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Basic needs or comprehensive development

Should UNDP have a
development strategy?

*Sidney Dell**

In recent years widespread interest has been shown in the development strategy which focuses on the satisfaction of basic needs. However, the sympathy that its content of social justice arouses should be no bar to critical analysis whereby attention can be drawn to the operational and strategic difficulties it entails.

This is the object of the present article. The author begins by presenting the practical problems that a basic needs strategy would encounter if an attempt were made to turn it into an efficient planning instrument, and shows that it has considerable shortcomings in conceptual respects as well as from the standpoints of measurement and of implementation. Nevertheless, the strategic problems which are subsequently analysed present even greater difficulties. Among these problems three of the most important are discussed: the relation between economic growth and satisfaction of basic needs; the choice between present and future consumption; and, lastly, the development pattern which this strategy proposes. In connexion with this last topic, which may be regarded as the core of the article, the author recalls well-known dichotomies such as industrial development or rural development, use of capital-intensive or of labour-intensive technologies, and so on. In conclusion he suggests that the international agencies should proceed with caution and humility in tackling the complex problem of basic needs.

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Introduction

1. *What is a basic needs strategy?*¹

Strong political, intellectual and moral forces have been mobilized in favour of a basic needs strategy of development, and the strategy was given powerful endorsement by the World Employment Conference and by the General Assembly of the United Nations in 1976. The present essay seeks to question not at all the goal of more equitable development policies but the general framework within which such policies have been presented for the consideration of the international community. It also indicates some of the pitfalls awaiting international development agencies if they limit themselves to a particular development strategy—the basic needs strategy or any other—as a guide for their operations.

One of the difficulties in getting to grips with this elusive subject is that the idea of a basic needs strategy means different things to different people. For some it is a basically humanitarian issue, a categorical imperative that transcends all other considerations. To others it represents a fundamental reordering of development priorities, often assigning a leading role to rural development. Some

¹ This is a revised and extended version of an address given by the author on 10 December 1976 to the Thirteenth Policy Forum of the United Nations Development Programme (UNDP). The views expressed are those of the author, and do not necessarily represent the views of the UN or UNDP. The author gratefully acknowledges valuable comments received from Shahen Abrahamian, Michael Dell, Gerald Helleiner, Paul Streeten and Laurence Whitehead; he has benefited particularly from reading certain unpublished papers by Paul Streeten. The author alone is responsible for any errors or shortcomings that remain.

members of the latter school completely reject the development path traced by the industrially advanced countries of today, while others take a less radical position. A curious feature of the strategy is that it finds supporters in all parts of the political spectrum from left to right, and in all schools of economic thought, from dirigiste to laissez-faire, and from neo-classical to neo-marxist. In the discussion that follows, mention will be made of several of the above schools, and it is inevitable that points made in relation to one school may be less applicable, or even quite inapplicable, to another.

Perhaps the best-known exposition of a basic needs strategy is that contained in a report submitted in March 1976 by the Director-General of the ILO to the World Employment Conference. It was proposed to the Conference in the report in question that "development planning should include, as an explicit goal, the satisfaction of an absolute level of basic needs".² In this context, basic needs are considered to include two elements:

"First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, as well as certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking-water, sanitation, public transport and health, educational and cultural facilities".³

² *Employment, Growth and Basic Needs: A One-World Problem*, International Labour Office, Geneva, 1976, p. 31.

³ This is the definition of basic needs adopted by the World Employment Confer-

ence, which is virtually the same as that proposed by the ILO staff (*Ibid.*, p. 32).

These goals should be achieved, in the view of the ILO staff, within one generation, or by the year 2000. To that end there was a need for measures aimed at changing the pattern of growth and of the use of productive resources by the various income groups – including, in a number of cases, "an initial redistribution of resources, in particular land".⁴ Additional elements would be the provision of adequate employment opportunities for the unemployed and underemployed, the introduction of the "right kind of technology" and "quite high levels of investment, without which there would be neither growth nor meaningful redistribution".⁵

The literature on poverty-oriented development contrasts these approaches with those of the past. It is suggested that past strategies sought maximum growth at any price and that questions of social equity were ignored. These strategies were, it is believed, based on the assumption that the benefits of high rates of growth would somehow "trickle down" to the low-income groups. It was also assumed, according to the critics, that the gross national product (GNP) was a satisfactory measure of development and that if real GNP grew at an adequate rate, this in itself implied that development was proceeding satisfactorily. All this, said the critics, was quite wrong. The growth process had often bypassed the poorer members of the community: the latter would benefit from growth only if distributional goals were made a deliberate and explicit element of policy. It was said to be

ence, which is virtually the same as that proposed by the ILO staff (*Ibid.*, p. 32).

⁴ *Ibid.*, p. 43.

⁵ *Ibid.*

necessary to dethrone "King GNP" and enthrone "basic needs" in its place.

Certainly, there are countries where it was considered essential to establish the growth process on a secure and self-sustaining basis before proceeding to any redistribution of income. In Brazil, for example, the argument was advanced that the release of resources for investment in growth required the enforcement of strict austerity, and that any effort to improve present welfare through a 'premature' redistribution of income, or through wage 'prodigality', was incompatible with the maximization of future welfare.⁶

2. *The International Development Strategy*

But it would be a mistake to suppose that growth-at-any-price, or the trickle-down approach, was either explicit or implicit in the United Nations International Development Strategy.

The Strategy adopted by the General Assembly for the 1970s has the following major statement in the preamble:

"Governments designate the 1970s as the Second United Nations Development Decade and pledge themselves, individually and collectively, to pursue policies designed to create a more just and rational world economic and social order in which equality of opportunities should be as much a prerogative of nations as of individuals within a nation."⁷

⁶ See Mario Henrique Simonsen, *Brasil 2000*, Rio de Janeiro, 1969, p. 285. Mr. Somonsen later became Minister of Finance of Brazil.

⁷ General Assembly resolution 2626 (XXV).

In defining the content of the above declaration so far as "individuals within a nation" are concerned, the Strategy places in the forefront of national objectives, along with the promotion of higher growth rates, a more equitable distribution of income and wealth. Moreover, "qualitative and structural changes in the society must go hand in hand with rapid economic growth, and existing disparities—regional, sectoral and social—should be substantially reduced". To this end, the Strategy calls for measures to reduce unemployment and underemployment; to improve the quality of education; to raise general levels of health and sanitation; to improve levels of nutrition, placing special emphasis on the needs of vulnerable groups; to expand and improve housing facilities, especially for low-income groups; to foster the well-being of children and the participation of youth; and to integrate women fully in the development effort.⁸

The General Assembly Strategy was drafted with the assistance of the Committee for Development Planning at sessions held in 1969-1970, under the chairmanship of Professor Jan Tinbergen. The report of the sixth session included the following assertion: "It cannot be over-emphasized that what development implies for the developing countries is not simple increase in productive capacity but major transformation in their social and economic

⁸ *Ibid.*, paragraphs 12 and 18. Paragraph 71 calls for particular efforts "to expand low-cost housing through both public and private programmes and on a self-help basis, including through co-operatives, utilizing as much as possible local raw materials and labour-intensive techniques". Paragraph 68 calls for national targets for the provision of potable water.

structures."⁹ It was therefore necessary to eliminate the dualism between the traditional economy and the modern sector. A separate section of the report was devoted to methods of improving income distribution and providing for the needs of the people in the fields of employment, education, health and housing. "The glaring inequalities in the distribution of income and wealth prevailing in the developing countries will have to be eliminated... It is a fallacy that more rapid growth and reduction of inequalities of income and wealth are necessarily competing elements."¹⁰ National measures to this end should include "activation of broad masses of the population and assurances of satisfaction of their primary needs and aspirations".¹¹ As for "King GNP", Tinbergen and his colleagues had this to say: "Although the rate of growth of gross product per head is by no means an adequate indicator of economic and social progress—since it does not reflect such major conditions of development as income redistribution or structural change—it is the one aggregate indicator which comes closest to providing some quantitative impression of the underlying change."¹²

3. *The real issues*

The real issues between the basic needs

⁹ United Nations Committee for Development Planning, Report of the sixth session (5-15 January 1970), document E/4776, paragraph 14. The other members of the Committee were Gamani Corea, Nazih Deif, A.N. Efimov, Paul Kaya, J.A. Lacarte, J.H. Mensah, Saburo Okita, Josef Pajestka, M.L. Qureshi, K.N. Raj, Jean Ripert, Germánico Salgado, Jakov Sirotkovic, Zdenek Vergner.

