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## The human dimensions of the global development process in the early part of the 21st century: Critical trends and new challenges

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# **The Human Dimensions of the Global Development Process in the Early Part of the 21<sup>st</sup> Century**

Critical Trends and New Challenges

Mihály Simai\*

February 2006

## **Abstract**

At the beginning of the twenty-first century there is a rare coincidence of profound transformations in a number of areas, in population dynamics, in human settlements, in science and technology, economics, social stratification, in the role and functions of the states and in the global power structure and in governance. The systemic transformation of the former socialist countries is an important component of the ongoing changes. Political, economic, and social conditions vary immensely throughout the world, influenced by the size, natural endowments, development level, economic structure, political and institutional patterns, and competitiveness of the countries. The new state .../

**Keywords:** development theory, globalization, fragmentation, capitalist system

**JEL classification:** O15,O19, P1

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and non-state actors make the system of interests and values more diverse. All these have a major influence on the future of the global development process. The paper concludes that developing societies do not need old textbook models, neoliberal or other utopias. There is widespread demand for a new scientific thinking on development, with realistic and humanistic alternatives helping collaborative global and national actions.

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## 1 Introduction

To allow the market mechanism to be the sole director of the fate of human beings and their environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society ... Robbed on the protective covering of cultural institutions, human beings would perish from the effects of social exposure; they would die as the victims of acute social dislocation through vice, perversion, crime and starvation. Nature would be reduced to its elements, neighbourhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed. (Polanyi 1957; quoted in Leys 2001: 4)

Development may be measured in economic aggregates and the achievements of the different countries can be reflected in GDP statistics, but the human dimensions are of central importance, both as objectives and as input factors. This truism has been often forgotten in the international debates about the global changes and challenges. It is particularly important in the twenty-first century to include human dimensions in the analysis of changes which are influencing the global development process in this new era. In fact, all aspects of development, progress or decline are related to human actions and influence the life of human beings. Some of these changes have however more direct influence on it, while others may be more indirect. The process itself is embedded in a global social, political, cultural and economic environment with interdependencies and feedback between these processes.

Human beings are both the key actors and they are also directly affected by those comprehensive and complex global changes, which can be characterized as transformations in many key areas of the evolving world order. The new forces of history have phased out many of the long-, medium-, and short-term political and socioeconomic processes that had earlier influenced the world.<sup>1</sup> New regulating forces, 'drivers' have emerged to replace, or to powerfully interact with, old forces.<sup>2</sup> These

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<sup>1</sup> The world order concept is particularly useful for the analysis of the international framework of the development process and its human dimensions in both of its broader and a narrower understanding. In the broader meaning, world order can be defined as the totality of globally valid norms, rules, and international codes of conduct designed for, and generally observed by, states and transnational actors in the international public policy making process. More narrowly, world order is the entirety of legally binding norms and institutions that regulate interstate relations. This definition is not dissimilar to the formulations offered by a relatively large number of scholars.

<sup>2</sup> These regulating forces are many, and include the 'invisible hands' of global markets; social and technoeconomic factors, such as the socioeconomic conditions that determine how technology is used; government attitudes and policies toward technoeconomic problems; the international power structure dominated by the economic and political interests of major powers; the character and intensity of international co-operation; and the management and regulatory practices of international institutions and co-operation regimes, etc.

changes have been evolving in a number of critical areas—in global politics, economics, social structures, population trends, technology, environment and governance. Most of the changes are rooted in the global heritage of the twentieth century and are interconnected with the new evolving factors and forces in different parts of the world. New interrelationships have developed between various global processes. These forces and interrelationships are playing a critical role of forming the international system into a more complex and diverse structure.

The coincidence of major changes, are rare in human history. The last stage of the twentieth century and the first decades of the present one comprise therefore a historically more or less unprecedented environment. The new era represents important challenges also for social sciences.<sup>3</sup> Alternative interpretations are offered and alternative solutions are proposed. The coincidence of these transformations created also new conditions for the global development process and particularly for its human dimensions<sup>4</sup>. It has been increasingly recognized however that the changes did not and will not have a common meaning for the different actors of the international system and many of their long-term consequences—both in positive and negative terms—may greatly differ, not only for the developed and for the developing countries, but also within the North and the South.

The development process has been characterized by several scholars and politicians as ‘the global drama’ of the twentieth century,<sup>5</sup> written by billions of individuals, the story of their hopes, efforts, successes, frustrations and failures.<sup>6</sup> The ‘first act’ of this drama

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<sup>3</sup> The implications of these transformations for global governance have been analysed in Simai (1994).

<sup>4</sup> According to the Webster Encyclopaedic Dictionary, ‘development’ means: to bring out capabilities or possibilities or to bring to a more advanced or effective state. In social sciences, it was first economics, which introduced it as an attribute of a new discipline; development economics. In its broadest understanding, development meant primarily a task, to change backward, static societies, in order to achieve dynamism and capacity for sustained and sufficiently high rate of economic growth. The concept has been related to the dynamism of transformation, (modernization) of the developing countries. Development has been considered as a complex, and multidimensional transformation process, carried out by people, who are either active agents or objects of the process, with different goals, and expectations. It has been recognized from the very beginning of development studies, that the different groups in the society had different possibilities to influence the goals and the outcomes. It is not only the economic and social structure, the technological foundations, the human settlements, the way of life and the quality of life which are transforming also the people.

<sup>5</sup> Mainly after the famous work of Myrdal (1968), *Asian Drama*.

<sup>6</sup> The history of the twentieth century is one of the characteristic examples for the conflicting aspects of the ‘human dimensions’ of changes. It has been the era of nationalism and of internationalism under different flags and ideologies, using peaceful or violent instruments. It was the century of decolonization, the disintegration of the great empires. The century has included some of the worst dictatorships of human history and the unprecedented broadening of freedom and democracy. Revolutions and counter-revolutions, world wars, national liberation wars, religious, class, ideological and ethnic conflicts paved the bumpy road toward the third millennium. Civil society do-gooders preaching human solidarity, narrow-minded dogmatic and violent fundamentalists, movements which were declared as terrorists and later became leaders of their new countries, political leaders who were responsible the mass murder of millions and are still considered as their heroes by certain groups, global organizations of criminals and many other strange, violent or non-violent groups were among its main actors. Ninety per cent of those

has been considered as a 'golden age' by many people. It ended by the collapse of the efforts for the establishment of a new international economic order. The second act was dominated by the ideas and practices of the market revolution and the Washington Consensus. The directors and the actors changed too, both in the developed and in the developing countries. In most of the developing countries, the new generations of political leaders had quite different political experiences and intellectual background, than their predecessors, the leaders of the national revolutions for independence. People and societies all over the world have become more directly exposed to the forces of the world market. Due to the extent and character of the changes, one may ask the question, is the new era which started with the collapse of the socialist regimes and the dismembering of the Soviet Union a 'third act' in the drama, or the beginning of a new play? Probably it is. There are new actors and while many of the old actors write the scenario, their increasingly diverse interests, values, ideas and actions make the outcomes much more unpredictable and uncertain.

The purpose of this paper is to search for tentative answers to the question: how the changes shape the framework of the global development process and particularly its human dimensions in the new era. Will it be more or less conducive for the development process than the past 40-50 years have been? It is of course impossible to offer a comprehensive global picture of those actors and describe the challenges of the evolving era. What we can offer in this paper is much more modest, to look at some of the main drivers of the changing global environment influencing development. These drivers include the global political processes, the forces of globalization acting in the restored universality of the world system of capitalism. Two other forces of change are discussed in this paper and their inter-relations with the political transformations and the globalization process—the influence of the demographic polarization, and the forces of the new technological era. The transition to a knowledge-based society is particularly important from the perspective of human development.

