

Lorna Raymond
Mount Carmel, Bangalore

TOWARDS GLOBAL HARMONY: PROBLEMS AND PROSPECTS

We are now in the last decade of the twentieth century where the world is in a process of transition. It is a period where all the nations of the world including the Third World Countries are hoping to move forward. At the same time uncertainty, risk and the great complexity around are the challenges that act as constraints to their hopes and aspirations.

A quick look at the present scenario could give us disturbing visions of human conditions and what then might be in the next century. The questions are-will we have less or more poverty and hunger, less or more economic and social justice within and among nations, more gains or less gains from international trade agreements and trade, more or less commercial exploitation or even less or more environmental pollution or degradation?

Political alignments, economic systems and institutions as well as social values are being transformed. The conventional notions prior to the second world war are no more applicable to the changing international environment. The acceleration of the pace of scientific and technological advance have affected societies, economics and international relations. The speed of this scientific and technological advance does have far reaching effects on all aspects of society and all spheres of human relations. The uneven distribution of scientific capability could accentuate global inequities.

There are links between the North and the South, but the countries of the South are politically, economically and culturally subordinate to the better organized and stronger North (i.e., developed countries.) A relationship of dependance restricts domestic and external freedom but interdependence strengthens and that is what is required in the world today. Perhaps the current domination by the developed countries or the North should be replaced by a better, balanced and more equitable management of global affairs so as to satisfy and work towards the

interests of both the developed and developing countries. This in turn implies the need for interdependence among the world's people for greater economic harmony. Can and will this objective be achieved is another question in the minds of the nations of the South and North.

It is not possible to make an exhaustive study of the formidable challenges that the countries of the world both developed and developing have to face. Nevertheless some of the important trends and pressures which have a bearing on them are being covered with a view to understand the need for early policy action to work towards greater economic harmony in the global system. The pressures faced are both internal and external factors. The internal pressures are internal bottlenecks rising population growth, heavy dependence on agriculture, chronic food insecurity and backward technology to mention a few important ones. In the external environment we have the problems relating to serious imbalances in trade and development, as well as environmental degradation and depletion of natural resources.

Internal Pressures

Let us first take a look at the internal pressures.

The relationship between population growth and prosperity or even sustainable development is a complex one. Whatever be the causes for the increase in the rate of population growth it has been one of the dominant forces. In the developing countries or Third World Countries it has created greater uncertainty. Further population growth puts pressure on resources and environment. By strengthening and making controls and policies more effective it will help to reduce resources and environmental damage.

Now moving on to internal bottlenecks which are predominant among the Third World Countries. Most of the countries in Asia and Africa have suffered from a colonial policy that inhibited industrial development and placed heavy reliance on export of primary products. The latter has been subject to price fluctuations in world prices resulting in adverse terms of trade.

The infrastructure to develop their resources in terms of education, training, health care and the like has been inadequate. Hence they

are faced with low levels of literacy, education and skills. Inherited social structures and institutions have retarded the progress of their war on poverty and development. Hence social deprivation is still widespread in the developing world in spite of efforts towards health care, illiteracy and education.

Heavy dependence on agriculture with low and poor productivity, low per capita income and investment, inadequate exploitation of natural resources coupled with inadequate capital, skills and technology at various levels of activity act as constraints on trade and development. Poor infrastructure facilities is another feature of the economies of the developing world.

Chronic food insecurity, hunger and malnutrition together with a large number of people still living below the poverty line are widespread in the Third World Countries.

Green revolution technologies have created problems in some of the countries. For instance sustained increases in output have become dependent on the maintenance of a continual release of new varieties of seed. Further improper use of fertilizers and chemicals have posed health problems by contaminating water supplies. New technologies have also increased their dependence on research centres.

