



SERIES GOVERNANCE AND CITIZENSHIP

# State and Development

PROPOSAL PAPERS FOR THE XXIST CENTURY - CHARLES LEOPOLD MAYER EDITIONS

# Proposal papers for the 21<sup>th</sup> century

*The proposal papers are a collection of short books on each decisive area of our future, which assemble those proposals that appear the most capable of bringing about the changes and transformations needed for the construction of a more just and sustainable 20<sup>th</sup> century. They aim to inspire debate over these issues at both local and global levels.*

The term 'globalisation' corresponds to major transformations that represent both opportunities for progress and risks of aggravating social disparities and ecological imbalances. It is important that those with political and economic power do not alone have control over these transformations as, trapped within their own short-term logic, they can only lead us to a permanent global crisis, all too apparent since the September 11<sup>th</sup> attacks on the United States.

This is why the Alliance for a Responsible, Plural and United World (see appendix) initiated, in 2000-2001, a process of assembling and pinpointing proposals from different movements and organisations, different actors in society and regions around the world. This process began with electronic forums, followed by a series of international workshops and meetings, and resulted in some sixty proposal texts, presented at the World Citizen Assembly held in Lille (France) in December 2001.

These texts, some of which have been completed and updated, are now in the process of being published by a network of associative and institutional publishers in 6 languages (English, Spanish, Portuguese, French, Arabic and Chinese) in 7 countries (Peru, Brazil, Zimbabwe, France, Lebanon, India, China). These publishers work together in order to adapt the texts to their different cultural and geopolitical contexts. The aim is that the proposal papers stimulate the largest possible debate in each of these regions of the world and that they reach their target publics whether they be decision-makers, journalists, young people or social movements.

# **Presentation of the Paper**

## **« State and Development »**

The current crisis being experienced by humanity (the imbalance between the production and the division of wealth, the imbalance between human activity and the biosphere, etc.) comes down to a governance crisis, both at local level as well internationally. The State is the central link in this chain. Nonetheless, its form corresponds poorly to current needs, not just on internationally, but also nationally. Interdependence between States has been growing for several decades; it is also growing between the local and the international levels. Thus, it is difficult for the State to reposition itself in this kind of landscape.

The governance crisis can be observed at all levels, from the local level with its incapacity to manage its territories in an integrated manner, to the global level, with the difficulty of enabling a legitimate world governance to emerge in the face of market globalisation. Neither centralised planning nor the State's disengagement, which has come from the groundswell of neo-conservative opinion, have allowed a development model to emerge that is adapted to the needs of populations. (la traduction de ce paragraphe est disponible sur le site du chantier Etat et developpement)



# **State and Development**

Paper coordinated by Pierre Judet and Monzón Traoré



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# FOREWORD

## \* The need to reinvent the State\*

### *The State, at the heart of governance*

The current crisis being experienced by humanity (the imbalance between the production and the division of wealth, the imbalance between human activity and the biosphere, etc.) comes down to a **governance crisis**, both at local level as well internationally. The State is the central link in this chain. Nonetheless, its form corresponds poorly to current needs, not just on internationally, but also nationally. Interdependence between States has been growing for several decades; it is also growing between the local and the international levels. Thus, it is difficult for the State to reposition itself in this kind of landscape.

The governance crisis can be observed at all levels, from the local level with its incapacity to manage its territories in an integrated manner, to the global level, with the difficulty of enabling a legitimate world governance to emerge in the face of market globalisation. Neither centralised planning nor the State's disengagement, which has come from the groundswell of neo-conservative opinion, have allowed a development model to emerge that is adapted to the needs of populations. (la traduction de ce paragraphe est disponible sur le site du chantier Etat et developpement)

### *From sovereignty to governance*

The sovereignty of the state is being undermined from several angles:

- from above, via the extension of obligations stemming from international conventions, for example, the drawing together of the fifteen member states of the European Union;
- from below through the concessions made by certain states to their regional assemblies. However, increased needs for education, health, solidarity and security require efficient overall intervention from central government (the State) in view to rallying populations around familiar standards that are not ideological and which go beyond the narrow limits of the local and regional.

Nonetheless, the concept of the State must be made more flexible. Moreover, no sovereignty has ever been absolute. This rigid conception must now be reviewed, not in order to reject it but to adapt it to a globalised world. Sovereignty must be graduated according to the actors concerned. The leaders of every country should accept worldwide regulations in certain areas, obviously provided that this regulation corresponds to the requirements of justice and legitimacy and not on the hidden or blatant intentions of the powerful.

The complexification of the relations woven between governments, societies, communities and individuals requires conceptual innovations, in order to comprehend the world on the one hand and the acquisition of tools on the other to formulate a new form of common management.

Employing the term *governance* means placing emphasis on horizontal links at international level, in the absence of centralised world governance. This notion

is especially pregnant with meaning since it demonstrates that it is not the centres that count but the links between them. Governance is no longer the art of managing at one scale but that of managing between different territorial scales.<sup>1</sup>.

***Putting an end to the duality between State and Market: bringing the State up to date***

Neo-conservative premises are increasingly being called into question. Furthermore, renewing the role of the State in long-term development is the main subject of a World Bank report of 1997. According to the report, the examples of Chile, Korea, Japan, Taiwan and Mauritius show to what point an interventionist government can produce added value and play the role of catalyst.

The report entitled “The State in a Changing World” goes as far as declaring that **“An efficient and competent state is preferable to a minimal state”** and **“development without the state will fail”**.

The fundamental question is not whether a choice should be made between the state and the market, but to know how to link them together. This entails inventing new links between society, the economy and the state. The state should also take into account and dialogue with a *multitude of actors* including associations, NGOs, labour unions, various cultural groups, businesses and the private sector, etc. The arrival on the scene of new national and international actors represents an unprecedented challenge to the state to enter into *partnership*.

In this context, how can the capacity of the state to represent the public interest be resuscitated? How can government systems support local development initiatives? What new forms of partnership can be instigated between the public authorities and private actors? Do common conditions for efficient implementation exist despite radically different cultural traditions? What role can public services play in development, especially those concerned with education, infrastructures and territorial development?

The State's over-ideological vision must be replaced by a pragmatic vision

***Inventing other models for development***

The systems on which development has been based for two centuries are oriented towards productivism, placing emphasis on material development founded on the massive use of technologies and often wasteful consumption of natural resources. These productivist systems are now faced with a double dead-end, i.e. the imbalance between renewable resources and consumption, and the persistent and growing divide between rich and poor.

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<sup>1</sup> According to Pierre Calame, director of the Charles Léopold Mayer Foundation

## \* Drafting the proposal paper\*

### - *Who?*

The "Government and development" workshop responsible for drafting this proposal booklet is composed of four students directed by Pierre Judet, specialist in public and industrial development policies. Pierre Judet is Professor Emeritus at the Pierre Mendès France University of Grenoble and was the director of a research centre known as IREPD (Institut de Recherche Economie de la Production Développement). He has also carried out several missions in North Africa and Asia, among other places, concerning planning and industrial development on behalf of international organisations (UNIDO, UNESCO, UNDP, WLO, OEDC) and several governments. The students, who also co-ordinated an electronic forum, are all studying for an advanced studies diploma in the Management and Motivation of Development at the Pierre Mendès France University of Grenoble.