The global development process in itself is of course an important dimension of the main global challenges of the twenty-first century. It is an important warning for the new century that in spite of the great progress achieved since the beginnings of decolonization, only two countries (South Korea and Singapore) joined the high-income states according the World Bank definition, and only two countries could escape the 'least developed' segment. Downward mobility has been more general than upward mobility. We have to answer first of all to a fundamentally important question: will the new era, characterized by a politically univocal, hierarchical global political structure be more conducive for the development process, that the bipolar world of the Cold War era?

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scholars who lived and worked in human history have been shaping and developing the rapid progress of science and technology, embodied in new products, processes, consumer goods and horrible weapon systems. A radical improvement in the quality of life of many millions, mass poverty and misery, expectations, disappointment and despair of billions are all parts of the controversial heritage of the century behind us.

## **2 Will the evolving global political order be more or less conducive for the development process?**

The emergence of the Third World in the second half of the twentieth century has been the consequence of those major, global political transformations which resulted in the bipolarity and had important global consequences for the functioning of the given world order. The 1990s marked the conclusion of the period of great empires. Its precise terminus was the collapse of the Soviet Union, which was the territorial the successor of the Russian Empire. The process of imperial collapse began with the Spanish, the Ottoman Empire followed suit, as did the British, the French, and so on until the cessation of the Russian Empire. A historical period, which lasted close to 500 years, has ended.

The political changes included the collapse of some of the main pillars of the Versailles-Washington peace regime, an imperial order, established after the First World War, and of the Yalta-Potsdam peace regime established after the Second World War. The collapse of the colonial empires including of the Soviet Union resulted in a great number of new states and new political and economic power structure. The hierarchical political unipolarity may last for quite some time as the result of these changes the traditional concept of the third world as a non-aligned part of the world lost its meaning as an organizing concept of geopolitics.<sup>7</sup> Non-alignment has, by and large, lost its old meaning and cohesive force and with that an important political component of the southern solidarity became substantially weaker if not completely lost. The developing world has also lost a large part of its bargaining power. With the disintegration of the bipolar system of the global power structure, the South is not needed any more as an ally or proxy in different East-West conflicts. It is not just the development demagoguery of the Cold War, which lost its political ground; there is also dwindling political support for development as a key issue on the international agenda. The major powers of the world are in the process of redefining their international policies and attitudes in a number of areas related also to the global development process. According to some experts, a neo-Third Worldism is emerging in characterized in a number of countries by indigenous, reactionary populism and a strong inclination toward cultural insularism.<sup>8</sup>

The global economy developed into a multipolar system. Three main economic concentrations emerged: the American, the European and the Asian. In the structure of the global economy the different development gaps between the rich and the poor states became even wider, this is particularly painful for the small, mini and micro states in the developing world, which have small markets, weak economic capacity and very little hope of modern development without well-functioning regional co-operation and more meaningful international support.

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<sup>7</sup> *The Third World Quarterly*, in a special issue (2004 25(1)) analysed the character and the consequences of the political, and ideological consequences of abandoning the concept.

<sup>8</sup> See Hadiz (2004: 56).

The political changes had also a major influence on the multilateral, intergovernmental institutions, the UN and the specialized agencies, the Bretton Woods institutions and others, which have been playing an important role in shaping the ideas of the development process, in the introduction of deliberate development policies and particularly in advocating the human dimensions of the process. The market revolution of the 1980s reduced the importance of development issues in the work and on the agenda of multilateral institutions. The Cold War tensions and the global arms race have been considered in the past in these organizations as major constraints and obstacles for their most effective contribution to the development process. It was expected by many experts that in the post-Cold War era, there would be a peace dividend, which will be distributed in a multilateral framework and accelerate global development. These expectations have not been realized so far. After the Cold War, national priorities changed and the states assigned a much higher priority to their own national (and frequently parochial) economic interests, than in the past. During the Millennium Assembly and its follow ups, there have been a lot of political discussions, but much less political readiness for meaningful actions accelerating the global development process. The outcome of the September 2005 summit has not been a new breakthrough either.<sup>9</sup>

An other important change in global politics has been the disappearance of the 'bloc discipline' without a democratic replacement for the management of conflicts. A critical issue which dominated the second half of the twentieth century, how to constrain or discipline the behaviour of states, thus making states predictable reliable partners, will remain even more important in the world of the twenty-first century in the absence of the bloc discipline and with the new attitudes of the main powers. With the end of the Cold War, national priorities changed and the Western allies assigned a higher priority to their own national (and frequently parochial) economic interests. Global governance will require strong norms, enforcing authority and established codes of conduct in a global arena of constant change and full of unsolved old problems and new challenges. The international organizations will have to be better equipped in order to confront sources of international instability and manage risks that may otherwise result in global crises. The process of the political fragmentation is far from being over and it is jeopardizing many multi-ethnic states. In the developing world regional power centres are emerging, which may be interested at some stage to create a network of client states around them. It is still a very much open question how this process will develop. What is apparent however that as the number of states grows, so does the diversity of the global political system in terms of interests, values, intentions, and political, military, and economic potentials.

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<sup>9</sup> Manmohan Singh, India's Prime Minister, was right in his statement during the Summit: 'we find that the international community is generous in setting goals, but parsimonious in pursuing them'. There was no clear or new commitment and timetable for the implementation of measures adopted by previous strategic conferences or summits and no clear future commitment were made. The summit left mainly question marks concerning the will and ability to fulfill the Millennium Development Goals.



The number of unstable states, some of which are characterized as ‘failed states’ is growing and have become sources of global risk through their own domestic instability resulting in civil wars, regional hostilities, and human tragedies. Hundreds of thousands of people have been massacred in different civil wars in Africa. Together with the evolving grave social problems many regions are increasingly destabilized. It is evident, that these civil wars and local conflicts are not only detrimental for the development process, because of the material losses, but they are the sources of human suffering, resulting in masses of refugees, destroying rural communities. These changes may be resulting in the disintegration of many existing states and are in sharp contrast with the process of globalization which in both of its theoretical understandings and practical consequences has been considered as the centrally important factor in the ongoing global transformation process.<sup>10</sup>

### **3 The influence of globalization, fragmentation and the ‘restored’ universality of the global capitalist system**

The history of modern internationalization started with the industrial revolution and its different stages resulted in the growing interconnectedness of countries. In the early part of the twenty-first century this is sustained by the expanded global flows of information, technology, capital, goods, services, and people throughout the world. But the future of globalization is not fixed. States and non-state actors—including both private companies and NGOs—will struggle to shape its contours. Some aspects of globalization, such as the growing global interconnectedness stemming from the information technology (IT) revolution, almost certainly will be irreversible. Yet it is also possible that the process of globalization could be slowed or even stopped, just as the era of globalization in the late nineteenth and early twentieth centuries was reversed by catastrophic war and global depression.

