

THE FIRST GLOBAL REVOLUTION

A REPORT BY THE COUNCIL OF THE CLUB OF ROME



ALEXANDER KING

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Orient Longman

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Ah love! Could thou and I with fate conspire,
to grasp this sorry scheme of things entire,
would not we shatter it to bits and then,
remould it nearer to the heart's desire?

Edward FitzGerald
The Rubalyat of Omar Khayyam

Foreword

1968 was the year of the Great Divide. It marked the zenith as well as the end of the long post-war period of rapid economic growth in the industrialized countries. But it was also a year of social unrest with the eruption of student uprisings in many countries and other manifestations of alienation and counter cultural protest. In addition, it was at that time that general and vocal public awareness of the problems of the environment began to emerge.

A number of individuals close to decision-making points became concerned about the apparent incapability of governments and the international organizations of foreseeing, or even attempting to foresee, the consequences of substantial material growth without sufficient thought as to the quality aspects of the life that unprecedented general affluence should make possible. It was felt that a group of independent thinkers concerned with the long-term and deeper issues would be useful in complementing the work of the bigger organizations.

The Club of Rome took shape that year from these considerations, and was founded by Aurelio Peccei and Alexander King at the Academia dei Lincei in Rome. It chose as its initial theme, 'The Predicament of Mankind.' Aurelio Peccei was its first president, a post he retained till his death in 1984. At present, the group comprises one hundred independent individuals from fifty-three countries. The Club has absolutely no political ambition. Its members represent a wide diversity of cultures, ideologies, professions and disciplines, and are united in a common concern for the future of humanity.

From the outset, the Club's thinking has been governed by three related conceptual guidelines:

- adopting a global approach to the vast and complex problems of a world. In which Interdependence between nations within a single planetary system is constantly growing;
- focussing on issues, policies and options in a longer term perspective than is possible for governments, which respond to the immediate concerns of an insufficiently informed constituency;
- seeking a deeper understanding of the interactions within the tangle of contemporary problems - political economic, social, cultural, psychological, technological and environmental - for which the Club of Rome adopted the term 'the world problematique'.

The world problematique has become, as it were, the trademark of the Club. We define it as the massive and untidy mix of Interrelated difficulties and problems that form the predicament in which humanity finds itself. For our present purposes we have coined a corresponding term, 'the world resolutique', which connotes a coherent, comprehensive and simultaneous attack to resolve as many as possible of the diverse elements of the problematique. or at least to point out ways to solutions and more effective strategies. By the resolutique¹, we do not suggest a grand attack on the totality of the problematique. Our proposal is rather a simultaneous attack on its main elements with, in every case, careful consideration of reciprocal impact from each of the others. In a world in which problem-solving Initiatives are increasingly immobilized by bureaucracies, there is a growing role for flexible and informal groups such as the Club of Rome.

Our first publication. The *Limits to Growth*, appeared In 1972 as a report to (rather than *by*) the Club of Rome. The study, commissioned by the Club, was accomplished by an international team of professors and researchers at MIT using the system dynamics methodology of Jay Forrester. This was a pioneering attempt to project in interaction a number of quantifiable elements of the problematique. The report and the controversy It generated immediately gave the Club of Rome worldwide visibility or, as some would say. notoriety. It thereby achieved its main objective: the stimulation of a great debate on growth and society throughout the world and an increased awareness of the interactions that take place between the elements of the problematique. The report has sold some ten million copies in over thirty languages and has had considerable political impact. The Club was widely criticized for what was seen as advocacy of a zero growth economy. This was never our Intention. We fully accepted the pressing need for material growth in the poor countries of the world, but warned readers about the consequences of an unthinking pursuit of growth by the industrialized countries, depletion of the world resource base, deterioration of the

environment, and the domination of material values in society.

Since 1971, the Club has published eighteen reports on a wide variety of issues (see Bibliography). The second among these, *Mankind at the Turning Point* by professors Pestel and McSarovic, was a computerised growth model which also took regional situations into account. It included a strong warning of the high costs in terms of money and human suffering which would result from delays in taking action.

Two decades later, the contemporary problematique remains the same in its underlying causes as that of 1972, but differs in its mix of issues and its points of emphasis. Humanity will always have to live with the problems of its time, no matter how effective the resolutions have been in the past. Changing situations, notably those arising from the solution of past problems, give rise to new difficulties which, as always, interact. Furthermore, in times of rapid change such as the present, the mix of problems and the understanding of their relative importance is likely to change rapidly. This is partly because some of our perceptions have become clearer and partly because new knowledge has identified new dangers. Of course, the two most dominant elements are probably those of the population explosion in the South and of the only recently recognized macro-effects of man on his environment, which were exactly the two central preoccupations in *The Limits to Growth*. But new factors, such as changes in human behaviour, the emergence of seemingly irrational movements including terrorism, and the growth of individual and collective selfishness, thrown up by our materialistic society, have definitely become elements of today's problematique. Such matters are obviously relevant when considering the present situation.

The human being both creates the problematique and suffers its consequences. The problematique therefore demands a systematic analysis that pays due attention not only to what is regarded as rational behaviour, but also to instinctive and apparently irrational elements inherent in human nature that make for an uncertain world.

If the Club is to live up to its role. It is essential that we reexamine the problematique, attempt to elucidate more clearly some of its interactions, and issue warnings about the consequences and trends determined by the persistence of present economic systems and human behaviour. With the possible exception of the nuclear threat, the present dangers to humanity are probably greater and more imminent than those in 1972. We shall, no doubt, be accused as before of being harbingers of doom. This may well be our role and our glory. However, prophesying doom is by no means our sole or even main intention. It is but a necessary prelude to taking action so as to avoid the doom confronting the earth's inhabitants. *The limits to Growth* was never

X • Foreword

Intended as a prophecy, but rather as a warning of what might happen if policies were not changed (in order to prove its extrapolations wrong-) A preventive approach such as this carries with it the responsibility of putting forward suggested remedies.

