

JOURNAL FÜR ENTWICKLUNGSPOLITIK (JEP)

Gefördert durch das Bundesministerium für Auswärtige
Angelegenheiten, Sektion VII

Herausgeber: Mattersburger Kreis für Entwicklungspolitik an den Österreichischen Universitäten

Redaktion: Klaus Derkowitsch, Manfred Horvat, Franz Kolland, Herwig Palme

Redaktions-
adresse: Journal für Entwicklungspolitik, Resselg. 5/25
1040 Wien, Tel.Nr.: (0222) 65 42 96

Medieninhaber
(Verleger): SÜDWIND - Buchvertrieb für Entwicklungspolitik Ges.m.b.H.,
Tuchlauben 13, 1010 Wien

Preise: Einzelheft öS 50,-/DM 9,-;
Jahresabonnement (4 Hefte) öS 180,-/DM 32,-;
Für Studenten mit Inskriptionsnachweis: öS 120,-/DM 22,-;
Abonnement für Mitglieder des Mattersburger Kreises: Ordentliche Mitglieder (inkl. Jahresbeitrag) öS 250,-; Studentische Mitglieder (inkl. Jahresbeitrag) öS 150,-.

Bestellung
bitte an: SÜDWIND - Buchvertrieb für Entwicklungspolitik Ges.m.b.H.,
Tuchlauben 13, 1010 Wien (Eingang: Kleeblattgasse 4), Länderbank, Kto-Nr.: 219-103-930

Alle Rechte vorbehalten. Auch Übersetzung und fotomechanische Vervielfältigungen (Fotokopie, Mikrokopie, Microfiche) von Beiträgen oder Teilen daraus bedürfen der vorherigen schriftlichen Zustimmung des Verlages.

Graphik: Peter Jurkowsch

Offenlegung nach § 25 Mediengesetz: Medieninhaber: SÜDWIND-Buchvertrieb für Entwicklungspolitik Ges.m.b.H., 1010 Wien, Tuchlauben 13. Geschäftsführer: Günther Raunjak, Dr. Heinz Gabler. Aufsichtsrat: Ulrich Trinks, Martin Jäggle, Dr. Guido Rütthemann, Gerhard Kofler, DVW. Ulrich Pleger, Wolfgang Schindegger, Manfred Schmid, Gesellschafter: Österr. Informationsdienst für Entwicklungspolitik, Institut für Internationale Zusammenarbeit und andere. Grundlegende Richtung: Wissenschaftliche Analysen und Diskussionen von entwicklungspolitischen Fragestellungen und Berichte über entwicklungspolitische Praxis.
Verlags- und Herstellungsort: Wien

ISBN 3 900592 00 4

JOURNAL FÜR ENTWICKLUNGSPOLITIK (JEP) Heft 1, 1985

Seite

Vorwort des Herausgebers

..... 1

Editorial

..... 2

ARTIKEL

Relief Instead of Development Aid

.....Gunnar Myrdal 4

Reflecting on Development: Insular Theories

and Global PretentionsArora Satish 13

OPEC - The Making and Breaking of a "Monopoly"

.....Kunibert Raffer 25

BERICHTE

Bedingungen für die Förderung von Bildungspro-

jekten im Rahmen der österreichischen EntwicklungshilfeHermann Spirik 43

Das Herumdoktern am "freien Markt Universität"

als BildungshilfeWolfgang Pumpernig 48

Ausländerstudium im Spannungsfeld zwischen Entwicklungs- politik und akademischer Solidarität

.....Manfred Nowak 52

Neun Thesen zum Ausländerstudium in Österreich

.....Harald Dossi 73

BUCHBESPRECHUNGEN

..... 78

Gunnar Myrdal

RELIEF INSTEAD OF DEVELOPMENT AID *)

For several years I have been in the process of rethinking my attitude towards Swedish aid to underdeveloped countries. In the course of a discussion about quite other things, I happened to give vent to my more recent thinking on this matter, and have been asked to explain more fully my changing views. Unfortunately, other pressing work prevents me from writing a detailed and documented account of these new thoughts. I shall, therefore, restrict myself to a few cursory remarks.

In the beginning, i.e. several decades ago, the program laid down for Swedish development aid had my full approval. Our aid, in contradistinction to that of almost all other affluent countries, was not tied to our exports. We also wanted to support the United Nations and let the larger part of Swedish aid be processed through their various aid organizations. Our aid was meant to further development in underdeveloped countries.

