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Social Groups in the Development Process

by Dr Christian Uhlig, Bochum

Development should be seen not only as an economic, but also as a socio-political process, having close links between these two sectors. This means, however, that those responsible for development policy must also consider how far economic growth is promoted or inhibited by the actions of socio-political groups and institutions.

To make an objective assessment of the contribution of individual social groups to the process of economic development is one of the most difficult problems raised by a rational development policy. To obtain a true picture it is essential to start with a comprehensive analysis of the functions of such groups and their effects.

One important social group influencing the economic process also of developing countries is formed by the trade unions. They are politically well-established, and the economic politician is obliged to see their activities as an influential factor. The questions are: how far are the effects of this organisation to be considered as a positive or as a negative influence upon the development process and how far should the economic policy-makers support measures to repress or encourage trade unions?

Reservations about Trade Union Activity

Any judgement of trade union activity in developing countries is, in reality, often coloured by the fact that governments are critical of their activity and—wherever possible—attempt to restrict it. The reason for this is not only to limit the activity of a political competitor. Such a course can also be explained by the politico-economic view that, in the present phase of economic development, trade union activity does not go hand in hand with economic development. In order to achieve the projected high rate of overall economic growth, it is essential to obtain a high rate of real capital formation internally, because of the limited inflow of foreign capital. In order to guarantee this, extreme caution is required in allowing private and public consumption to expand. Caution is also essential because in developing countries the capacity for producing consumer goods and/or the possibility of increasing imports of consumer goods are in most cases restricted and if there is excess demand there may be a tendency for prices to rise.

On the other hand, the unions' general aim is to improve the workers' standard of living in the short term, through higher incomes. This leads to an increase of purchasing power and a higher demand for consumer goods and consequently runs contrary to

the intentions of the bodies formulating economic policy. However, a functional analysis shows that due to various factors the unions' basic function of guaranteeing wages and social security is not necessarily so important as is often implied. On the other hand, it must not be forgotten that trade unions undertake other important tasks as, for instance, maintaining productivity, expansion of training facilities and the promotion of social integration. These additional functions are certainly positive ones, considered from the viewpoint of development policy.

The Positive Role of Trade Unions

One considerable difficulty encountered when formulating a practical development policy is the creation of a dynamic attitude towards development over wide strata of the population, in order to mobilise all available forces "from the bottom up". To achieve this, governments need social groups which are in a position to explain the necessity of a modern development to strata with predominantly traditional patterns of behaviour and to persuade them to alter such patterns. Trade unions, which belong to the modern sector whilst having, because of their main task, close ties with the traditional sector, form an obviously suitable group to undertake this type of social mobilisation; they can fulfil an important supplementary function in the socio-political sphere by co-operating confidently with politico-economic bodies.

A comprehensive functional analysis shows that it is insufficient to base an assessment of union activity in developing countries solely upon consideration of the effects of union wage policy, upon capital formation by the economy as a whole and the economy's equilibrium. If the positive effects to be anticipated from other functions are taken into account—particularly the vital fact that, as an active group, the unions can make a significant contribution towards initiating social development dynamics—these offset certain negative effects which might arise from their function of guaranteeing wage rates.

It is important to realise, when considering the positive aspects of union activity in developing countries that it is essential to guarantee the indivisibility of functions undertaken and union independence. Only when the unions can fully assume the basic function of guaranteeing wages and social security and can also act as independent social groups will they gain the confidence of the masses. And only then can union activity exercise a proper influence upon the promotion of a dynamic development through their positive socio-political impact.