Ricardo Diez-Hochleitner
President, Club of Rome.

No generation has ever liked its prophets, least of all those who point out the consequences of bad judgement and lack of foresight.

The Club of Rome can take pride in the fact that it has been unpopular for the last twenty years. I hope it will continue for many years to come to spell out the unpalatable facts and to unsettle the conscience of the smug and the apathetic.

Prince Philip, Duke of Edinburgh

*Message to the delegates at the
Twentieth Anniversary Conference of the Club of Rome,
Paris, 1986.*

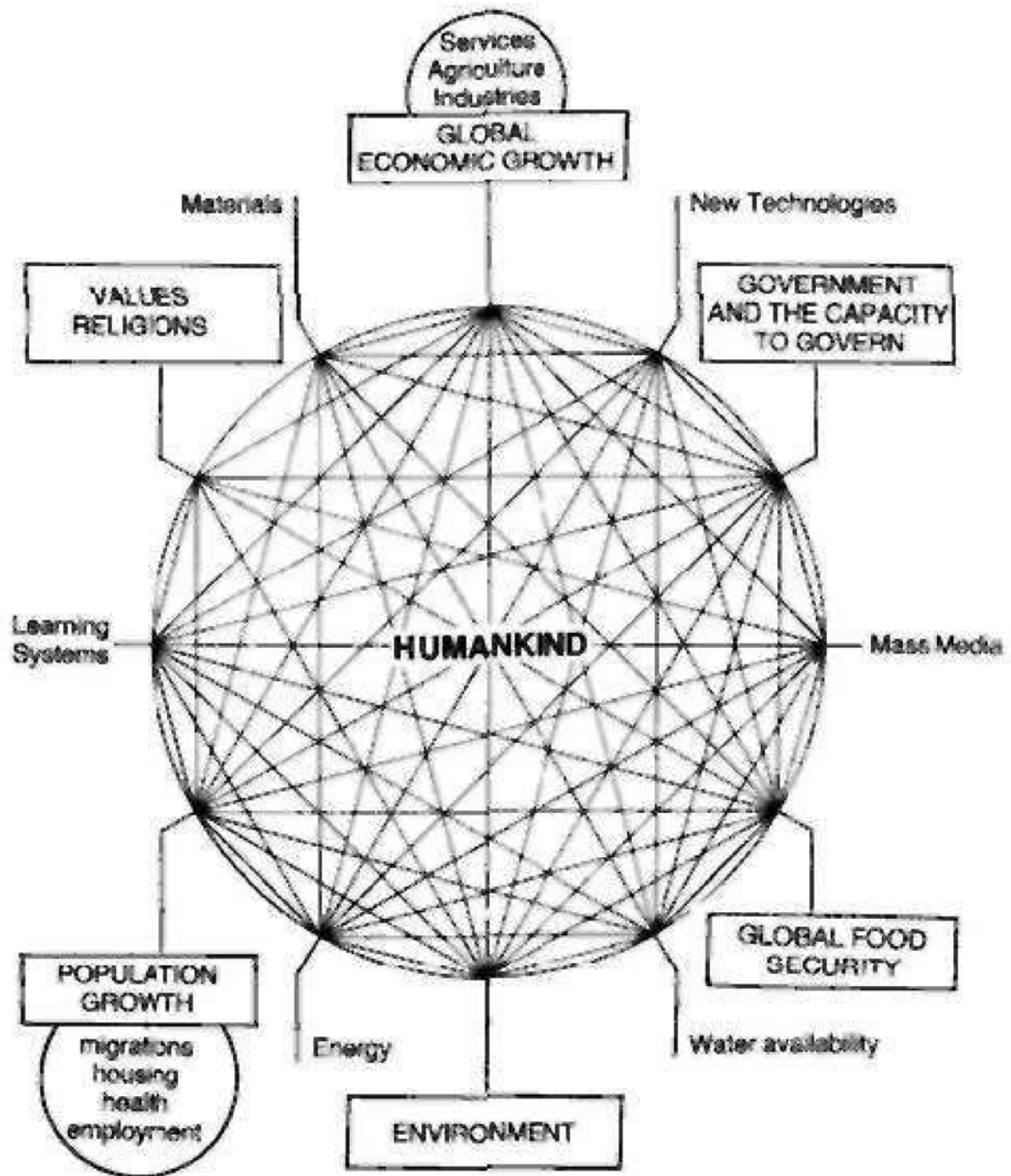
We would like to express our special gratitude and thank to Club of Rome members Martin Lees and Donald Michael, whose work with the Council has been a precious and indispensable contribution to the ideas and thoughts presented herein.

We would equally like to thank Patrice Blank, Richard Carey and Alexander Pekham for their sharp appraisal and enlightened counsel, Soyo Graham Stuart, Nicole Rosensohn and Marina Urquidí for their criticism, advice, suggestions and strong support, as well as Fabienne Bouton for her unending patience during the composition of this book.