External Pressures

The trend towards globalization has several implications. Several events and processes within national borders which were considered the business of the sovereign state now influences the rest of the world and are a concern of the international community. Hence countries are internationally accountable for their national behaviour and policies. The extent of their accountability has become an important issue in recent years. On the other hand, "the influence of the external economic environment on national fortunes has become so much more pronounced that the notion that countries are fully sovereign in respect of their internal policies has lost much of its practical validity. It is extremely difficult for countries to insulate their economies and societies from processes, actions and decisions in the broader global setting. The ability of the governments to control events within national borders is drastically constrained by the external environment. Developing

countries are inevitably in the most vulnerable position in the face of these trends".¹

Lately fears are being expressed about the possibility of a global food shortage. In several parts of the world including the Third World Countries or the South, the degradation of natural resources such as the deterioration of soils falling - water tables, desertification and deforestation are responsible for lower yields and a reduction in cultivated areas. Climatic changes could also be caused by the greenhouse effect which could accentuate the threat to global food security.

The world economy continues to suffer from serious imbalances. In the wake of adverse international developments characterised by mounting unemployment, energy crisis, world wide inflation, recession, growing protectionism in the major markets, unstable exchange rates and the like has resulted in economic disparities. Stagnating economic growth is another feature of the South.

"In the sphere of international commerce, deterioration in the terms of trade of developing countries their growing debt servicing and interest payment obligations, adverse balance of trade and huge expenditure on military hardware at the cost of meeting basic necessities of life for millions of people deserve special place in a discussion on the problems of the Third World".² In addition poor investment climate and restrictive trade measures have also adversely affected the economic health of the developing countries.

Technological backwardness due to lack of resources and other problems related to the acquisition of advanced technology has been another limitation which has effected improvements in quality and efforts to curtail cost of production. Further the narrow and restricted product range is another constraint to the exporters of developing countries.

One finds that a larger proportion of the trade is among the rich nations for the exports of developing countries face high tariff and other

1. The Report of the South Commission, *The Challenge to the South* (Delhi: Oxford University Press, 1992), p. 283.

2. Nagpal & Mittal, *Current Issues in World Trade Policies* - Article by M.L. Varma Global Economic Environment & the Third World, New Delhi: Annon Publications, 1993, p. 245-246.

restrictive measures which have been intensified in recent years. This in turn has proved to be a challenge to the developing countries to expand exports. The growing protectionism is seen in various forms like tariff barriers, voluntary export restrictions, quantitative restrictions, arbitrary customs valuation, marketing and labelling requirements, stringent consumer safety standards and packing and testing requirements as well as documentary controls to name a few.

Today there are maladjustments in the import-export trade. The trade structure of the South indicates predominance of exports of primary products and traditional items of export and a large amount of imports in the form of capital equipment and petroleum products. The gains from international trade do not go to the developing countries.

The unfavourable terms of trade in recent years faced by the developing countries has arisen due to several factors. For instance the decline in the prices of exports of interest to the Third World Countries and rise in the prices of petroleum and petroleum products have been important factors responsible for the adverse terms of trade.

Mounting debt burdens has become a form of bondage. The need for a substantial reduction of their burden of debt servicing is essential to enable them to be left with adequate resources to achieve a level of growth which in turn would enable them to service their debt burden in the future.

Transportation bottlenecks are visible because of lack of resources to develop or strengthen their own mercantile marine. Neither are they in a position to adequately modernize infrastructure facilities. Hence the major share of shipping tonnage is controlled by the fleet of owners of the North. This has resulted in heavy expenditure on their part when they utilise these services.

The South countries are also lagging behind in marketing strategies as when compared to their counterparts in the highly industrialized and developed world. The latter are highly organized and systematic and have a strong bargaining strength. For instance the multinationals are in a better position to develop new markets and expand the existing ones for a wide range of goods.

Improvements in their trade performances have also been restricted by technological backwardness. In their acquisition of improved technology, they are again faced with problems like prohibitive costs, obsolescence of technology transferred by industrialized countries, restrictions on adaptation, research, price fixation, sales and marketing arrangements, terms of transfer and the like.

Lack of adequate resources, shortage of inputs, power inadequacy dearth of skills, narrow and inadequate product range in the manufacturing sector all act as impediments to growth and widen the gap between the North and the South.

