benefits from use on an equitable basis.

Isn't this, ladies and gentlemen, part of the essence of sustainable development through global interdependence?

Thank you!