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Rep. Green

S I D  
15th World Conference  
AMSTERDAM 28-11/3-12, 1976

REPORT ON WORKSHOP No. 4

"COLLECTIVE SELF RELIANCE  
AMONG UNDERDEVELOPED COUNTRIES"

Chairman: Enrique Oteiza  
Discussants: Reginald Green  
and  
Archibald Mafeje  
Reporteur: Hans Thijssen  
Editing of  
the Report: Enrique Oteiza

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1.- Collective Self-Reliance in Historical Perspective

Experience with the development process over the last three decades has made leading groups in underdeveloped countries increasingly aware of the unsatisfactory performance of their countries, during the period. Furthermore there is a growing dissatisfaction with the type of "development thinking" most commonly promoted and sometimes imposed by OECD/<sup>members</sup> developed countries and international organizations, especially the policies and criteria applied by international and regional intergovernmental banks. The limits and shortcomings of an approach to development that reinforces, or at best maintains, a relationship of Dominance-Dependence in which the situation of the peripheral countries is conditioned by the expansion -and contraction- of the center is perceived with apprehension by significant groups, specially in underdeveloped countries.

Organizations where power (political, economic, technological, managerial and military) is greatly concentrated in the centre, including the State, associate with privileged minority groups in the periphery with the aim of maintaining their

dominance, aggravating the social conditions there. This situation had produced crises, tensions and even tragic wars at a high cost in terms of human suffering and destruction.

2.- Main elements conforming a Collective Self-Reliance development approach

Against this background of an increasingly critical reaction to the exploitative nature of the dependency relation and its underdevelopment effects, most First World country policies with regard to underdeveloped countries still tend to increase dependency of the latter. As a departure and as an alternative to this situation, Collective Self-Reliance (C.S.R.) development strategies have emerged gradually shaping around the following ideas:

- severance of existing links of dependence operated through the international system by the dominant countries and the establishment of overall control over the exploitation of the underdeveloped countries own resources.
- full mobilization of domestic capabilities and resources in underdeveloped countries devoted primarily to the production of goods and services for local consumption, instead of supplying the export sector.
- strengthening of collaboration with other underdeveloped countries and increasing trade relations among these countries, aiming at more equitable terms obtainable between more equal partners.

- reorientation of development efforts towards the satisfaction of basic needs for the whole of the population in underdeveloped countries. This type of reorientation of the production effort should avoid the creation of imbalance and tensions between the needs of the population and the productive capabilities and resources (manpower, natural resources, capital, technical and organizational knowledge).

- participation is an essential element if human effort is to be mobilized in order to overcome underdevelopment, not only in order to obtain the amount of production needed for a population to move out of poverty, but also because valid development also means the construction of a better society and this is not achieved if despotic or elitist rule is maintained.

C.S.R. is concerned with the attainment of fundamental, structural redistribution of world production (and therefore trade), control over surplus generation and allocation (and therefore the ability to build and alter production) and power (and therefore the ability to take national and participate in international decisions). In each case its concern is the enhancement of TW productive forces, surplus generation and power to carry forward TW determined strategies not to "close the gap", "enhance modernization" nor to damage First (or Second) World economies as an end in itself.

C.S.R. has two basic lines of action: "Co-operation Against Poverty" (and for Development) to build up TW development through direct South-South action neither mediated by nor

directed toward the North and "Trade Union of the Poor" mobilization to struggle for less unequal results for the South in negotiations and confrontations with the North. The Andean Pact is primarily an example of the Co-operation and OPEC of the trade union aspect. However, the two approaches are both complementary and overlapping: eg the Andean Pact's policies in respect of foreign ownership of assets and transfer terms for technology straddle the burden between the two approaches.

### 3.- Delinking and Relinking

The severance of dependency relationships that are a necessary part of a Collective Self-Reliance development strategy, imply delinking from the international system and relinking in several ways with other underdeveloped countries.

C.S.R. is generally interpreted as a development strategy that cannot be equated with autarchic approaches. The collective dimension of the strategy (relinking) comes from the realization that the large majority of the Third World countries are too small to attempt with any chance of success an autarchic development process. There is in this respect a clear

consciousness of the risks of remaining in a situation of archaic stagnation or becoming too vulnerable, in isolation, with the possibility then of suffering different forms of outside intervention coming from dominant countries (de-stabilization actions, invasions, economic sanction, etc). As it will be seen later, relinking, on the collective dimension of this development strategy can take different forms (non-aligned or seventy seven, regional groupings, producer and exporting groupings of a basic product, etc.).