The chief reason for my changed attitude is my knowledge of the utter poverty of the masses in these countries, which is exacerbated when, as often happens, catastrophes occur. The poor, and particularly the victims of such catastrophes, need all the help we are able to give.

I am happy that what Sweden, together with the other Scandinavian countries and the Netherlands, give in aid has long since reached the magical figure of 0.7 cent of GNP, and in Sweden's case has even exceeded it. I certainly do not want our aid to be reduced. On the contrary, I would like to see it increased.

*) Dieser Artikel wurde uns freundlicherweise vom Autor zur Verfügung gestellt und ist eine Übersetzung eines Beitrages für Ekonomisk Debatt, 8 (1980) unter dem Titel: "Noedhjælp i stället för utvecklingsbistånd".

Seen in relation to the overwhelming need in the world today, our aid will nevertheless not go very far in meeting this need, especially as the big industrial nations, the United States, West Germany and Japan, and even, one may add, a selfish little rich country like Switzerland, give so little. In many ways, the official aid figures given, particularly by America, are also falsified and must in a realistic analysis be heavily discounted.

It is true that in a situation where we ourselves consume more than we produce, we are giving our aid with borrowed money so that in this way we are burdening our children and grandchildren with the repayment. But if we do not continue to completely mismanage our economic policy, which we may well do, even our descendants will be much richer in comparison with the poor masses of people in the underdeveloped countries.

Poverty on the increase

As I see it, poverty in the underdeveloped countries is extreme. My friend McNamara in the World Bank is in the habit of talking about "absolute poverty". And I anticipate that it will become even worse, especially in the poorest of the poor countries.

The rise in oil prices, which I fear is going to continue, hits the underdeveloped countries especially hard, even though they themselves import very little oil.

The population explosion is continuing, and will have repercussions long into the future. Those who will enter the labour force in the next generation are already born or soon will be.

Arable land is diminishing. The forests, which are so important, not least for the climate, are being despoiled, and there is no effective reafforestation.

There is also a great shortage of latrines and it is difficult to get people to use those that do exist. The scarcity of clean water is increasing on account of the population explosion.

Famine is the worst problem. There are indications that the children who survive starvation suffer from retarded brain development and will become a hopeless subclass of intellectual cripples. This increases the damage caused by the lack of education or the wrong kind of schooling.

Let me here interject that I greatly mistrust the accuracy of the GNP figures for underdeveloped countries, figures which are used uncritically not only by politicians and journalists, but even by economists. I do not believe the official statistics to the effect that average incomes have increased by some tenths of a per cent in the impoverished African states south of the Sahara. We economists have never developed that scepticism towards figures which is such a fine tradition among demographers. Few of us have bothered to check whether the concepts fit and how the figures are arrived at.

The recent general agreement in the affluent part of the world that the aid should in the first place go to the neediest of the poor countries has not been followed up.

The only development aid from Sweden - besides poverty and catastrophe relief - that in this situation I am prepared to be in favour of is aid to forestall situations of need: what we can do by the simplest means to raise the production of food and improve its preservation, to extend the use of sanitary facilities, to provide for pure water, and as far as possible to improve health care for the children of the poor and provide them with somewhat more of proper schooling. This, together with the provision and spread of contraceptives, can well claim that whole part of our aid which could be called development aid. I am of the opinion that we should discontinue aid for industrial development projects.

Exploitative regimes

This attitude is also strengthened by my knowledge of the present regimes in most underdeveloped countries. Nearly all of them are ruled by a small exploitative upper class, and often the governments are military dictatorships.

But even in a country like India, with a voting participation higher than in the United States, the politicians and administrators are often corrupt, and leave the poor in the lurch. And even in poverty-stricken Africa, the small states are ruled by corrupt, exploiting cliques. Especially in the former French colonies, these cliques have often been directly favoured by French aid, which - at least on paper - has frequently been quite high.

The influence of American policy on the development in Latin America is well known. During the presidency of Jimmy Carter some half-hearted attempts were made to reverse this policy. But one of the more reliable prognostications that can be made about Reagan's presidency is that in this respect American policy will resume its traditional role, i.e. to support reactionary regimes, and indeed to overdo it.

The need for land reform has been played with almost everywhere, and almost everywhere land reforms have not been carried out or have been bungled. Landless people have increased in number. The 17th century "reductions" by the Swedish king Karl IX could be called radical in comparison with land policies in the underdeveloped countries.

Many of these countries are now increasing their expenditures for armaments quite substantially. Development aid of the usual type helps them to save money in their planning efforts that they can then invest in military buildup.

