

Make Your Publications Visible.

A Service of



Leibniz-Informationszentrum Wirtschaft Leibniz Information Centre

Schwefel, Detlef

Article — Digitized Version
Basic needs, planning and policies

Intereconomics

Suggested Citation: Schwefel, Detlef (1979): Basic needs, planning and policies, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 14, Iss. 3, pp. 132-138, https://doi.org/10.1007/BF02924554

This Version is available at: https://hdl.handle.net/10419/139612

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



selves. Countries such as Egypt and India are ready to cooperate in such schemes and demonstration plants are already in preparation. They will be constructed so that as many of the components as possible can later be mass produced in these countries themselves.

The development of small production units is important for the sort of small markets found in the developing countries. For example, the Federal Republic is promoting the development of small plants for producing a sugar substitute out of the abundant and previously unused agricultural waste in the developing countries since sugar is a scarce food of high nutritive value. Experiments have been positive. It is now planned to set up a pilot plant to test the process at industrial level.

Many technological developments, including many carried out in the Federal Republic of Germany, are of great interest to the developing countries. There is, for instance, the work being done on the desalination of sea water. This is a technology which can be applied on a large scale principally in the developing countries. The selective transfer of technology can be of great importance for the development of these countries.

If it is to be worth-while, development policy must derive from an understanding of the problems of the developing countries. Such understanding must, however, be accompanied by willingness on our part to give the products of the developing countries a fair chance on our markets. Important structural changes and employment problems in our economy are attributable to new production in the countries of the Third World, to a continuing development of the international division of labour. What is required is partnership, and the conduct of partnership requires that we do not close our markets to the products of these countries in a short-sighted protectionist policy.

Development policy is not restricted to the transfer of resources and the readiness to relinquish a part of one's own income. It demands more, particularly the willingness to understand and take seriously the problems of other people and other nations, and show sincere interest and dedication. The relationship must not be determined by the dependence of the recipients of our aid but by the readiness to cooperate as partners in the knowledge that each has to rely on the other. Only in this way can development policy also contribute to peace policy.

DEVELOPMENT POLICY

Basic Needs, Planning and Policies

by Detlef Schwefel, Munich

The recommendations of international organizations such as the World Bank, ILO, OECD and FAO and comparable demands by critical social scientists evince a growing awareness that basic human needs should be made the point of departure and orientation for analyses, planning and evaluation. They betoken a decisive turning away from the conventional growth- and employment-oriented economic policies towards a strategy which is determined by basic needs.

Pome and Bariloche are worlds apart. The European contribution to the discussion on the probable shape of the future at the Club of Rome still bore the markings of traditional economic approaches whereas the Bariloche Model started out

from the opposite venue: basic human needs were the point of departure and orientation ¹. Implicit value judgments of traditional science were replaced by explicit value judgments: the survival of each and all was reinstated as the relevant criterion of science.

1 D. Me a d o w s et al., Die Grenzen des Wachstums. Bericht des Club of Rome zur Lage der Menschheit (The Limits to Growth. Report of the Club of Rome on the Situation of Mankind), Hamburg 1973 and A. O. Herrera et al., Grenzen des Elends. Das Bariloche Modell: So kann die Menschheit überleben (Limits to Poverty. The Bariloche Model: How Mankind Can Survive), Frankfurt 1977. A detailed bibliography of the subject dealt with in this article can be found in D. S c h w ef e I, Grundbedürfnisse und Entwicklungspolitik (Basic Needs and Development Policy), Baden-Baden 1978; english issue: Basic Needs, Planning and Evaluation, Berlin (German Development Institute) 1979.

The Bariloche Model thus took its place in a lengthening series of comparable political initiatives on an international level which delve into the inhumanity of the usual approaches in economic science and policy and in opposition to these demand a social policy which does not see itself —

wrongly — as a sectoral welfare policy in the service of an overwhelming economic policy with an ever expanding gross national product as its aim. The World Employment Conference in 1976 had pleaded in this sense that the principal concepts of economic policy — growth and employment — should henceforth be studied under the aspects of basic human needs. The International Labour Office had in the sixties already questioned the conventional economic wisdom which said that single-minded growth policies would — as it were — spontaneously and automatically lead to improved employment and living standards; for the time being however it was still backing employment-oriented policies.