### - *How did we proceed?*

Different sources were used to fuel the ideas presented here. These proposals were initially based on a reference text used by the workshop. They also stemmed from the electronic forum (in English, French, and Spanish) that took place from May to August 2001. We then drew from in-the-field experiences in Africa, Asia and Latin America that permitted us to question people with visions of the future in this area and observations to contribute. Furthermore, we wanted to base our premises as much as possible on concrete experiences recorded in the DPH<sup>2</sup> database. This is why the proposals take on their full weight when seen in the light of the records in the appendices – DPH and others – and the examples cited.

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<sup>2</sup> DPH – Dialogue for the Progress of Humankind – is an international experience exchange network with a database comprising over 7,000 experience records.

# 1. THE STATE, KEY ELEMENT OF GOVERNANCE

The question of the State's role in development does not only refer to intervention on a national level, but also to its margins for manoeuvre in a globalised marketplace. The two levels, national and international, interfere more and more, thus blurring our points of reference

On the other hand, in order to be perceived as being legitimate, the State must be capable of re-entering a true partnership with society.

## 1.1- States lacking legitimacy

### 1.1.1- The gap is widening between legality and legitimacy

#### **Observation: The difference between legality and legitimacy**

The two notions do not mean the same thing. In fact, a government is **legal** when exercising power is governed by a set of rules and principles stemming from tradition or set down in a Constitution, by written laws and legal precedents.

The legitimacy of governance is a much more subjective notion. It harks back to the population's feeling that the political and administrative power is carried out by "good" people, according to "good" practice and in the common interest.

Democracy has always had a tendency to consider that legal governance is automatically legitimate because popular attachment to the forms of the exercise of power has expressed itself by the majority vote of Constitutions and of laws and that the attachment to concrete methods of the exercise of this power is periodically renewed through elections. The reality is much more complicated than the theory. Whilst the Constitution is, in some countries, the founding bill of the community, in many others it is a document for specialists, little known by the people and without any true link to its perception of the government. The democratic game itself can lead perfectly to a tyranny of the interests of the majority, in which important minorities are unable to recognise themselves. In many countries in Africa, Latin America and Asia, where the model of parliamentary democracy was imported in the baggage of the former colonial power, the new political system has imposed itself over old rules that were blessed and legitimised by tradition. These old regulations have been forced to disguise themselves or to conceal themselves, but they remain alive nonetheless. They can be noticed every day, for example with the application of property rights or methods of conflict resolution.

Pierre Calame, *Principles of governance for the 21<sup>st</sup> century*

## An illegitimate State

In many Southern countries, the State seems to be adulterous, in so far as its authority has never been the object of a consensual definition. In fact, a legitimate State is a State that accepts the discussion of its authority with its citizens.

In both the south as well as in the north, the State is mistrusted; it is alternately corrupt, predatory, awkward and thieving. In Africa, the State is often considered to be a model that has been grafted on from the outside. Distrust of the State increases within the context of globalisation and reduced margins for manoeuvre because it is incapable of assuring its country's development; its impotence places it in the bench of the accused.

According to E. Gu-Konu, "the more the States of contemporary Africa occupy themselves with development, the less they place their respective countries in a state of self-development": they are all "constructions from outside"<sup>3</sup>.

The reflections of William Ospina, a Colombian essayist, stress the irresponsible attitude of the State, accusing it of partially being guilty for the violent situation the country has been in for decades. We can read in his most recent essay, *Colombia in the world*, "It is rare to see a **State that is so considerate of those in power and so arrogant towards the poor**". "The Colombian State is absolutely anti working class; it is feudal, oppressive and mean, made to maintain the largest part of the population in a state of prostration and indignity. It has neither greatness nor national spirit." And he adds, "there is no longer a single aspect of our reality that shows that the State helps the nation, sets out a project or builds a country".

## Proposal

The legitimacy of governance depends on those in power

All things considered, whatever the controls and the counter-powers may be that surround their action and limit their excesses, it is the legitimacy of those in power – from politicians to junior government officials – that justifies their right to impose and to make requirements in the name of the common good.

### 1.1.2- A search for accountable States

**Observation: Corruption is the curse of the political world everywhere.**

#### Corruption :

Corruption is the perversion of integrity by bribery or favour; the abuse of trust for private gain, unfair personal benefit from actions that are

against the law

against the public interest (but who decides ?) or

contrary to public opinion (but is this consistent ?).

it is also described as social decomposition

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<sup>3</sup> Extracts from "State entity and development in tropical Africa", IRFED, DPH 0235, 09/1989.

Extract from “ *Learning module on corruption issues* ”, Dr D. Osborne, UNDP  
Asia Pacific Governance Resource Facility, Sept 1997, University of  
Chulalongkorn, Bangkok:  
<http://www.chula.ac.th/studycenter/pesc/newletter/denis.html>

The independence of the law is a problematic issue that has often been expressed. In certain Southern countries the separation between the legal power and the executive power has not been established. When they are separated, the law can function outside the influence of the executive and the political; this is also the case in the Northern countries but to a lesser extent. Countries where power is concentrated in the hands of a few do not have the ammunition to fight against corruption.

For some, corruption is even institutionalised in Southern countries. The persisting collusion between the political world and the business world in some countries proves that there is a true divide between the elite and the people. For all that, the relationships that the State maintains and must continue to maintain with the business world are necessary. The benefits of the "Asian model" can never be repeated enough. But far from generalising this "model" which, moreover, is integrated into a particular culture, and which is undoubtedly extremely difficult to replicate elsewhere, it is above all the ethics of the political world and the business world which has been called into question once again.

In Cameroon, it is even said, **"the only existing link between the State and public or private enterprises is corruption"**. How can it be explained that Cameroon's income from oil did not feature in the State's budget, right up until 1999?

### **Poverty feeds corruption**

Moreover, corruption seems to be more pronounced in the poorest regions. However, on this occasion, it concerns a different kind of corruption that is directly linked to poverty. Clientelism (which surfaces in Thailand for example by selling one's vote for a handful of Baht) is more linked to the problem of poverty in itself than to the act of making poverty-stricken individuals aware regarding the necessity not to sell their vote. It is the misery that must be tackled, not the poor.

### **The influence of lobbies on public decision-makers is difficult to curb**

The extremely high concentration in the hands of the same people or families creates powerful lobbies. Certain groups own entire sections of the economy, as is the case with Santo Domingo in Colombia who owns Coca Cola, the beer monopoly, the newspaper "el expectador". In Thailand, the Prime Minister himself owns a large part of the Thai economy, and is one of the richest and most powerful men in the country. In addition, the collusion between the public sector and car importers has significant environmental repercussions, because it hinders any effective legislation concerning pollution and limiting the number of cars in Bangkok.

