

PART 1: POLICY RESPONSES TO RAPID URBANIZATION IN THE THIRD WORLD

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The following two papers (printed as Part 1 and 2) were prepared for delivery at the University of Witwatersrand, Johannesburg, South Africa, April/May 1983.

1. **The urban transition:** According to Kingsley Davis, the demographer, the world is passing through what he calls the urban transition. This is a movement, begun about two centuries ago, and expected to be completed by the middle of the next century, in which the population of the world shifts from 90 percent rural to 90 percent urban residence and occupation (current urbanization levels, measured by population residing in urban places with more than 20 000 inhabitants, are more than 52 percent in the developed nations and 22 percent in the developing countries of the world, for a grand world total of 30 percent). The shape of this transition can be modelled in the form of an S-curve, with a slow and gradual beginning, a period of rapid urban expansion, and a gradual slowing down, as the asymptote value is being reached. During the rapid phase of the transition, urban rates of increase may amount to a doubling or more of population every ten years. The actual distribution among cities, of course, will vary from less than the average increase in total population to three times and more the average national rate at the principal growth points of the economy. It is obvious that these rates cannot continue indefinitely, though they can run very high for several decades (e.g., at twice the average increase in the population), reinforced, as they are, by migration from the countryside and from abroad.

There is a statistical illusion about the phase of "rapid urbanization" about which we need to be cognizant: however rapid it may appear, the urbanization is still insufficient in most parts of the world to reduce the absolute numbers of

rural people. It follows that even where the rate of urban increase is above 5 percent a year, rural densities may continue to increase. By the same token, the rate at which total population is urbanizing is very much less than the rate of urban increase or city growth: actual urbanization rates in Third World countries are not much higher – indeed they may be less – than the corresponding rates in European countries during *their* period of rapid urbanization in the 19th century.

In any event, urbanization has become a dominant fact of our time and because of its global reach, one of the most dramatic and profound phenomena in the history of the world.

What should be the governments' response to the phenomenon of rapid urbanization?

But to put the question in this way is MISLEADING: it is misleading in two senses: first, because it suggests that urbanization is a "spontaneous" or natural phenomenon which must be confronted by public policy . . . when in actual fact, it is a *socially produced* phenomenon; and a second, because it suggests that urbanization is a uniform phenomenon – equivalent to the *spatial concentration* of people in so-called urban settlements (usually identified by size and density), and their *presumptive shift from primary pursuits in agriculture* to a wage form of employment in non-agricultural activities, collectively referred to as industry and services, when in actual fact, it is a series of *multi-dimensional, linked phenomena* that give rise to a *very complex, differentiated reality*.

First, I want briefly to address these two reinterpretations of urbanization. I will then proceed to make some comments on policy in which I will talk on the following issues:

- (a) the question of development objectives;
- (b) policies for the sector of "petty commodity production";
- (c) the role of the household economy in urbanization.

2. **Rapid urbanization is a socially produced phenomenon:** while the urban transition as a whole may be regarded as an historical phenomenon that for all practical purposes may be treated as a given, the shape of the curve, and therefore the rates of urbanization – or the spreading out of urbanization over a number of decades – is best regarded a result of *public policies* that encourage one type of growth over another. Collectively, these policies have been called, by Michael Lipton, *urban bias*.

- there is the urban bias that manifests itself in rural underdevelopment: the *starvation of rural areas in the allocation of investments, incorrect policies with regard to food importation and pricing, the concentration of investments in rural areas in large-scale, capital-intensive work, and the marginalization of small farmers* who are forced either to subdivide their already over-cultivated lands still further among an increasing population, or to hire themselves out as labour to corporate and large-scale commercial farmers, or to move towards a land frontier that offers few possibilities for producing a surplus above subsistence, or to move to the city.

- there is the urban bias that manifests itself in the *spatial concentration of political power* in the principal core region of a country, leading to the phenomenon that geographers have labelled “urban primacy” and to a generally favourable environment for further core region investment on both public and private account. There are a number of developing countries in which power is more equitably shared among the states of a federation than it is in unitary states (Nigeria, India), but most everywhere there is only a national centre of power and very limited administrative discretion in provinces. Cities almost everywhere are deprived of meaningful self-government; like rural areas, they are starved of resources, unless they happen to be located in the core or, better yet, unless they are the national capital which is the primary beneficiary of government largesse.
- urban bias manifests itself in the *spatial transfer of income* (surplus over subsistence) to the national centre. Income is transferred through a variety of mechanisms that are a direct and intended outgrowth of policy: discriminatory price policy, with farmers receiving less than the going world price for their marketable commodities; taxation; surplus transfers by landlords; and establishment of rural banks which tap rural savings and channel them to national core areas.
- urban bias manifests itself in an industrialization policy that emphasizes *large-scale investments in capital-intensive industry* (import substitution) with a small number of plants capable of meeting the limited national demand, most of which is in any event concentrated in the core region, so that production comes to be concentrated there as well. (Recent efforts to introduce an export sector through EPZs has led to the choice of some provincial locations, but the development potential of this kind of industrialization is even more limited than the first kind).