Abbreviations

| | |
|--------|--|
| AIDS | acquired immuno deficiency syndrome |
| ASEAN | Association of South East Asian Nations |
| CFC | chlorofluorocarbons |
| CGIAR | Consultative Group of Institutes of Agricultural Research |
| FAO | Food and Agriculture Organization (of UN) |
| FIT | Foundation for International Training |
| GATT | General Agreement on Tariffs and Trade |
| HIV | human immuno deficiency virus |
| UASA | International Institute for Applied Systems Analysis |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| IPI | International Partnership Initiative |
| MIT | Massachusetts Institute of Technology |
| NGO | nongovernmental organization |
| NIC | newly industrialized country |
| ODA | official development aid |
| OCCD | Organization for Economic Cooperation and Development |
| START | Strategic Arms Reduction Talks |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environmental Programme |
| Unesco | United Nations Educational, Scientific and Cultural Organization |
| Unicef | United Nations (International) Children's (Emergency) Funds. |
| Unido | United Nations Industrial Development Organization |
| WHO | World Health Organization |

THE WHEEL OF HUMANKIND



Introduction

Humankind seems to be gripped by a *fin de siècle* attitude of uncertainty at the threshold of the new century, but the end of a millenium presents an even more complex situation with its widespread and rapid changes, and the uncertainty that these changes bring with them.

The topic of recent Club of Rome meetings has been 'The Great Transition': we are convinced that we are in the early stages of the formation of a new type of world society which will be as different from today's, as was that ushered in by the Industrial Revolution from the society of the long agrarian period that preceded it. The initial but by no means the only motor force of this change has been the emergence of a cluster of advanced technologies, especially those made possible by microelectronics and the new discoveries of molecular biology. These are creating what is variously called the information society, the post-industrial society, or the service society, in which employment, life-styles and prospects, material and otherwise, will be very different from those of today for every human being.

We only need to mention as examples of change the population explosion in the Southern countries, the probability of great changes and disturbance in world climate, the precarious nature of global food security, doubts on energy availability and the vast changes taking place in the geopolitical situation - all of which interact within the complex of the problematique. We are convinced that the magnitude of these changes amount to a major revolution on a worldwide scale.

1989 and 1990 were years when the course of history suddenly speeded up: communist regimes in eastern Europe collapsed, East and West Germany became a single nation again, the invasion of Kuwait by Iraq in 1990 provoked

a deadly crisis in the Gulf. Though these were by no means the only events of the period, they were by far the most spectacular, and despite their geographic dispersal, they were interconnected: the end of the cold war and of East-West tension blew the lid off the world pressure-cooker, as it were, and enabled latent conflicts to emerge in the open and long-repressed aspirations to express themselves forcefully).

In the coming years, it is very likely that other events will come to the forefront of world attention, while today's events will be pushed into the background. This book was written before the collapse of the Soviet Union, and the creation in its place of a loose confederation of independent republics. The changes still taking place there do not alter what follows. Indeed, they confirm our statement, made in early 1991, that the Gulf War is the first example of a series of phenomena that will most certainly affect the world profoundly in the coming decades.

The Gulf War was in many ways a warning signal and should lead to a new vision of international relations. It confirmed the existence of tension, which will continue to grow between the rich countries and the poor countries, between the North and the South, while the injustice and humiliation it breeds is found especially and increasingly unbearable by the Arab-Muslim countries. The war has also been a demonstration of a new attempt by the United States to reassert its hegemonic presence in a number of regions of the world, while putting its force at the service of right and legalism. The ambiguity of American policy, despite the fact that it has often shown proof of goodwill, is not going to make the international relations of the United States any easier in future.

The end of the cold war has led to the awakening of nationalism, that had been stifled under the lid of East-West tension, and will inevitably produce conflicts of varying degrees. However, it must be stressed that the process of disarmament that was undertaken between the United States and the Soviet Union is a positive element - but not sufficient. Disarmament in high-risk zones and a strict control by the United Nations of the sales of sophisticated arms have to be a priority if we expect to prevent other confrontations, as bloody and paradoxical as those in the Gulf War.

Will the budding democracy in Benin, as that in the East European and Latin American countries grow strong and spread, or will its failure to do so lead back to authoritarian governments? Will regimes that seem to be firmly established today be able to stand up to the pressure of population, the majority of the members of which are under twenty years of age and demanding a roof, a job and the means to survive? No one knows.

There is, however, one indisputable fact: *the* world economic

discrepancies, the flagrant inequalities, the existence of extreme poverty side by side with great wealth, cause all sorts of tensions and conflicts, showing up here and there in the most diverse geographic zones. These are the signs that mark this first global revolution and they indicate the uncertainty with which the future of the planet is confronted.

But why do we regard the contemporary threats and changes as the first global revolution? The change from the hunting and gathering phase to one of settled farming may have taken thousands of years to spread throughout the world. The Industrial Revolution that began in the United Kingdom about two centuries ago is as yet geographically incomplete. However, the present brutal changes are taking place everywhere simultaneously from causes which are likewise ubiquitous, thus causing the 'Sturm und Drang' of a universal revolution. The worldwide significance of this revolution becomes vastly greater if one considers that its mismanagement could endanger the whole human race.

The new society is emerging from the chrysalis of the often archaic and decadent old societies; Its evolution is complex and uncertain and its manifestations are difficult to decipher, making the tasks of the decision-makers in both public and private sectors more difficult than ever, and inducing a permanent uncertainty in all thinking individuals. Elements or transitional facets of the new society are appearing here and there without obvious ties between them.

The global revolution has no ideological basis. It is being shaped by an unprecedented mixture of geostrategic upheavals caused by social, economic, technological, cultural and ethical factors. Combinations of these factors lead to unpredictable situations. In this transitional period, humanity is therefore facing a double challenge - having to grope its way towards an understanding of the new world with its many hidden facets and also, amidst the mists of uncertainty, to learn how to manage the new world and not be managed by it. Our aim must be essentially normative - to visualize the sort of world we would like to live in, to evaluate the material, human and moral resources available, to make our vision realistic and sustainable, and then to harness the human energy and political will to forge the new global society.