Globalization, by definition is interrelated with all aspects of global changes, including the development process and particularly of its human dimensions. There are many erroneous and correct definitions of ‘globalization’. I consider globalization a qualitatively higher level of internationalization with pervasive influence on the national economies, societies, politics, culture and other areas of human life. As for the consequences of the process, I also share the views of the late Pope John Paul II, that ‘Globalization, a priori, is neither good nor bad. It will be what people make of it. No system is an end in itself, and it is necessary to insist that globalization, like any other system, must be at the service of the human person; it must serve solidarity and the

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<sup>10</sup> Some social scientists consider globalization, with its pervasive, multi-dimensional and multi-level consequences, as a new paradigm that will replace the traditional approach of analysing social processes in national framework. I do not intend to discuss the paradigm theory, popular though it has become in some schools of social scientific thought. Scholars are generally inclined to use a central hypothesis in their research like the trunk of a tree, on which they can develop the branches and flowers of their arguments. The social sciences have never been able to build on a single central factor. Societies are complex systems influenced by several factors and the interactions between them.

common good.’ Globalization may be considered as a process resulting in the widening, deepening and accelerating of worldwide interconnectedness in all aspects of social life, from the cultural to the criminal, the financial to the spiritual. Globalization can be also characterized as the new global age of market integration—open trade, global financial flows, driven by transnational corporations (TNCs). With a multifaceted notion of globalization, some aspects of it, for example the worldwide criminal networks, the global spread of illegal drug trade, prostitution, the faster spread of epidemics and other adverse consequences of the process should be blocked and eliminated. Other aspects of kinds of globalization, such as the global spread of honouring human rights and democratic norms, should be promoted. Most kinds of globalization, such as open trade, foreign direct investments, and multinationals, are a mixed blessing. The extent to which these sorts of globalization enhance, secure, or restore human capabilities will depend on context and especially on how national policies adapt to the new demands, to what extent can they protect the losers.

For the majority of developing countries, it is very difficult to reconstitute themselves in a world order dominated by market forces and powerful global and regional actors and shaped by economic, political (regulatory), cultural institutions. Even in this age of globalization, the long-term goal of good national and global development must be to secure an adequate level of basic capabilities for everyone in the world, regardless of nationality, ethnicity, age, gender, or sexual preference. There is a grave danger that the forces of international competition divert their resources and capabilities away from more urgent development priorities such as education, public health, industrial capacity, and social cohesion. This may also undermine nascent democratic institutions by removing the choice of development strategy from public debates.

Globalization even during the existence of the two systems was going on mainly within the capitalist part of the world, where liberalization was supported by the economically advanced states, the large financial institutions and industrial corporations. The human consequences of globalization have been influenced by the interests of the main actors of the system. With the collapse of the main pillars of the statist-socialist system, capitalism became again global. It is important to question, particularly from the perspectives of the global development process, will this system be driven by the interests for expansion of markets and profits? Will it be leading to increasing levels of human insecurity, inequality in income, resources and opportunities? Or will it result a better world? The answers are not easy.

It is important to note, that the global capitalist system of the twenty-first century differs in much respect from that capitalism, the universal character of which was broken in 1917. By the beginnings of the twenty-first century, the ‘core’ of global market system in itself is more diverse than it was in the nineteenth and early twentieth centuries. There are no ‘territorial empires’ oppressing hundreds of millions of people. There are also different models of the market system: the American regulated liberal free market

system, the different configurations of the social market economies of Europe, the co-operative model in Japan and in other Asian countries; and of course the hybrids which characterize mainly the developing world and most of the former socialist countries. The different models or reincarnations of the capitalist system are the results of a number of factors—historical traditions, social forces, the character and level of economic development, etc. The decades of co-existence with the socialist system, the internal political and social struggles influenced also the emergence and functioning of the different systemic models, by promoting different reforms. The systemic models in many developing countries have been shaped under the influence of the former colonial structure, the patterns of the socialist countries, the institutional pressures of the global market and evolving domestic factors. It is an interesting and by and large open question to what extent global capitalism will be able to manage the inherited and new challenges of the twenty-first century and particularly the development process.

In this context, the question, which was asked by Francis Fukuyama and some of his followers about the end of history, is not completely irrelevant for our subject (Fukuyama 1989: 16). Fukuyama published his work in 1989, before the collapse of the socialist system. One important statement of Fukuyama had been: that the ideological competition, which according to him started with the French revolution about the main questions of the social progress, was over by the recognition the capitalist market economy and the liberal democracy represent the future horizon. This formation has no alternative. There is no higher level of social development.

The restoration of the universal character of global capitalism at the last stage of the twentieth century, served as the justification of his thesis. The protagonists of the market system formulated the promises of capitalism for the people mainly in three areas in the past: the constant improvement of material welfare, which was considered as an unprecedented process in human history; the freedom of the individuals and under the circumstances of prosperity and freedom, the individuals will be able to satisfy their hopes (Bell and Kristol 1971: 14-15).

The capabilities and readiness of capitalism to fulfil its historical promises on global scale have been questioned time and again by different political and social thinkers and movements. In the light of many old and new problems of humankind, it is a fundamental question again to what extent will the evolving global market system solve or at least moderate them. It is not just the instruments and the capabilities, which must be analysed, but also the interests and the collective will. Can the system be humanized and transformed towards the acceptance of ethical norms in its functioning in the age of globalization?

It has become already increasingly apparent that the social influence of the globalization process, and its main drivers, cut across the traditional social classes, which traditionally characterized capitalist development. In a simplified way, three main groups of the

world population can be defined as emerging because of globalization. The first is the *globalized* segment of society. This is a diverse group, topped by the 'super-rich' of the world. The richest 225 people in the world have a combined wealth equal to the annual income of 47 per cent of the world's people. Two-thirds of these super-rich are the citizens of the industrial countries, while the remainders come from the Third World and the former socialist countries (UNDP 1998: 30). The most important and influential section of the group is the one that commands the hierarchies of the major institutions that have a fundamental influence on the political, economic and military processes of globalization, through their role in decision making. These people are also powerful enough to implement their decisions, due to their wealth, executive position or both. They are not solitary actors, but surrounded by specialists, advisers, consultants, scholars and institutions, and by the influential personalities in the media. Their power derives from a number of factors: personal wealth, the size of the human, financial, and material resources over which they dispose, and the political and military influence of these decisions on various countries. Gustav Speth, the former administrator of the UNDP, wrote, 'An emerging global elite, mostly urban-based and interconnected in a variety of ways, is amassing great wealth and power, while over half of humanity is left out'.<sup>11</sup> The global profiteers and speculators often mentioned by the critics of globalization comprise only a small part of the 'global power elite' in the various societies.<sup>12</sup> Beyond the owners and managers of the 60,000-65,000 TNCs, there are 100-120 large international banks, auditing and consultancy firms, whose core executives also belong to the globalized group of society. According to UN statistics, the transnationals employ globally about 90 million people. Many of these work in sweatshops and cannot be considered as parts of the globalized society, but the small and medium-sized entrepreneurs who are their subcontractors belong to this group.

The global political elite are diverse and hierarchical. The role of the executive and legislative elite of the US, Japan, the main European countries, Russia and China are particularly important. Indicators such as presence in the General Assembly Hall during the speeches by heads of state at the UN Millennium Summit reflected well how the world 'evaluated' the leading politicians of different countries, in terms of global hierarchies. Apart from the top elected and appointed part of the political elite, the globalized group can also be considered to contain the majority of leading members of the civil service, the top military personnel and the academic community, as well as media figures and leading personalities in 'global' religious denominations. Naturally, the benefits are also shared by family members of these people. This segment can be estimated to include 15-20 per cent of the population in the industrial countries and much less in the developing world. Of course, there are great differences in income,

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<sup>11</sup> *The New York Times*, 15 July 1996: 55.