¹⁰ *Ibid.*, paragraphs 28-29.

¹¹ *Ibid.*, paragraph 41.

¹² *Ibid.*, paragraph 16.

strategists and those who favour comprehensive development policies lie not in the goal of social equity, which is common ground between them, but in the means for achieving that goal.

There are three main issues. The first relates to the need for higher or accelerated rates of growth: some of the basic needs strategists agree in attaching importance to such objectives, but others seem not to do so. A second issue, closely related to the first, is whether the pre-empting of resources for the attainment of a minimum absolute level of consumption in the nearest possible future would entail a lower rate of growth than would otherwise be possible as well as socially acceptable, and hence would imply a lower level of provision for the basic needs of future generations. Are there not societies that, if they could control their own destinies, would certainly seek the reduction of inequality, but would also prefer to tighten their belts a little more now in the interests of more adequate provision for the future?

The third issue arises out of the opinion held by many of the basic needs strategists, as noted earlier, that the road to development adopted by the present high-income countries is inappropriate for the developing countries of today; and that the current maldistribution of income is due largely to the development of modern industrial sectors, employing capital-intensive techniques, accompanied by neglect of rural areas. Some of those who take this view play down large-scale industrial growth and focus their attention on rural development. Others recognize the need for rapid industrial progress, but consider that it needs to be reoriented in a labour-intensive direction.

I Operational difficulties

1. *Basic needs: the meaning of absolutism*

Before embarking on an examination of these issues, it is important to note some of the difficulties in the use of 'basic needs' as an operational tool for planning. There are difficulties of concept, of measurement, and of implementation.

As to the concept, the Director-General of the ILO suggested to the World Employment Conference that there are certain minimum levels of personal consumption and access to social services that should be adopted "as minimum targets for raising the living standards of the very poor for the entire international community"¹³ It is, however, difficult to envisage how such universally applicable targets would be defined. Differences in climate alone result in different minimum requirements for calorie intake and clothing. Would not additional differences arise owing, if not to intercountry differences in levels of income, then at least to differences in social and cultural traditions and circumstances? In fact, the World Employment Conference rejected the idea of a worldwide standard and invited each country to set its own standard.

But how is such a minimum standard to be established, even for a single country? No doubt the idea of a minimum standard of nutrition is acceptable — although even here one runs into difficulties, as we shall see. But as

soon as one includes such items as shelter and clothing, and even household equipment and furniture, as the World Employment Conference did, the line to be drawn between basic and non-basic needs is bound to be arbitrary. If 'absolute' norms are set for such non-food items, does this mean that attainment of the norms must constitute a prior claim on resources, to be pre-empted for that purpose regardless of all other needs, however pressing?

Equally arbitrary is the setting of absolute standards for the essential services that appear on the ILO list of basic needs. In the case of educational and cultural facilities, for example, it would be odd to define standards in the abstract without taking into account the alternative goods or services that would have to be forgone — even by the poorest 20 per cent of the population — in order to attain them.

Even if certain norms for basic needs had been generally agreed upon in a particular country, the question would still arise as to how rapidly the minimum standards should be achieved. Should all resources be allocated for the quickest possible attainment of the chosen goals, or would it be permissible to use resources for other valid development programmes? As regards nutrition, for example, should all food exports be discontinued irrespective of the degree of essentiality of the counterpart imports? And should the entire proceeds of non-food exports be used for the purchase of food — up to the point at which every man, woman and child was adequately fed? If not, what degree of

¹³ *Op. cit.*, p. 7.

provision for the food needs of the poor could be regarded as 'adequate' in the immediate future, and how soon should the norms be attained?

There are other conceptual difficulties in interpreting the 'absolutism' of basic needs. Does it mean that no-one should be allowed a level of consumption in excess of basic needs until every member of the community has reached that level? If not, what degree of 'excess consumption' should be permitted, and where does one draw the line between tolerable and intolerable degrees of inequality? If 'excess consumption' can be allowed, is it also acceptable to provide for 'excess investment' in the sense of investment not required to meet basic needs? If so, how much 'excess investment' is tolerable? And in what respect is a basic needs strategy that permits excess consumption and investment preferable to a comprehensive strategy that seeks to deploy available resources for the attainment of all socially acceptable ends, including basic needs?

A further difficulty arises for the many countries at the lower end of the resource and income scale. How are they to determine the particular package or combination of basic needs, the satisfaction of which should constitute their overall minimum target? What are the relative priorities to be assigned to such items as public health and sanitation, potable water supplies, public transport, housing, and household equipment? What should be the tradeoffs between these items at the margin, and what resources should be invested in each?

Answers to these extremely difficult questions of judgement are not made any easier by the assertion that absolute standards must prevail. The use of the

term 'absolute' has no meaning without a time dimension, and once it is acknowledged that the fixing of the time dimension involves decisions on overall development requirements and not merely on basic needs, it will be apparent that a basic needs strategy must form part of a comprehensive development strategy. As such, basic needs are no longer absolute but relative, and there is no valid difference between the Development Decade strategies and basic needs strategies except possibly in emphasis.

2. *Setting the standards*

Problems of measurement of basic needs, though not fundamental, are far from trivial for what is intended as an operational approach to planning. One might think that at least in the case of food consumption, quantitative targets would be readily available. Surely there is some minimum intake of food below which people can be said to be under-nourished, and it should clearly be a primary and overriding objective to ensure that even the poorest of the poor do not suffer from malnutrition.

On closer examination, however, it appears that the setting of absolute standards even for food consumption poses unexpected problems. According to a report published in February 1977 by the staff of the Select Committee on Nutrition and Human Needs of the United States Senate, "there is only limited knowledge of human requirements for most nutrients". An appendix to the report prepared by the Nutrition Institute of the United States Department of Agriculture describes the state of knowledge even on total human energy requirements as "fragmentary" except for school-age and adolescent

children and for young adults.¹⁴ If the gaps in knowledge of nutritional requirements are so great in the United States, in developing countries such knowledge may be even more inadequate, since requirements in one country are not applicable elsewhere because of differences in climate and other factors.

It turns out, moreover, that the record of institutions responsible for reaching conclusions in this field has been one of continual, and generally downward, revision. The changes in assessments made have, in fact, been surprisingly large, suggesting that the scientific basis of the assessments is still quite shaky. As Thomas T. Poleman has pointed out, "the energy allowances for the United States 'reference man'—in his twenties, moderately active, weighing 70 kilogrammes—now stand at 2,700 calories daily, 500 calories less than in the 1953 recommendation": in other words, there has been a 15-per-cent reduction in the twenty-one years up to 1974. Poleman goes on to note that in 1974 FAO estimated that perhaps a quarter of the population of the developing world (excluding China) were inadequately fed, while the corresponding estimate in 1963 had been at least 60 per cent. Poleman shows further that "depending on your assumptions you can prove beyond a statistical doubt that 43 per cent of Ceylonese suffer protein-calorie malnutrition or none do".¹⁵

¹⁴ *Dietary Goals for the United States*, Report prepared by the staff of the Select Committee on Nutrition and Human Needs, United States Senate, Washington D.C., United States Government Printing Office, February 1977, p. 20 and Appendix C.

