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DEVELOPMENT: THE MARKET IS NOT ENOUGH

As the 1990s begin, the development debate has all but disappeared in the West. Monumental changes in Eastern Europe and Latin America are widely interpreted as proof of the superiority of development models that are led by the private sector and oriented toward exports. Free-market capitalism is said to have prevailed because only it promises growth and democracy for the battered economies of Africa, Asia, and Latin America. World Bank President Barber Conable summed up this prevailing view in remarks made in February 1990: "If I were to characterize the past decade, the most remarkable thing was the generation of a global consensus that market forces and economic efficiency were the best way to achieve the kind of growth which is the best antidote to poverty."

Ample evidence exists, however, to suggest caution in the face of triumphalism. Warning signs are surfacing in South Korea and Taiwan, the miracle models of capitalist development. After decades of systematic exploitation, the South Korean labor force erupted in thousands of strikes during the late 1980s, undermining the very basis of that country's export success. Meanwhile, decades of uncontrolled industrial development have left large parts of Taiwan's landscape with poisoned soil and toxic water.

Additional evidence reveals extensive suffering throughout Africa, parts of Asia, and Latin America, where privatized adjustment has been practiced for more than a decade in a world economy of slower growth. As the United Nations Children's Fund noted in its 1990 annual report, "Over the course of the 1980s, average incomes have fallen by 10 per cent in most of Latin America and by over 20 per cent in sub-

Saharan Africa.... In many urban areas, real minimum wages have declined by as much as 50 per cent." The World Bank estimates that as many as 950 million of the world's 5.2 billion people are "chronically malnourished"--more than twice as many hungry people as a decade ago.

In Latin America, people are talking about a lost decade, even a lost generation. In Rio de Janeiro, the lack of meaningful futures has given birth to a new sport: train surfing. Brazilian street children stand atop trains beside a 3,300 volt cable that sends trains hurtling at speeds of 120 kilometers per hour. During an 18-month period in 1987-88, train surfing in Rio produced some 200 deaths and 500 gruesome injuries. "It's a form of suicide," said the father of a surfista who was killed. "Brazilian youth is suffering so much, they see no reason to live."

This generalized failure of development in the 1980s is producing a very different kind of consensus among people the development establishment rarely contacts and whose voices are seldom heard. A new wave of democratic movements across Africa, Asia, and Latin America is demanding another kind of development. Through citizens' organizations millions of environmentalists, farmers, women, and workers are saying they want to define and control their own futures. They are beginning to lay the groundwork for a new type of development in the 1990s--one that emphasizes ecological sustainability, equity, and participation, in addition to raising material living standards.

The false impression that the free-market model has triumphed in development is rooted in three misconceptions about the past decade:

- * that the newly industrializing countries (NICs) of East Asia were exceptions to the "lost decade" and continue to represent models of successful development;
- * that socialist command economies in Eastern Europe or the developing world failed principally because they did not use market mechanisms;
- * that the export-oriented structural adjustment reforms that were put in place in much of the developing world have laid the groundwork for sustained growth in the 1990s.

The NICs did achieve the fastest growth rates among developing countries over the last three decades. But as the Berlin Wall was dismantled, the costs of high-speed, export-oriented industrialization were beginning to catch up with South Korea and Taiwan. The foundations of these supposed miracles of capitalist development were cracking.

In South Korea centralized authoritarian development has created a virtual time bomb. From afar, South Korea's spectacular growth may seem to have justified so-called transitional costs like severe labor repression. But many South Korean workers feel differently. Taking advantage of a small democratic opening between

1987 and 1989, more than 7,200 labor disputes broke out, compared with only 1,026 from 1981 through 1986. No major industry was spared; over the 1987-88 period the number of unions increased two and a half times. In perhaps the best known confrontation, 14,000 policemen stormed the Hyundai shipyard in March 1989 to put down a 109-day strike.

The priority of many South Korean workers is not the maintenance of Korea's export competitiveness but rather acquiring what they regard as their overdue share of the fruits from three decades of growth. Indeed, the 45 per cent rise in average Korean wages over the last three years constitutes a central factor behind the erosion of Korea's export competitiveness. As export growth falls, the country is likely to experience its first trade deficit in years in 1990.