In matters of public concern, as in other areas of human interest, fashions prevail. Yesterday the nuclear problem was uppermost in people's minds; later the population explosion reached the headlines; today the environment is a la mode and concern with population has receded. The energy crisis was seldom mentioned publicly earlier, but the events in the Middle East have already made this the new preoccupation. The need is to consider all these as essential angles of illumination in the kaleidoscope of planetary change.

In this tangle of change it is as important as never before to look beyond the pressing issues of the moment to the forces beyond the horizon. Forecasting is necessary, and will necessarily be a relative failure. Simple extrapolation of existing trends will not give us realistic answers. *The Limits to Growth*¹ had developed an interactive simulation model that produced a variety of scenarios which were especially useful for defining what was to be prevented. In some fields such as technology and industry, long-term forecasting is indispensable and efforts in that direction are being made by some of the most forward looking corporations, which are struggling to invent new methodologies for planning in uncertainty.

In the thirties, the American president Franklin D. Roosevelt commissioned his administration to undertake a vast study of the coming technologies. When the study was published it made a very big impression. Indeed, it was enthralling. There was just one problem: it had not predicted the coming of television, nor that of plastic, or jet planes, or organ transplants, or laser beams, not even of ball-points pens!

Franz-Olivier Giesbert*

One aspect of the contemporary situation is an increasing awareness that the human race, in pursuit of material gain by the exploitation of nature, is racing towards the destruction of the planet and itself. The threat of nuclear destruction, although less imminent, is always with us, and the possibility of irreversible climatic change with only dimly foreseeable consequences is an imminent menace. Such ingredients of the present problematic are global in character and cannot be tackled by even the largest powers in isolation. Only if all the inhabitants of the planet realize that they are facing immediate and common dangers, can a universal political will be generated for united action to secure the survival of humanity. This is why we call for the creation of world solidarity.

The term 'solidarity' has been greatly misused and seriously devalued. Its application to circumstances in which motivation* for common belief or action were too weak, have given it a somewhat Utopian and insubstantial connotation. In the present circumstances, however, the extent of danger to the future well being of all the inhabitants of the planet gives such enhanced force to the necessity for solidarity, that unity and stability must plainly be generated.

1 This was the Report to the Club of Rome (Mettbws et al W73J.
i CKtbert, 10».

We have voluntarily presented a simplified version of things: many of the phenomena mentioned herein would have to be analysed both more deeply and more subtly. This would require numerous and weighty volumes.

Our option was different. Our wish was briefly- even if superficially and incompletely - to lay out elements that may already be known in order to show how they interact and through their entanglement, to state our outlook on the present world problematic as clearly as possible. We do not intend to draw up a blueprint of concrete actions for the salvation of the world. Nevertheless, our analysis of the situation encourages us to make a number of practical proposals, to suggest possible lines of action and to indicate necessary changes in attitude.

Never before has humanity possessed, as it does today, the knowledge and the skills, the resources and the cohesion to shape a better world. This should generate hope in all people. Yet there is widespread uneasiness and fear of impending changes which in impinging on the still incomplete changes of recent decades will add to the uncertainty. This very uncertainty, together with the removal of the traditional restrictions of the past and the new hopes for the future provides an enormous impetus for reshaping the world society. The tragedy of the human condition is that we have not yet reached a position to realize our potential. We see the world and its resources being grossly mismanaged, yet we are lulled by the complacency of our leaders and our own inertia and resistance to change. Time is running out. Some problems have already reached a magnitude which is beyond the point of successful control and the costs of delay are monstrously high. Unless we wake up and act quickly it could be too late.

This book is organized in two parts. The first deals with the problematique and purports to present the main changes of the last two decades, to describe the malaise which they have caused and to outline some of the most important issues and dangers which humanity has to face unitedly. The second part describes the resolutique and attempts to present a number of actions which, at this stage, seem especially necessary to pursue. Finally we return to the need to generate world solidarity.

The Final Global Revolution is written for all those who have the spark of the explorer, the discoverer, the risk-taker - the learner. These are the people we shall have to count on to face the appalling issues described herein, to set the goals and try to reach them and to learn from their failures and successes, to go on trying - learning.

Finally, it is addressed to those who are concerned with the future of the planet and of humankind, and hopes to sharpen their concern. This book may also help to awaken concern in others. Above all, it is addressed to the young.

so they may assess more coherently the state of the world which they have inherited from earlier generations, and may be inspired to work for the construction of a new and sustainable society, capable of providing equality and modest prosperity for their children and generations to come.

This is the spirit in which we offer these ideas and proposals for action, for learning our way into the future.

Part I

The Problematique

1. A Whirlwind of Change

January. 1969; 21 year old Jan Pallach sets himself on fire at Wenceslas Squart in Prague to protest against the occupation of Czechoslovakia by Soviet tanks..

Dumber, 1989; dissident writer Vaclav Havel is elected President of the Republic of Czechoslovakia.

September. 1973: democracy in Chile is swept away by a bloody military coup {10.000 dead in si months, 90,000 arretted and 163.000 fined into exile}.

Dumber, 1989: First democratic datum since September, 1970 put an end to the military regime in Chile.