¹⁵ Thomas T. Poleman, "World Food: Myth and Reality", *World Development*, vol. 5, No 5-7, May-July 1977, pp. 385-386. It also

This does not, of course, mean that the problem of malnutrition is not extremely grave and worrying. What the foregoing discussion does, however, show is that the scientific, statistical and analytical foundations for a basic needs strategy are extraordinarily weak even in the sector where they should presumably be strongest—namely, that of food consumption—, while in other sectors they are non-existent. Let us imagine that the basic needs strategists had won their battle against the GNP-at-any-cost school (*sic*) in 1963 instead of thirteen years later in 1976. The planners in developing countries in 1963 would have been told to pre-empt the resources required to eliminate malnutrition among 60 per cent of the population, whereas the true dimensions of malnutrition must have been very much smaller.¹⁶ No doubt this would have been beneficial to the extent that malnutrition, where it existed, might have been reduced more quickly, and that elsewhere food consumption might have advanced beyond minimum levels. But the more important point in the present context is that choices would

appears that there may have been widespread underestimation of calorie intake in the developing world owing to inadequate sampling of food items consumed. For example, a study on Kerala has shown that this factor has been responsible for a 30-per-cent underestimation of food consumption in that state. See United Nations, *Poverty, Unemployment and Development Policy: A Case Study of Selected Issues with reference to Kerala*, United Nations publication, Sales No.: E. 75.IV.11, pp. 1, 22-24, 34-35.

¹⁶ This would be true even after making a generous allowance for the increase in *per capita* consumption from 1963 to 1974, when the proportion of malnutrition was estimated at one quarter.

have been made and strategies devised on the basis of data that were quite wrong, and wrong by a very large margin.

3. *Implementing a basic needs strategy*

The problem of ensuring that basic needs are met even among the poorest members of the community is complex, especially since the requisite systems and channels of distribution would have to be provided or created. What would be the respective roles of governments and the private sector? Distribution of foodstuffs might be undertaken directly by government entities, and provision for educational, health and housing requirements might also be a government responsibility. But in most if not all countries governments are not likely to be involved in the distribution of other essential goods and services, such as household furniture and equipment, and clothing. To this extent income supplements or subsidies might have to be provided to those lacking employment and to those for whom employment does not provide sufficient monetary

income. Some countries might prefer to use income supplements or subsidies to cover food needs also.

Of course the fact that a minimum ration of goods and services is distributed, or that income supplements or subsidies are provided, does not mean that the recipients will necessarily enjoy the corresponding benefits. If they are extremely poor and, as is often the case in such circumstances, heavily in debt, they may sell part or all of the income in kind in order to service their debts, and use money income for the same purpose.

Thus the basic needs of the poorest will be satisfied only if broader conditions are conducive to that end, and this in turn implies fundamental social and structural change, and a rate of growth of the economy sufficient for progressive absorption of the unemployed and underemployed into remunerative employment. In other words, it emerges here also that the satisfaction of basic needs can be secured only in the context of a broader process of comprehensive change and development, and that efforts to give an 'absolute' priority to basic needs are unlikely to be productive.

II

Strategic problems

1. *Growth and development*

Thus far, reasons have been given for doubting whether the satisfaction of 'basic needs' for consumption of particular goods and services can be regarded as

an overriding priority even in a society with egalitarian development objectives. We may now revert to the three issues raised earlier with respect to a basic needs strategy, beginning with the problem of growth and development.

It is often difficult to determine what exactly the stand of the basic needs strategists on this problem is. They deplore 'growth-at-any-price', as any sensible person would, but their own overall prescription for growth is usually obscure. This obscurity is a matter of concern in itself, since no strategy for overcoming poverty is worthy of the name if it does not indicate the means whereby the requisite rate of growth is to be attained. It is striking that the ILO report's summary of the six "main ingredients of the proposed new approach to development" does not even mention either growth or industry.¹⁷

The Director-General's introduction to the report suggests that measures to implement a basic needs strategy "need not imply a slower growth of output. They place greater emphasis on patterns of growth leading to a more equitable distribution of the gains from growth, and they may well lead to increasing growth rates as well".¹⁸

The report itself, on the other hand, argues that "a rapid rate of economic growth is an essential part of a basic needs strategy".¹⁹ On the basis of certain econometric exercises, the conclusion is reached that "All these calculations, tentative though they may be, strongly suggest that in many countries minimum incomes and standards of living for the poor cannot be achieved, even by the year 2000, without some acceleration of present average rates of growth, accompanied by a number of measures aiming at changing the pattern of growth and use of

productive resources by the various income groups".²⁰ According to the report, moreover, the ILO is "forced reluctantly to conclude, from this model, that the growth target of the Second Development Decade [6 per cent per annum] is not consistent with the proposed objective of fulfilling basic needs within one generation".²¹

The "reluctance" of the ILO to reach the above conclusion is noteworthy. The context suggests that it would have been preferable if basic needs could have been satisfied through income redistribution, but in the light of available evidence the ILO judges that "the extent of redistribution that would be required would be such that social changes of this magnitude are unlikely to occur". The alternative, therefore, is to step up growth rates so that basic needs can be satisfied out of the additional resources thereby generated.

But even if basic needs *could* be met entirely through redistribution of income, would not higher growth rates be desirable as well, so as to shorten the transition period and attain the targets by, say, 1990 instead of by 2000? Can it not be that the Development Decade strategists knew what they were about in pressing for higher growth rates, even from the standpoint of effecting the redistribution of income required under the preamble and paragraph 18 of the Strategy? They pointed to the widespread experience that at low rates of growth, a large part of the increasing labour force fails to find productive employment, and obstacles to economic and social mobility persist. Thus the absorption of underemployed labour,

¹⁷ *Employment, Growth and Basic Needs*, op. cit., p. 68.

¹⁸ *Ibid.*, p. 8.

¹⁹ *Ibid.*, pp. 32-33.

²⁰ *Ibid.*, p. 43.

²¹ *Ibid.*, p. 43. In other words the 6-per-cent growth target is *insufficient*.

the redistribution of income and the acceleration of growth are interdependent goals.²²

Already in 1970, when the Second Development Decade had barely begun, Raúl Prebisch was pointing out that the targets of the Decade were much too low to make any impact on the growing problem of unemployment and underemployment or on the maldistribution of income. Prebisch considered in the case of Latin America that a growth rate of 8 per cent would need to be attained by the end of the 1970s if the region was to proceed along a viable development path and if the benefits of development were to be widely shared.²³

2. *The choice between present and future consumption*

Reference has already been made to the problems involved in determining the rate at which any particular level of basic consumption should be approached.

Of course, the lower the level of consumption of basic essentials in any country, the more difficult will the people find it to release resources for investment. But if the basic needs

²² These points had been made as far back as 1963 by Raúl Prebisch at the outset of his study *Towards a Dynamic Development Policy for Latin America*, United Nations publication, Sales No.: 64.II.G.4. As he saw it, the concentration of income and wealth in Latin America was inimical to development, and major structural changes were therefore required to eliminate poverty, along with measures to accelerate growth.

²³ Raúl Prebisch, *Change and Development: Latin America's Great Task*, Report submitted to the Inter-American Development Bank, Washington D.C. (mimeographed text), July 1970, chapter IV, *passim*.

strategy were to be pressed to the point at which the attainment of minimum levels of nutrition, health, sanitation and education—to say nothing of household equipment and furniture—had to take priority over all other goals, some of the poorest societies might be condemned to an indefinite period of stagnation at the subsistence level, since virtually all resources might have to be pre-empted for consumption, little or nothing being set aside for investment in future growth and development. Even at the lowest levels of *per capita* income, countries in which social morale and sense of unity and purpose are high will deliberately forgo even essential items of consumption, including food, if they feel that by so doing they can improve the prospects for their children. No international agency has a right to tell such countries that there are absolute and overriding “basic needs” to which they must assign priority. They are entitled to define their development needs in terms relevant to their own goals and their own time horizons.