We may conclude briefly: if these policies were reversed, if rural development were to be given priority in investment programming, and if the mass of small farmers were to be the object of new policies;

if political power were more equitably shared among the regions and cities of the country; if surpluses for investment were allowed to accumulate regionally instead of being transferred to national core areas; if industrialization policies were to stress a “walking on two legs” approach with rural industrialization being viewed as a serious alternative to capital-intensive industrialization in the major cities . . . if all these things were done, the possibilities for reducing the rate of urbanization (and changing the entire urbanization profile) would be greatly enhanced.

3. Urbanization is a multi-dimensional phenomenon: so far, we have looked at urbanization as though it only involved the spatial concentration of the population and their taking up new occupations generally considered “urban” because of their locational status: industry and services. While this will do as a first approximation, it is an overly simple conception quite useless for policy making.

We need to study urbanization along five dimensions: spatial, economic, social, political, and environmental. Most urban problems can be properly understood and realistically confronted only in a multi-dimensional and time-dependent view, where each dimension is also a dimension of change. Admittedly, it is a difficult view to achieve. Each dimension is the subject area of a separate social science discipline, and the overlay of disciplines in the study of even single problem area, such as settlement policy, housing, or the changing role of the family, is rarely achieved.

All the same, it must be tried, even if we must sacrifice the simple and straightforward meaning of urbanization that is based on sheer demographic spatial concentration and in which so many planning studies delight. We can no longer afford to compartmentalize our studies of cities and to deal with, say, migration flows over here, on the right, urban systems analysis on the left, production and employment on the first floor, urban class formation and social movements in the basement, relations of power and the structure of the local state in the attic, and energy, water, and residuals management out in the street. These similar aspects of urbanization must be brought into explicit relation to each other, that we might learn not only why things work

as they do, and how this might change in the future, but also tackle quite practical problems that arise from the urbanization process itself or from the underlying forces that influence specific historical patterns.

There are, of course, different levels of explanation, ranging from the immediately functional to deeper structural levels. But at some level surely we shall need a theoretically adequate, encompassing framework which helps us to order urban phenomena and to see them as something other than a disconnected jumble of observations.

To talk of this now would take us too far afield. I would simply like to point out that the structuralist, political-economy approach, so popular today, proposes just such a framework. Whatever you might think about it, and there is certainly room for argument, the political economy approach, properly modified to include also a spatial dimension, represents a vast improvement over the fragmented splinter theories of traditional social science, together with their relatively simplistic planning applications.

4. The Question of Development Objectives: Specific policies are formulated in the context of general framework of objectives. In Third World countries, these objectives (in the first instance) have to do with “development”. But development of what and of whom? How shall we think of this elusive term?

Historically, the meaning of development has gone through several transformations. In the late 40s and throughout the 50s, development was, by and large, thought to be identical with the rapid growth of the economy. This was to be brought about by raising the levels of investment from 4 or 5% to 10 or 15%, and by accelerating the process of urban-based industrialization. When this model “failed” in the sense of producing appalling social and spatial inequities and an absolute increase in the population living under conditions of poverty, the international community of development professionals argued for a shift in objectives. Henceforth, development would be explicitly defined as “growth with distribution” and the emphasis was to be placed on policies that would promote full employment and a more equal distribution of incomes. Poverty populations

were identified as potential “target groups”, and renewed interest sprang up in agriculture and comprehensive rural development. These were the 60s and early 70s, the years that also saw the appearance, the hopes and disappointments, of the so-called green revolution with its package of hybrid seeds, fertilizers, pesticides, and irrigation. Then, in the mid-70s, a new concept was introduced and much discussed: the concept of Basic Needs. No one quite knew what Basic Needs were, or how the approach to development would have to change to satisfy so called Basic Needs. But on the whole, there was agreement that a BN-approach would mean the elimination of mass poverty as a high priority objective, as perhaps THE objective of development.

BN-approaches went hand-in-hand with a strategy of self-reliance (that, among other things, was intended to include self-sufficiency in staple foods) and what some called “selective closure”, that is, a modification of free trade doctrine and the international division of labour based on it. National, regional, and local interests were being valorized. *Development was becoming territorially defined!*

But, of course, these changing definitions did not always trace actual practice. Development experts might be talking about BN-strategies, but international capital was going global and was shifting labour-intensive manufacturing to *export production zones* (EPZs) in Asia, Africa, and parts of Latin America. And the global economy was strictly free-trade. Competition would lower the price of labour to a world price. Among other things, this meant a lowering of the wage among industrial workers in the core countries of the capitalist economy. The present world crisis is, to a large extent, a result of this restructuring of capital. As the welfare state in western core economies is being dismantled, problems which we thought had been solved over a generation ago, are beginning to re-appear.

Actual development objectives are at an impasse now as countries are trying merely to stay afloat, though BN-strategies seem increasingly attractive to many, and the environmental movement is trying to link into the new strategy with

its concept of eco-development. At the very moment of its greatest triumph, the creation of a truly global economy in terms of production as well as markets, capitalism is being challenged by these new concepts of Basic Needs, eco-development, self-reliance, and development from below, which spell out a counter-revolution of development.

With regard to urbanization, three macro-policies have been contending for attention. They all had to do with the *urban transition*. The first macro-policy wanted to reverse the urban transition through a concerted policy of *ruralization* or *de-urbanization*. Only Kampuchea (under the brutal regime of Pol Pot) and South Africa have tried to swim against the “stream of history”. The method in both countries was coercive. Kampuchea’s horrible fate, the death of millions of its citizens, has entered the annals of history as one of the most misguided, shameful episodes in human memory, and the policy has been reversed. In South Africa, the forcible return of the majority black population to so-called homelands on 14 percent of the national terrain is a story that is too well known here to require comment.

