

BASIC HUMAN NEEDS: Notes Toward a Development Strategy

Reginald Herbold Green

(Not for ~~circulation~~, ~~publication~~ or General Circulation)

1975- Draft Toward ILO World Employment
Conference Documentation)

- I. Basic Human Needs: Toward a Redefinition of Development Targets
 - Identifying Targets Over Time
 - Productive Employment as a Basic Human Need
- II. Some Issues of Timing and Attainability
- III. Basic Needs and Productive Patterns
 - National Economic Integration
 - Aspects of Diversity and Selection
- IV. Strategic Choices
 - Ownership, Planning and Prices
 - Decentralisation in a Strategic Framework
 - Initial and Subsequent Redistribution
 - Transfers of Productivity, Access and Income
 - Toward Technological Transformation
 - External Trade and Basic Needs
 - Mobilisation and Allocation of Surplus
 - Productive Force Levels and Strategic Patterns
 - Roles of "The Modern Sector"
- V. Some Sectoral Implications and Sketches
 - The Rural Sector
 - The Urban Sector
 - The Role of Research and Development
 - Habitat and Housing Alternatives
 - Education for Meeting Basic Needs
 - Foreign Ownership and National Needs Oriented Strategies

VI. Technico-Political Issues

The Meaning of Efficiency

Political Aspects of Basic Needs Strategies

Flexibility in Efficient Strategic Planning

Some Aspects of Transition

NATIONAL EMPLOYMENT STRATEGIES

I. Basic Human Needs: Toward a Redefinition of Development Targets

The central goal of development has usually been defined in terms of growth in Gross Domestic Product and the main methodology built around models relating fixed capital, savings and growth of output. "Additional" subgoals - in respect of distribution or employment - and methodological variations including some attention to factor proportions and structures of production have characterised later variants of the standard development ideology, including the Second Development Decade Strategy, but Gross Domestic Product growth and modern sector capital procurement and allocation have remained more central and better articulated than other targets or strategies. As demonstrated in the preceding chapters, this approach has often led to reasonably rapid growth of GDP but, at the same time, to increasing inadequacy of productive employment and to growing number of people unable to meet basic personal needs and without access to basic public services.

Meeting basic human needs appears capable of providing a better focal theme for development than growth of domestic product. First, it can more readily be defined in terms of targets - of food, housing, water supply, clothing, etc. - comprehensible and relevant to the majority of the world's people and to decision makers. Second, it concentrates attention on the critical issues surrounding distribution of income and of public services and of access to productive employment. Third, it can lead to targets and strategies more rapidly attainable than those of the standard growth maximisation approach. Fourth, and most critical, it emphasises that the object of development is serving human beings not raising an abstract index of output and that in the case of conflict between human welfare and maximum growth it is human welfare which should prevail.

Basic human needs can be grouped into four sub-sets: personal consumption, access to communal services, supporting productive forces, and systemic patterns. Personal consumption includes food, clothing, shelter, and other consumer goods (e.g. simple furniture and household wares). Access to communal services includes preventative and curative health facilities, primary and adult education and habitat (water, environmental sanitation). Supporting productive forces include the physical infrastructure, the technological and trained manpower infrastructure and the intermediate and capital goods productive capacity necessary to provide required levels of personal consumption goods and communal services. Systemic pattern requirements include access to productive employment both yielding output adequate to allow and fairly enough remunerated to provide all workers with the means to meet their basic consumption needs. Also included is integral participation of workers and peasants in taking, as well as in implementing, decisions affecting them and their basic village and workplace communities.

Identifying Targets Over Time

Basic needs are not an alternative to sustained growth of productive forces. Rather growth is a means to meeting them and particular types of growth should be evaluated in terms of how efficient they are in meeting basic needs. Similarly the importance of investment and of external trade do not disappear in a basic needs oriented strategy - both are critical means, particularly in relation to building up supporting productive forces. Quantitative data for a basic needs centered development can be formulated and collected. They include:

- (a) specific minimum targets for per capita food availability, distance from pure water, access to particular forms of adult education, productive wage and self-employment numbers and remuneration, etc.;
- (b) detailed data on present levels of fulfillment of the targets;

- (c) identification by social, occupational and location characteristics of those target groups of individuals whose basic needs are not met;
- (d) preparation and articulation of a strategy including policies, resource allocations, projects, targets for specified progress toward basic needs target fulfilment within a specified time period.

A basic needs centered development strategy is not focussed purely on minimum physical requirements for survival. The majority of the 600 to 1,000 million people who are endemically hungry are not in danger of literal starvation; to live as a human being requires access to education and to productive employment even if existence is possible without them. A definition of basic needs very close to survival levels can hardly be a definition of development as opposed to the initial foundations of development. Because basic human need targets are defined in terms of persons, basic communities and societies, they will be refined and expanded as the gap between the initial targets and attainments is bridged.

Initial basic needs targets will indeed need to be concentrated on the abolition of absolute poverty. Until hunger, illiteracy, lack of access to health facilities and pure water are well on the way to being overcome for all people and national economic structures capable of meeting these needs through providing productive employment for all workers are created, adding less immediate needs is likely to deter not broaden development. How narrow an initial definition of basic needs should be adopted must depend on the objective realities of each country: its level of productive forces and pattern of distribution of their output; its employment pattern and the numbers excluded from access to adequately productive employment. Trinidad can reasonably include a wider range of consumer goods, a longer period of education, a greater proximity to doctors in its targets than Tanzania because the per capita level of productive forces is about eight times as high. A mountainous country is less likely to set a target for peasant ownership of bicycles but more likely to include heating among its basic housing targets.

Rigid cut off points by income distribution category beyond which provision of goods, services or more productive employment to poor people is stated to be of no priority are socially and economically as well as politically unrealistic. To argue that African urban workers with pre-tax household incomes of - say - \$400 a year should face a long period of totally static personal consumption or access to communal services takes a short-sighted view of basic needs and the dynamic of development and a totally unrealistic one of social and political interaction. However, no basic needs oriented strategy - especially in a very poor country - can place significant emphasis on increasing the welfare of the moderately well in the case of the relatively rich - especially in countries with highly unequal income distributions - a basic needs strategy's fiscal, import priority, redistribution and structure of production components will almost always necessarily involve an absolute as well as a relative reduction in after tax income, consumption power and ownership of productive assets.

Productive Employment as a Basic Human Need

Access to productive employment and to adequate remuneration is central to any concept of development giving priority to meeting basic needs. On the production side it is not possible to envisage the requisite growth in output of mass market goods and services - especially food - without significantly higher levels of productivity by the majority of workers and peasants outside the "modern" sectors. Equally on the allocation side, it is necessary that workers and peasants secure adequate incomes from their work to meet their basic personal consumption needs. Redistributive requirements of mass public service provision and investible surplus allocation are essential and will fully utilise state's technical and institutional, as well as political, capacity. Adding massive consumption oriented transfer payments is unlikely to prove technically feasible and is politically difficult to sustain.

The productive and allocative requirements of access to employment interact. Without adequately productive and fairly remunerated employment neither the economic nor the political effective demand for goods and services meeting mass basic needs will exist. Equally, in the absence of such employment, that demand could not be met because neither the macro levels nor the micro makeup of goods and services produced would be adequate. If urban employment in basic housing rises so will demand for basic foods and consumer goods. This demand in turn can provide the basis for higher rural productivity and food output which would have been unattainable in the absence of the new urban effective demand. Once a process of this type is begun, the political as well as the economic importance of supporting and continuing it will be both more evident and more forcefully expressed.

II. Some Issues of Timing and Attainability

It is possible to utilise existing global projection models to estimate the feasibility of meeting basic needs requirements by 2000. The admitted limitations of the Bariloche and Rio models and of the available data do not prevent obtaining general perspectives even if they make absolute magnitudes or dates subject to a range of error.

If one uses FAO diet targets, UN minimum acceptable housing cost estimates and 12 years of education as the main basic needs targets and also assumes constant distribution of income, then in each geographical sub-region of the Third World - except China - the minimum needs of the poorest 20 per cent can be met by the year 2000 only with annual GNP growth rates in the 9 to 13 per cent range.

It can be objected that the data used in the models overstate the true cost of meeting minimum needs if existing improved traditional technology were more widely used, understate the value of producer consumed food and housing and assume no change in the present highly unequal provision of access to public services.

However, in a growth centered development shifts to improved traditional technology are unlikely; producer consumed sectors tend to stagnate because of inadequate access to land, complementary inputs and markets; provision of public services tends to exacerbate rather than redress inequality in earned income. Continued gross inequality in access to public services will usually not characterise poor countries with a maximum growth oriented strategy centered on a dominantly publicly owned directly productive sector but the technological and small peasant productivity biases are likely to apply.

In fact the projections are too optimistic, not too pessimistic, in their assumptions as to the share of income received by the poorest groups under growth maximisation strategies. Rapid growth with dominantly private ownership of the means of production has usually led to significant lowering of the relative share of income received by the bottom 40 per cent of households until after the achievement of average real levels of average output per person above those projected for the Asian, African and lower income Latin American sub-regions for the year 2000. Exceptions to this generalisation have involved radical initial redistribution of ownership of wealth and access to services - usually land reform and education. Similarly, it is not clear that even 10 per cent growth rates within existing production, demand and technology patterns would lead to adequate productive employment opportunities by 2000. That failure would not be independent of the failure to generate adequate incomes for the bottom one or two quintiles of household to meet their basic needs - the two form an interlocked cause and effect on the supply and demand sides.

If emphasis were centered on meeting basic needs with redistribution of income to the lowest quintiles then 6 to 8 per cent growth rates of total output would be consistent with meeting physical basic human needs requirements by 2000. The redistribution implications are substantial except for China and a few other

socialist developing countries. The share of the lowest quintile in personal income totals would need to be raised from the present regional range of 4 to 7.5 per cent (except for China which exceeds 10 per cent) to the 9 to 15 per cent range. This pattern implies moderately greater equality of personal income distribution than now exists in socialist European economies or Scandinavia. Its necessary counterpart would be an increase in the productivity of the present working poor as well as an increase in employment opportunities.