Does the above imply acceptance of the view, cited earlier, that inequality of income distribution must be accepted in the short and medium run as part of the price to be paid for a high rate of growth and effective redistribution of income in the long run? Not at all. On the contrary, the greater the degree of austerity required in the interests of setting aside resources for the future, the more important is it to ensure that the burden is divided fairly, and in some reasonable relationship to the capacity to bear it. The argument that inequality is indispensable in achieving an adequate level of savings because the rich save a larger proportion of their incomes than the poor is unconvincing. Societies with a strong sense of common purpose are

quite capable of imposing the most stringent limits on consumption, on an egalitarian basis, as has been shown in time of war. Inequality, on the other hand, can be highly divisive and whatever may be gained in terms of savings ratios may be more than lost through lower labour productivity and even social strife. In many developing countries, moreover, the richer classes scarcely offer a model of thrift, but tend rather to squander large proportions of their incomes on luxury consumption.

Thus the fact that a country prefers to postpone the attainment of basic needs targets in order to permit a more rapid rate of growth and structural transformation does not in the least imply that it thereby gives up ideas of social equity.

Perhaps the basic needs doctrine can be adjusted to take all these broader considerations into account, so that, as suggested earlier, the goals are defined in the wider context of comprehensive development strategies for the society as a whole. Whether we speak of the equitable distribution of the benefits of total growth (as per the Development Decade resolution) or of the attainment of adequate levels of consumption in the context of overall development needs (as per the basic needs strategy suitably amended) is a matter of small moment. It is to be hoped that a reconciliation of approaches and strategies can be achieved in some such terms as these.

3. *The pattern of development*

The third and most complex of the issues raised by the basic needs school is that of the pattern of development. Is the inequitable distribution of the benefits from growth in many countries

due to their having followed the example set by the industrially advanced countries, concentrating on the development of a modern sector, to the detriment of rural areas, where the majority of the population is to be found?

According to the Twenty-fourth Pugwash Symposium, "a development strategy imitative of highly industrialized countries does not appear to be possible, necessary or even desirable for the majority of the developing countries"²⁴ According to the report "it is unlikely to be possible because the quantum of natural resources—both renewable and non-renewable—as well as of the resources of capital, technology and markets to which the developing world would need to have access in order to traverse successfully such an imitative road, is infinitely greater than the prevailing international political and economic order, dominated as it is by the demands (not needs) of the highly industrialized countries, will make available".²⁵ It is not quite clear what is meant by the words "will make available", but what the above passage seems to be saying is that, in the first place, the natural resources of the world are insufficient to make it possible for developing countries to consume the

²⁴ Report of the Twenty-fourth Pugwash Symposium, Dar-es-Salaam, 2-6 June 1975, as published in *World Development*, vol. 5 No 3, March 1977, p. 257. The participants in the Symposium were R. Andriambolona, O. Bassir, W.K. Chagula, Bernard T. Feld, L.K.H. Goma, M. Goldsmith, K.N. Hirji, M.M. Semakula Kiwanuka, I.M. Kaduma, I. Mann, P. Mwombela, D. Nkunika, M.S. Ntamila, C.H.G. Oldham, S.J. Patel, A. Parthasarathi, J.F. Rweyemamu, F. Sagasti, A.R. Sidky, I. Sachs. The report was prepared by the Rapporteur of the Symposium, A. Parthasarathi.

²⁵ *Ibid.*

same volume of material goods *per capita* as is currently consumed in the industrial countries. The insufficiency may be due simply to such factors as the exhaustion of available supplies of minerals; or perhaps the wording of the statement is to be understood as implying that those in control of the limited supplies available will not release them to meet the needs of the poor countries. Either way the thesis would appear to come close to saying that the developing countries had better content themselves with the natural resources, capital and technology that are left over after the demands of the industrial countries have been satisfied.

If the foregoing interpretation is correct, the Pugwash Symposium was in effect giving a neo-Malthusian twist to the basic needs strategy. For the implication appears to be that in order to avoid the pressure of population on resources, the developing countries should adopt a development strategy that satisfies basic needs without seeking the high levels of material consumption characteristic of the industrial world. It is not possible to discuss the neo-Malthusian theories in the present context, but they have been thoroughly refuted — most recently by Professor Wassily Leontief's study for the United Nations entitled *The Future of the World Economy*.²⁶ Leontief's study shows that resource constraints would not prevent the income gap between developed and developing countries from being reduced by half by the end of the present century, and eliminated by the middle of the next.

²⁶ Wassily Leontief, *The Future of the World Economy*, Oxford University Press, 1977.

A low level of material consumption *per capita* may or may not be desirable for other reasons, but the case for it certainly cannot be based on a presumption that supplies of food or natural resources would be inadequate. It is even less credible that shortages of capital or technology would impose such limitations on consumption.

Even if a development strategy imitative of the industrial countries were feasible, it would not, according to the Pugwash group, be desirable. This is "because of the acute concern in the highly industrialized countries themselves that the kind of natural resource-, energy- and technology-intensive development strategy which they had adopted is not leading to genuine development — it is leading instead to growing personal and group alienation, to disruption of the human and social environment in a variety of ways ranging from organized crime to acute pollution and urban claustrophobia, and, more recently, monetary and economic crises".²⁷

It is, of course, quite true that the industrial societies of today are plagued by enormous problems and tensions, but whether this is the result of modern technology is something that has to be demonstrated, not taken for granted. It is at least arguable that any effort to put the clock back by suppressing modern technology would compound the problems and tensions of the world instead of easing them. There are remedies for pollution and crime that do not involve throwing the baby out with the bath water.

²⁷ *Op. cit.*, p. 257.

III

Development alternatives

1. Rural and urban development

It is not necessary to accept the back-to-nature implications of the Pugwash reasoning in order to agree with the basic needs strategists in their emphasis on the importance of rural development. Much of the hard-core poverty in developing countries is concentrated among the peasantry in rural areas, and greater attention to their needs is imperative not only in itself but as a means of raising their productivity. Moreover, the inadequate absorption of labour by urban industry makes it necessary to create additional employment opportunities in rural areas not only on the land but in rural industry, rural public works and rural services.

Thus far no controversy arises. Sometimes, however, the basic needs strategists seem to be suggesting that rural development can supply a wholly new approach that can replace the traditional strategy of industrialization. While urban industry led the development process in the past, the leading sector of the future will, it seems, be the rural sector, a viable and comprehensive economy in its own right.

Thus Ponna Wignaraja writes of "the village becoming the focal point of development". It is there that the creative energies of the people can best be mobilized to bring about "a social transformation of enormous magnitude" indispensable for satisfying their needs. "The capital fetishism of the past must give way to the fullest utilization of labour power and creativity" as well as

of local resources and appropriate technology.²⁸

But neither Wignaraja nor other writers in this field have indicated how exactly the village is to lead the development process, and, in particular, what is to happen to the agricultural workers released by rising labour productivity on the land.

The problem is a formidable one. In the least developed countries, it takes as much as eighty to ninety per cent of the economically active population, or even more, to supply the barest food subsistence requirements of the community. On the other hand, at the levels of agricultural productivity obtaining in the United States, the food needs of the entire population can be supplied by approximately 3 per cent of the labour force. Long-term development planning must therefore provide for the ultimate absorption of at least eighty per cent of the working populations of the lowest-income countries into non-agricultural employment. Does the new approach to development imply that the rural sector of the future will generate alternative employment for all or most of the people released from agriculture? In a world rushing headlong towards urban chaos, it is easy to see the attractions of such an idea, and the scope for studies of its feasibility. But it would be a mistake to act as if the feasibility of such an

²⁸ Ponna Wignaraja, "From the Village to the Global Order", *Development Dialogue*, 1, Dag Hammarskjöld Foundation, Uppsala, 1977 pp. 35-49.

approach, in political, economic and social terms, had already been demonstrated.

In China, rural industry at present occupies approximately 3 per cent of the working population, while another 2 per cent are engaged in a network of extension services covering agriculture, public health and industry. Rural industry is certainly not regarded as an alternative to medium- and large-scale enterprises, but only as a complementary element in the industrialization process.²⁹ Thus, if rural development were to be the spearhead of the development strategy of the future, it would have to be conceived on a scale far beyond anything currently contemplated in China.