While a resentful labor movement threatens South Korea's traditional growth model by demanding greater equity and participation, a powerful environmental movement in Taiwan is challenging the island's fragile social consensus on export-oriented growth. This decentralized multi-class movement comprises consumers, farmers, influential intellectuals, residents of polluted areas, and workers. Although less-publicized than Eastern Europe's environmental devastation, Taiwan's is also severe and results from the same technocratic assumption that "some" environmental damage is the necessary price of economic growth. As it turned out, "some" damage included at least 20 per cent of the country's farmland, now polluted by industrial waste. Dumping of industrial and human waste (only 1 per cent of the latter receives even primary treatment) has been unregulated. Uncontrolled air pollution has also contributed to a quadrupling of asthma cases among Taiwanese children in the last decade.

A growing awareness of these environmental realities has led some Taiwanese to fight back. Citizen actions have halted work on a Dupont chemical plant, shut down an Imperial Chemical Industries petrochemical factory, stopped expansion of the naphtha cracker industry, and prevented construction of a fourth nuclear power plant on the island, thus thwarting the government's plan to build 20 nuclear plants by the end of the century. Large segments of the populations of Korea and Taiwan now reject the path to growth long touted as a model for the Third World. According to one 1985 survey, 59 per cent of Taiwanese favor environmental protection over economic growth.

These points do not mean that South Korea and Taiwan are about to become basket cases. Nor does the argument deny that they experienced periods of economic growth greater than that of most other developing countries. Instead, the evidence demonstrates that both countries can no longer practice a growth strategy based on repression of workers and abuse of the environment. It is now clear that each would have been better off trading some economic growth for more democracy and more ecological sensitivity from the start. Korea and Taiwan hardly serve as exemplary models for development.

While the cracks in the NIC model of development have been largely ignored in the West, the failure of socialism as an agent of development has been overplayed. There is no disputing this model's collapse; one cannot argue with the millions who have taken to the streets across Eastern Europe. Yet an overlay of the NICs experience with that of Eastern Europe suggests a less facile explanation for the failure of socialism than blaming it solely on the suppression of market mechanisms.

During the 1960s in Eastern Europe, the government-led "command" economies achieved growth rates higher than those of the capitalist world, according to a 1984 United Nations Conference on Trade and Development report, while building the infrastructure for further industrial advance. Only the Japanese, who seem less blinded by free-market ideology and more appreciative of the role of a centralized state, have reconciled the two models in a more insightful lesson. As an editorial in the Japan Times argued in December 1989:

Communism has never been a complete failure, nor has capitalism been a complete success. If there are any lessons to be gleaned from the events of 1989, they do not point to a total victory or defeat for either system.... Command economies have the power to jump-start large scale industrialization, but they are unable to maximize efficiency. Such countries expand economically by making huge investments in productive capacity, but they cannot produce efficiently enough to compete with those of the Western industrialized world.

The authoritarian regime in South Korea also achieved spectacular growth rates by practicing command economics. This fact flies in the face of conventional development dogma. Government incentives, subsidies, and coercion fueled the drive for heavy industry in such areas as iron and steel that market forces would have rendered uncompetitive in the early stages. These sectors then built up the infrastructure South Korea needed to become a world-class exporter of such higher value-added goods as cars and VCRs.

South Korea's technocrats enlarged the application of market principles in the early 1980s, whereas the East European economies failed to do so. The South Korean economy's resumption of growth after a brief period of stagnation at the onset of the 1980s and Eastern Europe's slowdown after rapid growth in the 1960s confirm a more complex truth than that purveyed by free-market ideologues: Command economies may propel societies through the first stages of development, but further growth into a more sophisticated economy necessitates a greater role for market mechanisms.

At the same time, there should be no illusions about the adverse consequences of market mechanisms on equity. Both China and Vietnam, for example, have increased agricultural output by freeing market forces. Yet both countries have experienced growing inequalities. While some farmers are getting richer, some consumers are going hungry in the face of rising food prices. Post-1978 economic reforms in China

have increased income inequalities in both urban and rural areas.

Other lessons emerge from Eastern Europe and the socialist developing world. While some of these countries did perform redistributive reforms, providing significant health and education services, they, like the NICs, have failed in the realms of ecological sustainability and political participation. Indeed, proponents of the free market fail to address a common demand coming from the citizens of China, Eastern Europe, South Korea, and Taiwan: Free markets are not a panacea; the average citizen must participate in decision making that affects his or her life.