Considering these manifold difficulties and pressures on the Third World Countries and the opportunities facing some of them – particularly the developing countries – one sees that the benefits of international trade are still far away from these economies.

Environmental Problems

Environmental hazards are a global concern. Over the past decade or two apprehensions have been expressed over the dangers of global warming and damage to the ozone layer due to certain production and consumption patterns. Other kinds of environmental damage are continuous degradation of land under cultivation, desertification in the arid and semi arid zones of the South, deforestation in tropical areas, and degradation to water resources. Threats to pollution of the marine environment poses a threat to fish resources both sea and fresh water from pollution through the dumping of chemicals and other wastes or over fishing. In addition the discharge of untreated industrial effulents also adversely effect the environment.

Perhaps one sees the increasing environmental stress in the case of the Third World Countries in the following areas. The increasing pressure on natural resources due to a rise in population. The system of property rights and land tenure have also accentuated this pressure. Then we have economic pressure from the developed countries or the North which has led to over exploitation of resources. The pressing need for industrialization and economic growth; the adoption of energy patterns of consumption similar to those of the developed countries and rural-urban migration are some of the other factors responsible for the increasing environmental stress among the Third World Countries.

In reality both the industrial and developing nations impose a burden on the earth's environmental systems. In some cases it is through wealth; some through poverty; others through a large and rapidly growing population or even through rapidly growing levels of consumption of the environmental resources.

The tendency on the part of the North is to insist on the South is to give importance to environmental protection over their development objectives. The developing countries cannot be singled out as a threat to the global environment. In fact the, "ecological stress on the global commons has in large part been caused by the North. Its burning of fossil fuel - coal, oil - is by far the most important source of gases harming the atmosphere, particularly carbon dioxide, which causes the greenhouse effect and sulphur dioxide, which produces acid rain. Similarly the threat to the earth's ozone layer from the emission of chlorofluorocarbons is largely the outcome of the consumption patterns of the North."³

Environmental change in turn could lead to "international conflict in another way: the tendency of nations to attribute responsibility for environmental decline to other nations." For instance, "Northern leaders point to tropical deforestation: Southern leaders to the burning of fossil fuels. More generally, industrialized countries often identify excessive population growth in the developing countries as the world's single largest environmental threat, while developing countries identify excessive consumption in the industrial countries. While both claims have merit, the tendency of each side to target the fault of the other may exacerbate an already tense North-South confrontation."⁴

The Future - Whither Global Economic Harmony And Equity

Perhaps today the threats to economic well being and national security from environmental breakdown and imbalances in the wake of international economic developments are greater today. The desire to achieve sustainable development, to reduce the economic disparities,

3. The Report of the South Commission, *The Challenge to the South*, *op. cit.* p. 258.

4. Jim MacNeil, *Beyond Interdependence - The Meshing of The World's Economy and the Earth's Ecology*. (Oxford University Press, 1991), p. 57.

to gain access to scarce energy and other resources and avoid destruction or resource depletion have brought the nations of the world together.

Both the North and South desire a brighter and sustainable future – one where the world's population is stabilized before it doubles again and any further erosion of the global economy's renewable resources (i.e., forests, fisheries, wild life and biological diversity) is stalled. They wish to follow management practices that do not bring about a depletion of the world's renewable resources but rather an income from them. Their desire for economic growth implies the need for reducing trade imbalances as well so as to lessen the gap between the rich and the poor both within and among the countries of the world.

In addition to the U.N., other institutions like the World Bank and the General Agreement on Trade & Tariffs (GATT) came into existence at the end of the second world war. One of the objectives of the World Bank was to reduce inequality in the distribution of income and wealth since trade is considered an 'engine of growth' adjustments in this area are necessary to enable the developing countries to achieve their objectives. The GATT which aims at providing conditions so that international trade should be mutually beneficial and not exploitative of the weaker sector. Implicit in its rules are the recognition of the disadvantages of inadequate capital accumulation and technological backwardness which has not enabled them to compete on equal terms with the more advanced countries. Hence the GATT, rules provided certain concessions to the developing countries. These objectives and hopes are still to be realized for the gains from international trade are still far away from the doors of the South. The need for adjustment is necessary considering the uncertainty of the present decade and the near future. The GATT has an important role to play here arising from its responsibility to influence and control those measures which impede adjustment and harmony among the nations of the world. This adjustment is not just a North – South issue, for co-operation and liberalization of policies among the developing countries is also necessary.