The second macro-policy looked towards a *balanced rural-urban development*, in which the rate of urbanization would be kept low. Here, the urban transition would not be challenged, but the period of time over which it would occur was to be stretched out. This policy involved measures favourable to rural development, including the retention of a large part of the rural surplus for reinvestment (along with land reform, rural industrialization, etc.). A number of socialist countries tried this policy with considerable success – among them Cuba and Maoist China – and, if I am not mistaken, also India would qualify as a success.

Finally, the most widespread model was that of *accelerated urbanization*. It is the model applied in virtually all African countries that are loosely called “capitalist”, such as Nigeria and the Ivory Coast. Accelerated urbanization policies were often complemented by futile attempts to spread development into the national periphery through so-called growth centre policies. Rural development, on the other hand, was neglected.

These macro-urbanization policy options

are not independent of the overall development policy frameworks. De-urbanization (or ruralization) represents a special case: *it is the policy of a state at war with its own people*. Balanced rural/urban development is highly consistent with Basic Needs strategies, and the policy of accelerated urbanization (with or without its complement of growth poles) goes along with economic growth through industrialization as the leading objective. Development in the sense of an improvement in the basic well-being of the population at large is here seen to come about as a result of sustained rapid growth (the Rostowian “take-off”) that will eventually lead to a society of mass consumption. Of course, the chances of this happening in any other countries but a handful of special cases, such as Taiwan and Singapore, or the OPEC countries, is extremely remote. In the meantime, this model generates extraordinary social costs in terms of social inequality, environmental destruction, human suffering, and exploitation.

5. **The petty commodity sector:** Contrary to some people’s thinking, work is still what it takes for most of us to make a living. If you don’t work, you don’t live. Although we haven’t broken Adam’s curse, we have created an economy in which there isn’t enough paid productive work to go around for everyone.

This is nowhere more true than in Third World economies where most urban workers cannot find a job in the capitalized industrial sector and the high-level services connected with it. The typical ratio is 10:1, for every ten percent gain in industrial output, there is a one percent gain in employment. At this rate, the ratio of manufacturing to total employment is creeping up very, very slowly, and in none of the newly industrializing countries exceeds 25 percent. Overall, on a global basis, the ratio of manufacturing to total employment is actually declining: we are slowly moving into the post-industrial era.

Since people still have to live, however, they create their own work. And this, basically, is what statisticians have defined as the “informal” sector that is so visible in many Third World cities and elsewhere. There are many notions about this sector, whose very heterogeneity makes it difficult to pin down.

Entry conditions into the informal sector are said to be low: there are few capital requirements; even literacy is not essential. Because much of this sector is work that escapes the licensing and taxing authority of the state, it is sometimes referred to as the *unenumerated* sector. Still others, impressed by their low overhead, call it the street economy, which at least has an attractive sound to it, though many informal workers in fact have rented premises and the street has invisible locational (territorial) boundaries. Census takers who need a simple criterion by which to distinguish this sector, often use size of firm as a criterion. And so, many accounts of the informal sector describe it as those enterprises that have ten or fewer workers; the majority are in business for themselves.

Structuralists, whose interpretation of urbanization relates it to the dominant mode of production (i.e., capitalism), prefer another concept to describe somewhat the same reality: they speak of *petty commodity production*, where commodity refers to any goods or service that is produced for sale. This designation has the advantage of allowing "informal" work to be treated within the same theoretical construct. Petty commodity production is a subordinate sector of large-scale capitalist production and is functionally related to that sector.

The designation also makes it clear that petty commodity production is, indeed, productive in the sense of adding to the gross domestic product. The man who watches your car at the parking lot, the shoe shine boy, the barber who cuts your hair . . . they are all producing a service we need. The food stall vendors, most of whom are women, feed a large part of the working population during the day, at a fraction of the cost of what a restaurant meal would be. There are ubiquitous plumbers, carpenters, tailors, electricians, mechanics, radio repairmen whose job is to repair and to build. There are sweat shops that burn the midnight oil to make parts of shoes and clothing that are assembled somewhere else and sold in the elegant stores of the city to members of the upper class. Porters carry loads from one part of town to another at top speed: running, bicycling, motor scooting, or push carting. They, too, perform necessary, productive work. On the side walks are the hawkers selling plastic toys,

soap, cigarettes, lottery tickets, newspapers, cheap perfume. They make their living by providing a convenience. At night, women hawk their bodies to men willing to pay for them: it is an ancient profession.

All this mass of working people – the labouring poor as they used to be called – are productive and they are free. They are not controlled by the state, and that is why they are often perceived to be a problem, when in fact they are the solution. For many of these workers, their particular form of self-employment (or employment as apprentice workers in a small shop) is a step up the ladder to a secure position in the world, a foothold on the slippery slopes of city life. The more successful ones may eventually gain entry into the coveted "formal" sector where, in return for license and an annual tax bill, they go legal and can begin a slow process of capitalist accumulation: they gain the privilege of joining the exploiting classes.