A process of delinking and relinking of this type is a dynamic one. Every action of this nature has a number of repercussions in the international system which are not only economic. Changes in the international flows (composition; terms of exchange; direction; etc.) has to have a relationship after a while with structures (productive, socio-political, division of labour, etc.). Therefore, the processes of delinking and relinking implicit in a C.S.R. strategy are in themselves a very dynamic and positive element in the definition of a new international order.

Another important and difficult question with regard to C.S.R. is how much to delink. The emphasis on mobilization of internal resources for the satisfaction of basic needs implies high priority in food production for local consumption. Obviously this in turn means reallocating labour, land and other inputs away from export crops into the production of the domestically required agriculture product mix. Exports would be affected by this reorientation but food imports should diminish as well.

A basic need orientation should result also in the decline of imports connected with luxury goods consumed in dependent countries by privileged minorities. On the other hand/<sup>expansion of</sup> imports of capital goods and technology required for reorienting and expanding production for supplying the basic needs for the whole of the population creates a number of difficulties and constraints. Here is / <sup>an area in which</sup> adequate regional integration schemes; trade between more equal partners; and in general horizontal cooperation can be of great help.

An additional criteria suggested in the discussion was: whenever the bargaining position vis-a-vis developed countries is weak, delink. If it is strong, maintain the linkages.

The international system is the product of a certain order -in this case the post-second World War one-and behind any order there is power to impose and sustain it. Delinking, thus, cannot be assumed / <sup>to be a</sup> politically free initiative for the underdeveloped countries to take. A struggle should be expected for which solid internal support is required. The collective element becomes in this context very important as well.

#### 4.- Cooperative dimensions of C.S.R.

Three different levels at which collective action between underdeveloped countries could productively take place where discussed:

(i) The first and broader level would be the collective action in the creation or reorganization of international

institutions, in negotiations with developed countries such as the north-south ones, or in bargaining for improvements of terms with regard to a number of international system's components. Significant steps forward in relation with this type of collective action have been the coming together of the 77 or the non-aligned groups. Still these associations of countries lack a well organized secretariat and in general what is required to operationalize decisions.

(ii) The second level is the regional one. Different forms of regional integration between underdeveloped countries have been attempted. Theoretically this should facilitate access to resources and markets between neighbouring countries which in most cases are too small (due to colonial bulkanization). The most interesting of these experiences from a C.S.R. approach is the Andean Pact, which has been much broader than simply aiming at creating a common market among uneven weak countries. The Pact includes mechanisms for industrial programming, control over foreign investment and technological transfer. However it has suffered from lack of political homogeneity due to changes in some of the member countries in a direction opposite to C.S.R. and favourable to a re-connection with developed western countries in a traditional dependent fashion.

A crucial requirement for successful regional cooperation is a relatively balanced situation between partners in terms of economic and military power, a not too different degree of development, and political cohesiveness.



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(iii) The third level / fruitful collective action between underdeveloped countries could take place is the association of exporters of the same basic commodity. Of this type of associations of producing and exporting countries -for single products-, the more successful one has been the OPEC. There is of course nothing new in the idea of strengthening negotiating positions by joining forces and therefore benefitting from monopolistic powers. This has traditionally been done by developed countries (i.e. economic negotiations between the USA, on the one hand, and a large number of non-organized Latin American countries on the other; or the case of the Lomé convention negotiations; the European community in the one side and a large number of poorly organized African countries on the other). Usually these types of associations aim at improving and later on stabilizing terms of trade.

(iv) Finally, another level of collective action is in relation with special projects. Usually this cooperation develops around costly or highly specialized project in infrastructure, education, technology, food production, or industrial investments whose costs and benefits can be shared by several countries. It is easier in most cases to develop these types of collective projects between neighbouring countries than when partners are far away, though political affinity is a dimension that also counts.