## **Tax evasion as a result of unclear legal frameworks and unscrupulous leaders**

In several countries, it is easy to see the lack of clarity that reigns over the difficult question of tax evasion and how this makes evading taxes easier. In Thailand, the recent proceedings brought against Prime Minister Thaksin (one of the richest, most powerful men in the country) could well be a precedent. Taken to court by the newly formed anti-corruption commission, accused of tax evasion on public assets, he appealed in front of the Constitutional Court who acquitted him. This decision was surprising, but it reinforced the business milieu by preventing it from being destabilised. Should this have happened, the Prime Minister would have been forced to resign.

### **Proposals**

#### *- Accept external control on corruption and promote coherence between policies*

It is a good thing to have a certain notion of continuity in policies, be there a change in government or not. By creating monitoring units and distributing information on government action (to check its coherence, continuity, etc.), civil society can benefit from more transparency. Leaders must have an obligation for performance. This control should be carried out at all levels and not just at the top echelons of the State.

#### *- Promote training for political leaders who are not a part of the economic elite*

Political leaders often come from the elite. All the jobs are inevitably reserved. Leaders, who are "closer to the field" and to reality, are undoubtedly more capable of preparing satisfactory political projects.

#### *- Civil society must urge the State to legislate on collusion and corruption*

There must be permanent non-partisan monitoring. But there has to be real determination to fight against corruption, **"It has been said that it's not money that is lacking in Brazil, but the capacity to be ashamed"**<sup>4</sup>. Civil society must force the State to legislate on corruption and to combat impunity

The perpetrators of this corruption could have been judged for **"violation of the State's image"** or **"violation of the State's legitimacy"**, for, if we admit that leaders are representatives of the State as an entity, they are also responsible for its image and, through this image, its legitimacy.

Laws must be the same for all and be applied without any distinction.

In 1993, the Bolivian ex-dictator, General Luis Garcia Marquez, together with 47 leading civil servants including the ex-minister of the interior, Colonel Luis Arce Gómez were condemned for massive violation of human rights and serious corruption (large-scale embezzlement of public funds). The trial was able to take place thanks to bringing victims' families together with numerous NGOs (see appendix, experience record 1: *"Bolivia: an historic sentence pronounced against impunity"*).

#### *- Clarify the laws in force, and laws against tax evasion.*

Amending tax laws every time it suits a politician must be avoided.

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<sup>4</sup> See "Development, inflation, fundamental ethics: the misfortunes of Brazil that result from an absence of basic morals", JUDET P., DPH 5962, 09/1996

### 1.1.3 - Renew the dialogue between the State and Society to bring about a State closer to society and respecting cultural diversity

**Observations:** The State often seems to be an opaque entity.

The State has its own means of expression - regulations are its preferred language (see appendix, experience record 2, *The State at the heart*), its own culture.

In the north, public activity is called into question by extremely diverse backgrounds such as citizens, partnerships and businesses. According to them, the State hinders more than it helps economic activity; its laws are discouragingly complex. Nonetheless, it is regularly called in to help.

#### The difficulty in recognising groups

The State finds it difficult to recognise groups; the Western State model tends only to deal with individuals, who find themselves alone in facing the State. However, Western individualism is far from being the privilege of all cultures and all populations. According to the Indian concept of power, leaders lose their legitimacy when they distance themselves from their original operating framework, the community prevails over the individual and consensus opposes the right of the majority. In Latin America, this model conflicts with the Western model. Indigenous claims are increasingly making themselves felt in this continent such as in Colombia, in Mexico with the Zapatista National Liberation Army (EZLN) and in Ecuador where the Indigenous Ecuadorian leader Antonio Vargas embodies both legitimate revolt as well as a disturbing means of protest as he does not find any common ground with what justifies democratic societies<sup>5</sup>.

#### Proposals

##### - State recognition of existing solidarities

Faced with the withdrawal of the State, numerous self-development initiatives are seeing the light of day. Once launched, States could give them support to make them last. In Mali, efficient development policies have been started up. The objective of the Ton de Dougouninkoro<sup>34</sup>, for example, is to guarantee village development on production and farming levels together with increased handling of local affairs by the populations themselves. This Ton now has strength, which must be nourished and stimulated. However, although this enterprise is an answer to official withdrawal, this role should perhaps be fulfilled by the State nonetheless.

In Senegal, an initiative by fishermen is exemplary: they drew inspiration for their experience from the European Parliament to shake up their own members of Parliament. The CNPS - Collectif National des Pêcheurs Artisans du Sénégal or National Group of Senegalese traditional fishermen - denounced their locally elected representatives' lack of interest in traditional fishing,

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<sup>5</sup> According to Pierre Judet, he had in fact declared in January 2000 that his movement was going to show that "the people can come to power without ballot papers".

<sup>34</sup> DIARRA Amadou Baba & DE NORAY, M.L., "*Dougouninkoro, a rice-producing Mali village, After the State....the Ton!*", DPH 5496, 08/1995.



which is a key sector in the Senegalese economy. In fact, **fishing communities have now acquired political recognition from the State**. The CNPS action has had considerable impact inasmuch as traditional fishing is now the subject of a public debate at the National Assembly<sup>35</sup> (*see appendix, experience record 3, “Senegalese fishermen draw their inspiration for their own experience from the European Parliament to shake up their own members of Parliament”*).

- Create dialogue using new methods of communication; when States speak the same language as their citizens

If States want to win back their citizens' confidence, they must make themselves accessible and be available. States must get nearer to their populations, but to do this an appropriate language must be found.

The Bogota initiative is an example of such an attempt, where the capital's city council has tried to make contact with its citizens by speaking their language.

“Today, whoever knows Bogotá well can see that traffic conditions have improved and that the city is more “human” than in the past. The methods used by Mayor Mockus – who succeeded Peñalosa, and who is mayor for the second time running – seem to have born fruit. Antanas Mockus, an academic of Lithuanian origin, is a teacher who has displayed great powers of invention and imagination in his perception of urban politics.

**Mime and dance shows were organised at crossroads and red lights;** the objective of these educational shows was to make road-users obey road signals and respect pedestrians. Apparently the town was even more dangerous for pedestrians in the past than at present; walking must have been really dangerous in Bogota!

**Popular, evocative symbols were used: for example certain codes that punctuate football matches, such as red and yellow cards...**

**Thanks to an original method of communication using popular references, the message has got through: one giving a sense of citizenship and which rebuilds social contacts that had been seriously damaged.** It appears that in politics, making suggestions through a reference common to the whole social structure is more efficient than taking disciplinary action. In politics, it is not enough to have ideas on what should be done: the method applied is often a decisive factor for efficient action. This experience also shows that to succeed in urban politics, new methods must be invented urgently to renew dialogue, not only between leaders and citizens, but also between the citizens themselves.”