Even at this level the prospects of attaining acceptable targets of development through a basic needs centered strategy look substantially better than through a standard growth centered one. In fact, the data and methodology probably underestimate the potential within a need oriented strategy: government provision of communal services (health, education, habitat) is treated as having the same distributional inequality as personal income -- a realistic assessment within a growth centered model but a very pessimistic one within a new strategy. Technological shifts -- e.g. in housing and agriculture -- beneficial to the incomes and consumption of the bottom two quintiles of the income distribution and reducing costs (at least as measured by standard GDP statistics) would be more attainable as income inequality was reduced and need oriented production stressed. Present evaluation of GDP tends to place low values on producer consumed goods especially in contrast with the market prices used in costing basic needs -- a methodological bias which understates base production and growth potential for countries and groups with high self consumption of output ("subsistence") shares. Finally, no major initial redistribution is assumed placing the whole weight on linear redistribution from additional output.

National strategic models would need to take account of these factors. Doing so might show distinctly narrower gaps between present production of goods and services and the levels required to meet basic needs. For example, in the case of Tanzania rough

calculations suggest that assuming all additional resources were devoted to meeting basic needs - with absolute levels of less basic public and private consumption held constant - the required increase in output per capita is of the order of 25 to 33 per cent. That implies that a continued 5 per cent average annual expansion of output would - in the context of a basic needs oriented strategy - close the basic needs-availability gap by 1985-1990. This is broadly consistent both with recent past progress in basic adult and primary education and pure water supply and with the main present perceived production (or productive employment) challenge of providing the poorest small peasants and their basic village communities with access to participation, knowledge and complementary inputs to achieve sustained increases in production of food and raw materials for manufacturing and of the incomes of the lowest three quintiles. These Tanzanian estimates follow a substantial 1967-74 redistribution - absolutely as well as from growth - and a reorientation of public spending toward basic needs but also relate to an extremely poor country which up to 1967 was characterised by exceptionally high inequality of income distribution and exceptionally low base levels of provision of mass services.

Whatever their limitations the global and macro models and projections do show:

- (a) growth oriented strategies within present income distribution patterns cannot meet the basic needs of the lowest quintile of regional populations by the year 2000 except for a few socialist developing countries and the very tiny handful of countries for which 10 to 15 per cent sustained annual GDP growth over a quarter century is conceivable;
- (b) basic need oriented strategies backed by 6 to 8 per cent growth rates could meet the basic needs targets if combined with significant productivity and resultant personal redistribution even in the absence of major favourable technological and public services redistributive shifts;

- (c) initial redistributive measures are - judging from historical evidence - necessary to make concentration on basic needs consistent with rapid growth and are likely to allow basic needs to be met at somewhat lower rates of growth as measured in standard GDP terms;
- (d) a basic needs oriented strategy in poor countries is not an alternative to rapid increases in productivity - especially of the poorest two-fifths of the population - and over-all production. The main difference lies in the distribution of productivity and production increases sought and of their evaluation in terms of efficiency in closing the basic human needs/basic goods, services, productive employment supply gaps not of raising GDP per se.

III. Basic Needs and Production Patterns

Strategies centred on producing the goods and services and providing the productive employment needed to meet basic needs require altered production patterns as well as altered income and ownership distributions. Indeed the two requirements are interrelated. High and growing inequality of incomes generates rapidly increasing demand for consumer amenity and luxury goods - and, in particular, expensive consumer durables - but relatively sluggish growth of effective demand for basic foodstuffs and consumer goods; concentration of increased productive employment and income in the hands of low income peasants and non-agricultural workers will have the inverse effect. Evidently any effective strategy must work to achieve appropriate patterns of goods and services production as well as of incomes; otherwise effective demand on the income side cannot be matched with goods and services available on the supply side.

Production planning - however implemented and whatever the ownership of the directly productive sector - in a need oriented strategy must be based on both specific and aggregated data and projections of stocks and flows of resources and of needs.

Productive employment is of critical importance on both sides of the equation - as a basic human need and as a potential route to meeting human needs which will to a large extent be wasted if not made central to production planning including choice of products, technology and incentives.

Specific analysis is required both nationally and at a more disaggregated level. Needs - for housing, or diet or education - are specific both in their nature and in efficient ways of meeting them to history, culture and climate. Housing requirements in the high, cool, wet plateau of Ethiopia are, for example, quite different from those in the less elevated, hotter, drier areas of the lower Awash Valley. Resources also vary among and within countries. At the local level - as Chinese experience demonstrates - significant gains in basic need fulfilment can often be achieved by using limited, specific resources within a framework of decentralised initiatives and self reliance. Such local potential is particularly likely to provide opportunities for expanding productive employment and for raising the productivity of existing employment e.g. by providing opportunities for work during seasonal troughs in the agricultural production cycles.

National Economic Integration

Similarly at national level the logic of testing production growth in terms of its efficiency in meeting basic needs is likely to lead to increased national economic integration. This is inevitable in respect of basic services - e.g. education, health, habitat - and some basic goods - e.g. housing - because, unlike luxury services and construction, they are not tradeable. It is also likely for most poor countries in respect of much of basic food and consumer goods production. Increased emphasis on sectors of production utilising domestic agricultural, mineral or forestry products as the basis for manufacturing or processing rather than combining the export of unprocessed raw materials with the importation of a significant proportion of the raw material and intermediate inputs of the manufacturing sector.

The argument for self reliance in the context of meeting basic needs is for efficient use of local resources and for avoiding unilateral dependence, not for national or local autarchy. Both locally and nationally there are natural and acquired differences which do afford the possibility of gains from specialisation and trade. For example with its mineral and natural gas resources and its aim of providing home jobs for its present emigrant semi-skilled and unskilled workers there is a very strong international division of labour case for an Algerian metal and engineering industry larger than the Algerian market. Indeed co-ordination of Algerian production and trade planning in these sectors with that of other poor countries in certain agricultural products and agricultural or forest raw material intensive manufactures could be an example of collective self reliance utilising comparative advantage in the service of a basic needs oriented strategy.

Both because basic needs go beyond goods and services used by individuals and because sustained progress towards meeting basic needs including access to productive employment requires expansion of relevant productive forces, planning and allocation of resources must be directed:

- (a) to satisfying basic needs at any given point in time;
- (b) to raising the level of productive forces over time in such a way as to allow continued narrowing of the needs/availabilities gap.

Employment oriented strategies concentrated on meeting basic human needs for all people within a generation must be concerned with mobilisation and allocation of investible surplus to achieve expansion of productive employment and of basic goods and services. Redistribution of income and production with stagnation of total output is not a viable development strategy in poor countries because it cannot meet the needs of the largely overlapping 1,000 million groups of chronically hungry, illiterate and inadequately productively employed. Even in the less poor underdeveloped countries stagnation of output will both prevent development beyond

narrow definitions of basic needs and raise the social and political costs of transition to basic human needs oriented development.

Productive employment and its remuneration - to give access to the income (including production for family or basic community use) to meet personal basic needs - and access to mass public services are critical to any need oriented production strategy's success. Without them if the appropriate mix of goods and services are produced effective demand will be lacking whether that demand is measured by market mechanisms, rationing, queuing or a combination of these tests.

In practice, once established, a basic need centred strategy's distribution, production, employment, technology and trade aspects should, on balance, reinforce each other:

- (a) higher incomes for low income groups and more weight on mass services (especially when combined with fiscal or other redistribution from narrow high income groups and provision of public services to them) will alter levels and growth rates of demand in favour of basic goods;
- (b) these demand shifts will both direct and validate alterations in the production pattern - and especially in the allocation of additional resources - toward basic goods which in many cases are more suitable for production on a relatively small scale by poor agricultural and non-agricultural workers;
- (c) the shift in demand to basic goods and services will tend to generate higher levels of productive employment because the new mix has a higher labour/output ratio as well as because of shifts of labour intensity of production for individual goods or services;
- (d) the greater potential relevance of small scale production and of productivity gains for poor workers as well as the shift in the demand mix will increase the opportunities for using and for developing appropriate technology and -

on balance - reduce the demand for the highly inappropriate technologies embodied in production of expensive consumer durables and some luxury services;

- (e) once the shift in production to correspond with demand has taken place the over-all import ratio corresponding to any level of total output is likely to be reduced because of the greater useability of local resources in and the lower over-all capital intensity of the basic goods oriented production mix. This is not to argue that the trend of import requirements will not remain upward but that a structural shift to a lower ratio of imports to output and, at least for the larger poor countries or groupings of poor countries, lower ratios of import to output growth can be achieved.

These positive interactions are not self actuating - the central purpose of a productive employment strategy must be to identify them in detail and to create a consistent set of policies, institutions and programmes to achieve them. To do that requires a number of basic strategic choices and raises significant technico-political issues both for the long term operation of the strategy and for a transition from a GDP growth maximisation to a basic needs fulfilment centred approach to development.

Aspects of Diversity and Selection

The exact appropriate pattern of production for any country seeking to follow a basic needs directed strategy of development will depend on its resource base, size, and level of productive forces. No single pattern can be applied to all countries.

Trade is an indirect means of production which should be seen as a means to meeting basic needs. A country with high quality specialised resources should develop them. If production can be in excess of domestic needs - e.g. Algerian natural gas - or the product is irrelevant to domestic basic needs - e.g. Botswana diamonds - exports are appropriate to generate the capacity to

import goods required to meet basic needs and to generate the surpluses needed to finance provision of public services and to meet national investment requirements. In the case of a small country - e.g. Gabon, Paraguay - both limited variety of resources and economies of scale will increase the relative importance and potential gains from trade as a means of meeting basic needs. Because of the rather different pattern of basic goods from those presently dominating international trade the adoption of basic need oriented development strategies should increase the opportunities for trade among countries pursuing similar strategies but with different resource bases.

The level of productive forces by altering the appropriate immediate basic needs targets will alter the appropriate production patterns. To set identical housing targets for Singapore and Calcutta would not be reasonable; Singapore can meet higher minimum housing targets with implications for the nature of the construction, building materials, furnishings and urban services production sectors.

IV. Strategic Choices

A number of basic decisions are necessary in constructing a national productive employment strategy. The choices made will not and need not be identical for each country. However, there are definite limits to the type of choices which are consistent with emphasis on basic needs and on productive employment.

Ownership, Planning and Prices

One strategic choice is between a basically public and a basically private directly productive sector. This choice is not usefully posed in terms of market versus planning mechanisms.