Most developing countries, however, fall neither into the category of the NICs nor into the socialist world. For the development establishment, the lesson drawn from the experience of the NICs and the socialist countries is that developing countries' only hope rests with exporting their way to NIC status through the purgatory of structural adjustment. Dozens of countries across Africa, Asia, and Latin America have been force-fed this harsh prescription.

Supervised by the World Bank and the International Monetary Fund (IMF), these adjustment packages mandate severely cutting government spending to balance budgets, eliminating trade barriers and social subsidies, encouraging exports, tightening money policies, devaluing currencies, and dismantling nationalist barriers to foreign investment.

Part of the West's sense of triumph flows from a feeling that a worldwide consensus has developed about the necessity of these reforms. But many Western development authorities ignore that this "consensus" has been pushed on developing-country governments with a heavy hand. After borrowing sprees in the 1970s most developing countries ran into debt-servicing difficulties in the 1980s. Creditor banks, using the World Bank and IMF as enforcers, conditioned debt rescheduling on acceptance of export-oriented structural adjustment packages. In fact, many least-developed countries (LDCs) faced serious external constraints on export opportunities--from growing protectionism in developed-country markets to increased substitution for raw-material exports.

The Failures of Structural Adjustment

The strategy urged on the LDCs suffers from other shortcomings as well. Structural adjustment in practice has damaged environments, worsened structural inequities, failed even in the very narrow goal of pulling economies forward, and bypassed popular participation. Now many of the democratic movements expanding across the globe are rejecting the profoundly undemocratic approach of structural adjustment.

Ecological sustainability has been undermined in country after country. In their frenzy to export, countries often resort to the easiest short-term approach: unsustainable exploitation of natural resources. The stories of ecological disasters lurking behind export successes have become common: Timber exporting has

denuded mountains, causing soil erosion and drying critical watersheds. Cash crop exports have depended on polluting pesticides and fertilizers. Large fishing boats have destroyed the coral reefs in which fish breed and live. Tailings from mines have polluted rivers and bays.

One example is the production of prawns in the Philippines. Prawns were one of the fastest growing Philippine exports during the 1980s and are heavily promoted throughout Asia by some U.N. and other development agencies. By 1988, Philippine prawn exports had reached \$250 million, ranking them fifth among the country's exports. The government's Department of Trade and Industry is seeking to boost that figure to \$1 billion by 1993.

Prawn farming requires a careful mixture of fresh and salt water in coastal ponds. Vast quantities of fresh water are pumped into the ponds and mixed with salt water drawn from the sea. But some rice farmers in the Philippines' biggest prawn area fear that as salt water seeps into their nearby lands, their crop yields will fall as they have in Taiwan. Other farmers complain that not enough fresh water remains for their crops. In one town in the heart of prawn country, the water supply has already dropped 30 per cent: Potable water is being rationed. Like many cash crops, prawns do little to increase equity. Invariably, they make the rich richer and the poor poorer, weakening the prospect for mass participation in development. In one typical Philippine province, the substantial initial investment of approximately \$50,000 per hectare limited potential prawn-pond owners to the wealthiest 30 or 40 families, including the province's vice governor, the ex-governor, and several mayors. Moreover, as the wealthy renovated old milkfish ponds into high-tech prawn ponds, the supply of milkfish, a staple of the poor, fell and its price rose.

Structural adjustment hurts the poor in other ways, too. As government spending is reduced, social programs are decimated. One May 1989 World Bank working paper concluded that a byproduct of the "sharply deteriorating social indicators" that accompany contractionary adjustment packages is that "people below the poverty line will probably suffer irreparable damage in health, nutrition, and education." Another World Bank working paper, published in September 1989, on Costa Rica, El Salvador, and Haiti suggested that the concentration of land in the hands of a few, along with population growth, was a major cause of environmental degradation. Skewed land distribution, it argued, pushed marginalized peasants onto fragile ecosystems. However, as the report noted, the adjustment programs in these countries failed to address distributional issues, focusing instead on correcting "distorted prices." In this regard, Taiwan and South Korea offer historical precedents: Their economic success rested on an initial redistribution of the land. Although some recent agricultural policies have been biased against the peasantry, extensive land reforms in the 1950s helped create the internal market that sustained the early stages of industrialization.

The failures of structural adjustment in the areas of environment and equity might appear less serious if the adjustment packages were scoring economic successes.