There are, of course, powerful reasons for the concentration of industries and associated services in urban centres that embrace a great deal more than the economies of large-scale operations. As Nicholas Kaldor has pointed out, the advantages of geographic concentration lie in the opportunities for greater specialization among enterprises and the consequent subdivision of industrial processes; in the availability of labour with the whole range of specialized skills; in the accessibility of engineering and marketing know-how; and so forth.³⁰

²⁹ Jon Sigurdson, "Rural Industrialization in China", *World Development*, vol. 3, nos. 7 and 8, July-August 1975, pp. 527-538.

³⁰ Nicholas Kaldor, "The role of modern technology in raising the economic standards of the less developed countries", in Wayne L. Hodges and Matthero A. Kelly (ed.), *Technological Change and Human Development. An International Conference*, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N.Y., 1970, pp. 15-29.

Unless something occurred to remove or offset the advantages of geographic concentration, it seems doubtful whether the rural sector would, in the foreseeable future, be capable of taking over from urban industry the leadership of the development process. The fact that most of the population is to be found in the countryside does not mean today, any more than it meant in eighteenth-century Britain or nineteenth-century Germany and the United States, that the primary stimulus to development will come from the rural sector. This is not to say that the urban concentrations of the past and present provide a satisfactory model for the future. An immense effort of imaginative planning will be required to overcome the defects of contemporary urban society. But there is no evidence that there will be any less need in the next twenty years than there has been since the Industrial Revolution for the concentration of interdependent manufacturing and service facilities in towns, although it may prove desirable to place limits on the growth of any single urban centre.³¹

Great as is the preoccupation of the basic needs strategists with rural development, one of the key issues in this regard is often overlooked. Most of the concern

³¹ One of the most disruptive features of urban life—traffic congestion—would not be difficult to remedy if the political will to do so existed. Such is the power of the automobile industry that road transport (particularly the personally-owned automobile) does not have to bear anything approaching the social costs of the congestion and pollution that it causes. Rectification of this anomalous situation by drastic restrictions or heavy taxation on personal use of automobiles in central cities, combined with adequate provision of public transport, would greatly increase the viability and amenity of urban living.

is, quite rightly, addressed to improving the economic prospects of the small family farm through a variety of convergent measures. The fruits of rising productivity on the small farm are, however, likely to be consumed by the occupants themselves, so that relatively little contribution may be made to the marketable surplus of production over consumption. There is abundant evidence that the growth of employment-generating activities outside agriculture has been constrained far more by the size of the food surplus available for sale to the non-agricultural sector, than by any other single factor. On the one hand, efforts to expand non-agricultural employment faster than the marketable surplus of food have foundered on the inflationary spiral that resulted. On the other hand, the size of the agricultural surplus, which determines the purchasing power of the farm sector for industrial products, has helped to limit the growth of industrial employment. Although no programme for rural development can therefore be complete without a prescription for increasing the marketable supply of food, an adequate treatment of the subject can rarely be found.³²

Some members of the basic needs school show a certain reticence about structural change in the rural sector. Respects are paid to the need for agrarian reform, but, as the ILO report puts it, "agrarian reform is practicable only if political forces with more strength than those of the landlords can

be mobilized".³³ An alternative view might be that the entire fabric of rural development programmes featuring so prominently in the basic needs strategy would be of doubtful value in a considerable number of countries in the absence of land reform.

2. *The role of industry and the modern sector*

Among those who think about these matters in the industrial countries it has come to be held distinctly unfashionable—or worse—³⁴ to entertain the view that industrial transformation is the key to the development of low-income countries. Yet there is nothing very new or shocking about the idea, which still commands general support in the developing world. It is over two hundred years since Adam Smith pointed to the increasing returns generated by manufacturing activities and explained them in terms of the division of labour, or specialization, which itself depended on the extent of the market.

Paul Streeten has shown that "to rise above poverty, industrialization is necessary, for industrialization means the application of power to production and transport. Output and consumption per head can rise towards the desired modern levels only with the help of mechanical aids. In this sense, development, including rural development, is industrialization". And he goes on to point out that there is no evidence of an inevitable conflict between high rates of

³² The ILO's report to the World Employment Conference confines itself to saying that any transitional shortages of basic goods can be met by changing the composition of imports or increasing their volume, by food aid, or by a temporary rationing system (*op. cit.*, pp. 67-68). The problem is, however, of a much more than transitional character.

³³ *Op. cit.*, p. 67.

³⁴ Michael Lipton refers to "the dark neo-Stalinist night in which almost all 'development experts' have lurched around since 1945, muttering half-coherent praises of instant industrialization". See *World Development*, vol. 5, no. 3, March 1977, p. 267.

industrial growth and the achievement of other development objectives such as rural development and the equitable distribution of income; if anything, as he says, there is evidence to the contrary. In many, though not in all cases, the achievement of social objectives has been consistent with high rates of industrial growth and, indeed, has depended on them.³⁵

Despite the disappointing rate of absorption of labour by industry in developing countries in recent years, there cannot be any doubt that faster growth means a more rapid rate of increase in employment. Employment does not rise as quickly as industrial output because of increases in productivity, which are due to economies of scale, technological progress, and the process of 'learning by doing'. However, analyses of growth rates of output, employment and productivity by Verdoorn, Kaldor and others have led to the conclusion that each percentage addition to the growth of industrial output requires, in general orders of magnitude, a 0.5-per-cent increase in man/hours of employment and a 0.5-per-cent increase in productivity.³⁶

Basic needs strategists are as reticent about the role of the modern sector in poverty-oriented development as they are about the growth requirements of the economy in general. It is, however, usually left to be inferred that since modern industry has not been able to absorb as much of the labour force as had been hoped or expected, it has little

or no role to play in a basic needs strategy and that a fundamental shift towards a labour-intensive pattern of industry is indispensable for the future. Such a shift would, it is thought, be facilitated if a concept of the international division of labour were adopted whereby industrially advanced countries specialized in capital-intensive and developing countries in labour-intensive industries, and exchanged their output to mutual advantage.

The comments of Charles Paolillo, staff consultant to the United States House of Representatives Committee on International Relations, who attended the World Employment Conference, are of particular interest in this context. He suggests that "many countries may well want to take steps towards a basic needs strategy while at the same time expanding the modern sector, increasing the use of advanced technology, and strengthening the heavy industrial base". He goes on to say that their reasons for acting in this way "may include politics, prestige, psychology, security and self-reliance".³⁷

Paolillo appears to be implying that "expanding the modern sector" would not normally be regarded as part of a basic needs strategy. Indeed, such an idea would have to be justified, in his view, on one or more of several grounds, among which he places politics and prestige in the forefront, and none of which includes rational economic calculation (except perhaps to the extent that this is involved in self-reliance). From this angle of vision, then, modern

³⁵ Paul Streeten, "Industrialization in a Unified Development Strategy", *World Development*, vol 3, no. 1, January 1975, pp. 1-2.

³⁶ Nicholas Kaldor, *Strategic Factors in Economic Development*, Cornell University, 1967, p. 17.

³⁷ See *A Basic Human Needs Strategy of Development: Staff Report on the World Employment Conference*, Washington D.C., U.S. Government Printing Office, September 1976, p. 11.

industrial installations in developing countries can be explained only in non-economic terms.

3. *The labour-intensive strategy*

Yet there are strong reasons for doubting whether the pattern of industrial specialization in developing countries can be determined even in the short run by the simple criterion of the amount of labour employed per unit of capital. It is often taken for granted that labour-intensive techniques are capital-saving, but in many instances they certainly are not. In fact the capital cost of labour-intensive techniques is often quite high. For example, the ILO Employment Mission to Colombia was informed that the capital-output ratio in the traditional sector of Colombian industry averaged about twice as high as in the modern sector. Some insight into possible reasons for this kind of unexpected result is provided by studies of cotton textile production in India. These have shown that cottage industry employs substantially more capital per unit of output than factory production, principally because the much longer time required for manual operations involves the tying-up of far greater amounts of working capital per unit of output.

Thus capital-intensive techniques are not necessarily associated with higher capital costs per unit of output than those of labour-intensive techniques: on the contrary, there is reason to believe that over a wide range of industry capital-output ratios are actually lower for capital-intensive than for labour-intensive techniques.