Petty commodity producers are a threat to no one: they are people busy trying to survive by their own sheer wits and effort. They cater to a demand. Their efforts should be supported. Instead, they are harassed by the police, the bureaucracy worked overtime to control their presence in the world, mostly by saying NO, declaring this and that to be OFF-LIMITS. It is a common sight in many Third World cities to see police chase a hapless street vendor through congested traffic: the man had no license to live. Elsewhere, low-income housing areas are broken up, the little heaps of accumulated capital in the form of shacks and shops burned, levelled to the ground, the people herded like cattle onto trucks and dumped somewhere out in the countryside. Within a matter of days, of course, these very same people will drift back into the city . . . minus their accumulated possessions, to start again from ground zero. They have nowhere else to go.

If these things did not happen . . . and they are happening every day in some Third World city, they are happening in South Africa, as you know . . . there would be no need to dwell on them. The working poor are not *defying* the state, they are not *lawless* just because they are officially outside the law. It is their way of surviving in brutally competitive world. They are in the street, because

they can't pay the rent; they are not licensed because they can't pay the fee and their employment is not steady. They work in the interstices of an urban structure that would collapse without them.

What should the policy be with respect to the petty commodity sector? It is a subtle, delicate matter, because so much of that sector is what Terry McGee has called *involution*. Involution means that, under conditions of limited growth in demand, the same work is broken down into ever smaller tasks and specializations, each of which provides a little livelihood for the owner of that work. If there were jobs for everyone at a level of decent income, this same work could be organized more efficiently, with fewer workers. But there isn't enough work to go around, and so there is involution. Anything that the state might do, therefore, to make the petty commodity sector more efficient might eliminate someone's job and livelihood.

The best thing the state can do under the circumstances is *laissez-faire*, to lay off the daily harassment, to leave people the fruit of their labours, to leave them the housing they built, to let them conduct the businesses that are so clearly needed, and to allow them to develop their own self-help organizations. It is at the point where self-help organizations begin to appear and only then, that the state can begin to play a positive, facilitating role, providing credit, training, physical facilities, and the like.

6. The Household Economy: In conclusion, I should like to talk about the household economy. The petty commodity sector is integrated with the market economy, but we must remember that a lot of work, absolutely essential work, gets done outside the market, and is directly for use, though it may involve reciprocal exchange and co-operative endeavour. It is the ubiquitous work of the household.

Ostensibly, the household works for itself, for the maintenance of life. As such, it is the smallest unit of society. Without a social base, households cannot subsist. One person households are artificially maintained by the state or must purchase their livelihood in the market place. At the same time, household production is directly related to and functional for capitalist accumulation. It guarantees the *reproduction of labour* in

the market at no cost to capital itself. Particularly in the case of poor households, it is the ingenuity of the women who for the most part are responsible for their management, that their men folk are prepared to accept less than subsistence wages at their place of work. Life is produced *below* cost. (That is why poor people, women in particular, age prematurely. It is they who absorb the cost, and make possible the super-profits of the capitalist sector).

Household economies are also the *major market for commodities* produced in the capitalist sector. Because the household economy requires an infrastructure (shelter, furniture, cooking equipment, etc.) as well as a steady flow of raw materials (fuel, uncooked edibles, soap).

There are three statements I should like to make about the household economy and its role in urbanization and development.

First, the household economy, particularly among low income families, depends for its well-being on *social networks*. These are networks among family members, fictive kin, and neighbours. From these social networks evolve organized, co-operative efforts: self-help housing construction, minding each other's children, organized sewing circles, the celebration of festivals, credit associations, and the like. A good community, people will say, is one that is friendly, sociable where life is spontaneously organized, where people are helpful.

Second, the household economy requires a *secure physical domain* to do its work. It requires adequate space for its many activities: the preparing of meals, the raising of small children, sewing and patching of clothing, the caring for the old and the sick. These are activities that in the capitalist economy appear in the form of restaurants, crèches, tailor shops, health clinics, and nursing homes. In the capitalist economy, their right to existence in the urban fabric, to a territorial domain, to permanency of occupancy is recognized in the law. The household economy in poor districts is often not so blessed. It lives in permanent fear of dispossession in the dark shadows of illegality. Without security, social networks cannot form, people become hos-

tile and suspicious of each other. They live next to strangers. The very sinews of the lives are torn apart.

Third, the household economy needs to become more efficient in its *budgeting of time*. Again, this refers primarily to those households where physical survival is a full-time occupation. Who has not seen small children trek for 45 minutes up some improbable slope with a five-gallon canister of water precariously perched on top of their head? Survival among the poor takes an inordinate amount of time. Cooking equipment is the most primitive, fuel is expensive and hard to get, shopping for essential items must be done in distant places because ordinances forbid the establishment of convenience shopping in the neighbourhood, on rainy days, it is virtually impossible to venture outside into a sea of mud and slimy effluent, a visit to a health clinic for the poor may take up an entire day in travel time and waiting. It is as if poor communities were designed for inefficiency, deprived as they are of even the most essential services. And such services as are provided through the so-called private sector (e.g., informal water distribution through vending, taxicabs, illegal food boutiques in the neighbourhood) the cost is exorbitant relative to household income: water costs may gobble up

15 or more percent of earnings, neighbourhood stores have big mark-ups over supermarkets, taxi cabs charge what the traffic will bear. And so, there is always an agonizing trade-off between time and money, and in the end, it may be that the very survival of household members is put on the scale. To pay for transportation to work in the exchange economy, you may have no choice but to starve yourself or your children or both. It is a desperate choice.