*“Making cities more human: new methods in city politics at Bogotá”, Delphine Astier, 2001*

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<sup>35</sup> SALL Aliou, *Senegalese fishermen draw their inspiration for their own experience from the European Parliament to shake up their own members of Parliament*, DPH 7293,

- Recognise cultural diversity and different groups inside the State

The state must be capable of recognising the different customs and traditions of all the populations living in its territory. In this respect the Colombian example is exemplary. The Indians' battle has led to a new concept of the nation and the **notion of "ethnic rights", a notion that is completely opposed to the Western positive law** that makes up Latin-American constitutions and legislation.

The Colombian example

"Multi-ethnic and multi-cultural recognition not only concerns Indians, but black people and descendants of Afro-Caribbean populations.

Article 7 of the new 1990 Constitution stipulates that the State recognises and protects the Colombian nation's ethnic and cultural diversity. Seventeen other articles recognise the rights of Indians and ethnic minorities in general, including: accession to Colombian nationality for Indians who live on territories in neighbouring countries and who are a part of cross-border ethnic groups; election of two senators in the context of a national Indian circumscription; five members of parliament representing ethnic minorities; recognition of indigenous territories that possess the same rights as other territorial communities, etc.

The new Constitution gives legitimacy to a movement that has been trying to link law with social practice for a number of years. It still remains to be seen how this can all be applied in a society in a situation of total crisis."

Extract from "*New Indian citizenship, the Colombian example*",

DPH 2206, LARREGLE A., 03/1993.

In Mexico, alternative legislation is coming to light. Marginalisation of part of the population, due to increasing inequality, has given birth to groups of underprivileged people who have come together and organised themselves outside accepted rules. They have drawn up their own rules and their own community practices that meet their real requirements. A certain number of these groups have become so important that the State now considers them to be valid representatives, thereby recognising the existence of an *alternative legislation*. Alternative legislation imagined as a series of legal practices running parallel to established law existed as far back as in ancient Rome. In Mexico too, the EZLN<sup>6</sup> is fighting to create an independent internal organisation for each community, governed by its own regulations. Faced with the extent of the movement, the government has already made several concessions.

The acceptance of a dual culture can equally come to pass *through bilingual education, reconciling the official language with the vernacular language* in schools; this is of course on the condition that the recognition of cultural minorities does not go hand in hand with the exclusion of others; it is about assuring the co-existence of cultures using schools as the intermediary.

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<sup>6</sup>Ejercito Zapatista de Liberación Nacional

- But also ... get to know the State better to understand and admit that it does not exist outside society

The mutual wariness between the State and the population also stems from lack of knowledge. Sometimes populations do not realise what the State does; they know what it doesn't do or what it levies through taxes, but are often unaware of its acts of redistribution: social security, roads, schools, police. To find a solution to this situation, training in colleges and high schools could be envisaged to explain the role of a public service – especially in countries like France where there is considerable affection for the public service. It is a system of redistribution giving various geographic examples that provide details on where the State intervenes or not. This information could be given using concrete examples. In Thailand, the government sends students to villages to collect data; this is an interesting way for building a relationship between populations and the State. Above all, it is a question of understanding that the State is an expression of society and not an external phenomenon.

## **1.2- The state and local governance: the different levels of territory and decentralisation**

**Observations: A series of problems related to the process of decentralisation itself restricts local development.**

Decentralisation is intended to improve solutions to the requirements of populations at local level. In the decentralisation process, the capacities of local communities should be reinforced, but without “ever cutting the umbilical cord between local communities and the State”<sup>30</sup>.

But what sort of decentralisation do we need today? The decentralisation process cannot be the same everywhere. This is why African states that have been trying to decentralise “à la française” for many years could do nothing but fail. Local realities must be taken into account.

In numerous countries, local leaders complain that they do not have access to the financial assets they have collected for central government: the same type of problem is to be found in Mali<sup>31</sup> and in the north of Thailand. This creates frustration for locally elected representatives, who feel that they do not possess the means to develop their localities.

### ***Proposals***

- Reduce the number of intermediaries between local authorities and the State

In Mali, the end of the single tax collection system is being called for. The problem is that resources are always centralised and that the provinces do not benefit from true financial autonomy, which leads to a lack of efficiency. The single tax collection system is an administrative principle that places the resources collected in each locality into the hands of the centralised state through the Treasury. Subsequently, the State divides the collected funds and redistributes them according to a principle of solidarity between the localities. The problem lies in the fact that the efforts made by a given locality (for

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<sup>30</sup> “Governance and strategies of change – the example of the Senegalese decentralisation policy”, DIOUF M., Experience record n°39, DAF n°107 “Rethink territories - Construct common perspectives from exchanging experiences”, co-ordinated by RANSON I., July 1998.

example efficient tax collection) is not rewarded, and the gain from this improved tax collection will go to all, including those localities that do not make any effort at all to collect the same taxes. Thus, the principle of solidarity has its limitations. The State needs to create incentives for tax collection. Moreover, a system of solidarity can be maintained, but with different foundations.

- Increased transparency in the allocation of collected and redistributed funds.

Information concerning the use of taxes within each town, region or province must be circulated.

Towards active subsidiarity:

A definition of subsidiarity:

“Subsidiarity is a way of articulating different levels of management in public affairs. It is based on the idea that the most suitable solutions for each situation, which take full advantage of everyone’s capacities of creativity, are to be found at the “lowest” level, as close as possible to the field. Subsidiarity replaces an obligation to provide resources by a obligation for results, so that each level of the community is free to invent the most suitable means for attaining the result in question”

Definition issue “State Reform and new governance”,  
Courrier de la Planète, n°41, July-August 1997, p.49.

The State can no longer act independently: it is an actor among others in law and is required to take the different levels of territories into account.

At the local level, the question of “**active subsidiarity**” is raised: “(...) each territory and each level of governance has the right to bring specific answers to common questions.<sup>7</sup> This notion lies at the junction of “all State” and “all federal”. It is necessary to establish links between the different levels of governance (see appendix, experience record 4, “*The issue of active subsidiarity - new governance and territorial articulation*”).

Active subsidiarity also assumes that nothing is frozen and that permanent reflection by each regional level with the other levels will give birth to real dialogue.

This would also allow problems connected to the continued existence of “local feudal systems” to be solved, systems that, in certain cases, decentralisation has even contributed in reinforcing. This way, “decentralisation does not exclude the existence of a balance of power”, on the contrary this type of balance may be productive for making more democratic decisions<sup>8</sup> (see appendix, experience record 5, “*Democracy, citizenship and participation by decentralisation*”).

Moreover, the territory's division must not mean that it is chopped up; but the provinces must be large enough to enable significant resources to be

<sup>7</sup> *Principles of governance in the 21<sup>st</sup> century*, PIERRE CALAME, Charles Léopold Mayer Foundation

<sup>8</sup> NICOLLET L., “*Democracy, citizenship and participation by decentralisation*”, DPH 4424, 11/94.

generated in order for the country's development to be organised around financially autonomous regions.