Corruption is growing

Nearly everywhere, corruption, especially on the higher political and official level, is widespread and expanding. Before I devoted a whole chapter in my *Asian Drama* to the theme of corruption it was quite usual for some American economists to claim that corruption was promoting development by "greasing the wheels".

The opposite is actually true: corruption severely hinders development, since bribery involves the stopping of something - the refraining from opening a gate, or blocking a paper from going through the normal channels on the lower level. At the same time, even if the custom of giving and

taking bribes has permeated the whole society, the big bribes go to politicians and higher officials. It thus becomes one more way for the exploitation of the poor masses by the upper class.

The industrial companies in the affluent nations that export to the underdeveloped countries or carry on business there have themselves strongly contributed to this corruption, though it surely does not further their collective interest. I could say a lot more about this and especially about how the problem appears to Swedish industry, but that will have to wait for another opportunity.

Economists in our academic establishment have reverted to the practice of never mentioning the word "corruption".

All underdeveloped countries, however different they are, now join together in a common demand for a "new international economic order". One great world conference follows another, with minimal results - if any - except great costs to the poor countries for sending delegations and paying for lavish entertainments. But no representative of the affluent countries raises the question of whether there would not be a need at home for a "new order" in these countries that are asking - and surely needing - aid. The politicians in our governments, on this point, have their counterparts in the literature produced by ordinary economists.

The truth is that in order to get the sort of development we would wish, the thing needed is not distributional reforms by transfers of money via taxes and subsidies of the kind that might be effective in developed countries; what is needed is thorough institutional reforms. Land reform is only one part of the necessary reforms. Above all, I should like to say, an effective fight against corruption is required. But, very often, members of the government themselves are corrupt.

A harder line

To return to the aid problem: in the first place we cannot help noticing that the underdeveloped countries unanimously demand the right to decide themselves on the form and use of the aid. They want to fit it into their

"plans". It is natural, after what I said about their regimes, that then the aid will very seldom be used to help the poor.

The underdeveloped countries' demand to decide themselves about the use to which the aid is put has been accepted more or less completely by the United Nations' UNDP. At the same time, the whole organization is dominated by the bargaining between the delegates of these countries and their intrigues. This is the reason why I do not regret Sweden reducing the share of its non-bilateral aid. More and more, we want to decide ourselves where the aid is to go and, most important, what form it is to take.

I certainly do not want our aid to be curtailed. But I want to change its character: It should be more of the type that is given by the Red Cross, Save the Children Fund, Lutheran Help, etc.

In Bangladesh, where the rich countries naturally rushed to give pure relief aid and the World Bank, with the same intentions, to give agricultural aid, we experienced the theft of this aid by the ruling upper class and the intermediaries. And the World Bank's agricultural aid has in reality supported the landowners and increased the number of landless people - which was exactly the opposite of what was intended.

In order to have any real guarantee that at least our poverty and catastrophe relief is not being stolen by those in power and intermediaries of all kinds, I recommend our following a more critical and harder line in our dealings with the regimes of the recipient countries. I could even think that we should have sufficient of our own personnel out there, if not for the actual distribution of aid, at least for strict control over where it is going.

By speaking a more direct language with the regimes, we would also support that minority of intellectuals who refuse to be corrupted and for the most part vainly fight for the radical institutional reforms that are needed.

I, for my part, even approve of aid to liberation movements against oppressive regimes when it transpires that they have a chance to become both firmly established and popular.

In Nicaragua, for example, the people have risen up against an especially

nasty regime which was supported by the USA. A new government has come into power and it looks as if it both wants and is able to pursue a policy that is in the interest of the people. It also had the wisdom to quickly start a literacy campaign. In this case, I would even support "development aid".

And there is the miserably poor and backward Tanzania that happens to have the idealist, Nyerere, as a "philosopher on the throne". I think we should render him assistance and advice, even although he has not succeeded in stamping out corruption.

No to tied aid

On the other hand, I cannot approve of a changeover to tied aid. In practice this often takes the form of industrial development aid planned in conjunction with the respective government. This kind of aid I would like to see transformed into aid which would help the poor directly.

Generally, I should like to keep our industrial policy free from charity. Our exporting industries should earn money to better our balance of payments. I think it unwise not to strictly adhere to that distinction and avoid letting industry sponge off our policy of international aid.

To help industry in its business with less developed countries, there are good reasons for having means of securing and insuring export credits. But this activity ought to be run as closely as possible according to the principles of economic insurance calculation.