Household work is not valorized by society. It is invisible work, and women and children are the invisible workers. Development policy deals with the exchange economy, it is chiefly concerned with the interests of capital. It is scarcely concerned at all with life and the production of life.

But policies can be changed. And here and there we have gained experience, and we know, more or less, what needs to be done.

The importance of the household, and

of household workers, for society must be recognized. That is the starting point for any policy.

A permanent physical domain for the household economy must be secured.

This involves a number of specifics. *First*, the security of tenure to land whether in outright ownership or in leasehold. The optimum solution would be communally-held land that is let out to individual households under specified conditions, and that cannot be alienated. *Second*, residential communities should be placed close in to potential work places (I recall here the idealized garden cities of Ebenezer Howard and his followers where work-residence combinations were the very essence of the idea: difficult to realize in practice in all of its particulars, the principle is nevertheless an important one. Both travel time and cost of travel should be minimized). *Third*, basic utilities must be provided: water, electricity, sewage and waste disposal, good drainage, paved streets. In addition, there are essential services that must be brought into the neighbourhoods: schools, child care centres, health clinics, community centres, shopping facilities, post offices, public telephones, recreation areas, and adequate bus services are among the most important. *Fourth*, provision should be made for the raising of agricultural produce within the urban area, in the form of communal or allotment gardens. This practice would have a substantial and favourable impact on household incomes and nutrition, and is notably increasing in many Third World cities.

All this together would lead to a florescence of self-help and co-operation. It would create an adequate, healthy environment for raising children, it would enable households to plan for their own improvement and to advance beyond survival to a decent and meaningful existence.

All of this costs money, you will say, and who will pay for it?

My answer is simple and straightforward: in the end, it is people's labour that will pay for it. Urban migrants, poor people, are not parasites. In many parts of the world, they are treated as raw material to be used up in the production process that enables the rest of us to live as we do. They are squeezed in the work

place, they are squeezed in the street, and they are squeezed at home. Then, if they are still alive, they are discarded. We have no more use for them.

All that I have tried to say is that this treatment is no longer acceptable. It reflects what the powerful regard as their unlimited right to oppress those who are weaker than they. It is devoid of any moral basis whatsoever.

It is the labour of the poor that sustains the rich man's economy. *That is why the poor are poor.* What needs to happen now is that they themselves are sustained. And this requires a commitment to the empowerment of the poor.

PART II: THE ROLE OF CAPITALISM IN THE DEVELOPMENT OF THIRD WORLD COUNTRIES

Change, any sort of change, is hard to cope with. So we find devices to soothe the mind, to make the transition to what is new a little easier. One such device is to invest old words with new meanings. In this way, we can pretend that the familiar things to which we are used still surround us, are still part of our lives, and that the new is basically the same as the old, only a little different. Until one morning we wake up to a world that is transformed.

Two such words that serve us well in this role are *capitalism* and *development*. Good old capitalism, always decked out in new clothing: mercantile, industrial, monopoly, post-industrial . . . these words suggest phases in a single mode of production, as marxists call it, they are ways of designating salient facts, a way of life: wage labour, markets, profit-seeking, individualism, and private accumulation. (But there are statist forms of capitalism, too, and this leads to conceptual problems. Some of the basic characteristics of the mode of production may have to be revised.)

Or development: it's been around for at least a generation, replacing older terms such as "progress" or "industrialization". But ask anyone – and there are now specialists in development, so we can consult the experts – to what range of

phenomena "development" applies and we'll receive a lot of different answers. Who or what is to be developed? Nations? Individuals? Households? the Economy? Social classes? regions? And how do we know that "development" has actually occurred? By the claims people make? by their good intentions? by statistical measures, such as the gross domestic product or various social indicators? And what values must those indicators have in order to be called a "satisfactory" development? Are questions of distribution important, and if so, in what sense? Is development also a political phenomenon? Must it be sustained to be development? Is it a spontaneous process or is it planned? Are planning and development essentially the same?

Not only is there uncertainty in the answers we shall receive to our inquiry, but the range of answers (and the degree of certainty that attaches to them) will vary a good deal, depending on whether we direct our questions to economists, sociologists, businessmen, or politicians; to those who grew up in the 50s, 60s and the 70s; to people with international organizations or to national leaders. But because there is a single handy word indifferently used, we think there must be a corresponding reality. And so we hold on to the notion of development and invest it with our dreams and hopes.

I mention this, because at this very moment we are in the midst of a transition from one kind of world to another, in which the meanings of old words will undergo dramatic change. By holding on to the hollow shells of words, we attempt to stave off a sense of impending disaster. Whether we like the world that is to be or not, it is, somehow reassuring to know that "capitalism" will always be around, or that "development" will still be the major project of the human race.

But are these reasonable assumptions? It seems to me that our job as intellectuals, as academics, is to extract new meanings from the events as they unfold, and to share our tentative insights with others. So let us look at the present transition to see what it holds in store for us, and then ask, what all this means for the tasks of development in the so-called Third World.