When the hopes and expectations placed by many people on the Second Development Decade failed almost completely, it emerged very clearly however that this kind of policy was still not sufficiently broadly conceived. The consequence in the sphere of theory was obvious: the deliberate choice of basic human needs as the point of orientation for policy and planning seemed to show the way out of the predicament of the discrepancy between postulate and reality. "Satisfaction of basic needs means satisfaction of the minimum requirements of a family for its personal consumption: food, housing, clothing. It includes access to basic services, like drinking water, sanitation, transport, health and education; it implies that all who want to work can obtain adequately paid employment; it should, besides, allow needs of a more qualitative kind to be satisfied: a healthy, humane and satisfying environment and participation in the decision-making process as it affects the life of the population and the individual liberties" 2. Employment is thus merely seen as one instrument amongst others for the attainment of these objectives.

This line of approach was not entirely unprecedented, however. The World Food Conference of 1974 and World Bank circles had already urged that the elementary minimum needs of the poor should be taken into consideration in the planning of national production targets, no matter whether they surfaced in the market or not. Put in other words, "the demand in the market, which is in such great measure influenced by the existing income distribution should be rejected explicitly to make room for national consumption and production targets based on minimum human needs" ³. This theme was followed through, with slight verbal variations, by the ECOSOC, OECD and other international agencies. In mid-1977 it was

introduced into the OECD Council of Ministers meeting by the US Secretary of State and at the end of 1978 the SID was planning a major fund for effecting the strategy of basic needs ⁴.

Needs and Economics

Does this imply a return to the beginnings of the economic and social sciences? The concept of needs is after all not a novel one. There was a time when it was the starting point of all economics and political economy. Need and utility remained for some time fundamental concepts of the science of economics. Today they seem to be historic relics. Tinbergen however considers the widespread agnosticism about the concept of utility to be absurd: "The idea that utility cannot be measured is unsatisfactory. It is unsatisfactory because utility is the basic concept of economic theory." ⁵ The view that the concept of utility is an individualistic one still persists, however.

Since any economic science however must necessarily argue on supra-individual lines, the problem of utility and individual comparisons was explicitly jettisoned but implicitly resolved by a few simple equations: utility = need = demand. The level of demand is thus the level of utility, and the level of utility is the level of need satisfaction, which shows clearly that the naive economic presupposal of the impossibility of utility comparisons is false or inconsistent with what is implicated by economic theory and practice since the equation does in fact solve the problem and implies value judgments which can be decided also differently. Interpersonal utility comparisons are being made in social practice; hence they can be made. Interpersonal utility comparisons are implicit in economic theory; hence they must be made explicitly, as was in fact done by World Bank President McNamara for instance when he pointed out that the increase of the gross national product is a measure of the prosperity of the richest 6.

The reconsideration of the classical need and utility concepts of economic theory was at first a very gradual process; the numerous unrealistic assumptions underlying the theory of optimum goods distribution in the framework of the existing structure of consumer preferences under the price mechanism of perfect competition could not be left unrefuted, for the validity of such theses narrows as more and more qualifications are entered until they are eventually of no use whatsoever. In

² International Labour Office, Employment, Growth and Basic Needs, Geneva 1976.

³ M. u I Haq, The Crisis in Development Strategies, Paris, UNESCO 1972 (hect.).

⁴ See Bundesministerium für wirtschaftliche Zusammenarbeit (Federal Ministry for Economic Cooperation) (ed), Entwicklungspolitik im Spiegel der Presse (Review of Press Reports on Development Policy), Bonn 1976 ff.

⁵ J. Tinbergen, An Interdisciplinary Approach to the Measurement of Utility or Welfare, Dublin 1972.

⁶ R. S. McNamara, Address to the Board of Governors, Nairobi, IBRD 1973.

capitalist industrialized countries this tends to be recognized. Other allocation systems gain correspondingly in importance. One such allocation system is the state.

The discussion about public and private goods offered an opportunity to broach the question of the relationship between the state and the market. This distinction is fundamental to the state theories of bourgeois and marxist origin. The concept of merit goods - e.g. taxation of alcohol and subsidization of residential building - means state interference with consumer preferences: the state acts as an interpreter of need. The underlying thesis is that certain groups of persons are better at recognizing preferences than others. At the risk of exaggerating, and certainly misrepresenting, the position the market could be said to have the function of producing the value-in-exchange while it is the State's function to produce the value-inuse; the State is thus seen as the producer of goods and services satisfying human needs for which the market does not cater. This formulation implies a situation of cooperation and collusion, and at the same time of inevitable conflict, as the two terms are often inseparable except in analysis, and accentuates the schizophrenia and ambivalence of the State. More recently economists have therefore gradually gone back to the basic thesis of the social sciences which had so long been stifled by market ideas that it appeared to be utterly unreal, namely, that economy, society and State have to prove their legitimacy by their contribution to the satisfaction of human needs.