**Observations: Training local leaders is the foundation stone for the decentralisation process.**

In Africa notably, and more particularly in Senegal and Mali, the accent has been put on the incapacity of local leaders to manage the powers and prerogatives that decentralisation has given them.

**Proposal:**

- Train local authorities, give them responsibilities and promote their independence

Training is necessary for locally elected representatives to enable them both to understand their responsibilities and to set up real local development strategies.

### **1.3- How can a partnership between the state and civil society be created?**

Definition of civil society:

“Civil society is made up of institutions in which individuals pursue common interests without guidance or interference from the government. It constitutes an independent, non-lucrative, voluntary or charitable “third sector”, whose main characteristic is to be separate from the State and the business world. Civil society organisations can either come to the help of a given population or serve the interests of their members (labour unions, chambers of commerce).”

*“State Reform and new governance”,  
Courrier de la Planète, n°41,  
July-August 1997, p.49.*

**Observations: A civil society lacking concrete proposals**

Civil society, and in particular the NGOs, are not managing to propose concrete solutions beyond ideological debates. Civil society's strength seems to lie in protesting rather than in giving proposals.

**Trade unionism's loss of momentum**

Labour unions also find it extremely difficult to go beyond ideological discussions. Moreover, a **significant reduction in the level of trade union membership** can be noted in the Northern countries; in the south, the battle is that of the fight for union freedom.

#### A dramatic drop in the rate of trade union membership in the United States:

"In 1995, 35% of all American workers were members of a trade union. Today, less than 10 percent of the workers in the private sector belong to a union and this percentage is continuing to decrease. I think that companies [who do not want labour unions] are making a serious mistake. Labour unions can play an important role in communications with management. Without their presence, discontented workers can go as far as committing industrial sabotage or being taken to court." "Labour unions do not exist in dotcoms. Employees have to protect their interests by themselves."

"American law leaves it up to employers to decide on salaries and to take on or dismiss personnel as they wish."

Interview with Robert Reich  
Ex-Minister of Works to Bill Clinton  
"Le Monde Interactif", Wednesday 5<sup>th</sup> September 2001

#### **Of what is the NGOs' representativeness comprised?**

The implicit problem is undoubtedly that of the NGOs representativeness. Do the NGOs merely represent their members or do they weigh in with greater aspirations for the common good? The question deserves to be asked, even more than some larger questions. NGOs have more power than certain States and in certain areas they replace them.

"In a only few decades, certain NGOs have become real superpowers capable of influencing the world market, often for the better. But they possess the same faults for which they criticise the multinationals: impenetrable, inconsequent, only concerned about their own plot of land.... Therefore, can it be wise to entrust a mandate for changing the world to non-elected organisations who operate under the flag of democracy but are accountable only to their directors, their members and their backers, and who are often much less transparent than most political parties? NGOs have become a vector of expression for popular preoccupations during this transition phase where we see Nation-states getting weaker without any real political running system being established on a transnational level."

Extract from "*Over-powerful NGOs*, JUDET P., 07/2001  
*See appendix, experience record 6*

#### ***Proposals***

##### - Increase the NGOs' transparency

Whilst the problem of corruption is not as significant with regards to NGOs as it is with regards to the political environment, the increasing influence of these structures requires their transparency to be questioned. What is a better guarantor of transparency than civilian control?

In certain countries, it is even said that, until now, everyone is creating a personal NGO in order to attract capital due to the framework created and to current fashion. Thus there are so-called **NGO professionals**, for example in Cameroon. People create NGOs for their personal gain. Their main activity is to

put together grant applications. Nothing concrete has yet been realised. Thus, this atmosphere of NGOs could quickly lose any meaning. One way to promote transparency is to accept community control through the publication of annual reports.

- NGOs must be judged by their impact and not merely by their aims

Given the power they have, NGOs ought to be accountable for their impact and not merely for their aims. For example, humanitarian NGOs have been warmongers. The same counts for multinationals that, although they are private, do have repercussions within the public sphere (for example with health in the case of pharmaceutical firms). **These actors have a de facto responsibility.**

- Involve local populations in the decision-making processes

It would be desirable for local populations to express their expectations other than by means of elections, which are no cure-all, particularly in countries where the risk of corruption is the most significant. This would also enable the population to take on more responsibility regarding common problems, which, in addition, would benefit the effectiveness of business reforms.

The State can promote the emergence of civil society by **avoiding viewing it as an adversary**, both at the national level (opposition with the labour unions), as well as at the international level (police repression at the Genoa summit last July).

Civil society must organise itself pragmatically. A noteworthy example is that of the Sri Lankan trade union ITGWU (Industry and Trade General Workers Union)<sup>9</sup> (see appendix, experience record 7, "Training workers in Sri Lanka for legal action- the Industry and Trade general Workers Union (ITGWU)") which is independent of all political parties and which essentially works on **educating workers on legal aspects** (especially women). The trade union also organises training sessions for trade union members to make them capable of negotiating with employers.

## 1.4- An international system perceived to be illegitimate

### *Proposals*

An international method of governance based on economic power of member countries: the problem of the representativeness of the Southern countries in international organisations.

The Southern countries complain that they do not carry enough weight both in international negotiations as well as in international institutions. **These propose democracy without being democratic themselves.** Nonetheless, developing countries represent the majority of the world's population.

The World Bank truly acquired its power upon its de facto entry into the field of world governance. Its charter anticipates that the five most important contributors will each nominate their executive director. The power is therefore

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<sup>9</sup> "Education towards legal action of workers in Sri Lanka - the Industry and Trade General Workers Union (ITGWU)", solidarity lawyers, DPH 6241, 02/1995.

proportional to the sum that member countries pay into the World Bank. In 1997 the ten richest industrialised nations controlled 52% of votes. By way of contrast, forty-five African countries jointly held a mere 4% of votes.

Moreover, the WTO (World Trade Organisation) is the centre of attacks from the Southern countries, in part due to the system of representativeness, and also because of decreed laws. The organ for evaluating commercial policies, composed of the WTO itself, the World Bank and the IMF (International Monetary Fund), poses a problem of representativeness. In these institutions, votes are expressed on a pro rata basis, based on the financial contributions of member states (**1 dollar = 1 vote**). It is easy to imagine the weight of developing countries in this context! Forty or so countries are not even represented in Geneva, or are only able to afford an ambassador common to several countries.

Finally, **the United Nations system is also going through a legitimacy crisis.** The system that was envisaged fifty years ago no longer responds to the issues of today's world.

"The UN is often perceived as a costly farce. Its limited democratic legitimacy, caught between the right to veto of a few large countries of the Security Council and the hypocrisy of the principle "one State, one vote" which appears to place Nepal, Burkina Faso and the USA on equal footing (...). Current world governance, which for the most part consists of relationships between national States, combines the lacks of legitimacy: those who care about the lack of legitimacy of the States themselves and those who care about the terms of relationships between States."