In general, labour-intensive techniques are clearly advantageous to developing countries only if they permit the same volume of output to be

produced at no greater capital cost. The available evidence suggests that in many core industrial processes techniques requiring a large volume of investment per worker generate a far higher level of output, as well as of output per worker, while capital outlays per unit of output are no greater than for less capital-intensive techniques.

The principal qualification to be made in respect of this conclusion is that in some cases the choice of a capital-intensive technique may be precluded by the fact that the domestic market is too small to permit the advantages of the technique to be realized. At the same time there may be difficulties in breaking into export markets.

There are a number of ancillary activities, notably construction and materials handling, as well as services, in which the use of labour-intensive methods may yield economies in the use of capital per unit of output. However, the successful application of labour-intensive methods in large-scale road and dam construction has been found to depend on a high degree of managerial efficiency in the deployment of labour as well as on tight labour discipline. Failing this, capital-intensive methods may be preferable even here.

The point is often made that capital-intensive techniques have in effect been subsidized in developing countries through low interest rates and the remission of duties on imported equipment embodying advanced technology, coupled with high levels of protection on the finished products manufactured with such equipment. Examples can be cited in which the value added by heavily protected modern industry in certain developing countries was actually negative at world market prices: motor-vehicle production in some

of the Latin American countries is a case in point.

It is doubtful whether subsidization of such magnitude, especially of luxury consumer durables, can be justified. Equally, however, it would be inadvisable to introduce distortions of precisely the opposite character, namely, those that would result from indiscriminate incentives or subsidies to labour-intensive technologies. There are instances in which the subsidization of capital-intensive as well as of labour-intensive techniques can be justified: both may find their place in a purposeful development strategy so long as decisions are based on rational calculation rather than on general doctrine.

Notwithstanding the above considerations, it appears to be implied in some of the employment-maximizing strategies that labour-intensive techniques should be adopted even though they do not yield a higher aggregate output, and even though total capital requirements may be greater. This, however, is a self-defeating strategy under almost any conditions. It amounts to saddling industry with the additional costs of a public works programme. This inevitably makes it more difficult to gain export markets and may even necessitate high levels of protection against cheaper imports from abroad. In such cases it would obviously be preferable to adopt capital-intensive techniques in the industries concerned, and use the savings in capital cost to help in financing employment-creating public works programmes of value to the community.

4. *'Appropriate' technology*

It is nevertheless true that most of the technology employed in developing countries was originally designed for use

in the quite different conditions of industrial countries, and has usually undergone only minimal adaptation to the requirements of a new environment. Much greater efforts are therefore needed, as the basic needs strategists emphasize, to design or adapt technologies that would be more 'appropriate' to the conditions prevailing in developing countries.

Whether a programme to promote 'appropriate' technology would bring about a significant change in the strategic options available to developing countries is far from clear. In the first place the mobilization of an adequate scale of R and D for this purpose will take more time than is generally realized, and the production of usable prototypes may take even longer. Moreover, account will have to be taken of the fact that differences in factor prices and in other relevant conditions among developing countries are greater than average differences between developing and developed countries. Consequently there is no technology that is equally 'appropriate' for all developing countries, and adaptations will themselves have to be graduated accordingly. Secondly, it will be necessary to accommodate the effects of changes in factor price ratios over the lifetime of durable equipment: for example, at a rate of growth of seven per cent per annum real wages double in ten years. Thus the problems involved in elaborating 'appropriate' technology over a significant range of industry are immensely complex, and for many of the most important industrial processes solutions cannot even be envisaged at this stage, let alone anticipated. Meanwhile life must go on, and choices will have to be made from the options available at present.

The application of up-to-date scien-

tific and engineering know-how could undoubtedly help to improve the performance of traditional techniques. Whether the improvement could ever be sufficient to outweigh the productive advantages of capital-intensive techniques in a major part of industry is open to doubt. In many and perhaps most cases, traditional techniques do not lend themselves to development beyond a certain point, because of such factors as their inability to accommodate high rates of power utilization. It would have been useless, for example, to try and harness a steam engine to a stage-coach. In fact, no matter how much scientific and technological ingenuity had been invested in trying to bring pre-railways methods of transport up to date, it is scarcely conceivable that any system competitive with the railway could have been invented at the time, under any configuration of factor price ratios.

All this in no way diminishes the need for an effort of adaptation, and indeed of innovation, to be begun, and on a massive scale. In fact, this is a case where the minimum critical mass of resources required is exceedingly large. This is not only because of the immense variety and complexity of industrial technology, and the enormous differences among developing countries, and hence in the degree of adaptation required in particular cases, but because small amounts of R and D devoted to 'appropriate' technology are likely to produce their results too slowly for these ever to be put into practice, since the dynamics of technological progress will have rendered them obsolete before they are applied. One can only hope that the strong support of the industrial countries for a basic needs strategy of development will be accompanied by a recog-

nition of the need for this kind of massive effort.

Even if adequate resources were allocated, and a successful R and D effort were mounted, there can be no presumption that the new and 'appropriate' technologies would be more labour-intensive—at any rate in the core processes of the principal branches of industry—than the technologies now imported without adaptation. Their 'appropriateness' may lie rather in the capacity to achieve maximum cost-effectiveness at a lower level of output than existing technologies require.

The issue of 'appropriateness' must, however, be seen in terms of the products themselves, as well as in terms of the technologies required to produce them. As Frances Stewart puts it: "When techniques designed for use in rich countries are transferred to much poorer countries, the products produced by those techniques are transferred too. The two—the techniques and the products—are inseparable aspects of the technology. Thus products designed for consumption in much richer societies are transferred to economies where, on average, incomes are much lower".³⁸ In the case of durable consumer goods a further adverse consequence may ensue: the creation and maintenance of an adequate market may require—over and above the kind of socially uneconomic protection referred to earlier—a high degree of inequality in the distribution of income.

There are, of course, various ways of preventing the diversion of resources into luxury consumption, including the creation of strong disincentives to

³⁸ Frances Stewart, *Technology and Underdevelopment*, London, Macmillan, 1977, p. 78.

domestic manufacture, the levying of high duties on imports, and the redistribution of income through taxation and public expenditure. It is, in fact, a surprising feature of the basic needs approach that far less attention is usually devoted to direct and practical measures of income redistribution than to a reorientation of development strategy that may well turn out to be as nebulous as it is ambitious, and which can in any event hardly be relied on to yield the desired result. We have already noted that the treatment of land reform is likewise often more tentative than one might have expected from a school that is profoundly concerned about rural poverty. In both these instances there appears to be an implicit hope or expectation that a basic needs strategy, by encouraging poverty-oriented development projects, might be able to sidestep the issue of direct redistribution of land and income. Perhaps the political and social strains of such a strategy would be less severe than those of a programme of land reform and tax reform; but the costs in terms of slowing down the rate of modernization of the economy may be high, while the benefits may prove quite elusive.

5. *The international division of labour*

The idea of an international division of labour between developed and developing countries based on labour and capital intensities is not viable for at least two reasons. In the first place, just as it does not necessarily follow that labour-surplus countries should adopt labour-intensive technologies across the board, so also there are no grounds for presuming that the comparative ad-

vantage of such countries in world trade lies exclusively in the export of labour-intensive products.

Any such principle for the international division of labour is in any case ruled out because the developed countries are not less opposed to it than the developing countries are. Imports of labour-intensive products hit the most vulnerable industries of the developed countries — industries that often employ the poorest workers and members of minority groups. While a few developing countries have been able to establish strong positions in world textile markets, further export growth is under severe and discriminatory constraints, and there is no possibility at all that developing countries generally could look to textile markets as potential sources of substantial expansion in export earnings. The first international agreement on restricting textile imports from developing countries was adopted in 1962 as a temporary measure to be applied "during the next few years". The restrictions have, however, been renewed periodically ever since, and the rate of expansion of imports has been curtailed to the point at which there appears to be an intention to avoid the need for adjustment by preventing any significant further encroachment on domestic markets. Similar considerations apply to other restrictions on trade in manufactures with developing countries, whether imposed by importing countries, or by exporting countries under duress.