The State as an Interpreter of Needs?

While specialized human sciences for a long time shut their eyes to a need-oriented approach in capitalist industrialized countries science-based consultative services for the State's policies provided the relatively best conditions for the development of a need-oriented science. Many of the assumedly typical functions of the State must be regarded as need-oriented. Where spontaneous market developments and investment decisions too obviously paid no heed to basic needs of broad strata of the population, State intervention seemed to be the appropriate corrective for this kind of spontaneity. In emergencies in particular the State intervened, not only with the almost traditional instruments of its material and immaterial infrastructure policy, but by rationing of means of survival and even means of production. During the war Great Britain for instance levied taxes on consumption in inverse ratio to the utility of the goods in question for the satisfaction of basic needs; it was the State which interpreted needs and determined its policy accordingly. A policy of rationing is a consistent continuation of this policy. During the international economic crisis of the early seventies similar action seemed appropriate. "The group for economic and financial questions of the EC's Economic and Social Committee suggests in a study on inflation that the criterion of profitability which was given priority for investment projects in the past should be complemented or even replaced by a criterion of the general utility value of the planned production" ⁷. The call for an early warning system of social indicators must be judged in this context: potential nuclei of social crises are to be shown up in good time by differentiated social reports; in the event of excessive market spontaneity the State is to apply its corrective measures at these points.

Basic Needs and Planning in the Third World

What may occur in capitalist industrialized countries as a result of what is often described by the simplifying term of cyclical crisis is in most Third World countries the chronic effect of structural causes: nutritional deficiencies, avoidable illness, early deaths, ignorance, mass unemployment. This is probably the clearest evidence in support of the argument that a spontaneous economic practice is anything but need-oriented.

It was probably for this reason that the demand for the rehabilitation of need as the point of departure in politics and planning and the reappraisal of growth and employment under aspects of human (basic) needs was voiced most loudly and early in Third World countries and in respect of food, since food is the most obvious basic need. The World Bank has pointed out the facts: 76% of the population in the Third World are suffering from nutritional deficiencies; a ten-year projection suggests no significant change in this respect; at least 67 % of the Third World's population are estimated by the ILO to live below the subsistence level 8. Nutritional deficiencies and poverty go together; both are rampant among the masses of the population in Third World countries.

In the sixties most Third World countries conceded to nutritional programmes only a subsidiary role at the fringe of the health sector in their development policies; the whole of this sector was considered unimportant for development strategy. The marginal status of nutrition was however put in question in the early seventies by two "revolutionary" discoveries. In the sixties the ideology of nutrition still rested on the assumption that a serious protein deficiency was the significant element of the nutritional shortfalls and defects. This view changed notably when the inquiries were

⁷ VWD Europa (1975), p. 1, 3.

⁸ ILO op. cit. and International Bank for Reconstruction and Development, Undernutrition and Poverty, Washington, IBRD 1975

focused on the calorie problem. It was shown that, paradoxically, "the protein intake of most of those suffering from a protein deficiency was more than adequate to cover their protein requirements" 9 but this protein intake is used, not for building new body cells, but as a substitute for calories of which there is a basic shortage. Another paradox is that in many countries the agricultural production uses more energy than it generates. The second revolutionary discovery, made by comparing energy consumption and energy yields in the agriculture of various countries, is that the agricultural productivity in developing countries is at times higher than in most industrialized countries. This is a discovery of relevance beyond the nutritional sphere.

The implications of such "revolutionary" findings are clear: many target groups of traditional food programmes would be equally well served by distribution of sugared water, and this would be much cheaper than a protein distribution programme based on protein concentrates made from micro-algae, krill, etc., and it could also have been carried out with a smaller total energy input. Similar considerations apply to other kinds of nutritional programmes. The reversal of the views about the problem of nutrition has had wider implications in addition to the rather pragmatic ones mentioned so far: if it is essentially a calorie problem, it follows that nutritional deficiencies are caused, not by a shortfall of supplied nutrients, but primarily by inequitable distribution of foodstuffs and thus by poverty. Hence nutrition must not be regarded as an isolated social-medical phenomenon.