Pierre Calame, " Principles of governance in the 21<sup>st</sup> century"

### **"To each his own!": Adaptation of liberalisation Policies - to each country according to its constraints**

Deregulation policies, notably structural adjustment programmes carried out in numerous countries, have been fairly rapid and have destabilised the economies concerned. The Northern countries have regulated their economies gradually, relying on long-term political stability. It is admitted today that creating market economies was preceded by centuries of efforts in building a political and judicial order (Pierre Judet). In the countries of the south, structural adjustment programmes have forced some of them to open up brutally (e.g. in Cameroon). Beyond the rejection of deregulation of the economy in itself, it is more uncontrolled deregulation that is being put into question. Some say that a certain amount of political determination is required to oppose uncontrolled deregulation of an economy and this apparently does not exist. Deregulation can only be gradual in developing countries and must be accompanied by protection of key sectors such as food.

It is the very negation of cultures that is dramatic when methods of development are standardised. Vershelt, in answering the question of the so-called problem of making Africans politically aware, explains that there is "a culture of confrontation [in Africa], which is quite different from the methods developed in the 19<sup>th</sup> century by the European working class! The failure inflicted by the Africans on the alienating development can be interpreted as the result of their resistance, a kind of civil disobedience faced with the



requirement to develop in a Western way"<sup>10</sup> (see appendix, experience record 8 "Social struggles in Africa").

### **Proposals**

#### Re-balance methods of negotiation and implementation of rules to benefit the south

In order to be legitimate, world governance's mechanisms must have been genuinely negotiated with all of the world's regions and **have been judged to be** equitable. And above all, priorities must correspond to the genuine concerns of the most populous as well as the poorest peoples.

#### Take advantage of the WTO without being subject to its regulations: to reinforce the coalition of developing countries within regional organisations

The major problem for developing countries is to get themselves heard inside these organisations, amongst which the WTO sits in the front row. Regional agreements between West African states, for example, could constitute a base for States to adopt common positions on a worldwide level and stand together. At present, it is also a **lack of co-ordination** between these states that leads to reducing their influence on international decisions.

Increasing co-operation within these international organisations would lead to better management of problems they have in common (environment, poverty, technology transfers etc.). Moreover, legitimate and representative international organisations could have a legitimate coercive power in as much as if this power were granted by all the States together.

#### - Abandon the notion of absolute sovereignty

The State must be envisaged as a link in the chain of world governance. Absolute sovereignty has become an illusion and the international system, of which the State forms the corner stone, is no longer suitable for the interdependent world in which we live. There is a discrepancy between the perception we have of the State and reality.

"Sovereignty must be "graduated" according to the sectors concerned. Governing bodies in all countries must accept worldwide regulation in certain domains, on condition, of course, that any such regulation corresponds to needs of justice and legitimacy, and not to the hidden or visible intentions of the world's powerful."

Extract from the forum on "Government and Development, governance focus".

This will also enable international sanctions in certain domains to be legitimised (e.g. the international appeal tribunal for Yugoslavia). International community action must be legitimised in the two domains of development and human rights.

Graduated sovereignty must not be fixed but must be flexible in accordance with the principle of active subsidiarity, as mentioned above.

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<sup>10</sup> VERHELST, T., "Social struggles in Africa", DPH 1571, 08/1993

- Promote training for national experts on international negotiations

The countries of the south do not master the judicial systems imposed by the industrialised countries regarding international agreements (in particular in domains as complex as those on intellectual property). So, training experts on these subjects may guarantee that the rights of the countries of the south are respected.

For example, as far as drug manufacturing is concerned, the Southern countries are exposed to the pressures exerted by large pharmaceutical groups, a sector with gigantic financial stakes, as well as to laws decreed by the WTO. Drug marketing is in fact subject to licenses (with a duration of twenty years) that protect the holder who can prevent anyone from manufacturing, selling or buying the protected product.<sup>11</sup>

This agreement provides for exceptions with its "obligatory licenses", but these are very restrictive and presuppose a complex legal competence on a country's part to make this law count. In this area, India and Argentina, who have experts in international law and in licenses, form the exception.

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<sup>11</sup> This clause comes from an WTO agreement dating from 1995, on Aspects of Intellectual Property Law involving Trade (ADPIC).

## 2- THE STATE AS REGULATOR

The State has several ways of regulating activities both in the short and long terms: financial incentives, instilling a climate of confidence for investments, ordering priorities in order to give emphasis to such and such an activity, even granting loans at low interest rates to promote a given sector or branch of activity. This regulatory function is essential, especially where global public property is concerned.

### 2.1- Short-term regulation

**Observation: The dependence of developing countries on industrialised countries, especially regarding capital (and problems related to its volatility)**

NGOs criticised the 1997 World Bank report on the State since it failed to deal with, among other things, the issue of international taxes and the international co-ordination of taxes (the idea of the Tobin tax and also the harmonisation of income tax, the combat against offshore trade). What institutions other than governments can set up legislation to regulate capital? Volatile capital flows are dangerous for most economies, as demonstrated by the Southeast Asian Crisis of 1997. The extreme volatility of foreign capital was not denounced as the only factor triggering the crisis, but certainly one of the most important of them.

#### *Proposals*

##### - The emergency: the combat against criminal funds

The combat against criminal funds, money laundering circuits and tax havens is an absolute priority. This will decrease speculative volatility. In addition, it is easier to reach consensus on this question than applying the Tobin tax. Offshore places ought to be subjected to international controls in order to prevent them from harbouring suspect funds.

##### The idea of a tax or a control on capital transfers is making headway, but many feel that it is utopian.

Chile has succeeded in protecting itself in this way against financial speculation and thus favoured productive investments. In fact it has been a pioneer in this field. All financial investments have to remain in the country for at least a year.

“In 1991, Chile set up a foreign capital regulation system now considered as a model for other Latin American countries. This desire to control the volatility of capital flows is manifested in two ways:

- a deposit of 30% of the total amount of the capital invested from abroad must be entrusted to the central bank for one year in a no interest account;

- all direct and trust fund investments made in Chile must remain in the country for at least one year. This is how Chile avoided the shock that affected Brazil in 1997 and inspired confidence in foreign investors.”

Belgium is currently setting up this type of regulation. Thus the idea of a tax on capital transfers or else of rules obliging investors to invest their capital for a minimum period is one of the solutions under consideration for the short-term control of capital flows. However, only the State or the competence delegated by it to a higher legitimate level (e.g., an international body) is capable of legislating to implement such rules. In addition, this type of regulation, by implementation at national level, could spread by encouraging other countries to do likewise. This would circumvent the need to obtain international consensus on attempting the experience.

Making investors responsible for the impact they have is also one of the paths, but that is perhaps more difficult to achieve.