Thus the idea we have been considering is not only poor economics. It is also quite impracticable in a world of growing protectionism, in which it is the labour-intensive industries that are the weakest in the developed countries.

6. *The Chinese example*

The point that never emerges either from the ILO report or from other versions of the basic needs strategy is that there is no necessary incompatibility between rapid development of the modern sector and promotion of new employment opportunities by more traditional methods in other sectors. If the Chinese model, which the basic needs strategists frequently quote with approval, proves anything, it surely proves that.

Chinese experience is often cited in support of the labour-intensive, small-project approach to industry combined with the concentration of major resources and intensive efforts upon rural development. But the parallel drawn is often founded on a misunderstanding of

that experience. The Chinese strategy is to walk on two legs, not on one, which is not a bad idea if the pedestrian is to remain upright. China encourages the simultaneous development of industry and agriculture, making use of the most modern capital-intensive technologies as well as of traditional methods of labour-intensive production. Provision is made for a minimum level of consumption accessible to all, while at the same time heavy industry is the key industrial activity that is given the highest priority in the allocation of resources.³⁹ Thus the Chinese model is based on a strategy of comprehensive development quite different from what is usually understood as the basic needs approach, even though China clearly does have a definite policy on providing for a minimum level of living for all.

IV

Basic needs and international aid

1. *Should UNDP have a development strategy?*

The preceding discussion brings us to the second main issue of this paper — namely, should the aid donors in general, and UNDP in particular, use their resources to further a poverty-oriented or basic needs strategy of development?

Except in the Netherlands and the

Scandinavian countries, the constituency for aid programmes in the developed countries is at the best of times relatively weak. Evidence that the distribution of income is becoming less rather than more equitable in some of the developing countries has been grist to the mill of the opponents of aid, who make the persuasive point that it is irrational to transfer income from poor tax-payers in developed countries to the well-to-do of the developing world.⁴⁰

³⁹ See Suzanne Paine, "Balanced Development: Maoist Conception and Chinese Practice", *World Development*, vol. 4, no. 4, April 1976.

⁴⁰ The latter proposition is, of course, valid even where the distribution of income in recipient countries improves.

Thus acceptance by the developing countries of a commitment to a poverty-oriented development strategy has come to be regarded in the industrial countries as indispensable if aid programmes are to be sustained. In fact the case for such a strategy emerged in the developed countries long before the World Employment Conference. Charles Paolillo notes that "The basic needs strategy bears a striking resemblance to the 'participation' strategy of development that underlies the 'new directions' in development assistance which the United States Agency for International Development (AID) has been pursuing over the past several years, in accordance with legislation put forth initially by the House International Relations Committee and enacted into law in 1973 and 1975".⁴¹ Similarly, in a Blue Book issued in October 1975, the United Kingdom Government stated that "...we and other aid donors are now adapting our aid policies to give more help to the poorest countries and the poorest people within these countries".⁴²

Why, then, are developing countries reluctant to enter into a compact whereby development assistance would be linked to programmes in aid of the poor? In the first place, they resent what they regard as an unwarranted assumption by the developed countries that it is only they who are concerned about the poor, and that the developing countries have to be offered the bait of foreign aid to induce them to show equal concern. The United Kingdom Blue

Book recognizes that these are "highly sensitive matters at the heart of the political process in all countries both developed and developing", and that efforts to exert pressure in this field might well be resisted even by countries otherwise favourably inclined towards poverty-oriented development.⁴³ The Chairman of the OECD's Development Assistance Committee writes that "experience with the African Club du Sahel indicates that no nation in this century would be likely to accept a minimal standard of life as an objective of policy for more than a temporary emergency period".⁴⁴ What is more serious is that attempts to reach agreement on minimal poverty lines are certain to be deeply resented by developing-country leaders and peoples as unduly technocratic and paternalistic on the part of the affluent North. Moreover, the developed countries carry little conviction in this field at a time when unemployment and deprivation among their own disadvantaged and minority groups have risen to levels not seen since the Great Depression.

It is not as though the campaign for poverty-oriented programmes of development is accompanied by offers of a substantially larger volume of aid in support of such programmes. On the contrary, there is deep concern among developing countries that narrowing the scope of the international community's development objectives so as to concentrate upon poverty in a restricted sense of that term may be intended to provide a rationale for eroding the trade and aid commitments of the industrial countries. According to the World Bank, official development assistance declined

⁴¹ *A Basic Human Needs Strategy of Development, op cit.*, p. 1.

⁴² United Kingdom Ministry of Overseas Development, *The Changing Emphasis in British Aid Policies: More Help for the Poorest*, H.M. Stationery Office, Cmnd. 6270, October 1975, p. 2.

⁴³ *Ibid.*, chapter III, paragraphs 3-4.

⁴⁴ *The OECD Observer*, November 1977, p. 20.

as a percentage of the total GNP of developed countries from 0.52 in 1960 to about 0.33 in the mid-1970s, and there is no prospect in the near future of a really significant move towards the General Assembly's target of 0.7 per cent of GNP.⁴⁵ At the same time the trade objectives of the United Nations International Development Strategy seem farther than ever from realization as the commodity problem remains unresolved, and, as noted earlier, the new protectionism of the industrial countries is particularly severe in its treatment of manufactured imports from developing countries. There is consequently a profound uneasiness among developing countries lest the poverty slogan and the basic needs approach are being used to undermine the International Development Strategy and to divert attention from the failure to meet the international obligations it sets forth.

In addition, the developing countries consider that concentration of aid efforts on the poorest 40 per cent of the populations of the poorest countries ignores the fact that in most countries the majority of the remaining 60 per cent are, by any reasonable standards of basic needs, themselves extremely poor and deprived. It is, on this view, a dubious procedure to separate out the poorest 40 per cent in, say Tanzania when four-fifths, of the population are probably living at levels below the 100 dollars per capita line.⁴⁶

⁴⁵ Robert McNamara, *Address to the Board of Governors*, World Bank, September 26, 1977, Annex III.

⁴⁶ According to Hollis Chenery *et. al.* *Redistribution with Growth*, Oxford University Press, 1974, table I.2, 72.9 per cent of the population of Tanzania was living below the poverty line of a *per capita* income of 75 dollars (at 1971 prices) in 1969. The

It is not necessarily in the poorest countries that the greatest inequities in income distribution are to be found. Even if it were regarded as desirable and efficacious to use aid programmes to exert leverage on the developing countries in favour of the poor which is itself open to question for the reason given in the United Kingdom Blue Book, that leverage should presumably be directed towards the countries where inequities are greatest, rather than towards countries where the overwhelming majority are so poor that poverty-oriented development is virtually the same thing as development for all. But it is obvious that aid cannot be used as a means of pressure upon a country that receives no aid, and it is the countries that have been excluded from programmes of concessional assistance because of their relatively high incomes that could do the most for their poorest citizens.

Thus there is more than a possibility that the pressure will be applied most strongly at precisely the point where it is least needed, and will not be felt at all in the cases where resources are indeed available for making significant progress towards the eradication of poverty, if the will were there.

2. *The transfer of development strategies: the basic needs approach*

Earlier we saw that while there is unquestionably a need for more equitable distribution of the gains from development, the strategy devised by the

corresponding percentages for some other countries were as follows: Dahomey, 90.1; Chad, 77.5; Burma, 71.0; Madagascar, 69.9; India, 66.9; Sri Lanka, 63.5; Sierra Leone, 61.5; Niger, 59.9.

basic needs school to achieve this goal is at best highly controversial and at worst likely to slow down the process of development and with it any real hope for improving the living standards of the poor.

But even if the above analysis were too pessimistic, and even if it could be shown that rural development and small-scale labour-intensive industry held the key to development with social justice, it still would not follow that the international agencies have any comparative advantage in planning, designing and implementing projects in these particular fields. The simplistic assumption is often made that the best way for the international community to improve the lot of the rural and urban poor is to go to them directly, and involve them in internationally-supported projects, multilateral or bilateral. Such projects frequently neglect the most basic preconditions for success.