Poverty Eradication and Consumption Planning

If poverty is at the root of the crucial nutritional problem, should not the solution be sought in increased incomes for the undernourished target groups? "Nutritional programmes"in this sense now include: general price subsidies for specific foods, use of food additives, distribution of food stamps and income transfers. However, if this is the right way, should not all projects, programmes and policies, no matter by what department initiated, be re-examined as to their effect on the abatement of poverty and nutritional deficiencies? Further, should not, at least, the agricultural and nutritional policies be aligned? Is there not a need to devise an integrated policy which is not ingenuously targeted on output figures and how to raise them but focuses on the quality of the goods and services for the satisfaction of the basic needs of the masses of the population? Such a policy would relate to utility values, not to exchange values.

In the draft programmes for national food and nutrition policies which have been prepared in the seventies, in Latin America in particular, an attempt has indeed been made to focus policies and plans on basic human needs. They centre on a basket of goods and services which conforms to basic dietetic recommendations and can be produced most economically. The prime object is thus to fix material production targets - indicative of needs though not necessarily of demand in the light of a rational food budget as opposed to the traditional practice of setting monetary and arbitrary-statistical output targets in the name of an x-% growth of production. In contrast with the traditional production planning this is a consumption planning which is concerned with the question who consumes the goods produced. In this sense national food and nutrition policies are to be regarded as counter-models to the usual economic plans and policies, as models for a "reduction of deprivations", and not a bare increase of the gross national product, as the objective of development planning.

It is easy to see why draft programmes for national food and nutrition policies are often decried as utopian gimcrack. Seemingly realistic arguments are marshalled against such supposedly naive models on the strength of the traditional ritualized economic argumentation about purchasing power, growth indices and increased foreign currency earnings. They are correct and at the same time false. They are correct in that they signify the objective limitations, under the existing political-economic conditions, of a planned policy aimed at the production and distribution of utility values for consumption. And they are at the same time false because the consequences of such a policy show up most clearly in the health and food sector where they reveal the social irrelevance of monetary macro-data. This discrepancy is basically the one between market spontaneity and interventionist rationality; it is a political as well as a social discrepancy. For compelling material reasons the health sector - not only in developing countries - and the food sector are bound to be on the side of interventionism in the markets; in mixed economies the interventionist arguments and aspirations for social justice and social adjustments, presented in the more abstract form of political models, will necessarily provoke opposition. Whether and to what degree they gain acceptance will depend upon the political power balance.

One should fight shy of the argument that there may be some reason for the Third World to embrace need-oriented policies and planning but not for highly industrialized countries, for since the end of the sixties at the latest the concept of need

⁹ L. Joy et al., Food and Nutrition Planning, Rome, FAO 1975.

has become a central category of political economy in East European countries. Their conception of need bears, by deliberate choice, little resemblance with the individualistic-psychological interpretation of the term to be found in most text-books on economic theory and psychology in capitalist countries.

The socialist concept of need is a major component of the first basic law of socialism and indeed the first basic law of economics. While Marx treated the need for the utilization of capital, reflected by the ruling classes' striving for profits, in his analysis as the motivating force of the capitalist society. Engels contrasted this basic economic law of capitalism - that production by the many serves the interests of the few - with the vision of "production according to needs"; he was thinking of "the replacement of the social production anarchy by social production in accord with the needs of the community as well as every individual" 10. The basic law of socialism was - as formulated by the CPSU - "maximum satisfaction of the material and cultural needs of man" 11.

Consumption Planning in the GDR

This is the motto under which a new approach to planning, more especially long-term planning, is urged in the German Democratic Republic for instance: research into needs, analysis of requirements, establishment of normatives, a system of State plan indicators, rational budgeting, determination of a target function corresponding to the basic law - these are at the moment the watchwords and priority areas under discussion. Generally speaking, it is intended to plan the apportionment of end-products, i.e. the allocation of utility values; the planning is to relate to utility values, as opposed to exchange values, on the basis of the comparison of the utility effects of the various goods to be used, i.e. their qualification, as demanded by Engels. This predicates the evolvement of a theory of needs which, followings Lenin's law of the constant growth of needs, considers needs and production to be dialectically interlocked; needs are the precondition of production and coincidentally results of a certain production structure. When viewed critically, this theory is seen to rest on a weak basis: it only recognizes a dialectic but fails to deduce it.