<sup>12</sup> Mills (1956: 269-97) provides an authoritative account of the American ruling elite. It could still offer an interesting starting point for analysing the global power elite, which is an important task awaiting sociologists.

power and influence among them. Some of them share common interests in the globalization process. They also share a number of common values and convictions, and even use a common language. They form the most mobile part of their society. They project an image and concept of success measured in power and financial gains. There is also a poorer part of the group, whose livelihoods nonetheless depend on the success of the globalized sectors, so that they share certain interests in this context.

At the opposite social extreme stand a much greater number of people. They are mainly losers. These people are not simply excluded from the globalization process and marginalized by it, but often (and increasingly) exposed to the global mass consumption and mass culture ideology, to a greater extent than the globalized group. They include the vast majority of the agricultural population, although the agricultural sector and agricultural population are also divided. Only a small minority is engaged in industrial-scale agriculture. The vast majority, including the masses of rural poor, belongs to the informal economy. However, there are some interactions between the two types of agriculture. The tens of millions who have been squeezed out of agriculture by the technological and economic changes in agriculture can only find an alternative livelihood by migrating to urban areas.

The large, diverse *non-globalized* group in society consists of the unskilled, most small entrepreneurs (especially the ‘barefoot capitalists’ of the informal sector), the urban poor, the unemployed, various ethnic minorities and the victims of social exclusion. Many people in this group are functionally illiterate, even in the industrial countries. According to an OECD classification, the proportion of functionally illiterate comprises 20-40 per cent of the population in its member-states.<sup>13</sup> The proportion of this group is much higher in the developing countries. Those excluded include the ‘proletarians’ of the professional world, such as primary schoolteachers. Statistical estimates suggest that the group excluded from the globalization process may comprise about 50 per cent of the world population.

The third group consists of those between the two previous groups or on the frontiers of them. This group is exposed to the opportunities and losses connected with the globalization process, and tends to split. The well-educated and wealthier part will probably join the first group, as the knowledge-based economies open up new opportunities for them. The remainder will progressively experience the full disadvantages of the globalization process.<sup>14</sup>

One of the big dilemmas for social scientists examining the social consequences of globalization is to decide whether it will push humanity into stormy, turbulent waters. Can the process be managed in such a way as to reduce its detrimental effects and

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<sup>13</sup> See Foreman (1999).

<sup>14</sup> See Drucker (1994).

extend its opportunities to much larger numbers of people? These are not theoretical issues. They are closely related to such practical problems as the global organization of production and the social responsibility and accountability of the business sector. Also an important practical issue is the functioning of government, particularly in such areas as controlling market forces and the adverse consequences of global competition.

It was the late John Paul II, who in his Encyclical Letter, entitled *Centesimus Annus*, in 1991 raised these questions first, after the collapse of the Soviet bloc:

The crisis of Marxism does not rid the world of the situation of injustice and oppression ... The Marxist solution has failed, but the realities of marginalization and exploitation remain in the world, especially the Third World as does the reality of human alienation ... Vast multitudes are still living in conditions of great material and moral poverty ... Indeed there is a risk that a radical capitalist ideology could spread which refuses even to consider these problems ... and which blindly entrusts their solution to the free development of market forces.<sup>15</sup>

It is interesting to add, that one of the active actors of the global market system George Soros has also arrived at similar conclusions. In one of his recent books *The Crisis of Global Capitalism* he characterized market fundamentalism, as a cruel, predatory system, which however can be modified and humanized (Soros 1998).

In the early decades of the twenty-first century the global order is developing with uneven spatial spread and sectoral intensity in technology, economics, finance, trade and culture. While most of the recent trends practically at all levels of human existence from human reproduction to global cultural co-operation are also put under the 'umbrella' of globalization, the global changes enshrine a great number of relations between different actors and trajectories in a wide variety of fields. Some of these relations are integrative; others can lead to further disintegration and fragmentation. These processes are not necessarily developing as contradictory ones, which are crowding out each other.

The influence of globalization on the development process has been the subject of heated debates. Some authors put the emphasis on the erosion of the independent policy making capacity in economic, social, cultural and technological areas, mainly due to the liberalization of markets and the unchecked power of the big players of the global system in capital and technology flows, in setting the rules and norms of the international economy.<sup>16</sup> Other authors and experts emphasize that globalization can contribute decisively to the eradication of poverty and the construction of a more equal

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<sup>15</sup> *Centesimus Annus* Encyclical Letter, 1 May 1991: 82-3. USA Catholic Conference, Publication No. 436-8, Washington DC.

<sup>16</sup> See, for example, Khor (2000).

world. In order to do that, however, the process has to be managed correctly and the right balance between market forces and government intervention has to be reached. In a recent book by Wolf (2004), the author compared 24 more globalized and 49 less globalized developing countries and arrived to the conclusion that the per capita GDP growth rates of the globalized countries has been faster between 1980-2000, and they have been more successful in reducing poverty, increasing employment, etc.

In my view, comprehensive empirical research work undertaken so far on the influence of globalization on the development process and particularly on its human dimensions is still not sufficiently widespread and complex for a convincing answer and there may not be an unambiguous statement on the issue. The alternatives are also missing in the analysis. Would a disintegrating world be better for the developing countries? How real are the possibilities for the humanization of the globalization process under the prevailing conditions?

The influence of globalizing economic forces on the different societies depends on many internal and external factors. The growing dependence of economic growth on exports of the developing countries has been well researched and documented. There have been also important studies on liberalization, which is one of the important prerequisites of globalization. Liberalization has resulted in greater inequalities in primary incomes in countries with weak competitive power.<sup>17</sup> According to an empirical study extended to a few countries, wage differentials between skilled and unskilled workers have increased (Ben-David 2000). Since the 1990s, the close co-operation of previous decades had weakened, and there could be serious negative consequences for world peace and development. The global economic turmoil of the last century's final years warns that there are serious threats to the health and stability of the global economy. One of the most vulnerable aspects of the post-Cold War world order is the poor public understanding of the functioning of the market system, and of how capitalism creates wealth. Arguments that open markets are very beneficial and that trade protection can be very costly are frequently overwhelmed by popular misconceptions and self-serving demands for protection against 'cheap' imports from China and other developing countries and 'unfair' trading partners.

In the new century, issues arising from economic globalization confront national societies and the international community. Earlier expectations at the end of the Cold War that economic globalization would lead to a world of open and prosperous economies, political democracy, and international co-operation failed. A powerful negative reaction to globalization arose in both developed and in the developing countries. Rejections of globalization and its alleged negative consequences became especially strident within the USA, Western Europe, and some industrializing economies. In many developing countries globalization has been blamed for everything

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<sup>17</sup> See Berg and Taylor (2000).

from growing income inequality to chronic high levels of unemployment and even to the oppression of women. Certainly the future of the international economic and political system will be strongly affected by the relative success or failure of the proponents and opponents of globalization.

Many measures will be required to moderate the uneven consequences of globalization to increase human security and also to improve the ability of the countries to provide goods and services for the poor. This will require revisiting some of the policy prescriptions that have constituted the bulk of transformative reform these recent years. Domestic political issues related to the role of the state, the civil society, and the character of governance in the developing countries moved also into the international limelight, under the slogan of improving the quality of governance. In principle, the globalization process created also better conditions for the more equitable distribution of global public goods, the spread of human rights and the global spread of democratization. All these are basically value-loaded and not just a set of better techniques. It includes national and outside pressures for the greater accountability of the local elite in the developing countries. It has also facilitated the greater articulation of conflicting interests, but often without promoting tolerance and institutional guarantees for the different minorities, ethnic or religious groups. It is evident however, that the sustainability of democratization requires also commitments from the international community and the implementation of those, which have been anticipated in the Millennium Programme.