Government planning is essential to any productive employment and basic goods oriented development strategy. The requirements for structural changes in production and distribution and for provision of communal services could not be operated through a

perfect, competitive market much less through the interplay of forces within the highly imperfect and non-competitive markets which characterise poor countries. On the other hand the use of planned price levels and relationships to set a framework within which productive and decentralised governmental unit decisions are taken is a planning technique which is at least as relevant to planning as an economy with a basically public productive sector as to one in which most productive units are privately owned.

Evidently there are more than two possible choices - some sectors (e.g. finance) may be dominantly public while most others are dominantly private or some may be private or co-operative (e.g. small scale agriculture and commerce) within a general public sector dominant framework of production. Equally patterns may change over time. However, some clarity on the intended patterns and sequences is critical to coherent economic policy. Mixed economies in which there is total confusion or prolonged conflict as to the dominant pattern of ownership or in which the de facto division is between surplus generating private and loss making public productive units appear likely to have below average need fulfilment as well as growth generation results.

The methods of determining the allocation of investible surplus, the choice of goods produced and of technologies used and the redistribution of income through fiscal or other means will be influenced by the nature of ownership. Incentives to invest rather than to consume or to remit abroad are more critical to private firms or producer co-operatives than to public sector corporations. Limitations of gross income differentials (minimising the need for redistributive taxation) are more feasible if ownership is basically public and agriculture communally organised. Detailed, centralised instructions are unlikely to be an efficient planning tool in either pattern. They are normally biased in favour of the large project, specialised knowledge, and problems directly visible to central administrators. As a result they are unlikely to promote the use of simple technologies and local information, particular

local resources and small scale production of basic goods and increasing productivity of self employed or small unit peasants and urban workers.

Decentralisation in a Strategic Framework

The case for decentralisation is therefore common to both socialist and capitalist basic need oriented development strategies. The differences lie in the means of implementation and of ensuring that decisions take place within a coherent set of national objectives. The systematic use of prices to guide decisions is potentially common to both systems as are the use of guidelines for financial institution credit allocation. However, the role of prices within the basically private system will require more counterbalancing by fiscal measures to limit inequality and to encourage investment while broad guideline regulations can be expected to be somewhat more effective in shaping public sector marketing and financial institution policies.

Rural sector decentralisation - especially but not solely in the context of unequal private ownership of land - poses special difficulties as well as being especially critical because of the very local nature of many rural problems, resources and potentials. Access to land and complementary resources must be made available on a priority basis to the poorest farmers and landless labourers so that they can raise their productivity and incomes. Even following radical redistribution and reorganisation this poses serious technical and organisational problems especially when agricultural potential varies very widely within a country. In the absence of radical redistribution of rural wealth and power, both decentralisation and the injection of centrally funded complementary resources are likely to reinforce inequality and local large farmer/resident bureaucrat alliances.

Initial and Subsequent Redistribution

Therefore, it is doubtful whether the choice of redistribution solely from growth is normally open. Redistribution of existing wealth, income and control is not an adequate condition for achieving sustained growth of productive employment and basic goods production but it is likely to be a necessary one. The interlocking socio-economic-political patterns built on unequal ownership of assets, command over income and access to public services and government policy are unlikely to be consistent with significant redistribution out of growth. This is particularly true of the rural and small to medium scale urban productive sectors and is relevant even if the redistribution is sought in the context of continued private sector ownership in the productive sector.

In the rural sector redistribution is needed to ensure access to land, water, agricultural inputs and remunerative markets. Unless all are available the position of the poorest peasants and landless labourers will not improve substantially. Which one is most critical will vary from state to state and will often turn on real patterns of access more than legal forms. Government ownership of land combined with decentralised allocation can limit access to good land to a handful of rich farmers. So may subsidised credit channelled through co-operatives or selective purchase guarantee systems giving a premium market to the larger, more capital using farmer. Studies suggest that more equal access backed by supplies of appropriate inputs would increase agricultural output in most underdeveloped countries as well as creating more productive employment, reducing the numbers of chronically hungry rural poor and improving equality. The first necessary step is likely to be redistribution of access to existing assets and flows whether on the pattern of Japanese land reform, Chinese communalisation or Tanzanian villageisation.

Redistribution in the urban and non-agricultural rural sectors poses rather different problems. For small to medium scale activities the basic requirements are access to markets, knowledge and finance. These are largely controlled by govern-

mental policy and by large scale productive units. While redistribution (of assets, access to finance, pattern of government support and regulation) to the medium and small sectors is feasible under either a basically private or basically public directly productive sector system clear operational problems arise in both systems. In the private system it is clear that the informal sector both exploits its workers and is exploited by the larger enterprises. In the public in the absence of decentralisation within a clear set of price and other guidelines, small and medium scale units tend either to be relatively sluggish or to operate in ways leading to conflict with national targets. In either system, the pattern of relationships with larger productive units - especially in finance and marketing - is likely to be critical to the productivity, employment and output results of this sector.

In the case of large units redistribution of ownership is useful only to the extent it leads to greater ability to control the choice of products and technologies, the allocation of surplus and the over-all pattern of economic activity. Fairly clearly a large foreign owned and foreign managed unit is in principle the hardest to control but in such a case transfer of 51 per cent of equity to a narrow local elite combined with continued foreign management is more likely to increase the firm's control over the state than the reverse. Similarly large public corporations with or without worker participation in management - may pursue interests and policies far from totally congruent with national productive employment and basic needs fulfilling strategies either by evading regulations or taking advantage of internal inconsistencies in decentralised, quasi-market fiscal, credit and price mechanisms.

A critical form of redistribution is prices - or more accurately internal terms of trade. In most poor countries these are relatively unfavourable to agriculture whether the formal mechanism is one of privately administered prices backed by protection, delivery quotas, or state set prices. Similarly informal sector terms of trade are usually unfavourable because of

a combination of oligopoly, inadequate access to credit and marketing facilities and regulations. The over-all effect of price changes favouring basic feedstuffs and basic consumer goods would often be to raise the incomes, productive employment and output of the poorest half of the rural and of the urban workers if the price changes were paralleled by ownership and access redistribution. Fiscal burden redistribution is, in effect, a form of internal terms of trade shifting albeit a more indirect one.

Redistribution cannot be a once for all process. In the first place no country - including socialist states - has found it practicable to carry out redistribution of existing assets and access on a once for all as opposed to a phased basis. The evidence suggests that - whatever the final intended pattern of productive sector ownership - a significant initial redistribution of assets and access to finance (especially in the rural sector) backed by provision of mass services (especially education) is a minimum first step with additional internal terms of trade, asset and fiscal distribution following in varying mixes and sequences.

Once development strategy is shifted and an initial redistribution implemented, the largest share of subsequent redistribution will arise from ensuring that additional production involves and is directed to meeting the needs of the poorest half of the population and that investment allocation and public service expansion are directed in support of expanding productive employment and production of basic goods and services.

Transfers of Productivity, Access and Income

The choice between meeting basic needs through expanding productive employment or through transfer payments is rarely open to a poor country. Neither the limits of fiscal mobilisation nor of administrative capacity are adequate for a consumption transfer based system to work well. Even when a significant transfer operation does take place - as in Sri Lanka or Algeria - it does not provide an adequate substitute for more rapid expansion of productivity of employment among the rural poor. If basic needs

are to be net output of basic goods - first and foremost food - must be increased. To do this requires additional productive employment and, in particular, higher output by and earned incomes for the poorest rural workers.

The area of broader choice on transfer payments relates to the financing of communal services and to the boundary between communal and personal goods. The importance of this type of transfer payment varies inversely with inequality in pre-tax personal (or basic community in decentralised non-capitalist systems) income. If incomes are relatively equal in the first place little fiscal redistribution, as opposed to mobilisation for communal use, would be practicable vide the minimal importance of income taxes in Cuba or China.

However, in most underdeveloped countries inequalities are much broader. The combination of a relatively progressive tax system (including differentiated consumption taxes) and an expansion of the share of public financing of basic services - especially health, education, water - can have a significant redistributive impact. Especially on the habitat/housing borderline the same effect can be achieved by broadening the range of communal as opposed to private inputs e.g. site preparation, basic services. In the not inconsiderable number of underdeveloped countries in which over half of present education and health costs are privately paid, transfer of these costs from the incomes of the poor to the public budget could be used as a significant instrument of fiscal redistribution.

Other practicable forms of transfers usually include incentive or terms of trade measures. Temporary or permanent subsidies on credit, seeds or fertilizer for small farmers are examples as are the permanent or temporary provision of support to agricultural and informal sector purchasing and marketing by public sector enterprises or agencies.

If transfers are basically limited to the foregoing areas - and to meeting the basic needs of those suffering from temporary catastrophes or permanently unable to work - then they are necessarily complementary to raising the productivity and remuneration of the poor for two reasons. First, they do not directly meet personal consumption needs. Second, fiscal transfers cannot have a growing impact unless the surplus to be taxed is rising.

Toward Technological Transformation

The technological requirements of a basic need oriented strategy are much simpler to outline than to apply in particular cases. Both hard (e.g. seeds, machines) and soft (e.g. education programmes, institutional organisation and management, credit allocation systems) technology should be efficient in raising productive employment, concentrating productivity and income gains in the hands of the lowest quintiles of the income distribution and raising output of basic goods and services. As contrasted with present technological patterns these criteria call for greater labour and lower capital intensity, more adaptation to meet national and local resource availabilities, smaller scale production of lower cost goods suitable for meeting basic needs.

The question of choice arises either when the criteria give varying answers at micro-level or there is a divergence between micro and macro results. If - in terms of scarce resources - a simple, small scale technology raises the cost of a basic good or limits the growth of its output then large scale modern production may well be appropriate. Similarly if the use of labour intensive methods in one stage of a production process (e.g. the final manufacturing of cement) will result in a smaller industry its negative net indirect employment effects on quarrying and construction may far outweigh the direct gains in manufacturing employment. Choices of this type need to be taken within a general framework but they must also be based on the facts of the individual case.