#### 5.- Some other aspects of Collective Self-Reliance strategies.

C.S.R. implies much more than just cooperation between underdeveloped countries in order to face and modify a negative pattern

of relationships which are a consequence of an inequitative world order. At the national level, according to the way this development alternative has been defined, it requires profound transformation of the social, political and economic structures inherited from the colonial and neo-colonial periods.

During discussions at the workshop there was recognition that the full mobilization and <sup>rerevaluation</sup> / of people and work, the recuperation of national control over physical resources, satisfaction of basic needs of the whole of the population and the income and assets redistribution implied are incompatible with a classic capitalistic approach and much more so with the present forms of dependent capitalism. S.R. points in the direction of some form of socialism, therefore of a profound change of societies in the periphery plus the confrontation with developed countries implicit in the delinking relinking process. Some degree of conflicts and tension seem thus an inescapable companion of a CSR development strategy.

From the discussion it came out clearly that the Third World countries (TWC) do not constitute a system by themselves. The question here is what it is understood by system. If the interpretation is made that when speaking of system the reference is to capitalism or socialism (socio-economic system), then it can be said that most of the TWC (with the exception of China, Cuba and may be very few other countries) lie at present within the capitalist space and within it they are dependent, not central. Alternatively, if by system it is understood a collective organization similar in degree of articulation to

the EEC or the CMEA groupings, certainly then the TW is not a system; as it was said before, even the non-aligned are not sufficiently organized in order to be able to implement all their collective decisions. This does not mean that some collective action, or the definition of some positions, for instance at UNCTAD level, would not be possible.

It should be realized, nevertheless, that only few countries in the TW are actually embarked in a C.S.R. strategy (e.g. Tanzania, North Korea), while China has taken a S.R. approach by itself (feasible in this case because of size). Nevertheless, partial co-operation between underdeveloped countries has been possible, as it was mentioned before, at the levels of the common project, or regional integration or international negotiations, despite differences of approaches.

The TW is defined more by the present dominant world order, the purposes and behaviour, toward it of the holders of concentrated power at the centre (First World), than by important long historical similarities much less linkages. In a way it is the international system of common dependent relationships and the colonial heritage that define the TWC. This is precisely the framework from where a C.S.R. strategy emerges as an attempt to overcome dependency, underdevelopment and social injustice.

One of the key contemporary actor in the world scene, and a main obstacle to a C.S.R. strategy, is the Transnational Corporation (TC). Its main characteristic arises by the fact that it operates internationally and concentrates a significant amount of power, big by comparison with most underdeveloped

countries' possibilities. TC's power is a result not only of economic concentration, but of technological monopolistic practices as well. When this is combined with modern management techniques, authoritarian technocratic bureaucracies, world wide information systems and electronic data processing, possibilities of exploitation of underdeveloped countries and interference with national strategies and policies is indeed high.

Transnational corporations not only control an increasing share of the international flow of goods, services and technology, but in addition to this they control the most dynamic branches of economic activity in underdeveloped countries (not only in the industrial sector). Their subsidiaries tend to dominate the local scene by their relative size and importance.

Concentration of power in metropolitan countries as well as in the peripheral ones, makes it possible<sup>for</sup> the TC to influence governments at both ends in order to satisfy their objectives. This power allows the T.C., in some cases, to obtain the metropolitan state's action against a peripheral country government which is implementing a development strategy counter to TNC interests. A CSR strategy, in delinking, gaining control of internal economic and productive decision making, mobilizing internal resources including the capability of generating alternative technologies and ways of organizing and administering, is bound to collide with TC's interests. Here is when danger of internal manipulation and foreign intervention increase (in the last decades several instances of this type have occurred, resulting in foreign

invasions or destabilization schemes; i.e. the Suez Canal episode; Guatemala, bananas; Chile, copper and telephones; etc.).

No strategy related with a C.S.R. approach, either at the collective or at the national levels, which fails to perceive and to confront the present power of TNC's, can succeed. There was agreement at the workshop that it is necessary to have a clear idea, within the framework of the alternative type of development strategies that were discussed (C.S.R.) as to what to do with multinationals in general as well as with those operating in a particular underdeveloped country. There is, in this respect, a need to develop indigenous capabilities for the generation, adaptation and absorption of alternatives technologies relevant in a C.S.R. context, and to provide for the development of local administrative and organizational abilities required in such a process.