Can the present system be managed in such a way resulting in the reduction of the negative effects of globalization, and make those opportunities which are offered by it available to a much larger number of people? This is not just a theoretical issue. It is closely related to such practical problems as the global organization of production, the social responsibility and accountability of the governments and the business sector. The functioning of the governments, particularly in such areas as the harnessing the market forces, the adverse consequences of global competition are also important practical issues. The social consequences of globalization particularly in the context of labour conditions and standards, the prohibition of child labour and the use of prisoners in export industries became also important questions for the research work of international organizations.

#### **4 The global distribution challenge and the development process**

The increasing gap between winners and losers and its relation to the consequences of the globalization process is however only one aspect of the realities. It is related to a number of different economic and social problems and also to systemic factors. It was



the late John Paul II, in 1991, who raised these questions first, after the collapse of the Soviet bloc.<sup>18</sup>

The Millennium Development Goals, adopted in 2000 by the participants on the Millennium Assembly, and the follow up summit in 2005, reflected the global consensus, that progress toward a more equitable society, reduction of human poverty in the developing world must be a central goal of global and national development policies in the twenty-first century.

The interpretation of the two main dimensions of inequality—inequality *between* and *within* countries—requires an understanding of the economic and social conditions in a complex way and the sources of differences between the main developing regions. International inequalities, the different gaps between rich and poor states, have been in the forefront of the international debates. The Secretary General of the UN in its Report to the Millennium Assembly rightly stated that the twentieth century ended without liberating humankind from dramatic inequality. The gap of incomes widened dramatically between the developed and less developed states. According to economic historians the difference in income levels between the poorest and the richest country was 1:3 in 1820, and 1:78 at the end of the twentieth century. UNDP studies suggest that the richest 20 per cent of the world consumed about two-thirds of all the goods and services while 60 per cent of the world's population receives less than 20 per cent during the last decade of the twentieth century (UNDP 1999: figure 1.6). There are other publications, according to which the gap is smaller, but they also recognize the widening tendency.<sup>19</sup> The historical roots of inequalities between countries are in most cases connected with colonialism and the unequal nature of the geo-economic conditions. The most recent tendencies are not only the consequences of domestic political shocks, civil wars, bad governance or systemic transformations, but also of the adverse consequences of global economic changes. The differences increased also within the developing world. The profound structural changes, which took place in their economies and societies, reflected the fact that the capabilities of many developing countries to cope with difficult economic and social problems improved. Those changes however were far from universal. The speed and scope of the changes of the different components, sectors and regions differed and asymmetries increased. The division between the neediest and the speediest in economic performance has made the developing world more diverse.

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<sup>18</sup> Centesimus Annus Encyclical Letter, 1 May 1991: 82-3. USA Catholic Conference, Publication No. 436-8, Washington DC.

<sup>19</sup> Milanovic (2005) in his recent book wrote that the incomes of the richest countries, which were 16 times higher than those of the poorest countries in the 1960s, grew to be 35 times higher by the end of the century.

The inequalities within the countries have been also growing in most countries during the past 10-20 years.<sup>20</sup> There are six main sources of inequalities:

- (1) the distribution of incomes;
- (2) the distribution of assets;
- (3) distribution of opportunities for work and employment;
- (4) distribution of social services and benefits, particularly education and health;
- (5) distribution of political power, notably access to information and participation in political processes;
- (6) gender inequality and social exclusion—their combined effects make the reduction of inequalities particularly difficult and explain the necessity of deliberate policies with complex measures for their implementation.

Inequality has increased within most countries.<sup>21</sup> On the basis of the available data, one can estimate a 'media' Gini coefficient for the African developing countries on global scale. This is approximately 44, which are higher than in many other developing regions. In China the Gini coefficient was 0.26 in 1984, 0.33 in 1995, and 0.37 in 2000. In Pakistan, the Gini coefficient is estimated to have risen from 0.37 to 0.41 during the 1990s. Income distribution in Latin America a region traditionally characterized by high levels of income inequality, became more unequal during the 1980s and the 1990s. Inequality has risen not only between the groups at the two extremes of the income ladder—the rich have become richer and the poor have become poorer, in relative terms and in some cases in absolute terms—and in a number of countries inequality has also increased between the richest and the middle income groups. The growing income inequality is partly explained by a major shift from labour to capital and its remuneration: the share of capital income in the total income has increased significantly in many countries.

The redistribution of assets within the countries is not a realistic option in the dominating global market system. The redistribution of incomes would require more progressive taxation. In order to empower people, countries should increase spending in education and assure a democratic access to credit and other productive resources. None of these measures, however, will be effective unless there is a concurrent, dramatic restructuring of many public programmes, and introduce measures promoting employment by putting emphasis in the promotion of labour-intensive industries. The upgrading of the large informal sector and increasing the productivity of small-scale agriculture must be also important components of development policies.

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<sup>20</sup> An important study undertaken by the United Nations Secretariat, DESA-Division for Social Policy and Development in the framework of the UN International Forum for Social Development programme on Equity, Inequalities and Interdependence underlined that interpreting inequality within the countries requires an understanding of the economic and social conditions and processes in a complex way and the sources of differences between the main developing regions of the world. The papers will be published in 2006.

<sup>21</sup> See above.

Policies, related to the reduction of inequalities would require also a broader perspective in the understanding of its roots in the inherent characteristics, the potentials and limitations of the market system and of the globalization process not only in general terms, but also in the given regions and countries. Is the present global system interested and capable for example to return to the full employment commitments of 1945? Under what conditions is possible to eliminate poverty in the global market system? Is social justice an acceptable idea and practice for the main actors and protagonists of the system?

While the answer to those questions would require a more profound analysis of the realities of the twenty-first century, one can anticipate that the progress toward a more equitable society, reduction of human poverty in the developing world is highly improbable if the inequality in the distribution of initial assets and final income is not substantially reduced. In order to do that, countries should make an effort to make taxation more progressive, provide income transfers, increase spending in education and assure a democratic access to credit and other productive resources. None of these measures, however, will be effective unless there is a concurrent, dramatic restructuring of many public programmes, and introduce measures promoting employment by putting emphasis in the promotion of labour-intensive industries. The upgrading of the large informal sector and increase the productivity of small-scale agriculture must be also important components of development policies.

One must refer an important reality in the context of the ‘distribution challenge’: markets, in the final analysis are social constructs, they are made of people. Market economies are particular social arrangements, constantly changing and evolving systems and instruments to serve changing human needs. Human needs in all of their dimensions at the same time are most directly related to global population trends and to the growth, spatial distribution, age structure, education, employment and welfare of the people of the world.