Further, the assumption that all divergences in technology within a sector represent undesirable dualism is open to question. Both Japanese and Chinese experience suggest the real issues are

whether the individual choices are appropriate and what the patterns of relationship between the different subsectors are. There is no self-evident reason to suppose a single technology is appropriate for a product characterised by different raw material availabilities, uses and market sizes and by high transport costs for raw material and finished product e.g. cement. Small scale, seasonal production using off season peasant labour, simple technology and little specialised equipment to meet local, isolated markets' demand and centralised, high technology plants to serve urban, central rural and export markets may both be efficient. Equally because of the different complexity and quality control requirements of different elements in component making, fabrication, assembly and testing there is no a priori reason to argue that the production of machines - e.g. tractors - should take place either in large factories or small workshops as opposed to involving both. In construction the clear cost and employment superiority of small scale, improved traditional housing over modified European housing estate techniques does not necessarily imply that large scale engineering projects whose completion will create new productive employment potential (e.g. multipurpose dams) should necessarily use labour intensive methods in parts of the construction process where this would entail a significant extension of the construction period.

One test to be applied to technology is its relevance to meeting basic needs at minimum costs. Too often the combination of imported hard machine and soft communications technology creates a demand for a more expensive product little, if any, better for meeting basic needs but employing fewer workers, increasing foreign dependence and worsening income distribution. An evident example is that of international type detergents and toilet soaps whose "competitiveness" with local soap usually turns on a preference created by advertising plus marginally greater convenience in use not a lower price or an inherently greater efficiency in cleansing. To allow a combination of hard and soft technologies to dictate the goods demanded and at the same time to shift income distribution

toward capital and upper wage and salary labour is exceedingly inefficient in terms either of levels of productive employment or of mass access to basic needs.

External Trade and Basic Needs

External trade is a means of indirect production. The contribution of exports to meeting basic needs including productive employment is not measureable without reference to the imports purchased and their use. It is not possible in the abstract to say that importing ivory and exporting carvings is either a good or a bad policy. Neither the import nor the export are basic goods, the linkage effects to domestic production are negligible; however, the productivity of the carvers in terms of their own incomes, of investible surplus generated, and of the contribution of imports to meeting basic needs and generating employment may be much higher than if they grew food or carved basic household utensils. Per contra special subsidies to textile industries based on imported cotton can - and sometimes have - resulted in negative national value added (import costs above export proceeds) which can hardly be justified either by the employment generated or the basic nature of the imports and exports.

The role of the external sector in productive employment generation is threefold. First, export industries do employ workers. Second, if they are linked to local suppliers and users they may have indirect employment effects (e.g. in growing cotton to make textiles or in metal working supplied by a plant viable only on the basis of a combined export and domestic market) far in excess of direct. Third, they can supply the foreign exchange for purchasing goods critical to productive employment generation and/or raising productivity of existing employment (e.g. pipe for irrigation schemes, fertilizers). Which is critical for a particular country and a particular export is a matter of fact which can be determined only by individual case studies. In few countries - e.g. city states like Singapore or Hongkong - can

the manufactured goods export sector possibly provide the main source of productive employment growth. In a few more small countries - e.g. Mauritius - it can be critical for employment in manufacturing.

The nature of the relationship between external trade and total employment sheds some light on the choice of exports. Unprocessed primary products and manufactured goods of components whose only local input is labour have direct employment effects and potential indirect effects through import use. Unlike more integrated industries - based on present primary product exports or newly developed local raw materials - they have minimal domestic integration effects. Historically industrial development has usually been built around industries with substantial internal linkages and domestic markets with selected lines being highly oriented to export markets but an increasing range exporting a portion of their output.

The choice is not whether the potential gains from dynamic comparative advantage and the international division of labour should or should not be taken into account in productive employment strategies but how and to what degree. These choices must take account of the highly oligopolised nature of international trade, the additional risk involved in foreign markets and supplies, the inherent inequalities in economic relationships between the small and weak and the large and powerful and the historic fact that economic development has in almost all cases been associated with selective closing of the economy against international trade - in the Zollverein, the USA and Japan as well as in the USSR, China and Rumania.

Resource based industries directly meeting some national needs and providing the diversified productive base for increased trade among developing countries are likely to be logical in terms of comparative advantage as well as of integrated, employment oriented national development. Imported material, domestic labour, export market intensive manufacturing is to underdeveloped countries with few or no relevant raw material production potential.

and limited potential for increasing productivity and productive employment in domestic market oriented production without a rapid increase in complementary imports. There are countries for which this sub-class may be the, or one of the, most efficient ways to expanding import capacity and direct and indirect employment. However, the combination of the special interests of MNC's seeking to lower labour costs or gain access to new employees and of the greater ease of working out global models on the basis of labour/capital ratios than of broader resource potential analysis causes an overemphasis on the importance of labour intensive export oriented manufacturing. Especially in relation to the larger, more diversified and structurally more integrated developing economies such as Mexico, Brazil and India it is not a sound basis for national industrial strategy and far from a complete one even for industrial export development.

Mobilisation and Allocation of Surplus

Surplus generation is as critical in an employment and basic goods production strategy as in one oriented to GDP growth maximisation. The implications of redistribution in this regard are twofold: First, the extraction of surplus by terms of trade shifts and taxation should be concentrated on upper income individuals and high productivity economic units and second, surplus generated by lower income individuals and lower productivity units should be ploughed back into their own production expansion. The second implication normally requires attention to complementary resource provision because the potential surpluses for investment of low income groups and low productivity units are often specific and must be complemented by other inputs if they are to be realised. For example rural labour time is often available during lulls in the crop cycle for small scale works, afforestation, irrigation, water supply improvement etc., and will have high productivity if, but only if, limited amounts of materials, design advice, skilled labour, etc., are provided.

The surplus mobilisation from upper income individuals and high productivity units will necessarily vary with the degree of inequality in incomes, the share of public sector ownership and the institutional pattern of financial flows and uses. What is uniform is the need to prevent increases in luxury consumption and to ensure that surpluses are directed to increasing basic goods and services production within an appropriate technological choice and income distribution framework. One key instrument is the organised financial sector which can be used to implement allocation guidelines and co-ordinate decentralised micro decisions in a socialist or a capitalist system. However, such a use requires detailed knowledge of the basic financial flows mechanism, an absence of large scale enterprises which are totally self financing, effective control over and sanctions for deviations by the financial institutions - a set of requirements almost certainly unattainable unless domestic financing is dominated by domestically owned institutions.

Centralisation of productive sector project and working capital finance in the government budget meets the control test but has costs in terms of detailed evaluation of the productivity of uses, of technological flexibility and of over-concentration on large units as well as possible deterrent effects on surplus generation and incentives to increase employee remuneration in disguised ways. Credit allocation, interest rate variations and project approval procedures will not produce appropriate investment patterns in the private sector in the absence of consistent price and tax policies - if prices are so ordered as to make basic goods production more profitable than that of luxuries and taxes so ordered that use of appropriate technology generates surpluses, the financial institutions co-ordination and control task is much more likely to be implemented.

Productive Forces Levels and Strategic Patterns

It would be a mistake to view a basic needs oriented development as relevant only to very poor countries committed to a transition to socialism, to interpret it as a modern variant of monastic asceticism, or to suppose that it implies a minor role for large scale, capital intensive activities. Basic human needs beyond minimum levels are relative and do develop with achievement - the stress on restraining amenity and luxury consumption flows from the priority to meeting the basic needs of the many first. Relative equality of access to public services and of personal after tax income has to a significant extent been achieved in the Scandinavian countries and the Netherlands as well as in most European socialist countries. Increased emphasis on the traditional rural and informal urban sectors does not imply either insignificance or stagnation for large, high productivity units.

The higher the level of productive forces the broader the options open to a country in its pattern of implementing basic needs oriented development. More resources give greater ability to afford secondary mistakes, to achieve substantial total redistribution with less emphasis on reallocating initial incomes and assets and more on selective mobilisation and allocation of new income, service and investment flows, to achieve rapid increases in the productivity and incomes of the poorest 40 per cent of the population consistent with marginal gains for the middle 40 per cent and more modest cuts at the top of the income distribution.

In the case of relatively high productivity underdeveloped countries like Mexico or ones with more moderate productivity but very large investible surplus flows like Algeria over-all austerity for modern sector wage earners, elimination of all consumer imports beyond absolute necessities, and general holding back of the growth of the modern sector are not necessary. Critical elements will include:

- (a) mobilisation of resources through progressive taxation of personal incomes and of corporate surpluses to provide education, health and habitat services to the entire population;
- (b) reform of modern sector relationships with small scale urban and rural units to eliminate exploitative patterns, enhance access to markets and productive inputs for the informal and peasant or communal village sectors, and create the conditions for interactive growth through fair exchange;
- (c) planned redirection of surplus flows to provide small farmers, communal villages and small to medium urban units the knowledge, inputs and assets necessary to increase their productivity combined with price and wage policies designed to ensure that poor workers and peasants do, in fact, benefit from the enhanced productivity;
- (d) decentralisation and participation within the framework of a basic needs oriented national strategy both to increase the speed and efficiency of its implementation and to increase the organisational and political influence of those groups committed to its fulfillment;
- (e) selective redistribution of existing assets (or conversion of existing productive units) where present patterns are a critical, immediate obstacle to raising the incomes and productivity of the poor.

There are also differences between what is possible in a very poor country like Tanzania or India and a less poor underdeveloped country like the Philippines or Egypt. The latter group both have significant segments of the population whose basic needs are now met and productive resource availabilities of one and a half to two times those of the very poorest countries. The latter characteristic may make austerity for the middle income workers and farmers less necessary to free resources and the former makes austerity a fully, politically

and economically more difficult to implement. However, the portion of the populations with wide gaps between present incomes and access to services below even minimum basic need levels is often almost as high as in the poorest countries and is markedly higher than in the relatively high productive forces level underdeveloped countries. Thus the possibility for achieving rapid elimination of basic needs gaps without substantial redistribution of existing incomes and very stringent priority in allocation of new surplus flows is not present. Special critical elements in these cases will probably include:

- (a) rigorous redistribution (by fiscal measures, redistribution of assets and/or changes in salary structures) away from the highest income groups to mobilise the flows for initial expansion of provision of mass public services and investment designed to raise peasant and informal urban sector productivity;
- (b) where inequality - particularly in the rural sector and in the ownership of financial institutions - is a major barrier to meeting basic needs and reorienting growth, major asset redistribution (to peasants or to the public sector);
- (c) fiscal, wage and price policies designed to encourage output expansion by the present working poor and to ensure that the after tax real incomes of those significantly above the initial basic needs target rise, at most, very slowly in order to allow continued rapid expansion of mass public services and investment to raise low income group productivity and opportunities for employment;
- (d) probably greater emphasis on growth of over-all productive forces to augment the impact of allocation of new resources in meeting basic needs rapidly.