Well, what has GATT been doing over the past decade? The answer to this question is a positive one, namely, that way back in 1986 the Uruguay Round of trade negotiations commenced. Till today there are differences of opinion among the developed countries themselves. In 1991 Arthur Dunkel submitted a set of proposals to the

negotiating parties. The process has been dragged on for during the course of negotiations not only trade policies but also national policies came in for discussion which were unfavourable to free and fair trade. The Dunkel Draft has generated disagreement between the U.S. and Japan, E.C. and U.S. not to speak of the broader categories of the North and South.

The fears of the developing countries that the proposals of the draft which deal with agricultural subsidies, trade-related intellectual property rights (TRIPS), services and trade related investment measures (TRIMS) are not very conducive to growth or equity in the case of South. Nevertheless the controversy continues. The Director General of GATT, Mr. Peter Sutherland, a convinced free trader, seems to feel that the way forward to economic and political stability and prosperity in the world is through sound multilateral trading system of the kind that the Uruguay Round hopes to evolve,

His assurances about the proposals being an opportunity and that the fears expressed are unfounded have not been completely accepted. There are still reservations particularly among the Third World in general since they have not only considered the limitations but also what has been left unsaid.

Possible Hopes

The efforts to conclude the talks quickly and the chances of the Third World Countries improving their lot still hangs in the balance till mid December 1993. The chances of an organized and articulate South to see that during the concluding round of talks there are specific assurances by the developed countries to arrive at a meaningful settlement. It is in this way that they could ensure that the interests of the developing world are not battered away in the long run but in keeping with the South's plea for justice, equity, democracy, global harmony and development.

On the other side there are continuous efforts being made to reverse environmental degradation and move towards more sustainable development. The Earth Summit at Rio de Janeiro was one such effort which aimed at arresting the accelerating environmental threats to economic development, national security and survival of all.

It is the North, the developed countries – “only they command the economic resources, the technology and the political resilience to accommodate significant change. Only they can initiate the restructuring of international economic and political relations, needed to reverse the tragic flows of capital from the poor to the richer countries and ensure that the developing countries get equitable access to the technologies needed to support sustainable development.”⁵

But this does not mean that the South has no role or responsibility for South-South co-operation has been stressed for various issues. “Steps towards South-South Co-operation towards collective self reliance, solidarity, regional integration and effective organization in support of these objectives – are necessary steps on the road to development and a better future for the South’s people.”⁶ It is a “strategic necessity not only for development within the South but also for securing equitable management of global interdependence.”⁷

It has been pointed out that both, “Developed and developing countries jointly share responsibility for the status of the environment in developing countries and this shared responsibility should guide the development of the co-ordinated and supportive policies.”⁸

The same questions that tend to attract our attention namely – will there be less poverty and hunger, less disparities, less or more pollution and degradation less or more economic and social injustice among the nations of the world and in particular those of the South?

The future depends on the interplay of several forces. Under the present circumstances and pressures it is not possible to say what will be the outcome of the contending interests, new ideas, institutions and organisation. But there is one thing that is certain – the need to mobilize to achieve the global possible peace, security, poverty alleviation, balanced global management, promote sustainable development so as to ensure dignity to all persons and peoples of the world. There is sufficient knowledge, skill and resources but we have to use them. If we do not act, then we are only going to intensify the darkness that many fear. Hopes for a better and brighter future as we enter the 21st century can be attained.

5. *Ibid.*, p. 127.

6. The Report of the South Commission, *The Challenge to the South*, *op. cit.* p. 18

7. *Ibid.* p. 287.

8. Robert Repetto, (Ed), *The Global Possible, Resources, Development and the New Century* (New Delhi: Affiliated East West Press Pvt. Limited, 1991), p. 496.