## **5 The transforming global population trends: a new era in the human dimension of development**

Forty years ago, in 1965, the World Population Conference of the UN underlined for the first time the necessity of longitudinal analysis of demographic changes in development planning. The growth and quality of the population, its global and national distribution, the causes and consequences of poverty and inequality, the patterns of production and consumption and the environmental problems have remained since then central issues in the work of national institutions, international organizations and in the different disciplines dealing with development studies. In the 1960s several experts predicted an approaching disaster, due to a global population explosion.<sup>22</sup> Global population in 2005

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<sup>22</sup> Since the release of the book in 1968, Ehrlich has been one of the most frequently cited ‘experts’ on environmental issues by the media, despite the fact that his predictions on the fate of the planet, more

was 6.4 billion, growing by about 76 million persons per year. By 2050, according to the projection of the UN, the world will add some 2.5 billion people, an amount equal to the world's total population in 1950. There is also a more or less general agreement between demographers that the world is approaching to the conclusion of a close to 200-year epoch in population trends, characterized by the acceleration in the increase of the population on the globe. Growth has slowed since it peaked in the mid 1990s at around 82 million annually. The average family size has declined from six children per woman in 1960, to around three today as family planning has become more accessible and widely used. Projections suggest total population will start to level off by the middle of this century, as fertility drops to replacement level or lower. But some countries will reach that point much later than others. There are two very important consequences of these demographic trends. One of them is a demographic polarization. In the developed parts of the world the population is declining and aging. This trend is particularly important in Europe and in Japan, less in the US. The populations of Europe and Japan are now declining and the pace of decline is projected to double by 2010-15.

More than half of children will be born in five countries—India, China, Pakistan, Indonesia and Nigeria.<sup>23</sup> The probability that ninety-six per cent of the projected growth will be in developing countries is a key challenge for the global development process. There are difficult questions requiring practical policy answers. How to make the increasing number of young people in the developing world an asset in development, rather than an additional constrain? To what extent the developing countries are prepared to provide additional food, education and health services for their growing population? How can the developing countries create employment opportunities or acceptable sources of living for an additional one billion people in the coming decades? The latter is a particularly important challenge.

In the majority of the developing countries, such an increase of the number and share of people in the working age groups will be an increase in the supply of labour, much above the potential growth of possibilities to provide sustainable livelihood, particularly of employment in the modern sectors of the economy. One important consequence of the changing population dynamics is the pressure for migration. The demographic

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often than not, have been wrong. In *The Population Bomb* Ehrlich predicted that hundreds of millions of people would die of starvation during the 1970s because the earth's inhabitants would multiply at a faster rate than the world's ability to supply food. Six years later, in *The End of Affluence*, a book he co-authored with his wife Anne, Ehrlich increased his death toll estimate suggesting that a billion or more could die from starvation by the mid 1980s. By 1985, Ehrlich predicted, the world would enter a genuine era of scarcity. Ehrlich's predicted famines never materialized. Indeed, the death toll from famines steadily declined over the twenty-five year period. Though world population has grown by more 50 per cent since 1968, food production has grown at an even faster rate due to technological advances.

<sup>23</sup> UNFPA (2004: 106-8). Practically all developing countries surveyed in the report incorporated some population policy measures in their development and poverty reduction strategies. The use of modern contraception has risen to 61 per cent of the couples by 2004, compared to 55 per cent in 1994. Efforts to fight HIV/AIDS have been stepped up. Still more than 350 million couples still do not have access to family planning services.

polarization may in itself increase both the pull and push factors. Such social problems as poverty, high population density, income disparities, lack of job openings, limited opportunities, unequal distribution of land, uneven agricultural development may be important push factors in a number of countries, stimulating large scale migration of people both within the countries and on an international level. International migration of labour is a very limited option. Internal migration implies mainly the movement of people to urban settlements. People will have to be employed within a national economic framework. The individual governments must formulate and implement their employment policies in response to the domestic political, social and economic pressures and conditions (even though the domestic policies may have important international implications).

Transition to a predominantly urban world which is another important component of the demographic transformation may offer better opportunities for health, education and employment, but it may become a source of unprecedented problems for many developing countries. Not only will the majority of these countries live in urban agglomerations, but unprecedented large cities (mega cities) are emerging, concentrating 10-30 million people. From among the 23 largest cities of the world, with population over 10 million, 21 will be in the developing countries. In 1975 about half of the inhabitants of the cities on the globe lived in the developing world. By 2025 about 77 per cent of city dwellers will live in the developing countries. In these countries the cities will have a dual structure This duality will be expressed in the cohabitation of ultramodern districts and slums, the 'citadels of the rich' and at the same time the 'ghettos of the poor' According to the projections of the UN, by 2050 there may be close to 3 billion slum dwellers on the globe.

All these indicate that such issues as family planning will remain a very important part of national and global population policies. Since the first global population conference in the mid 1950s, there has been major progress in family planning. The following global population conferences promoted the integration into national development strategies such population problems as the implication of the maternal health, the empowerment of women, the reduction of child mortality, the achievement of universal primary education, the specific tasks related to the changing age structure. There are however many unmet and new needs in the scope of family planning, in the reduction of infant, child and maternal mortality. The better harmonization of different policies and measures related to population dynamics require qualitative changes of many institutions on different levels of governance: in the local communities, in the framework of governments, on the level of the regions and of the global community. The tasks emerging in the harmonization of urbanization, population problems and development policies will be particularly important and difficult. Most of the socioeconomic problems related to urbanization have been of course fairly extensively researched. Still, the management of migration, the increase of employment and labour absorption capabilities, the upgrading of the growing urban informal sector, the

problems of housing, the progress of infrastructure and general urban services in the slums, the specific consequences of stratification within the urban population, polarization between rural and urban areas, the specific problems of mega cities, the management of large agglomerations and the environmental problems in the cities, comprise just some important items on the long list of research and actions. Much more research will be needed also about the problems of youth and children, conflicts related to the different roots and consequences of social struggles, communal relations, ethnic, religious problems. The influence of the ongoing technological transformation on the population, education and health, and particularly on the economic changes in the developing countries will be one of the key issues in the global system of the twenty-first century.

## **6 The emerging knowledge based world economy and the development process**

The debate on the role of science and technology in development has a long history. Since the last third of the twentieth century high technology has become a primary factor in international competition, as a measure of progress and as an important goal for many countries. In its developmental dimensions three key issues have been raised: how to increase the technological capabilities of the developing countries, how to increase the role of knowledge in societies, and how to disseminate the imported technology. Each of these issues has been dependent on the human dimensions of technological changes. The era, which started in the latter stages of the last century is increasingly characterized as the transition to the 'knowledge-based economy' or society. In the debates, concerning the new challenges related to the new technological era, there are three main approaches to the new interrelations between technology and development. There are those who consider knowledge as quantitatively and qualitatively more important factor in economic growth than ever before. Developing countries should therefore devote much more efforts and funds for education, and research. There is another view, according to which knowledge as a commodity has become more important than in the past in the competitiveness of the firms, and the essence of the knowledge-based economy is the knowledge market, which is based on the information revolution. This market is dominated by developed countries and TNCs. Developing countries must improve their competitive position, mainly by developing such an environment, which facilitates the growth of national entrepreneurship in competitive high-tech industries, and promote FDI. The third approach is emphasizing the double role of science and technology for people: the positive and potentially negative consequences and in this context, the active role of the state and the civil society. For the developing countries it is necessary to be able to select and develop an efficient national system of R&D and innovations which is more relevant for their specific needs, instead of copying the West.