The last element arises because the existence of a substantial proportion of the population already at or above minimum basic needs levels will probably result both in higher initial basic needs targets and a shorter time period over which the consumption of the groups moderately above the initial targets can be held nearly constant than in the very poor countries.

Roles of the "Modern Sector"

No detailed evaluation of the role of the large scale, capital intensive sector in a basic needs oriented strategy can be made except in relation to a specific economy at a specific time. In the case of Botswana or Algeria either to reject development of mineral resources or to delay them while - probably vainly - seeking effective, small scale labour intensive technologies would be absurd. For export sectors the appropriate goods, technologies and scales of production must take account of market requirements as to quality, price and speed of production. In any country some activities - eg. hydroelectric power generation and chemical fertilizer production - will be dominantly large scale and capital intensive. The relative size and importance of these activities will depend on the nature of the resources, the previous economic history and the level of productive forces of the economy.

The common requirements are:

- (a) to ensure that the large scale sectors relate positively to the small scale urban and rural sectors including buying from and selling to them at fair prices;
- (b) to avoid a polarisation of income levels and of access to investment flows and services favouring the large, capital intensive units;
- (c) to mobilise - by taxation, financial institutions and/or investment allocation - surpluses from the large, highly productive units to provide finance for mass access to basic public services and to provide complementary inputs

and means of production to build up the productivity and basic goods production of the urban and rural small scale sectors.

Dualism not diversity, enclaves not specialisation, and exploitative inequality not a balanced pattern of relationships are the dangers to be avoided.

In demonstrating that basic human needs and development centred on them are not narrow approaches or ones whose implementation must proceed on identical lines in all countries seeking to follow them, it is also necessary to avoid giving the impression that the required changes are marginal or that any combination of mildly reformist measures is adequate. There are no unique answers to the strategic questions posed but there are certainly wrong or inadequate ones. A basic needs oriented strategy must include:

- (a) priority attention to raising both the productivity of the poor and their incomes to make available basic consumption goods and to give those now existing in absolute poverty the means to acquire them;
- (b) equal priority to providing basic public services to the entire population and to financing this service expansion out of surpluses which would otherwise accrue to the top quintile of the income distribution;
- (c) significantly reducing inequality in after tax incomes, access to public services, influence on public decisions and control over and access to the means of production;
- (d) redressing the present biases in favour of the modern urban and against the informal urban and traditional or semi-traditional rural sectors;
- (e) generating adequate investible surpluses and export earnings to meet the need to carry the strategy forward over time and to avoid increasing dependence on external finance and ownership of the means of production;
- (f) creating economic, social and political patterns and institutions committed to and capable of maintaining and advancing development through meeting basic human needs.

V. Some Sectoral Implications and Sketches

The Rural Sector

Rural strategy must begin with redistribution of access to the means of production. This will often include, but rarely be limited to, land ownership and tenure. Unequal access to credit, water, extension services, inputs and markets is often - especially in many parts of Africa - more critical than access to land itself and even in densely populated Asian countries like Bangladesh and Sri Lanka are of virtually co-equal importance with land reform pu se.

Redistribution of existing stocks of access and assets must be complemented by redistribution of the pattern of additional flows. The patterns and methods appropriate to serving a selected minority of above average income landlords and farmers are unlikely to be appropriate to broader groups of small peasants or communal production units. Extension services and credit, for example, must be provided on a group basis if the fiscal and manpower costs are to be sustainable and knowledge and credit actually made available to each farmer.

In many cases serious gaps in both hard and soft technology must be filled. A main problem in increasing productivity of most African staple foodcrops in marginal or uncertain rainfall areas is lack of agronomic, agro-economic, managerial and institutional knowledge to communicate. The tradition of the isolated institute drawing neither on experience of small farmers nor on results and practices in other poor countries but maintaining a bipolar relationship with industrial economy dominated national and international institutions greatly impedes the rapid development of applied knowledge relevant to raising the productivity of poor farmers and the productive employment capacity of domestic market oriented agricultural production.

The situation in other rural activities e.g. small scale civil engineering, forestry, improved traditional construction, small scale processing and manufacturing is normally parallel to that in agriculture because these activities while central to meeting the basic needs of the poorer rural strata through increasing the

quantity and productivity of employment are not normally perceived as critical to raising GDP growth and are still less relevant to the welfare of the large landlord or the corporate plantation owner.

Their importance is threefold: First, they can meet many basic needs directly both on the supply and on the investment side. Second, they can utilise labour time which is not useable in agricultural production (e.g. dry season period labour in areas with pronounced rainy and dry seasons leading to highly uneven agricultural labour requirement profiles) thereby raising average annual productivity. Third, they can augment rural cash incomes and - by reducing the range of goods required from the urban sector - allow their more selective use. The most striking recent demonstration of this approach centered on the principle that available rural labour time is a precious asset which can and must be used to raise productivity and availability of goods and services is, of course, the Chinese.

The range of specialised inputs needed to support agricultural and other rural developments centered on mass productivity and employment raising will vary from activity to activity, country to country, and over time as rural skills and resources advance and new activities are introduced. A difference in organisation may be needed between rural societies with strong communal and more individualistic production patterns. In the former, the joint use of training courses (e.g. in spring protection or improved house construction techniques) and the organisation of labour time for infrastructural, conservationist and service activities is easier to integrate within the communal revenue allocation system without extensive use of wage labour. In the latter more government finance for wages (and logically more taxes or charges to cover the wage costs) may be necessary.

The immediate challenge to such a reorientation of rural strategy will be that "special cases" for large productive units or use of capital intensive technology exist. The "special cases" argued in any country will include all existing large landholdings and mechanised schemes - thus tobacco and maize will be cited in

Zambia but not in Tanzania. It is unrealistic to deny that for some portions of some rural production processes there are economies of scale and critical minimum levels of technology. The need is to identify these in such a way that they can be isolated - allowing labour intensive, small scale activities to dominate other stages of the production process - or substituted for by new technology. On balance the evidence is that, given adequate small farmer access to credit, knowledge and processing, plantation production is usually inefficient in respect of cost per unit, output per hectare (at least where land is scarce), and share of worker income in total cost. Its technical superiority usually turns on processing, on marketing or on quality control each of which can be provided for small farmer or communal producers at comparable cost if priority is given to identifying ways and means. The same is true in many cases of rural water supply provision - total costs of labour intensive approaches centered on wells, springs, pipes are lower and cash and import costs much lower but machine drilled boreholes minimise organisational problems, reduce risks of delay, and more in accord with normal professional and technical standards, and require less research and development of new simple construction or organisation techniques.

For example the Sudan has ample fertile land much of it requiring large scale irrigation or drainage projects. It has access to funds for agricultural development and to markets for sugar and grain if rapid achievement of surpluses over domestic needs can be achieved. To reject expansion of modern agriculture would not be to further basic needs oriented development. What is needed in addition to initial irrigation, drainage, processing and production expansion is threefold:

- (a) attention to maximising the role of small or genuinely co-operative units in agricultural production even when processing must be centralised;
- (b) avoiding the creation of a narrow high income rural stratum characterised by favoured access to land rights or salaried posts;

- (c) ensuring that the export earnings and productive surpluses of the large scale agricultural and agro-industrial ventures are largely mobilised by the state and directed to meeting basic needs including financing public services and investment in the tropical and arid rural areas which will not benefit directly from the initial large scale, modern agricultural programmes.

The Urban Sector

Urban strategy is more complex both because initial redistribution is less simple and because the genuine cases for large scale capital intensive high technology units are more numerous. However, the cases in which more labour intensive methods are unlikely to have positive impact on total productive employment and on availability of basic goods and services are concentrated in certain branches of manufacturing and transport. Construction, public services and some branches of manufacturing - e.g. garments, furniture - are clearly as much candidates for detailed study on how to increase labour productivity and employment while holding constant or reducing costs as is staple food agriculture. It is neither accidental nor atypical that the Tanzanian informal construction sector, building on a plot whose service infrastructure cost has been perhaps \$50 (rough survey, track to adjacent road, nearby water point) under the supervision of the home owner to be, can produce a decent six to seven room improved traditional house for \$700 whereas a reasonably efficient housing corporation's minimum cost for much smaller estate houses comes to over \$1,500 for the house and another \$750 for site preparation and infrastructure.

The most productive approach is likely to be one beginning by identifying:

- (a) reasonable productivity, labour intensive, medium to small scale urban activities;
- (b) areas in which the advantage of large or capital intensive units relates to communications, marketing or forward planning capacity rather than superiority in actual production of goods or performance of services;

- (c) potential for integration of labour intensive, small scale units into production processes other stages of which may require larger productive units, more complex technology and/or more highly trained personnel.

In the first type positive provision of better access to inputs, credit, knowledge and marketing facilities may or may not be critical. Selective use of controls is likely to be appropriate to limit large scale enterprise entry into these areas of activity even if the large scale units are public sector - e.g. in one African state a large scale public sector salt producer sought removal of import duties to allow it to import dumped salt to bankrupt local small scale, low cost coastal producers in the short run and substitute high cost salt from its capital intensive interior plant in subsequent periods.

The second type of activity requires positive promotion through provision of complementary commercial, financial and professional services, not simply bans on large scale competition or market price rigging. The latter do not eliminate the genuine cost and efficiency problems and therefore penalise consumers unnecessarily. Evidently preferential government purchasing is one form of marketing institution but broader wholesale purchase and sale channels - public sector, co-operative or private - are likely to be needed. Working capital availability may be provided via the marketing channels or require special programmes; a variety of professional services including accounting, product design, market surveys may be appropriate depending on the facts of individual cases. Facilities for leasing appropriate premises and equipment may be valuable if they avoid the standard error of small scale industrial estates of providing facilities in excess of the requirements of and too costly for projected users.

There is no a priori case against some subsidy to services of the type outlined. There is a positive case for subsidising training programmes for small unit personnel and for meeting start-up costs of complementary commercial and service ventures during the early stages of a programme. However, there is no case

for continued subsidy of the commercial and professional service units if their small scale clients can pay full costs while still maintaining adequate productivity and surplus flows. Certainly some fees should be charged as a test on which services are seen as worth purchasing.