What then is a need in the meaning of this research into needs? Most writers today still answer this question by categorizing needs into, for instance, individual, collective, normal, prospective,

productive, consumptive, social, real, ideal, dynamic, static, material, immaterial needs or by applying negative definitions: needs should not be confused with requirements, demand or consumption.

A substantive definition seems however to be gaining acceptance gradually, in the GDR for instance. "Need is a quantitatively determined level of consumption (volume of consumption in kind) which is independent from current purchasing power relations and other temporary restraints and will be attainable in future periods corresponding to the potential growth of the economic resources ("absolute need" according to Marx)" 12.

On the basis of this theory and definition of need the GDR research into needs concerns itself especially with the following questions: construction of need complexes (which needs are functionally interrelated and which must be separated?), ascertainment of need sequences (which needs are more important than others?), need forecasting (which kinds of needs will exist in future?, in which direction are needs developing?). Two connected areas of the research into needs seem to be especially important: the determination of an ordinal target function for the socialist economy and the preparation of consumption budgets. Although there is still some reluctance to answer either of these two questions, it would appear that this target function will be based on consumption or value-in-use standards, i.e. on the intended end-apportionment of material values. "The point of departure for the planning must be, in the first place, the required means of consumption and, next, derived from them, the required means of production. The end-effect to be aimed at is the provision of supplies in accordance with the needs of the people. But this does not imply that the means of production are not to be produced in accordance with requirements. On the contrary, production of the means of consumption in accordance with needs implicates production of the means of production in accordance with requirements." 13 Consumption planning is thus a strategically important gateway to production planning.

The discussion on a new approach to planning in the German Democratic Republic thus bears a surprising resemblance to the basic demands for national food and nutrition policies in the Third World. Rational food consumption budgets are the

¹⁰ F. Engels, "Anti-Dühring", Berlin 1973.

¹¹ In G. Tittel, Das ökonomische Grundgesetz des Sozialismus und die Hauptaufgabe (The Economic Basic Law of Socialism and the Main Task), in: Wirtschaftswissenschaft, Vol. 21 (12), 1973, p. 1836 ff.

¹² H.-D. Haustein, Zur Ermittlung des gesellschaftlich notwendigen Bedarfs als einer wichtigen Ausgangsgröße der Planung (On the Determination of the Social Requirements as an Important Planning Parameter), in: Wirtschaftswissenschaft, Vol. 20 (6), 1972, p. 871 ff.

¹³ G. Schilling, Bedürfnisse und Bedarf als Ausgangspunkt der Planung (Needs and Requirements as the Starting Point of Planning), in: Wirtschaftswissenschaft, Vol. 21 (2), 1973, p. 161 ff.

first point of orientation for such policies in Third World countries, and rational consumption budgets are also urged in the GDR. Such attempts to devise rational consumption models - for instance by linear programming - go back to a Soviet planning instrument which is by now almost antique, namely, the preparation of long-term consumption norms for consumer goods and for services, which means above all for private and collective consumption. Qualified need substantiation through determination of normatives for all final goods and services consumption is the foundation of such budgets. It is not enough however to plan consumption; what is wanted in the final resort is a model for a socialist way of life which indicates the socially necessary and possible level of consumption.

Basic Needs in the First World

Can the approach that is being discussed for the developing countries and for the socialist states be applied also to the Western industrialized countries? Designs for national food and nutrition policies are a form of constructive criticism of growth-related economic and planning policies which treat the gross national product as the essential criterion. Leanings in this direction are not unknown in countries like the Federal Republic of Germany. The gross national product and its usefulness as a measure of social progress and prosperity have come in for a good deal of criticism. Systems of social indicators or of indicators of the quality of life are occasionally called for, and also devised, for the measurement of the progress actually made and the real - not just the monetary - prosperity achieved. However frequently they lack an integrating concept such as the satisfaction of needs as the main criterion for a check on the effectiveness of states and para-state policies and intervention in the market economy. The fact that the quality of life has to do with needs, with the control of social activities in regard to their contribution to the satisfaction of human needs, is certainly pointed out often enough in the discussion about this glittering consensus-creating term. But it has to be questioned whether a pluralist society or one which considers itself a pluralist society can entertain a uniform concept of need like the Second and Third World. In the Third World countries it is evident that basic needs have still to be satisfied for all the people; this is the priority task for their national development strategies including national food and nutrition policies. In the Second World the State considers itself entitled to interpret and settle needs; problems of legitimacy, including the question who is competent to interpret needs, are here not yet the first item on the agenda.