- The regional solution: while awaiting a miracle solution, there are means for setting up co-ordination

The short-term regulation of the dependency of developing countries on the exterior can also be achieved through regional agreements to back up decisions taken at international level. The adoption of common rules and measures within a region guarantees a common front vis-à-vis the exterior.

Some have observed that developing countries have deregulated without passing through a preliminary regional integration stage, as have the countries of the EU. Countries can use their **collective synergy in the area of natural resources** (e.g., surplus electricity production in Ghana could serve the needs of the entire region). Historically, European construction began by pooling strategic natural resources, with coal and steel, in 1952 in the ECSC<sup>12</sup>, thereby creating **concrete unity** in the words of one of the fathers of Europe.

## 2.2- The long-term regulation of public property

Definition of public property:

“Public property meets two criteria: its consumption is general, i.e. the same property is used by everybody and access to it is free, i.e. nobody can be prevented from having access to this property. Examples: air, knowledge, ideas, civil peace, etc.”

“*State reform and new governance*”, *Courrier de la Planète*, no. 41, July-August 1997,

**Observation: Different regulations may apply to all kinds of property**

There is property that can be managed perfectly by the market sphere; here the market offers adequate regulation. Replenishable natural resources are a different kind of property: one should not argue about the quantities which could be available at one time or another, but rather think in terms of availability, which requires structures for the management of these resources to be put in place. On the other hand, certain goods multiply when they are divided: here we are talking about knowledge, culture, etc. These goods pose

<sup>12</sup> The European Coal and Steel Community

the thorny question of licenses. Finally, global public property (for example the air, the oceans), cannot be integrated into the market realm because there is a high risk that their value will be intrinsically reduced. All of these categories therefore require differentiated treatment by the State.

### **Not enough account is taken of public property, especially global public property**

Governments are increasingly faced with long term problems that cross borders. Moreover, they have many difficulties in managing these problems. We are used to considering the State as the guarantor of sustained socio-economic systems; however, isn't it also the guarantor of ecological systems?

In parallel to problems of managing "national" public property, States must manage global public property. Nevertheless, despite these global problems that in particular impact on the ecological balance, it appears that the order of priorities at world level obey the demands of economic relationships and trade. Thus environmental negotiations do not take precedence over trade negotiations. Furthermore, they are held separately within different multilateral organisations. What can be done to give precedence to environmental and labour negotiators over trade negotiations?

Moreover, public property has often been the privilege of States. These public utilities, if they are well managed, guarantee that a minimum level of social justice be respected (access for all to drinking water, public transport, electricity, etc.).

When looking at things in a wider perspective, certain global resources of the first order such as water or air are also public property. The decisions taken by only a few have an impact on neighbouring countries and even the whole world, hence the need to co-ordinate the decisions taken, since efficiency is impossible without co-ordination. However, although it may be considered as a duty for the State to take responsibility for these items of public property as only it can regulate them, not every State around the world has the same resources for managing this property, as they must often deal with more urgent needs.

### ***Proposals***

#### ***- Favour self-control over natural resources by local populations.***

In Thailand, the effects of uncontrolled felling of trees are dramatic. Thus consideration was given to placing the forest under **community control**, so that everyone would be made responsible for this resource. Felling trees should be organised so that everyone feels responsible and a stakeholder in forestry management. However, to achieve this, the population must be given the means to organise itself, fell rationally and take training in long term forestry conservation to protect their resource.

The fishermen of the region of Colombia organised themselves on a territorial scale and succeeded in interrupting their fishing seasons in order to give fish time to breed. The source of this type of self-control was the old adage "**Don't kill the goose that lays the golden eggs**".

Moreover, self-control applied to natural resources can be encouraged by some way of remunerating villages that protect the forest, likewise with water. The management of public property can be more difficult in the case of "invisible" items, such as air.

- Encourage the use of alternative ways of using resources rather than exploitation and destruction: "green" tourism in developing countries controlled by local populations

By encouraging awareness at every level and in every milieu (companies, local populations, local authorities, etc.) of the **economic interest of preserving resources in the medium and long terms**. For example, in Thailand the authorities in Chiang Mai (North West Thailand) have become aware of the tourist issue, represented by a luxurious forest on the outskirts of the town. The economic wealth generated by tourism is undoubtedly an efficient argument in favour of preserving the forest and one to which the local population is sensitive. It is possible to imagine a type of tourism "organised on the basis of natural resources", regulated by local populations and negotiated directly with tourist agencies.

A committee to co-ordinate the villages in each of the localities can be imagined that would bring both the heads of the villages together as well as the government officials of the local authorities (assumed not to be corrupt) and would also have a dual function: to prevent the tourist agencies from being in a position of strength with regards to the villages, to control the management of the resource (for example the forest), as well as a communal educational function (regular training around the proper use of the resource and learning about "green" tourism).

## 3. A STATE WITH A STRATEGY

### 3.1- A forward-looking and modernising State

**Observations:** “There is no State, there are only governments”.

Governments come and go without taking into account previous projects, whether or not they were successful or failures. This is obviously due to the demagogy of the newly elected wanting to be different from their predecessors. Hence there is a lack of continuity in policies and a lack of long term strategic vision, giving the population the impression that "the wind blows their ship where it will"<sup>13</sup>.

How can a nation that is also confronted with a fierce international environment "rise above its situation", if its leaders themselves do not feel responsible for the country's development in the medium and long term? In Mali certain local politicians acted as demagogues during the election campaigns of 1992. They circulated the idea that taxes would be abolished. Ever since, tax collection has been problematic, which holds up development.

#### >From the State as planner to the State as prospector

France no longer has long term plans and a Minister of Planning. However, the advantage of such plans was to:

- focus on the medium, long and very long terms;
- trigger debates between different sectors of national society: economic (bosses and employees), cultural, associative, political, etc.

The disappearance of planning to the profit of the market means the rule of the short term, which in turns makes it necessary to think prospectively, constantly bearing the long and very long-term future in mind. This can lead to questions and new approaches capable of shedding light on the short and medium terms. Only the State is capable of giving impetus to such an endeavour.

#### ***Proposal***

- The concept of planning should be reviewed. We require overall strategic views capable of incorporating every actor of society, whether they are academics, industries, farmers, etc.

In order to act, the State must project itself in the long term to know not only which direction it wants to take, but also the direction it can take. This requires knowledge of the country's advantages and limitations and thus an analysis of the present. This analysis requires accurate data, building databases and the interpretation of data. However, long-term forecasts are also constantly modified as a function of present events. In Japan, Korea and Taiwan, the capacity for long-term projection goes hand in hand with constant revision of this same perspective. This forward planning was therefore characterised by great flexibility. Forward-looking documents from the Malaysian and Singaporean governments bear witness to an extremely long-term vision

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<sup>13</sup> Expression heard in Colombia: “la nave no tiene dirección ”

(Malaysia 2020 and Singapore 2030). According to Pierre Judet, what the State loses in "bureaucracy" and "capacity for intervention", it wins back in the capacity for prospective co-ordination. We can learn from Asia that the market must not be suffered but governed.<sup>14</sup>

All said and done, considering the future requires knowledge of the past and foresight, in order to act on the present. Modernisation is impossible without a vision of the future.