They are not. The first World Bank structural adjustment loans were given to Kenya, the Philippines, and Turkey a decade ago; none can be rated a success story today. A new U.N. Economic Commission for Africa study has highlighted the World Bank's own findings that after structural adjustment programs, 15 African countries were worse off in a number of economic categories.

None of these examples is meant to deny that developing countries need substantial reforms, that some governments consistently overspend, or that markets have an important role to play. Rather, the lesson of the 1980s teaches that there are no shortcuts to development. Development strategies will not succeed and endure unless they incorporate ecological sustainability, equity, and participation, as well as effectiveness in raising material living standards.

Countries focusing on any of these principles to the exclusion of others will probably fall short in the long run, if they have not already. The World Bank and the IMF, either by ignoring these first three principles in their structural adjustment reforms or, at best, by treating them as afterthoughts, have adjusted economies to the short-term benefit of narrow elite interests. Their fixation on high gross national product growth rates ensures that the costs in terms of people and resources will mount and overwhelm an economy at a later date, much as they have in South Korea and Taiwan.

People Power

While governmental approaches to development are failing across Africa, Asia, and Latin America, development initiatives are flourishing among citizens' organizations. Indeed, a natural relationship exists between the two levels. The failure of governments in development has given birth to many citizens' initiatives.

Popular organizations are taking on ecological destruction, inequitable control over resources and land, and governments' inability to advance the quality of life. And often the people are struggling in the face of government and military repression. Many citizens' groups are pushing for a central role in development-- a concept they do not measure solely in terms of economic growth. At the core of almost all these movements lies an emphasis on participation of members in initiating and implementing plans, and in exercising control over their own lives. Hence, democracy becomes the central theme.

In the Philippines some 5 million people participate in citizens' groups. Alan Durning of the Worldwatch Institute estimated in the Fall 1989 issue of Foreign Policy that across the developing world more than 100 million people belong to hundreds of thousands of these organizations. Official development organizations have difficulty taking these groups seriously and to date act as though they have little bearing on national development strategies. Our research suggests the opposite: The programs and experience of these grassroots groups will form the basis for new

development strategies of the 1990s.

During the past decade, many of the most vibrant organizations have been born in battles over the destruction of natural resources. The Philippines clearly illustrates this phenomenon as various citizens' groups raise ecological issues as a key measure of sustainable development. By some estimates, the destruction of forests and other natural resources in the Philippines has been among the most rapid in the world. The Philippines loses more than 140,000 hectares of forest a year, leaving only 22 per cent of the country covered with trees--versus the 54 per cent estimated as necessary for a stable ecosystem in that country.

But out of the Philippines' devastation dozens of environmental groups have sprung up, with farming and fishing communities at their core. The largest and most influential is Haribon (from the Filipino words "king of birds," a reference to the endangered Philippine eagle). Haribon matured in a battle to save Palawan, an island that contains the country's most extensive tropical rain forests. A local citizens' group evolved into a Haribon chapter and took on the wealthy logger whose forest concessions control 61 per cent of Palawan's productive forests. Among other strategies, Haribon launched a nationwide campaign to gather a million signatures to save Palawan's forest. In 1989 Haribon also joined with other Philippine organizations (more than 500 by April 1990) to launch a "Green Forum" that is defining what equitable and sustainable development would involve at both the project and national levels.

By the end of the 1980s, thousands of organizations across the developing world were campaigning against timber companies, unsustainable agriculture, industrial pollution, nuclear power plants, and the giant projects that many governments equate with development. In 1989, 60,000 tribal people, landless laborers, and peasants gathered in a small town in India to protest a series of dams in the Narmada Valley to which the World Bank has committed \$450 million. On the other side of the world, Brazilian Indians from 40 tribal nations gathered that year to oppose construction of several hydroelectric dams planned for the Xingu River. Soon thereafter, Indians, rubber tappers, nut gatherers, and river people formed the Alliance of the Peoples of the Forest to save the Amazon.

In struggles over the control of resources, many also have ended up challenging powerful entrenched interests and inequitable structures. It is in this context that the president of Haribon, Maximo Kalaw, summed up the struggle over Philippine forest resources: "In the past fifteen years we have had only 470 logging concessionaires who own all the resources of the forests. The process created poverty for 17 million people around the forest areas."

