

Chapter 10

Conclusions and Recommendations

10.1 We were commissioned almost two years ago to look at the impact of global change on development. In Chapter 1, we have tried to summarise the most important changes affecting the development process with which we were confronted when we started work; and those which have occurred since. In Chapters 2-9 we have looked at these changes from a number of different points of view. We want now to pick out what seem to us to be the salient points in this earlier consideration; draw conclusions; and bring together specific proposals for action to tackle the problems and exploit the opportunities which we have identified.

Change

10.2 Earlier chapters demonstrate that the pace of change has greatly accelerated in recent decades. The extent to which we have had to accommodate new changes in our analysis in the course of our work has brought this home to us very vividly. What is more, changes in one field often have a bearing on changes in others and can accelerate them further. We have tried to identify the major changes of recent decades affecting developing countries and the development process, some directly, some indirectly. In our efforts to keep our work within an easily usable compass, we have confined our discussion to change whose impact on development is serious and manifest.

10.3 Many of the changes we have analysed affect the external economic environment in which developing countries are trying to earn a living. Anything which affects the world trading system affects them. So do changes in the availability of official development assistance and private

capital. They are self-evidently affected by changes in demand for the commodities on whose export many developing countries rely. And, perhaps most important of all, technological advance is altering the balance of comparative advantage between the industrialised and the developing world, and among developing countries.

10.4 Other changes affect the political and security position of the countries of the developing world. The end of the Cold War has simultaneously brought a reduction in global tension and a new unpredictability. It has reduced super power sponsorship of one side or the other in regional conflicts and simultaneously removed the old constraints which kept such conflicts within bounds. At the same time we can observe a strengthening of commitment to national and group causes and a flourishing of ethnic loyalties, producing tensions just as fundamental as those generated in the past by super power rivalry.

10.5 Even more pervasive than such economic and political change is the impact of technological development. It is changing the nature and organisation of economic activity everywhere, stimulating, for example, the new phenomenon of globalised industrial production. It can alter the balance of effective power between governments and major companies. It is bringing about a steady acceleration in the pace of change. And technological change increases the premium on human adaptability. Those economies which through effective investment in human resources can keep pace with it will flourish. Those which cannot, whether industrialised or developing, will be pushed to the margin of world affairs.

10.6 Yet another category of change concerns the patterns of global management. The international institutions established shortly after the Second World War are ageing. Their evolution has been checked by national rivalries and suspicions, and by institutional inertia. They have not kept pace with the speed of economic, political and technological change. Members of the world community have increasingly committed their fortunes to more limited interest groups. They have sought security in regional groupings and prosperity and influence in economic groupings representative of their own level of development. Once again, those many developing countries unable to adapt or find a place for themselves in these interest groups have been pushed to the margin of concern.

10.7 All these changes in long established areas of consideration have been matched by the emergence of new issues and new approaches. A notable example is the growth of environmental problems and of concern for their solution. Another is the greater attention, stimulated by fear of scourges such as AIDS and drug dependence, to issues of health and substance abuse. Terrorism too is now a preoccupation of almost all governments and peoples. And in the course of our work over the last

two years we have observed a steadily increasing concern about political, economic and environmental refugees and about the brain-drain from developing to industrial countries which, together, may make migration the issue of the 'Nineties. Governments and peoples have, lastly, revisited a variety of old issues such as good governance and the benefits of market forces in a way which has introduced them into the global economic and political debate as major issues of intellectual and philosophical concern.

Interdependence

10.8 In our work, we have learned that the problems and opportunities thrown up by these changes cannot be analysed in isolation. One change in the economic field has an impact on all others in the same field. So does political or technological change, or the evolution of intellectual and philosophical attitudes. Nor is it possible to separate economic from political change, or technological change from the patterns of global management. We can find solutions only if we see these changes as part of a rich, complex, confusing but potentially promising whole.

10.9 All this leads us to a central conviction. It is the belief that humankind has a common and universal interest in solving the problems and exploiting the opportunities which change brings. The changes are inseparable from one another; their impact affects societies at every level of development; and little can be done to address them within the conventional limits of individual societies. Problems and opportunities, issues and priorities can no longer be seen as exclusively, or even predominantly, of concern to North or South.