The seeds of the coming global revolution have been germinating slowly over many years, during which complexity and uncertainty in conditions and rapid change arc beginning to overwhelm the capacity of governments all over the world. Indeed, governments never like change. Wedded to the status quo. they react to symptoms of change. but seldom to the causes which tend to be regarded with suspicion as possibly being 'subversive' in nature. One of the most obvious aspects of human frailty is too much concentration on the immediate, with too little care for future consequences — an insistence on immediate gratification. This applies to institutions as well *i\$* to people. Governments operating under the tyranny of the next election focus on the present Issues and avoid more distant but, frequently, more fundamental matters. Corporations, likewise, bow to the tyranny of next year's bottom line, although both governments and enterprises do try to look beyond the next election or annual report in much of what they do.

The Club of Rome was founded in the year 1968 when the economic growth mana was at its height. Soon after the publication of its first report. *The*

Limits to Growth in 1972. the world was hit by the oil crisis. This had many repercussions on its economy and society; It had a strong impact on the world investment pattern and caused many policy modifications as. for example. In the attitude of the United States to the Middle East. The crisis was a clear warning to the industrialized countries about the dependence of their economies on the secure supply of raw materials and energy, which in turn was (and is) dependent on events in distant places which are largely beyond their control.

In today's world all curves are exponential. It is only in mathematics that exponential curves grow to infinity. In real life they either break down catastrophically or they saturate gently, it is our duty as thinking people to strive towards a gentle saturation although this poses new and very difficult questions.

Dennis Gabor²

The oil crisis brought home to most of the oil-importing developing countries the extent of their reliance on cheap fuels, with hardly any local energy alternative; it also led these countries into excessive external indebtedness, not so much to foster development, but to pay the oil bill. This crisis and other factors have led to a considerable lowering of economic growth rates from the high levels of the previous decades. However, achievement of economic growth still remains the main explicit goal of economic policy, with too little consideration of differential needs and quality aspects. How far the published growth figures reflect real increase in human welfare is open to question.

If, for example, an economy grows at an annual rate of 5%, it would, by the end of the next century, reach a level 500 times greater (or 50,000% higher) than the current level.

Eduard Pestel

Much of what is counted as growth is probably not growth at all. For example, in the United States of President Reagan, growth figures concealed overconsumption and public underinvestment, deterioration of the infrastructure, decay of the inner cities, and social degradation. Nor is there any evidence that growth in the North leads in time to development in the South.

1. Meadows. 1972.

2. Nobel Prize winner, inventor of holography (Cabot, 1975).

3. Former Minister of Culture, Science and Technology of Lower Saxony, former member of the Executive Committee of the Club of Rome (Pestel, 1989).

In 1968, few could have foreseen the fundamental political changes we have recently witnessed. Already the political dominance of the two superpowers was beginning to dwindle, but the cold war not only ruled East-West relations, It also defined the whole international system, torn apart by ideological polarization. The recent events IF. USSR and Eastern Europe have therefore shaken not only the region, but the whole planet. The collapse of economic communism and the disintegration of the Warsaw Pact bloc of nations has aroused great hopes -and is invested witi? great dangers. The situation is extremely fluid, has few constraints, and the consolidation of present trends offers great opportunities for the structuring and renewal of a much wider region, and possibly of the world system as a whole.

History is unlikely to provide another opportunity as open and promising as today's, and it is essential for humanity to find the wisdom to exploit it. This unfreezing of the geopolitical rigidities of the last forty-five years isonc. but only one of the elements shaping the global revolution. Entangled with many other forces of changes it has made the future shape of the world still more uncertain.

Throughout the period since 1968 the world has lived under the shadow of the nuclear bomb. However with East and West willing to put an end to the cold war, a new climate is now dawning in international affairs despite the setbacks recorded at the beginning of 1991. Although nuclear annihilation no longer seems imminent, the threat has certainly not been banished; indeed it may exist as long as the planet is peopled by humans. Great vigilance is essential, not only with regard to the intentions and behaviour of the present nuclear powers, but also to curtail nuclear proliferation and to ensure that small nations now developing nuclear devices are persuaded or prevented from using them in local wars against neighbouring states. This requires a new strategy on a global scale, quite different from the bipolar approach of the cold war period. Humanity will have to be forever on guard against the rise of insane leaders with great charisma, capable of hypnotizing whole nations, and willing to destroy the world rather than go down in defeat. Such was the case in January. 1091. with the Gulf War Who can foretell the medium —to long — term consequences of the war on the environment as well as on the geopolitical balance in the Middle East?

Despite present difficulties and contradictions, there is still hope for continued progress in disarmament negotiations concerning conventional arms and chemical and biological weapons. Wars on the world scale must be avoided; the power and sophistication of modern weapons make winning out of the queston and the high cost of their development and manufacture is a permanent burden, inhibiting economic and social development. Local wars

are likely to continue to occur until some measure of overall global harmony is established. In the period under review, some fifty such wars have raged and there has been a considerable buildup of arms in the less developed countries, to the detriment of their economic development.

The economies of the industrialized nations benefit greatly from the sale of arms. The business is highly competitive and contributes greatly to increasing the threat of war. Furthermore, the arms trade can easily boomerang and hit the nations supplying the arms, as has been the case in the Falklands and Gulf wars. The UN, in particular, has highlighted the need to control the arms industry, both that operated by the governments themselves and that operated by private contractors, in the interest of humanity as a whole.

It must be emphasized here that peace is not merely the absence of war, and that even without war conflicts will continue and will change in character; examples are trade wars, totalitarian regimes and economic colonialism. Inequitable distribution of resources is certainly one of the strongest and most insidious triggers of conflict.