It is important to note that the developing world made important progress during the second half of the twentieth century. While there are still 'technological deserts', the

techno-economic map of the world has been substantially redrawn by the beginning of the twenty-first century. The global spread of the key technologies has been much faster than earlier. About 10-12 developing countries—China, India, Indonesia, Thailand, Egypt, Brazil, Argentina, Chile, Venezuela, Mexico, and others—could establish more favourable conditions for the faster improvement of their technological and industrial capabilities by the faster development of the educational system, the active participation in the international networks of science education, information and production. Enrolment in higher education in the developing countries in general was more than 30 times higher in 2000 than in 1950. The industrial output of the developing countries in 2004 is many times higher than it was in the middle of the twentieth century and it includes modern, competitive high-tech industries. The combined GDP of the developing countries increased more than six times and in per capita terms close to three times between 1950-2004. The share of the South in global value added in manufacturing industries increased from less than 5 per cent in 1953 to about 23 per cent by 2000. Industry became the leading sector in the economy of many developing countries. While the dependence on the exports of primary products is still strong in many developing countries, the share of commodities in their exports has been declining. Economic growth for most of the developing countries has become much more dependent of international trade and FDI than in the past and new patterns of interdependence emerged. The Northern markets in the new trade matrix became even more important for the South, but the importance of the Southern markets increased dramatically for the North.<sup>24</sup> The significance of South-South trade increased also, particularly within regions. Those developing countries which introduced and consequently followed export-oriented strategies not only discovered but also created complementarities among them. The share of the South in commodity processing and trade increased too.<sup>25</sup> All these changes have increased the global importance of multilateral trade negotiations for both the developing and the developed countries. The fact, that development strategies practically in all the developing countries shifted from import substitution to export orientation was a consequence of the recognition that in the age of globalization, national isolation may be counterproductive as guiding idea of development policy.<sup>26</sup> In an increasingly export-oriented South, the interrelationship

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<sup>24</sup> In 2002 the merchandise exports of the developing countries was already close to one third. In 1990 it was about 25 per cent. Their share in trade of services increased from 18 per cent in 1990 to 23 per cent in 2002. In 2003 for the first time the USA imported more goods from developing than from developed countries. South-South trade accounts for about 40 per cent of developing countries exports (UNCTAD 2004).

<sup>25</sup> By 2003 close to 50 per cent of the exports of non-fuel commodities of the South went to other developing countries. The figure for fuel exports was about 40 per cent (UNCTAD 2005).

<sup>26</sup> Import substitution strategies, which were considered as the counterpoint to export orientation had many different roots. They were the consequences of the beliefs that independent nationhood and economic decolonization implies protectionism and autarky. The demonstration effect of successful past development patterns based on inward-looking import substituting strategy: Germany, the Soviet Union and others, also encouraged import substitution strategies. The rise of export orientation also has other roots than globalization. The failures of import substitution, the pressure of the international financial institutions and the demonstration effects of Japan and South East Asia are also among the causes.

between trade, scientific, technological and industrial development is also changing. Increasing global competitiveness through diversification, technological upgrading of the economy and new global linkages are becoming more important than in the past. The evolving new global linkages include the rapidly changing structure of relations with the TNCs. While a certain number of TNCs are still in the traditional commodity sector, the international firms contributed to the industrial restructuring of many developing countries through the establishment of new industries, particularly car manufacturing, petrochemicals, machinery, electronics, etc., and to the modernization of traditional industries, like textile, and food processing.<sup>27</sup>

In the 1970s some of the international organizations, particularly UNIDO have developed different schemes for the deliberate global ‘redeployment’ of industries. They anticipated that migration of traditional branches of manufacturing to the South would accompany the new specialization of the North on high-tech manufacturing and services. This redeployment has been going on, but without any global plan. It has been guided by market forces and mainly by the system of the transnational corporations. Some of the developing countries created also favourable human and institutional conditions for the establishment of modern high-tech industries. The evolving new global division of labour in the early twenty-first century is based more on competitive than on comparative advantages. On this basis one can anticipate that by 2025 about half of the world’s manufacturing output may come from the developing world of today.

Transition to the knowledge-based economy is however still a long-term, complex and uneven process everywhere, but particularly in the developing countries. Education in general, and science education in particular, is of utmost importance for transition to a knowledge-based society. The share of those people, who are employed in high-tech sectors in the developing countries, is still very low. Among the factors resulting in the uneven character of the changes has been a particular form of international migration. International migration is a complex phenomenon and can have many diverse causes. Historically, many nations have benefited from migration. However, when the migration is of highly educated and skilled people who go from poorer to richer countries, there is the so-called ‘brain drain’. The smaller developing countries send usually a higher proportion of their highly skilled people to the developed part of the world. The proportion is usually smaller in the larger countries. The migration of scientists is the result of poor working conditions, lack of resources, scarcity of jobs, unstable institutional and governmental support for science and technology, as well as lack of incentives to scientists and science students, etc. Those countries which have fewer scientists per capita and badly need to increase their numbers are also the ones that are ‘exporting’ them to the richer countries. Brain drain, which so severely affects

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<sup>27</sup> At the beginning of the twenty-first century, traditional commodities made up 15 per cent of developing country exports, down from 24 per cent in 1990. Foodstuffs made up about 9 per cent, agricultural raw materials for industry 2 per cent, ores and metals 4 per cent. The share of fuels were 21 per cent (UNDP 2003).



some of the less developed countries, can only be reversed by changing the above mentioned conditions. International co-operation must be more supportive in counteracting or mitigating the negative effects of such migration.

Improving agriculture is another very important consequence of the progress toward the knowledge-based economy and society, beyond progress in the development of modern industries. The better understanding and the efficient management of ecological problems and the creation of more favourable conditions for the social and environmental sustainability of development is also closely related to the ongoing technological changes.

## **7 Environmental challenges and the human aspects of sustainable development issues**

Introducing the concept of sustainability constituted a major change in the theoretical and practical approach to the development process. The accumulation of environmental problems of the globe is of course a major challenge for the whole of humanity. The achievement of environmental sustainability is the bedrock of any future global human economic and social development. Meeting even the most basic needs of a stabilized population which, by 2050 will be at least 50 per cent larger than in 2005 implies greater production and consumption of goods and services, increased demand for land, energy, and materials, and intensified pressures on the environment and living resources. Unsustainable consumption and production patterns, coupled with rapid population growth may be resulting in environmental tragedies in many developing countries. Can the transition to a stable human population also be a transition to sustainability, in which the people living on earth over the next half century meet their needs while nurturing and restoring the planet's life support systems? On the basis of the recent experiences, the answer may be negative. On the other hand, scientific and technological progress resulted in most of the instruments for achieving sustainability within two or three generations. The diverging interests of countries, the different political approaches and economic priorities in consumption and production, the lack of financial resources and organizational capabilities are however shaping a less promising picture.

The history of the developing world is full of eco-catastrophes. Droughts and floods, scarcities of water, creeping desertification, earthquakes and landslides, are not been unknown. Still these problems have been more of local or regional nature. The poor countries in the past have been more the victims of environmental degradation, before becoming the sources of it. In the twenty-first century they may be also important contributors by clearing large areas of the forests, transforming pasturelands to deserts, polluting soil and water, and contribution to global warming at an increasing scale. The problems caused by water scarcity by 2025 may hit 2-3 billion people. It is very important to avoid this perspective as much as possible by strengthening the

environmental sustainability of the development process. The developing countries have many specific problems. As the developed industrial countries generate about 80 percent of total global pollution, developing countries often remark that they do not want to sacrifice their development thus mitigating some environmental damage in order to manage the problems caused by the industrialized countries. Some of the more radical experts or political figures of the South even accuse the North of environmental imperialism and insist that environmental issues cannot be dealt with in isolation from general global socioeconomic inequalities. The policies of the developing countries in the use of energy, for example, are more oriented toward promoting industrial development that is relatively cheap and which uses subsidized energy. While the divisiveness over priorities predominantly occurs between North and South, there are great differences between the different developing regions in the size and increase of population, the character of settlements, the accumulated damages caused by the development patterns, and the effectiveness of policies, dealing with environmental issues. There are important differences between developing countries in resource management, for example, in water or oil prices, or in the commercial utilization of tropical forests.