In addition to ecology and equity, people's organizations have acted on the inability of governments to meet the most basic human needs and rights outlined in the U.N.'s International Covenant on Economic, Social and Cultural Rights: the rights to "adequate food, clothing and housing." All over the world, informal economic

institutions have sprung up to fill the economic void left by cuts in government spending. Development analysts Sheldon Annis and Peter Hakim have filled a book, *Direct to the Poor* (1988), with examples of successful worker-owned businesses, transportation collectives, peasant leagues, micro-enterprise credit associations, and other citizen initiatives across Latin America. Africa specialist Fantu Cheru, in his 1989 book *The Silent Revolution in Africa*, refers to such groups in Africa as participants in a "silent revolution."

Will this decade see coalitions of citizens' organizations drawing on mass participation create governments with sustainable development agendas in Brazil, the Philippines, South Africa, and elsewhere--much as they ushered new governments into Eastern Europe in 1989? Even where citizens' coalitions do not take over the reins of state power, will these new, innovative groups be able to build links to segments of bureaucracies and even militaries that express openness to the sustainable development agenda?

Our research has uncovered positive signs in many countries. But a caveat is important: In order to gauge the success of these initiatives, one must shift away from exclusive interest in aggregate growth figures toward the more meaningful indicators of ecological sustainability, participation, equity, and quality of life for the poorer majority.

Beyond the sheer number of citizen initiatives that advance these indicators, a further measure of success revolves around the ability of local groups to form countrywide associations that address national issues. Over the past half decade in the Philippines, for example, a coalition of dozens of peasant organizations representing 1.5 million members has gathered tens of thousands of signatures for a comprehensive and technically feasible national "People's Agrarian Reform Code." The code could become the centerpiece of a national development strategy in this predominantly agrarian country that suffers from an awful land-tenure situation. The Philippine land distribution problem is also seen in the loophole- and scandal-ridden 1988 land-reform bill passed by President Corazon Aquino's Congress. According to land-reform expert Roy Prosterman, it is "likely to redistribute barely 1 per cent of the Philippines' cultivated land." By contrast, the peasant groups' code would cover all lands, abolish rampant absentee landownership, and offer support services to peasants acquiring land.

As the peasant supporters of the People's Agrarian Reform Code lobby Congress for passage of their code, they are simultaneously taking steps to implement portions of the desperately needed reform on their own. A 1989 report documented 14 representative cases around the country: actions by thousands of poor families to occupy 800 hectares of idle or abandoned lands, the seizure of idle fishponds, boycott of rent payments on land, spread of organic farming techniques, revival of traditional rice varieties, and the reforestation of mangroves in coastal areas. In other African, Asian, and Latin American countries, coalitions of peasants, workers,

women, and small entrepreneurs are banding together to craft policy alternatives.

Ultimately, the greatest successes in sustainable development will come when citizen groups seat their representatives in government. Governments that are more representative can help transform sustainable development initiatives into reality. Such governments can help build up an economic infrastructure and an internal market, create a network of social services, and set rules for a country's integration into the world economy. These three tenets do not represent another universal model to replace those of free marketeers, Marxist-Leninists, or the World Bank; the past four decades are littered with the failures of universal models. However, the outlines of a more positive government role in development can be sketched using the principles of ecological sustainability, equity, participation, and effectiveness.

South Korea and Taiwan offer positive lessons for the ideal governmental role in the economy. The main lesson is not that the government should be taken out of the economy. Instead, the NICs' experiences suggest that success depends on governments standing above vested interests to help create the social and political infrastructure for economic growth. Indeed, though it may sound paradoxical, one needs an effective government to create the market.

The problem in many developing countries is not too much government, but a government that is too tangled in the web of narrow interest groups. The Philippine government, for example, serves as the private preserve of special economic interests. In South Korea, on the other hand, the weakness of the landed and business elite allowed the government to set the direction for development in the 1960s and 1970s. Without an assertive government that often acted against the wishes of international agencies and big business, South Korea would never have gained the foundation of heavy and high-technology industries that enabled it to become a world-class exporter of high value- added commodities.

Placing governments above the control of economic interest groups presents no easy task in countries where a small number of powerful families control much of the land and resources. To increase the chances of success, strong citizens' groups must put their representatives in government, continue to closely monitor government actions, and press for redistributive reforms that weaken the power of special interests.

While independent governments can help push economies through the early stages of development, progress to more mature economies seems to require more market mechanisms to achieve effective production and distribution. For market mechanisms to work, however, there must first be a market. And for the majority of the developing world, creating a market with consumers possessing effective demand requires eliminating the severe inequalities that depress the purchasing power of workers and peasants. The "how to" list necessitates such steps as land reform, progressive taxation, and advancement of workers' rights.