It is easier for me to see an advantage in combining our aid policy with our agricultural policy. Our aim has been a balanced agriculture producing what we need. As long as prices on the world market are below those we are prepared to pay our farmers, we have to dump the surplus abroad. Our interest, therefore, has been to hold down our food production in order to have as little surplus as possible. If our development aid policy is changed to chiefly famine relief in the underdeveloped countries, I see some reasons to support a boosting of our agricultural production.

Misguided research

Finally, let me say that I am conscious of the fact that I myself have participated in staking out the principles of our aid policy long before we had a NIB and later on SIDA. At that time my expectations of what would happen in the political and institutional field in the underdeveloped countries were much more hopeful. But now these conditions in general have degenerated. Through continued study I have gained greater insight into the problems. I do not think that I have to feel myself as an opponent and critic of SIDA and its aid workers. I should be very much mistaken if many of those working in SIDA are not rethinking the problems in the same way as I am doing.

Our aid workers are of two types. One type is the thoughtless species that enjoy having had an exotic experience at a high salary, which some of them were able to increase by exchanging their money on the black market. Furthermore, they often had the possibility of getting tax-free gasoline, spirits and tobacco and of having a lot of easily obtainable servants. I am not interested in their opinions.

The other type are the field workers who have become deeply troubled about what they have experienced and have started to think along similar lines to those I have been trying to outline. I have met many people of that kind.

I have stronger reason to feel dissatisfaction with my younger colleagues in our tight little establishment of economists who deal with what we call in Sweden "u-landsforskning" (research on underdeveloped countries). It seems to me that they have abstained from seriously attempting to evaluate realistically the effects of class structure and the power over policies in these countries.

As a matter of fact, I have participated in the debate about the underdeveloped countries since the problem first became evident after the Second World War. I credit myself with having raised the debate about the problem of equality as early as the end of the 1950's, not only on the international level but also in these countries. But in the beginning I did not fully understand the extent of the decisive institutional problems.

Later on I did so. The development I observed can be described as follows: the elite upper class that had originally adopted the Western ideal of modernization and propagation of greater equality, particularly in some countries like the huge India, later betrayed this ideal. This development was more and more accompanied by the unfavourable development of the political scene in these states.

My younger colleagues here at home live in a sort of abstract model thinking, which leaves no space for class conflicts and class exploitation.

Let me add that if the new line of our aid policy I am pleading for were gradually put into effect, many aid workers now occupied with industrial projects would return to industry, while many more aid workers of another type would be needed.

A practical question would be how far SIDA - in addition to its job of distributing aid to the Red Cross and other national and international organizations - should directly run its own activity.

I also believe that SIDA should not support a research organization such as SAREC with a rather low academic status. It should leave research entirely to academic institutions.

Something similar applies to financing trips of journalists and others to the underdeveloped countries and other activities with the aim of making our aid policy - and SIDA - popular. All that can in no way be reckoned as genuine aid to underdeveloped countries.

Journal fuer Entwicklungspolitik I, 1985, S. 13-24

Arora Satish

REFLECTING ON DEVELOPMENT: INSULAR THEORIES AND GLOBAL PRE-TENTIONS *)

UNESCO, in cooperation with the United Nations University, convened a meeting of experts in Ulan Bator from August 19-23, 1980, to examine "the role of new theoretical concepts in the development process". In addition, the experts were presented with two more objectives: to discuss development from a regional perspective, so that specific experiences from differing parts of the globe might be compared; and to examine in detail a concrete case of development - the experience of Mongolia - which, according to the agenda of the meeting, exemplified implementation of the theory of "non-capitalist development".

UNESCO's "Secretariat Working Paper" had rather cogently drawn up an agenda that called for, on the one hand, examination of the dominant theories of development; and, on the other hand, an evaluation of the intellectual forays into what are often referred to as "alternative development" frameworks. The scrutiny of this range of theories of development was to be conducted with a sensitivity to the strategies implicit in them. The purpose of the discussions was explicitly declared: "to explore alternative and original paths to a form of development truly centered on man". The context within which any such exploration could take place (it was realis-

*) Dies ist ein Bericht ueber eine Konferenz, die unter der gemeinsamen Schirmherrschaft der United Nations University und der UNESCO abgehalten wurde. Die Teilnehmer waren Vertreter verschiedener sozial-wissenschaftlicher Disziplinen und kamen aus allen Teilen der Welt, aus Industrie- wie aus Entwicklungslaendern, aus marktwirtschaftlich organisierten und zentral geplanten Staaten.