10.10 Any of the changes and new issues which we have identified can serve to illustrate this proposition. Security, for example, is no longer just a question of political and military capacity to confront national rivals. It can be threatened by terrorists, ethnic challenges within national borders and the demands of particular interest groups. Its enhancement requires economic as much as political and military action. Similarly, environmental change and degradation present a diverse range of issues for attention. Many are soluble only by international action. Effectiveness and equity both demand that this international action should extend to technology and financial transfers from the industrialised to the developing world in the cause of a better environment for us all. Failing that, future Third World development will do as much damage as the activity of the industrialised world has already done to the global environment. Issues such as health, drug production, addiction and trafficking, and migration provide a third illustration of our point. The new health scourges, like the old, do not respect national frontiers. The drug culture links the poor producer to the addict through a global network which exploits human need and human dependency.

And migration, a response to a variety of causes, presents a multitude of problems, soluble only by international action.

10.11 All the issues which we have taken as illustrations and most which we have not stem from a multitude of causes. Solutions to them are equally numerous and complex. But poverty and under-development in the Third World are among the causes of most of them. None is capable of solution without measures which address the need for the Third World to develop out of poverty. In a world which is outgrowing the old limits of geography, some degree of dignity for all humankind is an essential element in any world order which seeks peace, security, stability and prosperity.

Recommendations

10.12 We make no apology for the fact, therefore, that all our recommendations are designed to promote sustainable development and thus enable the poorer countries of the world to take their place in a just, stable and prosperous global system. We address them in turn to the developing countries; to the countries of the industrialised world; and to the international system.

10.13 Developing countries should:

- Promote macro-economic stability and efficiency by reducing budget deficits; pursuing a non-expansionary monetary policy and an open trade policy; reforming the tax system; and reassessing the role of the private sector.
- Improve the climate for domestic and foreign investment and reverse capital flight by promoting market economies and efficient capital markets; by reforming investment approval procedures, exchange control and tax regimes; and by developing physical infrastructure and human resources.
- Promote good governance, in the interests of economic development and as a good in itself; and improve the quality of public administration.
- Cut military spending, making use of the opportunities presented by the ending of the Cold War to redouble their efforts to divert resources to more constructive purposes.
- Develop human resources through education and training programmes and policies which recognise the need to exploit the opportunities offered by technological change; and develop indigenous technological capacities, especially in areas such as agriculture, agri-processing and biotechnology.

- Pursue effective population policies.
- Recognise the importance of environmental policies for sustainable development, and ensure that environmental considerations are taken into account in the formulation of development and energy policies; implement poverty eradication programmes which will help contain and reverse environmental degradation.
- Adopt energy-saving policies and develop diversified and renewable energy sources.
- Recognise the benefits which regional economic integration can bring, particularly where individual countries' size limits their economic efficiency or bargaining strength, and consider new regional approaches to development strategies, while respecting the overriding need for an open global economic system.

10.14 Industrial countries should:

- Adhere strictly to multilateralism in trade policy; and ensure that the growth of regionalism does not undermine the multilateral trading system.
- Recognise the complementarity between aid and trade; dismantle barriers to imports from developing countries; and reconsider their agricultural, industrial, commercial and other policies in terms of their impact on developing countries.
- Ensure that the emergence of new claimants on world savings, such as Eastern Europe and the Soviet Union, does not result in a diversion of official development assistance flows from developing countries; and, recognising that aid performance has been deteriorating at a time when the aid agenda has expanded, double official development assistance and reach the agreed UN target of 0.7 per cent of GNP by the end of the century.
- Exploit the opportunity offered by the reduction in East-West tensions to cut military spending; ensure that part of the resultant peace dividend is devoted to increasing official development assistance; and help others achieve reductions in military expenditure by unilateral and multilateral measures to cut arms sales.
- Implement more effective measures for developing countries' debt relief; establish fora to pursue comprehensive and equitable burden-sharing arrangements between all creditors and to restructure debt in relation to debtors' capacity to service it; adopt the Trinidad and Tobago terms for debt-distressed low-income countries; and ensure that debt relief is not extended at the expense of flows of official development assistance.