The third area requires a combination of controls and supporting inputs. In the case of many products - e.g. bicycles - a majority of components are suitable for small scale, labour intensive fabrication but certain components, final assembly and testing as well as design and marketing are better organised on a larger scale with direct control over technology and skilled personnel. Complex subcontracting relationships of this type characterised the Japanese economy during its early industrial development and are common in China today. They are much less typical of a majority of developing countries. This relates in part to the importation of complete "up to date" technology packages from industrial economies; in part to TNC interest in concentrating production in its own units not dispersing it among independent subcontractors and in part to the low level of relevant technical and organisational skills of the informal sector in many developing countries. The three barriers must be tackled jointly by identifying potential areas for subcontracting, requiring large enterprises to implement them (whether by regulations, incentive payments or fiscal penalties or a combination of all three), and providing (or requiring large firms to provide) training and technical service programmes to the small scale subcontractors.

The Role of Research and Development

Continued advances in maximising the share of productivity gains flowing from and accruing to unskilled and semi skilled labour and thereby contributing directly to maximising employment growth and enhancement of low income group earning opportunities will depend on research and development extending beyond adaptation to innovation and including effective exchange of information

among, and co-ordination of efforts by, poor countries. Such research must be selective both in identifying products - e.g. low cost agricultural implements - for which labour intensive, decentralised production and maintenance capacity is critical and in concentrating on areas in which breakthroughs are likely e.g. small scale water raising methods not petrochemical feedstock production.

Research and development must be reoriented if it is to serve a basic needs strategy. To be of real benefit to small rural and urban producers it must draw on their experience not only to identify problems but to secure ideas, examples and starting points for ways to overcome them. The huge gap between the research specialist and the shop floor, worker, artisan, peasant or small scale entrepreneur must be narrowed on the problem identification and solution as well as on the knowledge diffusion and training side.

This is not an argument against basic as opposed to adaptive research. Tropical medicine and tropical (and especially arid tropical) area staple food agriculture are areas within which basic as well as applied research is needed. The \$15 million spent on basic research and testing of the so-called "Green Revolution" seeds has led to significant increase in food production even if its inadequate integration into other areas of applied technical and social research has contributed to limiting its potential benefits in providing effective access to food to the very poor and resulted in the new seeds and techniques sometimes worsening income distribution and reducing productive employment. The main dangers are misallocations to research unlikely to lead to results relevant to meeting basic needs or duplicating existing knowledge and failure to create an integration of research with application and with over-all implementation of economic and social policies.

An extension system backed by functional training is no less critical to urban oriented applied research and development than to agricultural and rural. What is extended can rarely be knowledge alone-training, access to credit - supplies - markets.

professional services are also needed in most cases. Equally the nature of the services must vary with the nature of the user - the small improved agricultural implement workshop in a village, an urban informal sector building wishing to employ improved traditional methods and materials, a small lorry repair garage and a twenty five employee foundry have different needs because of their size and location as well as their product and market.

For the extension service to be effective requires one or more small industry development organisations with decentralised operating centres. These must have basic knowledge and service provision capacity and the ability to secure additional knowledge and to co-ordinate with other bodies on behalf of their clients when needed. The development organisations may or may not carry out research themselves but they do need to be closely linked to the research institutions if either is to function effectively.

Habitat and Housing Alternatives

An area which is critical to basic need fulfilment and can often be crucial to raising productivity of the working poor and total numbers productively employed is that of housing and habitat. Housing, water supply and environmental sanitation are critical to people's well-being and make up a very significant proportion of total infrastructure capital. To provide minimum acceptable standards using modern technology and organisation would cost about \$1,500 per rural and over \$5,000 per urban family in capital and perhaps \$300 and \$1,000 in recurrent costs. Quite clearly, these costs raise almost insurmountable barriers to meeting basic needs fully by 2000 in most underdeveloped countries so that ways of reducing them must have priority attention.

Main urban water supply systems probably offer the least potential for innovation although the ditchdigging and pipelaying phases could use more labour and less equipment were expansion programmes not so consistently started years to decades after the need for them was foreseen and not so regularly financed by

import content only tied foreign loans. Residential area distribution systems offer greater potential. Labour-intensive pipelaying, communal water taps at - say - quarter kilometre intervals and - in some cases - neighbourhood washing and toilet facilities both can use more labour and have under a tenth the total cost of piped connections to and plumbing in individual houses. The disposal or sanitation issue is critical - large scale waterborne sewage systems are so expensive as to make study of alternative hygienically effective systems (several are known and work in some parts of the world) a priority area of intensive research and design work. Systems requiring periodic emptying may be perfectly compatible with producing waste in a form suitable for transport to adjacent agricultural areas and use to supplement chemical fertilizers - thus offsetting much of the operating cost of the system and relaxing an import constraint on enhancing labour productivity in agriculture.

Evidently the absolute size of a city does limit the possible applications of more labour intensive, lower cost methods. However, this limitation can be over-emphasised. Single, centralised service provision is rarely practiced in metropolitan areas even in rich countries. The cost of better public transport will often be much lower than that of using modern high rise construction. Further, there is a case for limiting the size and increasing the number of urban centres. Beyond some size diseconomies of scale - especially on the housing and public services cost fronts - rise very rapidly. Furthermore effective and mutually beneficial integration with surrounding small centres and rural areas becomes increasingly more difficult as does that between the urban large scale and informal sectors. One area in which decentralisation will often be called for under basic needs oriented strategies is precisely that of urbanisation.

The same considerations apply even more strongly to rural water supply and environmental sanitation. Because of the smaller volume of water required in any one case the opportunities for labour intensive - e.g. spring protection, canal, tube well, simple well, main supply systems are greater and because of shorter distances the potential for combining efficient sanitation systems with organic fertilizer supply is greater.

Both site preparation and housing construction - as noted earlier - are usually much less expensive when carried out by small scale labour intensive methods. One evident reason is that the future occupier's supervision of construction is more effective and intensive than that possible by medium and large scale firms' site foremen and managers but has no cash cost. The prerequisites for expanded use of this approach to construction appear to be fourfold: repeal of building standard codes which forbid it; provision of low cost access to sites simply pegged out and in areas with simple roads, nearby public transport facilities, and water supply but no additional site work or infrastructure; development of credit schemes (e.g. loans via employment unit based savings and credit societies which are jointly responsible for loan disbursement and use and secure repayment from deductions from wages or sales made by the wage payer or buyer) capable of providing \$500 to \$2,000 medium term, medium interest loans at low overhead costs with moderate default rates; and improvement of low cost public transport.

This approach should raise informal sector employment and the average annual productivity of small scale building workers while reducing housing costs. Its direct impact will be multiplied because most of the additional labour income will be directed to basic needs and in particular food. Implementation may sometimes though by no means always - require research on improved traditional housing to secure adaptations needed for permanent urban use and/or training of building craftsmen. It will often require

urban land right and tenure reform to prevent totally unearned private gains and to avoid land "costs" keeping decent housing outside the urban workers' purchase range. The approach is applicable to self help and co-operative building schemes but is by no means limited to them; the individual home owner dealing with the small scale builder would probably be central in most countries.

Rural housing improvement potential parallels low cost urban but -- given the much larger rural populations in most developing countries -- on a larger scale. Cash costs may be lower in that either joint communal construction for successive families -- whether within a formal co-operative, a traditional mutual self-help or an exchange of labour framework -- should often provide the unskilled labour while many of the materials can be collected by the future occupier. Finance for certain components -- e.g. doors, frames, poles, roofing sheet in rural African areas -- and for a limited amount of skilled labour will usually be needed. Again loans through co-operatives -- recovered from crop sales in the rural context -- seem the most promising route to combining low administrative costs and reasonable recovery rates. The need for research and design work on improved traditional methods and materials and for training of craftsmen will vary -- rural areas are quite diverse in their present capabilities in these fields. In this sector the direct job creation impact is likely to be secondary to allowing farmers to raise their annual productivity and ability to satisfy basic needs by utilising agricultural "dead season" time in construction.

In rural areas, though less so in urban, the same approach can be applied to primary and adult education, basic health, and agricultural storage facilities. In the last case research and design work related to small scale, low cost, labour intensive structures for safe storage is critical. In some countries up to 25 per cent of basic foodstuff production is lost because farm and village level storage is not moisture, water, rodent or insect proof. Central storage involves very high capital and transport

costs. The logical approach to increasing effective productivity of employment and of availability of food in these cases lies in devising improved storage facilities and techniques built from and improving on the best traditional methods and materials of a given rural area or a comparable one which has achieved more effective storage techniques.

Education for Meeting Basic Needs

The educational implications of a new development strategy relate to all three main functions of education: integrating the student into society and into a relationship with its goals; building a capacity to learn, analyse and apply; transmitting specific knowledge and skills. It is evident that the traditional developing country educational system does all of these rather badly. It is largely focussed on a continuous education process leading through the tertiary level. Although very few students will ever complete this process, the knowledge transmitted, the context in which learning and analysis are presented, and the values and goals embodied in the system at all levels are really aimed at the prospective university graduate not at the majority who complete only the primary or secondary phases.

The depth of the malstructuring is such that curriculum reform is not adequate except as part of a broader reconstruction. The challenge is not that reading, writing and computing are irrelevant to raising rural productivity, building decentralised participatory rural structures or to conveying understanding of and commitment to mass need oriented, egalitarian development. On the contrary they are critical; the present problem is partly how badly and to how few students they are taught and partly that the orientation of the educational system both internally and externally is hierarchical, inequalitarian and urban elite oriented.

The structural changes needed will vary from country to country depending both on present systems and levels of literacy. In the cases in which half or more of the adult population is illiterate, one priority is to give mass adult education - relevant in aims and outlook as well as specific skills - co-priority with primary pupil education. More generally any educational programme - primary, secondary, tertiary, mass adult, vocational - should be structured so as to be complete and of value in itself, not primarily oriented to preparation for subsequent courses.

This approach carries the implication that education should involve a greater variety of programmes (in length and in content), be less rigidly structural, and include more part time programmes. It further suggests that the opportunity for educational experience including work periods after some educational programme attendance followed by either further full-time or part-time education should be increased. In fact these approaches are increasingly accepted as educationally and socially valid in a wide range of countries including the USA, Scandinavia, Cuba, Tanzania and China. In this respect many underdeveloped country's educational technology is not only a doubtfully appropriate import but also one now in the process of scrapping as absolutely inefficient in the countries of its original manufacture.