Pragmatism is also essential for the integration of developing countries into the

world economy. The choice facing these countries should not be viewed as an ideological one between import substitution and export-oriented growth, neither of which alone has generated sustainable development. Basing development on exports that prove to be ecologically damaging not only ignores sustainability, it fails to ask the more fundamental question of whom development should benefit. But building an export base on top of a strong internal market does make sense. In this scheme, foreign exchange receipts would shift from primary commodities to processed commodities, manufactures, and environmentally sensitive tourism. China, India, South Korea, and Taiwan all based their early industrial development on slowly raising the real incomes of their domestic populations. Each opened up to varying degrees to the world market and to foreign capital only after substantial domestic markets had been developed and nurtured.

Concerted citizen action can bring about more participatory, equitable, and ecologically sustainable development. At least one historical precedent can be cited, albeit on a subnational level: the postwar experience of Kerala, traditionally one of India's poorest states. With a population of 27 million, Kerala has more people than most developing countries. A long history of large movements by people of the lower castes culminated in the election of progressive state governments beginning in 1957. Constant pressure by India's most active agricultural labor unions and other peasant organizations forced these governments to abolish tenancy in what was one of the most sweeping agrarian reforms in South and Southeast Asia and place a high priority on health and literacy. In periods when conservative governments were voted into power in Kerala, the nongovernmental citizens' organizations remained strong enough to win reforms and ensure enforcement of existing laws. Today, despite income levels below the Indian average, Kerala boasts the highest life expectancy and literacy rates among Indian states, as well as the lowest infant mortality and birth rates.

Kerala also highlights an important caveat: New, more accountable governments should not be seen as a panacea. Even popular governments cannot provide the answer to the wide array of development problems. No matter who wields state power, strong independent citizens' groups will continue to be central to sustainable development. Perhaps South Korea and Taiwan would be more successful societies if they had combined their early land reforms and thoughtful state intervention with a prolonged commitment to ecology, equity, and participation.

Democratic participation in the formulation and implementation of development plans forms the central factor in determining their medium- and long-term viability. This, however, is a controversial premise. Indeed, such a pronounced emphasis on democracy flies in the face of political scientist Samuel Huntington's claim in the 1960s that order must precede democracy in the early stages of development. Many still believe authoritarian governments in Eastern Europe, South Korea, and Taiwan served as the catalysts for industrialization that in turn created the conditions for advancing democracy.

Experiences of the last two decades suggest otherwise. Africa, home to dozens of one-party authoritarian states, remains a development disaster. Argentina, Brazil, the Philippines, and other Asian and Latin American countries ruled by authoritarian governments have suffered similar fates. As political scientist Atul Kohli has documented, the economies of the relatively democratic regimes in Costa Rica, India, Malaysia, Sri Lanka, and Venezuela have "grown at moderate but steady rates" since the 1960s and income inequalities have "either remained stable or even narrowed."

Moreover, in South Korea and Taiwan, authoritarian characteristics of the government were not responsible for industrialization and growth. Far-reaching land reforms and each state's ability to rise above factions in civil society deserve credit for sparking growth. The only "positive" growth impact of repression by these governments was to hold down wage levels, thereby making exports more competitive. Yet heavy dependence on exports no longer serves as an option in today's increasingly protectionist global markets. The percentage of imports into the major developed countries that were affected by nontariff barriers to trade rose more than 20 per cent during the 1980s, a trend that is likely to continue. In this hostile global economic climate, respect for workers' rights can lead to the creation of local markets by increasing domestic buying power. Democratic development therefore implies shifting emphasis from foreign to domestic (or, for small countries, to regional) markets. This shift meets more needs of local people and takes into account the difficult world market of the 1980s and 1990s.

The portrait painted at the outset--of a global development crisis masked by triumphant Western development orthodoxy--was a decidedly gloomy one. Why then should citizens' movements pushing for more equitable, sustainable, and participatory development stand a chance in the 1990s? Much of the answer lies in the extraordinary possibilities of the current historical moment.

[Development After the Cold War](#)

For four decades, the Cold War has steered almost all development discussions toward ideological arguments over capitalism versus communism, market versus planning. It has also diverted public attention away from nonideological global concerns (such as environment, health, and economic decay) and toward the Soviet Union as the source of problems. Hence, the dramatic winding down of the Cold War opens great opportunities for development.