- Remove impediments to the transfer of technology for development, on affordable and in some instances concessionary terms.
- Take immediate and more effective action in conserving the environment, recognising that their own economic structures and lifestyles are major causes of global environmental degradation.
- Provide concessionary assistance to help developing countries adopt energy-efficient and other sustainable development technologies, bearing in mind the global nature of environmental threats and the commonality of interests in overcoming them.

10.15 The international system:

- The world community should continue to seek systems of global security which in time might render national systems and alliances redundant; strengthen the capacity of the United Nations to resolve conflict and respond effectively to threats to national security; and promote a more comprehensive concept of security that takes into account economic and social development, human rights and environmental concerns.
- The Uruguay Round of multilateral trade negotiations should be carried to a successful conclusion. The GATT system should be strengthened and mechanisms established for resolving conflicts in new areas such as the trade-related aspects of intellectual property rights (including technology transfer), services, and the environment.
- The major industrial countries, in their collective consideration of economic policy in fora such as the G7, should give due attention to the effects of their policies on developing countries; and they should widen their consultative processes to include the views of developing countries. The role of the IMF in the surveillance of industrial countries' policies should be enhanced.
- Member states of the IMF should strengthen the Fund's compensatory financing capacity to provide greater protection for the developing countries from the adverse effects of industrial countries' economic policies; from fluctuations in commodity export earnings; and from unforeseen economic and natural shocks such as drought and natural disasters.
- The present IMF arrangements for compensatory finance to ameliorate the impact of oil price fluctuations should be similarly strengthened. The inclusion of the oil import element in the IMF's Compensatory and Contingency Financing Facility should be made permanent.
- International support for efforts to increase developing country export earnings from commodities, by such means as diversification,

increased processing, quality improvement and research, should be enhanced.

- The international financial institutions should pay special attention to the needs of small states, which face particular economic vulnerabilities due to their size, by adopting more flexible and contingency- oriented criteria in the provision of assistance.
- Member states of the IMF and the World Bank should find ways of addressing the particular problems presented by multilateral debt.
- The case for meeting the liquidity needs of developing countries through expanding IMF quotas and strengthening the role of Special Drawing Rights, both as a reserve asset and as a source of liquidity, should be pursued in view of the commercial banking system's reluctance to lend to many of these countries.
- The design of structural adjustment programmes should pay greater attention to the need for economic growth and poverty alleviation, and should also aim to safeguard budgetary allocations for human resource development and the social sector.
- The world community should recognise its common interest in halting and reversing the degradation of the global environment, and agree to take co-ordinated action to achieve environmental conservation and sustainable development; it cannot afford to let the United Nations Conference on Environment and Development fail; nor should it miss the opportunity which the environment issue provides for taking advantage of the convergence of long-term interests between the North and the South, and embarking upon global discussions on a new agenda based on these changed perceptions and aimed at achieving sustainable development for all.

10.16 We believe that each of the measures we recommend has intrinsic value. But throughout our work we have repeatedly been reminded of the indissoluble links between the issues, changes, problems and opportunities which we have identified. Each measure we have listed can be made that much more effective by action on other recommendations at the same time. To take one chain of relationships almost at random to illustrate our point, we note that any reduction in obstacles to imports from developing countries serves to decrease the dependence of these countries on external finance and to increase their ability to achieve economic growth and reduce poverty while avoiding environmental degradation.

The Way Ahead

10.17 We recognise that the proposals we make above comprise a

formidable list and that including all the lesser recommendations we have made in earlier chapters would lengthen it even further. We recognise also that to carry these proposals into effect will require the sustained exercise of political will as well as concerted action in many fora. Our last recommendation is therefore that the Commonwealth should take an early and sustained lead in bringing all these issues to the attention of governments and institutions. The aim would be to stimulate a wide-ranging debate at many levels, in public and in private, within national administrations, in specialised international organisations, and in bodies which, like the Commonwealth, bring specialised sectors together. We believe that such discussions would confirm our conviction that the world is faced with a new agenda which offers opportunities as well as problems; that development is central to effective action; and that the world community has a common interest in that development. We hope that the debate will prepare the way for a meeting of Heads of Government representative of the global community to focus the world's attention on the impact of current changes on the process of development. They will encounter problems, as we have done. But they will encounter too the opportunities which all change brings. And those opportunities, if seized with courage and conviction, offer dignity to the developing world and peace, justice, security and prosperity to us all.