Emphasis on increased productive employment does require additional emphasis on primary, mass adult and introductory and intermediate applied skill education. A basic need oriented strategy is almost certain to give rise to much higher demand for para-professional (e.g. improved traditional construction skilled workmen, part-time adult education leaders, simple water and irrigation construction and maintenance personnel) and for upgrading both peasant and shop floor worker skills as well as for traditionally defined middle level manpower. Whether the absolute

emphasis on tertiary and professional education will need to be reduced will vary from country to country and occupation to occupation. For example a combination of unemployed arts graduates and unqualified secondary school teachers may suggest a need to alter salary and wage structures (perhaps both downward for graduates and upward for secondary school posts), restructure university arts programmes and create means for secondary school teachers to return to the educational system to acquire additional relevant knowledge rather than a cutting of university enrolment. Similarly a shortage of doctors may require more use of para-medical personnel, more responsibilities in the hands of nurses, freeing doctors from the residential housekeeping and purely administrative aspects of their institutions, and checking the drain of citizen doctors to rich countries rather than a doubling of medical school enrolment or of doctors' salaries.

Foreign Ownership and National Needs Oriented Strategies

Large scale foreign control of production - including but not necessarily limited to FIC investment and management - poses a series of challenges to national strategies. In its present forms it is largely inconsistent with either rapid growth of productive employment or concentration on meeting basic needs. The choice in the context of the national strategy outlined is between achieving a new pattern of relationships with foreign investors and managers which serves development or systematically reducing the scope of foreign control over domestic production.

The critical problems relate to the pattern of goods produced, the technology used, the joint packaging of different elements of hard and soft technology management and ownership, domestic income distribution effects, and the total cost of the foreign knowledge, personnel and capital. Some are common to growth maximisation and to basic need meeting development strategies but all tend to create more acute inconsistencies and conflicts in the latter context.

TNC's produce goods which increase their global profits. Therefore to some extent their emphasis on high technology consumer durables is a response to patterns of income distribution and altered effective demand patterns would result in their shifting production toward basic goods and services. However, the problem of production patterns is less simple than that for three reasons. First the structures of production and technology themselves influence income distribution and effective demand. Second, the use of soft technology in communications and marketing to sell a TNC product which is more costly and inherently no better at meeting basic needs than a local product is common e.g. soaps, detergents, soft drinks, synthetic fabrics. Third, TNC's are not disposed - by the procedural limitations of large units as well as by their global rather than territorial surplus reference standard - to produce radically different products in different countries especially as both the hard and soft technology they possess and market is fairly uniformly oriented to high income, labour short, high income economies. Production pattern shifts will require - at the minimum - specific licensing and fiscal controls because in their absence even a changed income distribution will not overcome the combined forces of inertia, global standardisation and domestic demand manipulation.

The relevance of TNC technology - both hard (machines, processes) and soft (data collection and transmission, purchasing and marketing, organisational management, financial mobilisation, communications) - to a productive employment and basic need oriented strategy is highly uneven. Much of it is clearly irrelevant or counterproductive because its built-in assumptions on labour availability, income distribution, scale, participation, transport and communication are not applicable to poor countries or, if applied, create limited high growth sectors together with a widening gap between basic human needs and goods and services actually produced. Other elements need to be separated out and adapted into new system incorporating locally designed elements.

The problems are basically ones of assessment, selection and modification. These cannot be tackled without a selective buildup of national capacity in research and development, design, consultancy and training. Within such a framework either limited - e.g. USSR, China - or broader - e.g. Japan - acquisition of imported technology for incorporation into a national framework is possible; without it the framework is imported along with the individual pieces of technology.

A major difficulty in any selective approach to acquiring knowledge through TNC's - or indeed through most technical assistance and aid agencies - is their preference for selling standard packages of hard and soft technology, operating management and financial mobilisation. This type of package limits affect acquisition of control over imported knowledge and over productive units, raises costs, and limits the possibility for domestic adaptation and transformation. Any strategy seeking to utilise - as opposed to being utilised by - TNC (or other foreign agency) knowledge must include unpackaging and specific negotiations on the items to be imported, the period and phased termination of foreign involvement and the costs of the individual items purchased. This is not - as socialist European, Algerian, Mexican, Andean Pact, and other underdeveloped country experience demonstrates - an impossible approach. If no total package sale option is open, TNC's and other sellers will normally negotiate more limited transactions.

The domestic income distribution effects of TNC's turn partly on their product and hard technology patterns, partly on their non-territorial orientation, and partly on soft technology choices. Large scale, capital intensive production does tend to result in relatively small and relatively high wage employment. A global, corporate group perspective plus foreign management does tend to minimise efforts to build up local input suppliers and subcontractors - especially if the foreign alternatives create surpluses for other TNC group producing or trading units.

From many TNC's points of view relatively high wage and salary policies are profitable - especially when wages and salaries are a low proportion of total costs - because they allow selection of personnel and build a loyalty of employees to the group which cuts across national and class lines.

None of these income distribution effects is consistent with the national strategies outlined in this chapter; they increase inequality, reduce local linkages and therefore productive employment growth and create new elite and pseudo-elite strata committed to unequal growth not meeting basic needs. Because they flow from actions central to TNC surplus maximisation they are not easy to control - a handful of regulations, discussions or statements of intent will not serve. Control over selection of products will have some impact and a strict incomes policy (with salary and fringe benefit ceilings as well as wage floors) rather more. Local content rules and providing access to knowledge and finance for local sub-contractors can expand linkage effects. However, it is rather doubtful whether a stable solution can be found so long as surplus from ownership and operation of domestic productive assets (as opposed to sale of knowledge and products to and purchases of supplies from them) are central to a TNC's operations in respect of a developing country. Even if a series of knowledge purchase, input supply and output sale contracts gave the TNC the same surplus as direct ownership they might well be distinctly preferable because they allowed removal of internal distortions in respect of income distribution, linkages and structure of management.

The total costs of TNC links need to be evaluated case by case to determine whether they are acceptable in terms of benefits acquired and whether lower cost routes to acquiring the benefits exist or can be built up. Random provision of tax incentives, subsidies and infrastructure may very well result in a national loss, even in simple constant price GNP terms, consistent with a TNC gain and a productive unit profit. Transfer price surpluses and technology payments - which often vastly exceed

profits on operating assets in developing countries - as detailed in Anderson East secretariat studies - must be taken into account not simply to assess the balance of gains and costs but to allow selection of priority areas for securing changes whether by renegotiation or alternative institutional structures.

Where - as appears to be the case in many Singapore, South Korea and Hong Kong export oriented manufacturing units - the TNC's comparative advantage lies not in production but in purchase of inputs and sale of outputs, then permitting growth of TNC ownership of local productive enterprises is likely to be much more expensive than the creation (or purchase) of domestically owned (public or private) import-export firms.

What costs are acceptable and what benefits are achievable can only be decided on an individual transaction basis evaluated within a national political and economic strategy framework. The weaker a country's knowledge and technology base the more transactions it may evaluate as acceptable, e.g. Tanzania vs Algeria. The greater the relative importance of export markets the wider the range in which TNC technology is likely to be relevant and the greater the price which it is likely to be necessary to pay to get it, e.g. Singapore vs Mexico. The greater the commitment to public ownership of directly productive enterprise and the broader the domestic market the less purchases will be politically or economically acceptable e.g. China vs Egypt. What is uniform is the need to develop national frameworks for evaluating total costs and benefits, means for determining their approximate magnitudes in respect of transfer prices as well as domestic unit transactions, and a system for periodic individual case calculations and decisions as to termination, substitution, renegotiation, or continuation.

VI. Technico-Political Issues

The effective operation of a productive employment oriented strategy requires coherence. The individual elements in the strategy must be evaluated in terms of their interaction and overall impact not simply as isolated items. A purely piecemeal approach is likely to be marked by inconsistency, inefficiency and cross cancelling. For example, raising the income of the urban informal sector by subsidised job creation is likely both to reduce funding for basic services and - in the absence of an effective rural productive employment generation strategy - to cause an absolute increase in urban unemployment and in employment with productivity less than basic needs by encouraging rural-urban migration.

The meaning of many individual measures cannot be evaluated outside a package and a specific country context. An evident example is wage control which can be used as part of an income equalisation and employment growth stimulation strategy, a component in a price stabilisation policy not primarily directed at employment or output or as a means to enhancing salary and profit levels. Similarly a basic goods price control system operated on the basis of controlling surplus margins with both ceilings and floors on these margins cannot be interpreted without knowledge of the size of the gross and net margins allowed and the basic pattern of productive unit ownership. Nor in such a case can wider margins on amenity and luxury products be evaluated as positive unless these are effectively related to cross-subsidising subnormal margins on more essential products and investment incentives or controls offset the pricing mechanism's tendency to bias investment toward precisely those lines of production deemed less essential.

No set list of ingredients for all national employment strategies exists or can exist. The list of measures useful in one or more contexts is long, leading to a temptation to view them as analogous to a shopping list or a smorgasbord. This approach is unlikely to produce rational combinations of measures, a coherent strategy or an adequate overall impact. Further it is unlikely to be efficient.

The Meaning of Efficiency

Efficiency must of course be defined in terms of objectives and serve as a guide to choosing among practicable alternatives. In the context of meeting basic needs through expanding productive employment, an expansion of grain output through mechanisation by relatively wealthy farmers is likely to be inefficient because it raises inequality and reduces productive employment directly and diverts scarce resources from approaches which would build up poorer farmers' production capacity. It is likely that alternative means to enhancing basic food production with more favourable employment and distribution effects can be identified and implemented. If, however, the basic employment effects of additional cement production will be in quarrying, in small scale rural works and in improved low income housing construction, and if the lowest combined cost of manufacturing and distribution of the cement involves a large central producing facility, then it is likely to be efficient to use a large, capital-intensive plant because no viable labour-intensive technology for large cement plants exists.