At the very minimum, real debate should now become possible, getting beyond sharply drawn ideological categories in order to discuss development in more pragmatic terms. What are the proper roles of government and market? If one values both effectiveness and equity, what kind of checks should be placed on the market? What do the experiences of Japan, South Korea, and Taiwan offer to this discussion?

The 1990s provide other opportunities to cut across Cold War polarities. Paranoid

Cold War governments often saw communists lurking behind popular organizations fighting for a better society. But citizens' movements played a central role in the recent transformation of Eastern Europe. A greater openness should emerge from this phenomenon. Not only should governments and development experts treat such nongovernmental organizations with the respect they deserve, but they should realize that these groups have vital roles to play beyond the reach of governments and individuals.

Beyond the Cold War, global economic shifts also offer new possibilities for the sustainable development agenda. While much attention has been focused on the relative decline of the United States, this shift offers potentially positive openings. A decade of unprecedented U.S. military spending, for example, has bequeathed fiscal deficits that preclude significant increases in foreign aid. This situation adds impetus to proposals that the United States give less but better aid. That can be accomplished by slashing military aid that in areas like Latin America has often been used to suppress citizens' movements, and by redirecting development assistance away from unaccountable governments and toward citizens' organizations.

Likewise, persistent trade deficits are pushing the U.S. government to restrict imports that enter the domestic market with the assistance of unfair trade practices. The United States could assist developing-country movements for equity and workers' rights by implementing existing legislation that classifies systematic repression of worker rights as an unfair trading practice. Finally, the failure of the Baker and Brady plans to halt the pile up of debt should reopen the door for substantial debt plans that shift payments toward sustainable development initiatives.

Japan's displacement of the United States as the world's most dynamic large economy and biggest aid-giver provides perhaps more intriguing questions about development efforts in the next decade. Japan stands at a juncture fraught with both danger and opportunity. It can take the easy road and mimic what the United States did: ally with local elites and subordinate development policy to security policy. Or Japan can practice enlightened leadership by divorcing the two policies and opening up the possibility for a qualitative change in North-South ties. Will Japan seize the opportunities? During the Marshall Plan years, the United States bestowed substantial decision-making power on the recipient governments. Can Japan, using that experience as a starting point, broaden the decision-making group to include nongovernmental organizations? In fact, voices within Japan are calling for the Japanese government to redirect its aid flows to include citizens' organizations. As a January 1990 editorial in the *Asahi Evening News* commented:

It is a task for Japan in the 1990's to provide aid for welfare and growth purposes according to the needs of the receiving countries as well as increase the total amount. It is also necessary to invite the participation of the people in the receiving countries so that its benefits will not be taken up exclusively by a particular group of leaders and bureaucrats.

The question also remains whether Japan will follow the U.S. example of using the World Bank and IMF as extensions of its aid, commercial, and trade policies, further eroding the credibility of these institutions in the Third World. Perhaps Japan's ascension will encourage these institutions to delve more objectively into the development lessons of Japan, South Korea, and Taiwan, thus adding realism to their prescriptions.

Finally, both Japan and the United States will have to face the need to respect the emerging citizens' movements as the groups reach out internationally to work with one another. The realization that governments suffer from severe limits in the development field should not be seen as negative. Rather, this understanding opens a variety of possibilities for new forms of government- citizen initiatives. In February 1990, for instance, African nongovernmental organizations, governments, and the U.N. Economic Commission for Africa jointly planned and participated in a conference that adopted a strong declaration affirming popular participation in development. NGOs may also enjoy an enhanced role at the 1992 U.N. Conference on Environment and Development in Brazil as the realization spreads that governments alone can do little to stop forest destruction and other activities that contribute to the emission of greenhouse gases.

In the face of such opportunities, the seeming death of the development debate in the industrial world represents an enormous travesty. Rekindling that debate, however, requires listening to new approaches from the rest of the world. Excessive confidence in free-market approaches melts when one examines the mounting crises in the supposed success stories of South Korea and Taiwan. Exciting alternatives to the dominant development paradigms are emerging in the hundreds of thousands of citizens' groups that flourish amid adversity and repression in Africa, Asia, and Latin America. These voices must be heard in the development establishments of Washington, Tokyo, and Bonn.

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