I should like to put in a caveat at this point. First, Third World is a very loose and increasingly useless designation of poor countries which claim some independence from the two major power blocks in the world: the USA and the USSR. South Africa is not Third World, and the problems of black and coloured people in South Africa are not, in essence Third World problems. They are fundamentally political problems produced by

the apartheid policies of your government. Any similarities to problems in a genuine Third World country, such as Tanzania or India, are superficial. A squatment in Madras is not the same as a Soweto, or an informal settlement in Kwa Zulu. Second, it is in any event misleading to divide up the world into first, second, and third; or into rich and poor; or into developed and developing. The actual realities, as we approach the turn of the century, are much more complex. However, lest complexity reduce us to silence, let us at least accept that a world chart can be drawn up that arranges national societies on a continuum with respect to the time when industrialization began to become more or less important for them. And just to be clear on that point let us agree to call industrialization that process by which the factory system is introduced, along with its institutional innovations, such as scientific management. So then we can speak of newly as well as of older industrializing countries, some of the latter already moving into what is sometimes called the post-industrial era.

Now that we are clear on this, let us return to our subject. I have spoken of a "transition". What are its salient features?

Surely, what I have to tell you will scarcely be a revelation. All the same, it is good to remind ourselves. Capitalism has broken through its national cocoon and has begun to organize the world as a single set of interdependent markets for finance, labour, production, and consumption. It is a staggering and, at the same time, frightening achievement. New words, like global sourcing, are entering our vocabulary. The technologies of satellite, computer, and high-speed, long-distance transport have made it possible. Capital moves instantaneously, noiselessly from continent to continent, city to city, building, tearing down, altering the very conditions of life. Its main object in this frantic mobility is profits. Labour, follows suit more slowly, drifting to where the jobs are, to where the money is. National boundaries have become secondary. In any event, capital mobility, largely unchecked, can force a single global wage over a wide spectrum of occupations. Technology, for the most part developed within the older industrialized societies, becomes available anywhere in the world with only a short

delay, as production becomes increasingly standardized. Multiple factories, virtually interchangeable, allow a corporation to produce identical commodities in several locations, so that in the event of a strike in one plant, the slack in production can be taken up in another, thus defeating the strategy of labour, which cannot (at least until now) act in the same way, globally. Finally, people's tastes are becoming homogenized. What appears to middle-income consumers in Johannesburg as desirable consumption, perhaps soon as a "necessity", is the very same desire and necessity in Frankfurt, Tokyo and Sao Paulo.

The new global order has its hero-actors, too: the trans-national corporation (and its executive elites) along with the international banks that make the essential financing possible. What is remarkable here is the extraordinary concentration of production among firms. A mere handful of corporations, counting in the hundreds, is responsible for the bulk of manufacturing production and related services throughout the world. These vast conglomerates are no longer much interested in the products they make, nor in their usefulness and craftsmanship; they no longer have even a paternal interest in the men and women who work for them. They have a pure and unadulterated interest in money.

Well, so what, you might say. Such things as the world economy, and industrial concentration are scarcely new phenomena. We have learned to live with them and prosper. I don't want to get involved in this argument which has to do with how we read past history, because the point I wish to make would be valid regardless of what the outcome of such a debate about the newness of the new trends might be. My point can be stated quite simply: in the new era into which we are moving, territorially based communities – cities, regions, and nations – are to a considerable extent *at the mercy* of trans-national capital. Soon, the national flag of a so-called trans-national corporation (for instance, the country in which it is incorporated) will have virtually no meaning, just as a Liberian registry for a petroleum tanker is meaningless for the well-being of the Liberian people. Trans-national capital (and the global network of institutions supporting them) is virtually unaccount-

able to territorial interests. It is neither patriotic, nor nationalistic, and it doesn't care what happens to this or that country unless it plays a major role in the international economy.

A third aspect of the global transition is our heightened awareness of the *limits to growth*. Driven by competition, capitalism is engaged in an ever more frantic search for new markets, new technologies, new products, increases in productivity, and higher profits. The ideologists of development have used metaphors such as the "take-off into sustained growth" as their stock-in-trade. But it has become clear that the world as a whole cannot indefinitely sustain rapid growth, and that certain limits are going to be imposed, no matter how clever we are at devising new technologies. Some non-renewable resources will sooner or later give out or become, at any rate, prohibitively expensive; the air and the oceans of the world can accept only so much garbage before they become dangerous for human life; there is the famous greenhouse effect, as carbon dioxide builds up in the atmosphere. Economists tell us we don't need to worry, that relative pricing will take care of all the little problems that are likely to emerge. But they have never, to my knowledge, made their calculations based on a world counting ten or fifteen billion people, all trying desperately to reach a Swiss standard of living!

Whatever the future may hold in store for humanity, the fact is that, perhaps for the first time since the onset of the industrial revolution, we have begun to think in terms of limits. Clearly, this provides a different setting for countries, such as India and China, with their billions of people, and a per capita income that at present is only 1/10 to 1/20 of that in western Europe, and whose announced ambition is to attain living standards that are on par with those of the existing powerful nations. That sense of limits is likely to become more pronounced as we move into the next century, with its massive and projected shortages in energy, food and water.