The challenge to efficiency as a criterion for judging need oriented development arises partly from a confusion in terminology, partly from quite inadequate measures of efficiency in this context and partly because efficiency in respect of different sub-goals is unlikely to be identical. Efficiency is not properly equated to discounted internal rates of return except in the case of individual production unit calculations nor to discounted additions to GNP unless one's central aim is to maximise GNP growth. Cost benefit analysis is meaningful only to the extent that it evaluates the costs and benefits relevant to its users and places weights on them which are approximately correct in terms of his goals and preferences.

The measurement problem is more serious, but hardly a new one to decision takers. Its solution does not lie in elaborate social cost benefit analysis so much as in agreeing approximate operational values for equality, employment and basic service gains whether directly or in terms of marginal cost cut offs.

All decisions after all - even when related to maximizing future profits - ultimately include estimations and approximations subject to both uncertainty and lack of precision. Consistency and operationality, e.g. rural water provision to be carried out subject to a constraint, possibly varying with district hydro-logical and population density characteristics, of capital costs not exceeding \$X per family served, and recurrent not exceeding \$Y per family per year, can be achieved without elaborate welfare calculations or unattainably precise data.

Evidently the more valuations can be incorporated into the price system the greater the ease of decentralisation, the fewer the cases requiring detailed ad hoc estimation and the more care can be devoted to benefit value estimation in those cases which no pricing mechanism can be an adequate test, either because the product is appropriately provided as a communal service not appropriately directly charged to the user (e.g. education, health, under some conditions pure water) or because the indirect effects of use are both large and not accruing to the user (e.g. some types of seed and of contagious crop disease control chemicals). If every routine project or policy must be worked out on shadow prices, none will be evaluated well, whereas if prices are adjusted to approximate costs and benefits they can be used for routine decisions allowing more careful shadow pricing in respect of key choices.

The problem of multiple goals is hardly novel. The main subgoals in a basic need oriented strategy are:

- (a) increasing productive employment both by increasing numbers employed and augmenting the productivity and remuneration of the working poor;
- (b) improved income distribution;
- (c) increasing production of basic goods and services and of intermediate, capital and infrastructure goods and services supporting basic goods, and services production and distribution;
- (d) generating adequate surpluses and surplus allocation patterns to continue expansion of employment and basic goods and services production in subsequent time periods.

Evidently no one project or policy will be equally efficient for all four purposes. For example, urban food subsidies would augment the effective remuneration of the urban working poor but not (unless they were in effect subsidies to employers which lowered wages) productive employment. They would worsen urban rural income distribution and- at best - do nothing to increase food production. Taken alone, they would either reduce funds for the present provision of basic communal services or surpluses for future expansion of production.

Two options are open in cases of divergent efficiencies for difficult goals. The first is to introduce a set of measures whose overall impact is positive for all targets, even if this is not true when any one measure is treated individually. In the case cited introduction of progressive tax measures (e.g. on income or amenity consumption) at a level adequate to finance the food subsidies and to provide improved small farmer access to land and complementary inputs might be a step toward such a package. The second is to seek substitutes for measures which are extraordinarily inefficient in respect of one or more objectives. For example, a combination of the fiscal and rural measures cited with finance for urban improved traditional housing might well have considerably more positive production and employment effects and be almost equally effective in improving urban low income groups access to purchasing power with which to buy food.

These problems and their solutions are, it needs to be emphasized, not unique to employment and basic oriented needs oriented strategies. They arise in all public policy decisions and in many productive unit ones, whatever the specific decisions, options, or goals.

All of these qualifications make estimates of efficiency and choices based on it less precise and more difficult, not less important. The price of inefficiency is less productive

employment, lower present availability of basic goods and services and/or lower growth in their availability. To put the cost of inefficiency in terms of more chronically hungry or illiterate persons, lower life expectancies and less opportunities to earn one's basic needs should lead to a higher, not a lower, priority on efficiency than when the costs are put in the less concrete terms of lower GNP growth.

Political Aspects of Basic Needs Strategies

A major weakness in many formulations of national employment, income distribution and basic needs provision strategies is to abstract from political economic reality by writing as if one could assume an autonomous state seeking to pursue a generalised national interest as formulated by its technocrats, and not subject to external constraints on its domestic, social, political and economic actions. At best such an approach can outline the institutional and technical means for a strategy, the level and distribution of its costs and benefits, and alternative technically practicable sequences and combinations of measures. Left at that point a strategy is not implementable because it does not take into account the numbers, organisation, economic capacity, access to state power and external links of the interest groups, classes, strata, sectors and regions which would benefit or lose from the proposed alterations in economic - and inevitably social and political - structures.

Socio-political, even more than economic analysis must at the operational level be specific as to country and time. However, certain general points relevant to productive employment and basic needs oriented strategies political implications can be made. First in most developing countries a clear majority of the population would be (are in the cases in which such strategies are followed with reasonable efficiency) beneficiaries from need oriented strategies as contrasted with maximising GNP growth at the price of substantial and growing inequality and external dependence. However, these majorities are usually not organised in such a way as to be able to exert sustained pressure on either officials or politicians.

Second, productive employment and basic needs oriented strategies would entail (or have entailed) severe costs for at least some upper income groups including foreign owned productive units which, while small in numbers, are usually well organized and able to exert sustained pressure on officials and politicians. However, the impact on different strata and segments of these groups and classes vary widely from measure to measure and over time. Solidarity against productive employment and basic needs oriented strategies will depend on the particular measures and sequences sought.

Third, because of the divergences among interest groups and within classes, many developing economy governments have a considerable degree of flexibility so far as initiating policy and strategy changes is concerned. Their ability to continue implementing the strategies, however, is closely related to isolating and weakening groups clearly likely to lose from and to resist critical measures, and to organizing support from groups who both benefit and perceive themselves as benefitting. It will also require building a national ideological commitment to overcome or at least neutralise the opposition otherwise likely on the part of technicians, skilled workers, administrators, professional and managers, whose material interests - at least in the short run - do not lie with the egalitarianism and priority for basic needs satisfaction but whose commitment to national development may, under favourable conditions, override their immediate material interests. Such groups are quite unlikely to be able to exercise political leadership themselves and may not, given organised mass support and weak isolated opposition, be a threat to a productive employment and basic needs oriented strategy's continued viability. However, their lack of commitment to it will reduce the efficiency of implementation especially if a significant portion of new flows as well as initial stocks of highly trained manpower join the brain drain.

Flexibility in Efficient Strategic Planning

Political possibility, exogenous economic changes (whether in terms of trade, weather or resource identification), and specific critical needs and resource potentials interact to require unbalanced, non-linear, sequential national strategies. It is rarely possible to mount balanced assaults on all goals at the same time. Institutional, organisational and political as well as financial and skilled manpower constraints force selectivity of measures, sequences in selection and careful timing of new initiatives or emphases. The criteria for major emphasis at any given time are that a target is of critical importance; its attainment or the setting in motion of a dynamic leading to its attainment is practicable; means used will either help resolve subsequent priority problems or, at the least, not make them significantly harder to surmount. For each criterion political as well as economic considerations are critical. For example, land reform is practicable only if political forces with more strength than those of landlords and their allies can be mobilised and is efficient only if access to land by rural low income groups can be paralleled by complementary flows of knowledge, credit, agricultural inputs and market access to sustain production in the short term as well as to raise it in the medium term, or if the resources to bridge a temporary fall in output can be made available.

One result is that while basic long run targets and means for reaching them can be planned well in advance, interim strategies need to retain a significant degree of flexibility. Weather and external sector fluctuations alone are likely to require some significant re-ordering of priorities and shifts of timing and emphasis. For example, in both Somalia and Tanzania, drought has led to acceleration of and greater emphasis on villageisation programmes designed to group scattered rural populations and also to a greater relative emphasis on immediate agricultural output expansion within the over-all villageisation programmes.

The less than fully predictable results of projects and programmes will lead to similar cases for re-ordering of priorities and time scales, e.g. if experimentation with rural adult functional literacy and applied skill programmes yields a generally applicable, low cost package of rural water technology is developed to allow a shift from imported capital equipment to local labour intensive means of supply, then a *prima facie* case for altering relative emphases, timing and sequences exists because of the new lower relative cost of meeting mass education and water supply needs.

Some Aspects of Transition

The need for successive interim sequences, targets and priorities relates to the problem of achieving a transition from a growth centered to a productive employment oriented strategy. Strategic transition is normally attainable only over a period of years because of the initial patterns of production, knowledge, technology, institutions, management and administration. Redistribution of ownership, income distribution and policy aims require time to become embedded in stocks and flows of goods, services and employment.

The length and complexity of strategic transition are related to the nature and extent of the initial redistribution of asset ownership and control and of access to complementary resources. The more far reaching and speedy the initial shift the greater the strains on the economic and political structures at that point but the shorter the period before a fully coherent strategy balanced by a consistent ownership and control pattern can be put into operation.

Early transitional problems of two types are virtually inevitable - policies to limit and overcome them are practicable; attempts to prevent them are likely to prevent strategic change as well. The first is an initial rise in demand for basic goods ahead of the increase in supply. The greater the speed and

effectiveness of income redistribution the more rapid will be the increase in the demand for basic personal consumption goods and the broader and faster the spread of mass participation in decision taking, the stronger the pressure for rapid extension of mass services. These increases in effective demand are evidence of initial strategic success - not failure - but in the absence of initial excess capacity or abnormally great potential for short term output increases they are likely to lead to shortages. Shortages of basic goods - especially when their provision has been the basis of a mobilisation effort and when would-be mass purchasers have become able in terms of income to buy them - can be exceedingly corrosive of public support.

Equally most redistribution and/or radical institutional change measures will cause some interim loss of production or of provision of services. The nature can vary widely depending on the specific class and activity patterns of a country - in one case the nationalisation of upper income rental properties led to serious disruption of large scale retail trade, particularly in textiles, because the large retail traders were also rental property owners. Identification in advance of the particular impact of transitional measures based on detailed case by case studies is critical to allow pre-planning of how to limit and overcome frictional output losses and to identify which sequences of redistribution and institutional change are likely to hold these losses to a manageable order of magnitude.

Neither the excess demand nor the frictional losses can be avoided. To avoid the first would mean failure to increase the effective personal and communal demand of the poor peasants and non-agricultural workers and to prevent the latter would require the absence of serious redistribution of wealth, income and access to public policy. What can be done is to project probable growth in demand for key goods and services and probable interim losses in supply with a view to allocating