There are specific rural problems. In many developing countries there is a downward spiral of environmental degradation. For the poor and hungry people the key issue is survival. They often destroy their immediate environment in order to increase the available land, overgraze grasslands resulting in desertification and unsustainable conditions for agriculture and deteriorating conditions for bio-diversity. They move then to the already overcrowded cities in order to find employment, where they become even more vulnerable to natural and man-made disasters. Cities face serious environmental challenges even in the developed countries. These are however dwarfed by the environmental difficulties of the cities in the developing world, where urbanization has greater influence also on the environment on neighbouring settlements. Waste disposal is also a greater problem in the developing countries. The interrelations of the urbanization process with water supplies are also an important and difficult issue. The use of water within the cities results in a faster increase in the total water consumption, and also results in greater and more concentrated sources of water pollution. The super-urbanization of the coming years indicates demand for new approaches to water management. It is important to note that about 60 per cent of poor people in the developing world (some 600 million people) live in highly vulnerable areas: arid or semi-arid lands, steep slopes, and poorly serviced urban land. The rural poor generally suffer from ill health due to under-nutrition or malnutrition. Their health is also affected by various forms of pollution, mainly by water pollution, indoor air pollution and direct exposure to agricultural chemicals.

The harmonization of international actions and the co-ordination of the work of the different intergovernmental organizations in the area of environment have proven to be more difficult than expected. During the 1990s, much work has been done in

formulating and clarifying the concept of sustainable development and its implications for theoretical issues and research on economic growth also in the developing countries. The concept of sustainable development implied the greater emphasis on the quality of economic growth than its quantity in two dimensions of welfare—economic and social. The social dimensions of sustainability in their broader formulation enshrine the necessity of eradicating poverty, providing employment, improving human health conditions, education, managing the demographic problems, reducing inequalities and participation in more effective decision making. The interaction between the environmental and social dimensions, the operationalization of the concept of intergenerational equity has proven to be even more difficult in the developing countries.

## **8 Conclusions for global and national development policies**

Practically all areas of the transformations dealt with in this paper influence the development process and its human dimensions and consequences. Some of the influences are more detrimental, like the increase of political risks and uncertainties, factors leading to failed states, tensions, civil wars, terrorism. Other changes are more positive like the transition to knowledge-based economy, which may accelerate the development process and may improve the capabilities of humankind to avoid future ecological disasters. The most pervasive factors, the globalization process and the restoration of the universal global capitalist system may have both positive and negative consequences. There will be many winners as global capitalism refashions almost every aspect of domestic and international economic affairs. There will also be many losers, at least over the short term, as international competition intensifies and as businesses and workers lose the secure niches that they enjoyed in the past. Economic globalization in the universal global capitalist system presents both threats and challenges for the wellbeing of people everywhere. If individuals and societies are to adjust intelligently to the challenge of global capitalism, it is imperative that they understand the principal forces transforming international economic and political affairs.

Many future problems and their consequences are related to demographic changes, to demographic polarization, the changing structure of the population, to the patterns and rates of economic growth and employment, and to the process of urbanization. The common denominator between them is that their management needs co-ordinated international, preferably multilateral, actions and radical improvement of the quality of national governance. These can help to avoid adverse human consequences and at the same time use the opportunity for the spread of democratization and the transition to knowledge-based economy and society. There are differences between the influences of the various changes. The ‘clockwork of history’ has been moving at a different rate within global politics than within the world economy, and there have also been important variations in the depth and character of political changes. In the light of the evolving new problems, there is an increasing demand for greater predictability,

reliability, and accountability of policies in a complex system governed by increasingly divergent interests and divided by growing economic competition. In this increasingly undisciplined environment, the collective management of different regimes could become much more difficult. Old and new sources of risks and instability may overwhelm the opportunities for constructive action in the absence of significant, deliberate, and new collective efforts to engage in such opportunities.

There are great differences also between the developing countries in their capabilities to deal with different new challenges and their consequences. This is due to several factors: uneven economic strengths, structural differences, information and communication gaps, economic and political mismanagement, etc. It has always been difficult to manage changes and to avoid or at least to moderate the adverse consequences of them. Some countries have proven to be more successful, others could not avoid political turmoil, economic collapses, and massive human cost. In this new era of cumulative transformations, the tasks are much more difficult and the capabilities of the countries to deal with them are more diverse. Beyond the country- and region-specific aspects of adaptation there are some general tasks, which require multilateral actions.

First, global challenges require an internationally oriented domestic policy which goes far beyond the traditional domestic responsibilities of governments. This will not be possible without the better harmonization of diverse values, interests, intentions, and without more effective assistance for the weaker countries. In the evolving global power relations the growing complexity in itself is a major source of uncertainties which require the strengthening of global security in a multidimensional framework. Increasing interdependence requires at a minimum that each country give more consideration to the consequences of its actions on others. Second, multilateral solutions can only work if they do not undermine national self-responsibility—they should be shaped accordingly. In the international system the improvement of the quality of cooperation and particularly of development partnership is a critically important issue. Third, the market has undoubtedly proven itself as the best co-ordinating mechanism between free agents. Some degree of competition is healthy for the world economy. There is no doubt however that market forces need control and orientation. That is why we need an international regulatory framework for globalization, with recognized rules and effective institutions. Fourth, the impact of globalization on the economic and social development is resulting in winners and losers. The separation of people into winners and losers; a language reflecting the centrality of competition in the market system appears to have connotations beyond economics and distribution of work opportunities, income and assets. The winners comprise on global level a small minority. The losers are much more numerous and diverse—most of them less educated and less skilled, most rural populations, many peoples living in remote regions and small towns, and also those belonging to certain ethnic groups. The social dimensions of the main challenges, particularly of globalization, have to be given more consideration in national policies

and in international co-operation. Fifth, there are also important tasks for developing more relevant theories.

The state-centred bureaucratic models of development were not able to give satisfactory response to the pressure of global markets and to the needs of more efficient resource allocation within countries. The dominating market theories, related mainly to the neoliberal school of thoughts, due to their limitations, particularly in comprehending the intensity and the scope of the changes and the role of different external forces and non-economic factors and with their short-term approaches, were not able to give appropriate responses to the new social and economic challenges. The demand for a new thinking on development became widespread, and some scholars emphasized the needs for a new development paradigm. Institutional economics became particularly popular among the different theories. There is an Islamic approach which is spreading in some parts of the world, and neo-Marxism is also gaining popularity. There are also important methodological requirements. Much more empirical research is needed for the support of national policies, for creating and using more information on the main trends and interactions in the changing society, influencing growth, income distribution, structural changes, etc. Such issues, as the elaboration of the conditions of sustainable economic and social development, or the interrelations between the technological transformation, and the socioeconomic aspects of the development process, require broadly based interdisciplinary research. An important methodological but also theoretical issue is the need of studying much more thoroughly the history of ideas and theories on or related to the development process, and also the role of different international and national institutions in their global spread. This would facilitate better understanding for not only the changing intellectual background of development thinking, but also the sources of soundness or deficiencies and inevitable limitations in the different theoretical approaches and models.

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