Extensive disarmament—achieved or planned—should set free human and material resources, that can be used for more positive purposes, such as in restructuring the economies of eastern Europe, providing more investment in Africa and Latin America, and making possible environmental renewal. The process of disarmament, however, brings its own problems. For some countries, particularly the Soviet Union, the process is difficult on account of the need to rehouse large numbers of discharged soldiers and to absorb them in a precarious and changing economy. As for redistribution of the sums saved, these can all too easily become unidentifiable within the finances of the national treasury, or indirectly come under the control of narrow vested interests.

Economic change

Great changes have also taken place on the economic front and will be analysed in more detail in Chapter J. After the period of rapid growth, recession set in simultaneously with the oil crisis. During the last two decades the economic centre of gravity has moved towards the Pacific region, with the amazing success of the Japanese industrial economy, Japan now accounts for about 38 per cent of the world's total financial activity. However, this is now falling rapidly with the decline in the Tokyo stock market and falling real estate prices. Japan has not yet learned how to exercise its strength, even if it has contributed funds to assist debtors in alleviating their burden under the Brady plan. Its political moves are cautious and tentative and, as yet, it is not as effective internationally as it should be.

One of the outstanding facts of these recent years has been the progressive

conversion to a market economy, which seems to be the common feature in most countries of the world. Open competition, sometimes brutal, on both the international and the national scale has convinced not only political leaders, but also consumers, voters, and the community at large that the vitality of it is irreplaceable. Private business is considered to be its motor, profit to be necessary for investment and the financial market to be the inevitable meeting-point between savings and investment.

The effectiveness of the market as a social institution for harnessing productive energies and meeting human needs is now universally acknowledged. But market mechanisms alone cannot cope with global problems that require a long-term strategic approach or involve distributional issues. They cannot by themselves solve problems related to energy, environment, fundamental research, or fairness. Only public intervention, based on political processes and often using market mechanisms as instruments of public policy, can deal with these problems.

Market forces can have dangerous side effects because they are not founded on general interest. International financial speculation is a particularly eloquent example of the excesses caused by market forces, of people gripped by the madness of profit under any circumstances. Speculation has become a game that is unconnected with economic realities; it has escaped from the hands of men to be run by computer software and has reached new dimensions and velocity thanks to the information society.

Some efforts - still modest, for the task is tremendous - are leading a first attack on the underground trafficking of goods through its financial manifestations: the money laundering for drug traffic or unauthorized arms sales, for instance, is being discovered by breaking the seal of secrecy on numbered bank accounts. Hopefully, such efforts will increase and lead to true International cooperation.

We also cannot ignore geostrategic change. The world is currently witnessing the emergence of three gigantic trading and industrial economic groups. The North American market, in which Canada has now joined the United States* and which Mexico is* expected to join, will inevitably continue to be an industrial and post-industrial group of great power. However, its immediate future is clouded by the immense deficit which, amazingly, the United States has allowed itself to accumulate in recent years.

The development of the European Community, despite the years of hesitation, is now gaining momentum, as its members see tangible economic and political advantages in cooperation and devise new mechanisms for its operations. As 1993 approaches, bringing the completion of economic integration closer, the Community has begun discussions on political unity.

This is becoming especially urgent with the reunification of East and West Germany. A European Community embracing the whole of the Western Europe and later joined by its Eastern neighbours - whose transformed economies should make this possible - would constitute a second bloc of great strength. Despite present confusion, it is possible that the European republics of the Soviet Union will eventually follow the same road, thus unifying Europe 'from the Atlantic to the Ural Mountains', as expressed by Charles de Gaulle in 1960.¹

The third bloc consists of Japan and the ASEAN countries, including for example Thailand, Indonesia or Malaysia, which are growing rapidly. Perhaps Australia and New Zealand, which have strong trading links with the other Pacific countries, may later find themselves in this grouping. Even at this early stage of development, the existence of these three blocs signifies an utterly different world pattern of trade and industry.

These new blocs are not restrictive, on the whole, to other trading countries, although they do have certain non tariff barriers and disguised protection. There is much trade between the groups. In any event, what should be emphasized is that there has been a very rapid development of technology and an increase in the speed of its application which has modified the relative strength of the different trade groups, especially that of the Japan/ASEAN group.

This prospect has caused great concern in the other regions of the world. Latin America, close to the United States, but with a different ethos, is particularly perplexed. While initiatives from its neighbour in the north are on the horizon, it is also stretching out towards Europe, with Spain playing a special role through its membership in the European Economic Community and other European multilateral agencies and councils. The Soviet Union, in disarray, is not yet in a position to deal with this situation. China, after the brutal events of 1980, remains an enigma, while impoverished Africa hardly appears on the world economic map.

The South Asian region, dominated by the huge geographical and demographic bulk of India, has made some progress, but it is still uncertain whether it will be able to make the sort of economic breakthrough that has occurred in South East Asia. Here, population control is the key.

Great care will have to be taken in forging the links between the evolving economic blocs and the countries still outside. Some are already superciliously

¹ in a television interview during his visit to Paris in 1985. Mikhail Gorbachev quoted this statement by de Gaulle when referring to Europe
J. Association of South East Asian Nations.

referring to the latter as the 'residual countries'. As these include most of the poorer countries, the new economic pattern necessitates a fundamentally different approach to the problem of overall development, including a conceptual switch from aid to partnership. The Gulf crisis may be a foretaste of many conflicts to come, not necessarily only in the form of North-South confrontation, but related to resources which will include energy and food availability population pressures, and ethnic and religious animosities. In a pluralistic world with many cultural, ethnic and religious differences, acceptance of others is essential and will have to be manifested in both word and deed. It has to be appreciated that the Western rationalist view of world problems is difficult for many countries to accept and may at times be wrong. Indeed, the position in Iraq in 1991 represents a rejection of Western values, largely supported by the Arab-Muslim public opinion.