This however will be the crucial question if an attempt is made to apply the concept of need to the First World. Who is to interpret the needs? Those affected? The elected representatives of the population? The scientists? An abstract norm of social equality? As far as basic needs are concerned, the answer seems to be simple, at least if the scientific analysis starts out from the axiom of the coequality of human life and survival. Inasmuch as different attempts to justify need lead to equal results one is certainly entitled to speak of basic needs. Industralized countries like the Federal Republic however seem to be chiefly concerned with needs which are incidental, secondary or definable by some other analytically imprecise epithet. Is it only an institutional cover for democratic need interpretations that is at issue here?

This would probably be the case if the rest of the world were ignored. Let us imagine that the costs and benefits of social and economic progress were distributed evenly throughout the world. What would happen then? Would not, given such a situation, food, housing, health, etc., present problems also for the citizens of the Federal Republic? Let us imagine that the sources of energy had been exhausted or closed by market or power changes. Would we not in such a situation have to fall back on an old set of instruments which few nowadays even dare to mention, namely, those of rationing? And what is rationing if not the orientation of production and distribution to a precisely calculated minimum of needs sufficient to satisfy everybody despite the scarcity.

Or take rationing of employment: is that not a rational response to a shortage of job opportunities? Or rationing of consumption: would this not be a rational alternative to the constantly increasing disparity between industrialized and developing countries? Must we not conceive such models of rational consumption — and thus indirectly also of production - in order to survive in a world which should accomodate itself to minus growth in the richest regions so as to attain plus growth in the poorest areas? Would not our industrial and energy scene look quite different if we would take our bearings from the socially necessary and acceptable consumption and automobiles for instance were produces for their utility value and not primarily for their exchange value? These are admittedly naive questions. Nevertheless: a needoriented policy and need-oriented planning will not stop outside our doors. This kind of needoriented planning and policy is in fact demanded for the Federal Republic of Germany as well as others; the demand is often hidden behind such elusive and nebulous catch-phrases as "quality of life" and "qualitative growth" which are the language of election manifestoes, political perspective papers and frameworks of orientation. It

DEVELOPMENT POLICY

will not do to pick out one social area or another, plot social indicators for this particular area and cram it into an incongruous system of social indicators.

What is needed is the design of a rational way of life, a model for this and a rational budget showing time schedules and utility values. It will certainly not be a matter of simply extrapolating the previous consumption of time and utility values. A rational consumption scheme will have to be outlined, to be translated into a model and to be introduced into the social decision-making pro-

cess for production and consumption. The rationally determined material norms for the consumption of goods and services will have to be justified by reference to several criteria: the consumers' preferences, scientifically justifiable consumption norms, arguments concerning the level of productive forces (national or worldwide?) and arguments concerning the value of human lives. The Second and Third World have furnished examples of possible designs for such budgets. We should learn from them. Over important areas we long ago ceased to play the rule of international preceptor.

INSTITUTIONS

Marketing and Distribution Strategies for International Organizations

by John C. Pattison and John A. Quelch, Ontario *

Recently international organizations as e.g. the International Monetary Fund or the GATT have increasingly been criticized particularly by developing countries. Even the creation of a kind of super-UNCTAD is under discussion. Other institutions are also subjected to increasing pressure to justify the investments of their sponsors in terms of the "product" which they are offering. What about adequate strategies for the international organizations?

During the past three decades there has been a continuous expansion in the number, size and roles of international organizations. The proliferation is such that it is a problem for governments and the organizations themselves to arrange for several hundred functional and regional commissions, boards, committees and secretariats to work together effectively. Within the last few years, there has been increasing concern with operational efficiency and cost effectiveness of international organizations, as well as widespread criticisms of their activities and alleged ineffectiveness. Due to the increasing scrutiny by legis-

latures there is increasing pressure for each body to justify the investments of its national sponsors in terms of the "product" which the organization offers. The United Nations, the International Labour Organization (ILO), International Air Transport Association (IATA), Organization for Economic Cooperation and Development (OECD) are only a few examples of organizations with particularly deeply-rooted problems which have been extensively criticized in recent years.

Critizism from the clientele is extensive, but because of the nature of the product, is bound to be present in some quantities. In 1974, Richard Gardner wrote in *Foreign Affairs* (page 557) that "Nobody now takes a major issue to ECOSOC, UNC-

^{*} The University of Western Ontario, School of Business Administration.