3. Rural development

In her important book on *The Design of Rural Development*, Uma Lele stresses the crucial importance of appropriate policies and commitment of resources by governments, without which rural development programmes cannot succeed.

In the field of broad policy, for example, if the system of land tenure precludes participation of the lowest income groups in rural development programmes, land reform may be an indispensable prerequisite for the success of such programmes. Likewise the pricing policies of the government or of marketing boards may have to be

adjusted to permit low-income groups to benefit from increases in productivity.⁴⁷

Popular participation in and support for rural development programmes are also essential, and the general ineffectiveness of past attempts to secure such support is noteworthy. As Uma Lele points out, most programmes have "suffered from poor knowledge of the sociocultural and institutional environment in which they were to be implemented" combined with "extreme scarcity of trained local manpower".⁴⁸ These considerations prompt the conclusion that "without a very major commitment of resources by national governments to rural development and, equally important, to suitable training of the manpower necessary for expansion of these services, intensity"⁴⁹ of most of these programs cannot be replicated on a large enough scale to reach a mass of the rural population in the foreseeable future".⁵⁰

It can hardly be said that in the entire spectrum of development support that international agencies are capable of providing, rural development is the sector where their comparative advantage is greatest. Even if it were true that rural development should have the highest claim on the total resources available for development (which is itself far from certain), it still would not follow that it should also rank first in claims on *external* resources, which, it should be remembered, represent only a

⁴⁷ Uma Lele, *The Design of Rural Development*, published for the World Bank by the Johns Hopkins University Press, Baltimore, 1975, p. 176.

⁴⁸ *Ibid.*

⁴⁹ "Intensity" is roughly measured by the ratio of extension workers to farmers.

⁵⁰ *Ibid.*, p. 69.

small proportion of the total – less than ten per cent on average.

It stands to reason that no outsiders, however well-meaning, can be expected to have the intimate knowledge of the sociocultural and institutional environment that Uma Lele points to as crucial in any such programme. Indeed, in the overwhelming majority of cases, the outsider will not even have the minimum understanding of the local language that is indispensable if close contact with the people is to be achieved and maintained.

Consider two countries, A and B, with similar *per capita* income levels and similar sectors of extreme poverty. Let us suppose that A has a laissez-faire government that does not believe in direct domestic aid for the poor but prefers to rely on market forces to put things right. B, on the other hand, has an active programme of employment generation for both rural and urban poor; and a system of taxes and subsidies that effectively narrows the internal *per capita* income differentials, and puts a floor under the real income of the poorest.

UNDP proposes, and country A accepts, a programme of integrated rural development. Efforts are made to raise the productivity of the small producer. Gradually it is noticed, however, that the fruits of the productivity increase are not retained by the producers but are passed on by them, involuntarily, to the industrial population in the form of lower food prices. The suggestion is made by the UNDP team leader that the government should consider supporting producer prices, but the government replies that Nobel prizewinner Milton Friedman is against such interference with the market.

Country B's officials do not want an externally financed rural development

programme at all; they feel that they understand the rural development problems of their country better than any external agency, and do not need any external inputs in solving them. UNDP's comparative advantage, they feel, lies in helping them to obtain and master advanced technology. They have some mineral resources already being exploited, and would like UNDP to help in establishing facilities for semi-manufacture. The programme will not generate much employment and it certainly will not go directly to the poorest sectors. But, says the government, it *will* accelerate the rate of growth of the economy as a whole, and the benefits will be redistributed by the government so that the poor obtain a more than proportional share.

Which of these two programmes is more effective as a means of dealing with poverty? Views may differ, but certainly the second approach is not obviously inferior to the first.

It is no doubt considerations of this kind that prompted the United Kingdom Government to take an extremely cautious approach to poverty-oriented development in its Blue Book cited above. The Blue Book suggests that a poverty-focused aid policy "has to proceed by means of detailed programmes related carefully to the circumstances and wishes of each country, and not by way of general guidelines to be applied regardless in all countries". It argues against direct methods whereby the donor would "specify in advance the economic or social sectors, types of projects, geographical areas, or particular beneficiary groups within a country to which it wishes to confine, or preclude the use of, its aid".⁵¹

⁵¹ *Op. cit.*, chapter III, paragraph 4.

Programmes of poverty-oriented development have nevertheless gone ahead with the best of intentions, and the expected difficulties have materialized. In a certain Asian country, for example, a large-scale development project encountered severe problems resulting at least in part from the lack of familiarity of the international agency concerned with the cultural and political cross-currents among the host of small communities that were involved. More surprising, the agency did not foresee the consequences of upgrading provision for water supply, sewage and other improvements in isolation from more comprehensive development measures (that would, of course, have required a large multiple of the already substantial resources made available for the project). As the improvements raised the value of land and housing in the area concerned, the impoverished occupants felt compelled to sell out to richer people and move to slums on the outskirts of the country's capital city.

Again, at a recent intergovernmental meeting to discuss the basic needs strategy, a representative of one of the poorest African countries described how a certain international agency had created "a State within a State" in his

country. The motives underlying the project in question were no doubt of the highest and best; the agency was determined that the experiment should succeed, that a significant impact should be made on the poor of the area concerned, and that nothing should be allowed to interfere with the progress made. But in order to achieve this result the agency felt compelled to assert a degree of control over the project, and a degree of protection from outside influences, that isolated it from the rest of the country. Moreover, conditions were created in the project area that made it quite impossible for the country in question to repeat the experiment elsewhere. Thus a purely artificial entity had been established with no spread effects to the economy as a whole, and posing a serious problem for the government once the international agency concerned leaves the scene.

External support for a basic needs approach does not have to consist of basic needs projects. International agencies have acquired a high degree of competence in a number of areas, and it is in those areas that their efforts can be most productive, whatever the overall development strategy of the country concerned.

Conclusions

The basic needs school has made a contribution to the development dialogue by emphasizing the importance of equitable distribution of the benefits of development. But it claims too much. There is no such thing, thus far, as a basic needs strategy that clearly defines the direction to be taken by the economy as a whole.

While apparently radical in intent, the basic needs approach is in fact to a considerable extent backward-looking. This is particularly evident in the absence of unambiguous provision for the structural changes that are indispensable in releasing the potential for development, and in the playing-down of the role of modern industry and modern

technology. Even in the rural sector, proposals for structural change seem hesitant and half-hearted.

It does not follow that because a country has egalitarian development goals, it will necessarily wish to give overriding priority to the attainment of certain absolute targets for consumption. It may prefer to hold down present and short-term consumption in order to permit a more rapid rate of growth and structural transformation. The success of such a strategy may well depend on the fairness with which the associated burden of deprivation is distributed within the society as a whole.

Just as experience has shown that the success of efforts to limit the growth of population depends on placing such efforts squarely within the context of general economic and social development, so also will programmes to assist the poor succeed only if established as part of a broader development strategy. The goals of growth and equity are not only compatible but interdependent, and their achievement certainly does not call for weakening or slowing down the growth of the modern sector, or for one-sided reliance on labour-intensive technologies.

Finally, however important it may be for countries to make more deliberate provision for the needs of their poorest

citizens, it does not follow that international agencies have any special competence or expertise to offer in dealing with poverty problems through projects addressed directly to the poor. On the contrary, lack of familiarity with the complex political, economic, social and cultural problems of assisting the rural and urban poor should prompt the agencies to offer their resources and services in the areas where they know from past experience that they can perform well. They do, however, have a responsibility to advise governments on the goals that the latter have freely accepted in international forums, and on the means of achieving those goals within the framework of each nationally-determined strategy.

But the agencies should not aspire to be leaders in development theory or the principal authorities on the development process; and they have no mandate to impose particular development strategies on member countries. Development is a long-term task requiring from the international agencies steadiness and persistence, as well as a certain humility and restraint; a sense of proportion respecting their own capacities and the importance of what they do; and the strict avoidance of both complacency and evangelism, together with the ups and downs of development fashion.