The fourth trend which marks the transition is the disappearance of dichotomous models of relationship in the international community – for example, of a development that is either autonomous

or dependent – to one that is increasingly *interdependent*. The interdependency is being forged by trans-national capital, and by the prospective resource shortages. So, strictly speaking, what has become interdependent is the global economic system which is best looked at as a totality and which is overlying a quilted pattern of national and regional economies that have only limited (and it would seem, dwindling) powers of their own to back up any claims to sovereignty. Since economy and territory are not so readily separated, however, except for analytical purposes, it is probably correct to speak of an interdependent, international system of states. That formulation implies accepting a limitation on sovereign power: nations can no longer do exactly as they please, even or perhaps especially, those that are the most powerful among them. Their options are becoming more restricted. They are also becoming increasingly subject to international blackmail or, to be more polite, or persuasive, international pressure. The United States, for instance, has publicly announced its willingness to use its superior food producing capacity as a political weapon in international dealings; and for a number of years, the OPEC countries held the West at ransom. As more and more shortages in strategic resources appear, even relatively weak states will be able to back up their demands with appropriate action in the international arena.

Finally, I should like to mention an important counter-trend to the growing globalization of the economy: the re-discovery of territorial values and the doctrine of self-reliance by which territorial entities, be they regions or nation states, attempt to protect their historical identity. It seems that some dialectical law is at work here which prevents any single force from totalizing itself. The traditional free trade doctrine is being challenged as countries as well as regions seek to “develop” what is uniquely their own and, at the same time, provide for the basic needs of their populations. Regional interest are asserting themselves politically, seeking some form of self-governance. United Nations conferences in all seriousness discuss such topics as “development from below”, self-sufficiency in food production, peasant-based development, social participation, self-management, industrial demo-

cracy . . . It is a whole new agenda about which very little was said only ten short years ago. Some of these topics have come to be lumped together under the general headings of “another development” and a “new international economic order” which look towards a differentiated world compatible with the assumptions of global limits.

I do not claim to have exhausted the categories by which the coming new world – post-capitalist and post-development – may be described. But we now have enough of a common vocabulary (I hope) to ask some searching questions about the future of poor and still largely agrarian economies in Africa, Latin America, the Middle East, and Asia.

- what are the prospects for poor countries to “catch up” with living levels in the older, industrial countries? Can we look forward to a gradual, worldwide convergence in the standards of consumption?
- even if we assume, under the most favourable conditions, that the “catching up” process may take a very long time, what likelihood is there of an egalitarian development? Does the urban transition hold out the promise of universal prosperity?
- what are the prospects of a peaceful, democratic transition to a new world order?
- what are the chances for the counter-movement of “another development”, incorporating notions of basic needs, extensive social participation, self-reliance, appropriate technology, and eco-development in a world increasingly under the sway of a small number of gigantic global corporations?

I should like to say at the outset that I am no more a prophet than anyone else in this audience. I shall therefore put up my answers as propositions to be challenged. I think it is important that we start to talk about these questions, and that we draw into the circle of discussion the very people on whose backs this historical “experiment” will be carried out.

It is only by gaining consciousness of the realities that we face, that we can forge a will capable of transcending these very realities and bring into existence the kind of world that we would want for our-

selves and our children.

1. What, then, shall we say about the prospects of “catching up”? Some relative latecomers to the industrialization process have obviously made it. There is Germany, for example, and then there is Japan, and in the shadows of Japan, South Korea. And there are the emerging “global cities” in different parts of the world periphery (it would perhaps be more accurate to say, the semi-periphery) which are becoming the basing points of trans-national capital and which are evolving towards a common type: Tokyo, Hong Kong and Singapore, with secondary roles in Asia assigned to Manila, perhaps Sydney and also Bombay; in Latin America, Mexico City and Sao Paulo, with perhaps Miami co-opted into the southern hemisphere; no city yet in either the Middle East or Africa, unless you wish to include Johannesburg; and, in the older industrial countries, Paris, London and the Randstadt in Europe; New York and Los Angeles in the USA, together with a number of secondary centres, such as Houston, San Francisco, and Chicago. All of these cities are surging ahead, their post-industrial economies in the lead.

But once we leave these multi-million urbanized regions, with all the problems that are unique to them, and venture into the true periphery, with their billions of people languishing in rural backwardness, what are the prospects there? They get the cast-off industries from the West, they are increasingly unable to feed their own people, they hear only a faint echo of the world beyond their boundaries. Their technology, like their fuel and knowledge, is imported. The pressure of population on the land is relentless. A small elite lives in comparative luxury. As for the rest, they are lucky to survive. To speak of a “catching up” under these circumstances is sheer fantasy. And attempts to fashion policies that will lead to the imitation of a Sweden or an Austria, not to mention the United States, are doomed to failure, at least in our life time. This is the classical terrain, so to speak, of “another development”. I will return to this question later.

2. But if “catching up” is not in the cards for most peripheral economies, or at best will take many generations, can we still hold out a hope that, such developments

as do occur will take a more egalitarian form than in the past? Can we look to an evening out of incomes, to steady employment for everyone who wants to work, and to a decent minimum for the great masses of the people?

Unfortunately, the answer, for large parts of the world, is in the negative. Inequities abound, they are likely to get more polarized and more severe, there are few counter-vailing forces anywhere. Whether accumulation is by big capital or by the state, the results are likely to be similar. World cities will have the worst inequities, as millions of the world's poor will stream into them to pull themselves up out of their poverty. These millions cannot be productively absorbed except in the lowliest of service occupations. They will be herded into ghettos where they will live under conditions that, though in some respects better than in the backwater towns from which they came, nevertheless will be in stark contrast to the glitter of the world-class elites and their immediate cohorts. A few will indeed manage to rescue themselves, but the majority will drop ever further behind.