Conflicts in a world dominated by huge trade blocs are likely to be very different from those of today's world of nation states. Wars between countries within a bloc or between blocs are more likely to be economic than military. The role of the transnational corporations will probably become increasingly important, since their activities and concerns would permeate all the blocs.

The IntenUpttuUnce of nations

A further feature of the geopolitical scene is a belated recognition of the essentially global nature of many contemporary problems, which cannot be solved or even approached realistically by individual countries in isolation. This has long been the case in the economic field. One has only to remember how quickly the effects of the Wall Street crash in 1929 spread to cause a world depression during the thirties, and how mass unemployment tends to appear simultaneously in many countries. This global nature of problems is no doubt the inevitable consequence of the great expansion of world trade which this century has witnessed. More recently, global problems of a different nature have arisen. These range from environmental issues to 'Law of the Sea' negotiation* and inter national finance. Recognition of this new situation, awareness of which came very slowly, is illustrated by the mushrooming of intergovernmental conferences and those of specialized professional and scientific organizations during our period of review. It is doubtful if present international structures are sufficiently equipped to deal with this new situation. The United Nations and its specialized agencies, which were founded in the post war euphoria, were designed to meet the needs of a much simpler world situation and are increasingly inappropriate for today's needs. The present less than-ideal circumstances provide an opportunity as

well as point to the imperative need for restructuring the United Nations system, reallocating the functions of the various agencies and programmes, and providing a new focus. Current difficulties in revitalizing Unesco show how difficult this will be. We should also underline the increasingly important role and greater effectiveness of national and international NGOs (non-governmental organizations) in various fields.

Concern about the global environment is giving rise to a number of *ad hoc* enquiries at different levels, including that of Heads of Government. As yet such attempts are skirting the fundamental issues. It is hoped that common and universal action to combat such global problems will surmount inter bloc rivalry.

This leads on to the consideration of the remarkable increase in the Interdependence of nations which our period has seen. The rise of economic communities, the need for a common approach to global issues, the immense expansion of International communications, and the activities of the transnational corporations are some of the contributory factors. In addition, the spread of technology and its services throughout the world, the need for common standards, codes of agreed practice, distribution of radio wavelengths and a thousand other technical agreements represent in their totality, a spreading web of interdependence and a *kefule* erosion of national sovereignty, which governments have not yet fully realized.

The cult of sovereignty has become mankind's *max* religion. Its God demands human sacrifice.

Arnold Toynbee'

The very concept of sovereignty proclaimed as sacrosanct by all governments has been challenged, and only partly because of the development of regional communities. Indeed, many smaller countries already have very little control over their own affairs because of decisions taken outside their territories, such as the establishment of commodity prices or Interest rates, or due to by economic policies modified to obtain IMF' funding. Erosion of sovereignty may be a positive move towards the new global system for most countries, in which the nation state will, in all probability, have diminishing significance. In the case of most of the sub-Saharan countries of Africa, however, the maintenance and even the reinforcement of sovereignty is essential in the present circumstances. These countries are intrinsically

1. British historian (1880-1979)

2. International Monetary Fund

artificial, derived through the process of decolonization from the arbitrary carving up of the continent by the former colonial powers.

Here it is necessary to distinguish between a nation and a state. The African state may consist of a number of tribes which are, in reality, nations. A country such as Chad is politically a state, but is not likely to ever become a nation. The situation is further complicated by the fact that important nation-tribes may be distributed between several states. Recognition of the sovereignty of such states may therefore be necessary to encourage coherence and common identity, but it should lead to regional organization. In Latin America the notion of sovereignty is still strongly defended as a juridical defence against the great powers.

A new concept has emerged as a consequence of artificially created states with nation peoples dispersed among different states: 'the right to interfere (for humanitarian reasons)' was recently put into practice on a French initiative, and soon after with United Nations' blessings, by France, the United Kingdom and the United States. It consisted of a humanitarian operation in Iraq in favour of the Kurdish people. Such a concept, if it were to be accepted in the future, would represent a considerable evolution in International law, which for once would be more a reflection of humanitarian considerations than of constitutional rules and nationalist self-centredness.

The awakening of minorities and nationalism

This brings us to apparent paradox in world political trends. On the one hand there is a tendency to create larger units, as in the case of the economic communities. Also, the resolution of the global problems demands action on a global scale. On the other hand, there is a widespread public dislike of what is seen as excessive centralization. The dominance of large, faceless bureaucracies which appear to disregard the needs of individuals and of local communities is generally resented. The situation is particularly acute where such dominance impinges on the identity of ethnic minorities, and in an ever-increasing number of places ethnic groups are becoming vocal and active in their demands for autonomy or independence. In Europe, for example, the Catalans and the Scots are asserting their nationhood, while the Irish, Basques and Corsicans have resorted to violence. Yugoslavia, which is an uneasy federation of republics with different historical traditions and ethnic mixes, threatens to disintegrate.

China, too, has great ethnic diversity, but perhaps the most remarkable of all is the situation in the Soviet Union, the most ethnically heterogeneous of all federations, where the arrival of *Ukrainians* and *Georgians* have led to separatist movements among a dozen or more republics. In America we are witnessing

the collective awakening of American Indians who now have recourse to action. Hispanic and other unrepresented minorities who have hitherto also been powerless, now have the means to take action.