The same can be said about rural/urban contrasts in general: some rural regions will of course do very well. They will practice large-scale commercial or corporate agriculture using increasingly capital-intensive techniques. Much of that production will be for export, though some staple food production may also be undertaken to ensure a steady food supply to the urban population in the country concerned. In some parts of the world, huge cattle ranches will push smallscale peasant farmers from their traditional lands, leaving them with the option of either moving into more remote rural districts or drifting to the city in search of a livelihood. The urban bias in investment policy is not likely to be reversed in most parts of the world. It is the urban elites who call the important shots. What national leaders, after all, have peasants' interest truly at heart?

This picture holds true for at least those regions of the world, and they are the vast majority, where rural populations are still increasing in absolute numbers, even though there is substantial migration to cities. Rural densities increase; the natural fallow cycle is aborted; productivity falls. Where the so-called green

revolution is introduced, and it can only be introduced where the possibility exists for large-scale irrigation, some peasant farmers – those who gain access to credit and who work their own land – will prosper and will be able to give at least their sons a start in an urban career that leads them out of poverty. But many more farmers will only subsist, as before, perhaps now working for wages on their neighbours' lands. In any event, governments in the world periphery, and even more in the semi-periphery, will prefer to spend their resources for rural development on the commercial, corporate, or state sectors.

3. If we must count then on inequality, can we at least look forward to a peaceful, democratic transition to a new world order, under the aegis of trans-national capital? The answer depends on the assumptions we make. Poverty alone is never reason enough for revolt, nor does rebellion imply revolution. Still, and to the extent that poverty is polarized in cities, where demand-making is easier, and where the masses are more susceptible to political mobilization, tensions are likely to increase.

This is especially true for those countries where supreme efforts at "catching up" will be made. Of recent memory, we have the examples of South Korea, Taiwan, Chile, and Brazil, where it took military regimes and the most severe political repression to maintain something like an internal peace. You could argue that the period of severe repression was limited, and that once prosperity was achieved, political control could be relaxed. But if I am correct, we will see very few relative successes of this sort in the next 30 to 50 years, and where equality is concerned, even Brazil cannot by any stretch of the imagination be called "successful". That country's present experiment with democracy may not last very long.

I think we can invoke a general rule or principle which goes something like this: *coercion increases as the legitimacy of the existing state declines*. And under conditions of increasing social polarization, the legitimacy of the state is likely to diminish. If the rule holds, we can look forward to a world in which military dictatorships are no longer the exception

but the rule, in which a growing portion of national resources will be channelled towards the military establishment, in which there will be fought many bitter little wars of liberation, and in which civil liberties will fall victim to torture, exile, and death. Most of Africa, Latin America, and South East Asia is already occupied by military dictatorships. The trend is not likely to be reversed.

4. My view of the world is certainly a not very inviting one, and the globalization of conflict between East and West, rekindled (I am ashamed to say) by a bomb-rattling American President and his advisors, make it still gloomier. In this terrible world, where we face the daily prospect of annihilation by nuclear warheads and our only hope, if we can call it hope, is mutual deterrence by terror, what chances exist for a counter-movement embodying the principles of "another development"? Is it not a hopelessly utopian project? Should we not simply try to save our own skin, join the oppressors, and terrorize the rest of the world, for however long that may last?

The temptation is no doubt real for those who are in a position to help themselves in this way. The proponents of "another development" who talk of basic needs and self-reliance, of social participation and solidarity, and of meaningful human activity may be right in some theoretical sense. Their model has at least a theoretical chance of working, whereas the "catching up" model has no chance at all. But do they have the political clout to bring it about? What are the political pre-conditions for "another development"? Surely, states do not act out of benevolence for their subjects, surely they have to be *forced* to act in the interest of the people as a whole instead of merely the elect. This will require political action of some sort. Mere advocacy of "another development" is not enough: it remains a utopia devised by a committee.

But it is also true, at least for now, that the blueprint for an "alternative development" is addressed mostly to those already pre-disposed to believe in it.

And yet, I have some hope that it may strike fire, that the ideas for an "alternative development" will find a politics of transformation commensurate with its great hopes. It is the only real hope we can muster. It is not without some basis.

It is a hope in people's determination to be free to construct their own lives and not be swallowed up by the megamachine of global management. It is hope in the interdependency of a world that creates global cities in the periphery and peripheries in the heart of global cities. It is a hope in the existing counter-movement that is dedicated to bring about a major change in the core countries of the world economy which has been gathering strength since it first appeared in the early 60s. The tactical objectives of this movement have kept changing. Most recently, they have been concerned with nuclear disarmament, women's liberation, human rights, ecology, and regional self-determination. These movements prefigure an "alternative development" whose immediate future in the core countries of capitalism is perhaps brighter than it is in the periphery for which it was initially thought to be the most appropriate.

If I am right in this, the proponents of an "alternative development" will do well to link arms with the social counter-movements of the industrial world, helping to swell their ranks, to maintain their momentum, and not to lose heart.