These two apparently opposed trends are, in reality, compatible. The conflict arises from the difficulty of reconciling them within the existing political system which is rigidly based on the model of the nation state. What is needed is a reformulation of the appropriate levels of decision-making so as to bring the points of decision making as near as possible to those who enjoy or suffer their consequences. There appears to be a common human need for ethnic identity, whose roots are deeply buried in the past of the human race. Equally, there appears to be a widespread tendency among people, even in ethnically homogeneous communities, to be identified with the affairs, prosperity and environment of their community. It is suggested that a greater number of points of decision making are necessary, ranging from the strictly local to the international. This could ease the load on central governments and help to humanise the system.

Urban growth

Urban growth has been a prominent feature of the modern era and is likely to continue as such. According to United Nations estimates, approximately 60 per cent of the world population will be living in towns at the end of the century, and there will be about thirty cities in the world with more than five million inhabitants, with the largest, Mexico City, having 24-26 million inhabitants. While this is a worldwide phenomenon, it is particularly marked in the developing countries where cities have mushroomed both due to a high birth rate in the cities themselves and an influx of peasants who have left the land to exchange rural for urban poverty. It is interesting to note that in London, the first city to have a population of one million inhabitants, more people died than were born until 1840, increase coming essentially from rural emigration. In the developing countries today, we see a reverse trend with internal growth being the main factor of increase. This indicates how greatly sanitation and health have improved, despite the very difficult living conditions of the urban poor.

Management of the mammoth cities, such as Mexico, Sao Paulo, Lagos, Cairo or Calcutta, is extremely difficult, especially since a large proportion of the urban dwellers are 'unofficial', living in favelas or shantytowns, with little or no sanitation and more or less outside the control of the authorities. Provision of water, health services, education, employment, urban transportation, and control of pollution are some of the components of the complex of urban problems about which there is no previous experience on

itic present scale.

All over the developing regions, patterns of settlement, and consequently lifestyles, are changing rapidly, and fairly large cities are springing up, often consisting mainly of a sprawl of shantytowns, completely lacking any adequate economic basis. In the Sahel region of Africa, for instance, towns such as Nouakchott, Bamako and Ouagadougou, until recently quiet administrative centres, have become vast urban slums with probably as many as a million inhabitants each, and with all the explosive economic and psychological tensions that such slums inevitably suffer from. The new patterns of settlement and excessively rapid urban expansion are partly the result also of high rates of population growth in the recent past.

Development

Throughout the period under review, great efforts have been made to speed up the development of the poorer countries, through massive programmes of aid, both bilateral and multilateral, capital and technical. A somewhat optimistic assessment of some aspects of these efforts was made by Mahbub Ul Haq¹:

Average life expectancy has increased by sixteen years, adult literacy by 40 per cent, per capita nutritional levels by over 20 per cent and child mortality rates have been halved during this period, in fact, developing countries have achieved in the last thirty years the kind of real human progress that it took industrial countries nearly a century to accomplish. While the income gap between North and South is still very large - with the average income in the South being 6 per cent of that in the North - the human gaps have been closing fast: average life expectancy in the South is by now 83 per cent of the Northern average level, adult literacy 66 per cent and nutritional level 85 per cent. It is true that the past record of the developing world is uneven, as between various regions and countries, and even within countries. It is also true that there is still a large unfinished agenda of human development—with one fourth of the people in developing countries still deprived of basic human needs, a minimum income level and decent social services. But the overall policy conclusion is that the development process does work, that international development cooperation has made a significant difference, and that the remaining agenda of human development should be manageable in the 1990s if development priorities are properly chosen.

1. Special AdBof to UNDP Administrator, personal communication. IWP.

Nevertheless, results have been uneven and often disappointing. Hunger, malnutrition, disease and poverty still afflict a large proportion of humanity and are aggravated by the population explosion, droughts and many local wars. The purchase of arms by many of the poorer countries from the industrialized nations not only represents a huge economic burden, but also encourages militarism. The arms trade, in effect, produces a considerable flow of wealth from the poor to the rich countries. A number of leading developing countries have also built up an increasingly important arms industry, partly for export purposes.

Scientific and technological advances in the industrialized countries tend to increase the economic disparities between the rich and the poor countries and to inhibit the latter from undertaking technological innovations. Thus the poor countries, lacking industrial, technological and scientific structures and trained managerial capacity, have been unable to assimilate much of the technology and know-how available to them. Technology transfer was assumed to be the obvious method of introducing new processes and new industries into the less developed countries, but it has often failed — sometimes as a result of selecting inappropriate processes or unsuitable industries and sometimes, with the transfer of state-of-the-art-technology, because of insufficient preparation and absence of management, maintenance and marketing skills in the receiving country. Often new technologies have been introduced for import substitution which have not achieved the high standards which are necessary to ensure international competitiveness.

Too much importance has been given to large-scale and sometimes dramatic schemes, for example the building of large dams to provide hydroelectric power and make possible extensive irrigation facilities. All too often the dam reservoirs have silted up and the irrigation water has become saline, while there has been little complementary industrial development and no rural electrification networks to convey the power to consumers. Also, in the design of such schemes, too little attention has been given to social factors. Including the displacement of large populations, the loss of acres of fertile soil flooded in the reservoir area, and the spread of bilharziasis via the irrigation channels. Particularly in Africa, the fragmentation of the continent into too many small and economically unviable countries, each possessing markets which are too small, has limited the value of large scale projects.

In agriculture, the Green Revolution has registered considerable success, with the introduction of new and high yielding varieties of wheat, maize and rice and the intensive use of nitrogenous fertilizers especially in India and other Asian countries and in Mexico where the new farm technology was applied. This has enabled India to move rapidly from a food deficit situation to a