Observation: Development cannot be bought

**The problem is not so much the transfer of technologies but of their control.** Apprenticeship is an important process. Algeria seems to have failed in this area, whereas the neighbouring countries of Morocco and especially Tunisia have made use of local know-how. Once Boumediene said "*Development? That can be bought!*", a view that appears caricatural. Algeria equipped itself with turnkey factories accompanied with turnkey markets in order to achieve turnkey development!

### ***Proposals***

#### *- Rely on local expertise and to be inspired by successful development experiences based on tradition and innovation*

The State can mobilise the experts and rely on their support for the country's development. In this context, Tunisia is exemplary and has become the most developed country of North Africa as well as the most industrialised in Africa (see appendix, experience record 9, "*Development based on mobilising the population and placing value on its knowledge - the Tunisian example*"). In fact, all societies hold traditions that have been formed over time and values that are their own. Tunisia relies on its ancestral expertise in order to develop its industrial hubs. Foreign technological contributions have not replaced the traditional craft industry, but have superimposed themselves on it. Thus, it was possible for Sfax to develop because of an easy meeting of tradition and innovation. But too frequently the State errs due to its inability to value these traditions (see appendix, experience record 10, "*A sad affair: the end of CAPMA in Algiers - When a controlled economy obstructs private initiatives*", it is a good counterexample and shows that development on a large scale, with large industrial complexes, can destroy a dynamic, traditional structure).

Next, temporality and adaptation in the long term must be taken into account. Michel Rocard makes the following comparison: "***for the most part, politics consists of tree cultivation***", because there is a sociological stage which must be taken into account.

Finally, values have often also been put forward in order to explain the Asian miracle. Values such as the family, work, national pride, consensus have been key factors in this country's development. These values do not only stem from the Confucian tradition, but they also come from Buddhism and Shintoism. Moreover, a society's cohesion, just as the feeling of belonging to a territory, are essential factors that the State must understand and amplify.

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<sup>14</sup> DPH record 5903: "A new configuration of the world, the weight of Asia", 1996



- Technology must be adapted to local realities for it to be effective.

For example, China imported second-hand machines that were certainly less modern but it knew how to use them; on the other hand, Algeria has invested in ultra modern machinery that did not work.

In addition, the State could back the creation of *small businesses to supply big businesses*. By conforming to the demands of the customer, small companies obey standards and gradually adopt the organisation of the companies they supply. Furthermore, this idea emphasises a major change in our production systems: what is important today is "**organisational technology**". Korea followed a similar strategy, by beginning with the manufacture of brandless products sold to companies selling under brand names.

- The State should support innovation in every area.

In France there is a promotion fund for venture capital. The French Agency for Innovation is the government's chief body for **encouraging technological investments** by companies.

Benin also sets a good example in **supporting new information and communication technologies**. It has set up a ministry of new technologies in order to give substance to the idea of "electronic governance" under a new programme known as the "Sustainable Development Networking Program" This programme, set up in 1997 thanks to support from the UNDP, aims at organising sources of information at national level and building an information network and an intranet type co-ordination tool to:

- Aid communication between the different institutions, entities and organisations concerned by the various aspects of sustainable development;
- Strengthen existing capacities, especially those of public, private and non-governmental partners.

Thus the State has intervened directly to give life to this programme which now co-ordinates all actions carried out in the area of new information technologies, of whatever nature, considered by the government or by any other national or foreign institution. Another short-term project aims to help primary school and older pupils to set up computer user co-operatives.

### **3.2.- A State that serves economic, industrial and agricultural development**

The State as partner of the private sector

As promoter, regulator and instigator, the State acts differently as a function of the evolution of society. Ranging from direct initiatives to promotion and instigation, how should the partnership between the public and private sectors be viewed?

## **Observations: The cultural perceptions of the relationship between the public and private sectors vary greatly from country to country**

The opinions expressed by Doctor Benniger<sup>15</sup>, former minister of the government of Chile, express the differences between Asian and Latin American mentalities: *"Regarding the role of the State, it seems that in Asia the State "builds development"; there is no dichotomy between the private sector, rather there is complicity. There is no rigid boundary. This permits joint actions in view to achieving national goals according to which rewards or sanctions are distributed.*

*The tradition in Latin America is dominated by Western values and the debate on the role of the State is more doctrinaire than in Asia. The left is anti-capitalist and anti-private sector while the right is anti-government and pro private sector. This situation is rigid. Although hard line ideology has disappeared on the left, the right is totally in favour of neo-conservative premises against the State, to such an extent that collaboration is impossible."*

### **The administrative labyrinth**

For example, in France, setting up a company is full of pitfalls that often discourage initiatives and which make self-employment difficult. Administrative language is full of official formulae that are difficult for unqualified persons to understand. Sylvie Chevrier<sup>16</sup> speaks of the Kafkaesque situation of the complex administrative procedures required to set up and run a company in France: *"The administration sets up procedures to help users cope with the difficulties that it has generated itself."*

### **The efficiency of the private sector: the same observation exists everywhere that competition exists between public action and private companies**

Subcontracting, the privatisation of public services, privatisation of large corporations, etc., highlight better efficiency in the private sector than in the public. As for public property, its management is increasingly transferred to multinationals (private laboratories for agronomic research, management of natural resources by multinationals, pharmaceutical companies that have an influence on public health, etc.).

### **The nature of our economies has changed and these changes need to be taken into account**

Post-industrial economies are *increasingly immaterial and oriented around knowledge*. **The economy of grey matter** covers biotechnologies, the production of new materials and their uses, the pharmaceutical industry and so forth. However, in the area of research, its related processes and marketing are

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<sup>15</sup> JUDET P., *"The role of the State in development: a Latin American reaction; The competency of Asian bureaucracies has added to the prestige of government services, whereas neo-conservative opinions deny prestige to which the State may pretend"*, DPH 5900, 09/1996.

<sup>16</sup> BOURGUINAT E., *"Setting up one's own company to create one's own job – Due to complex administrative procedures, setting up a company is equivalent to going through an assault course for which new job-seekers are unprepared, thus the number of failures is so great that it cannot be considered to be a solution for employment"*, DPH 7083, 10/1998.

increasingly taken over by the private sector. Indeed, discoveries stemming from research are protected by intellectual property rights thanks to patents<sup>17</sup>, in conformity with WTO<sup>9</sup> rulings.

This raises the following question: How can the State guarantee that knowledge remains within the public domain?

### **Regarding research, the balance between partnership between the public and private sectors remains precarious**

For example, in the area of agronomic research, partnerships between the public and private sector are used to finance research (joint venture, royalties, etc.). However, there is a pitfall: that of publicly financed research being exploited by private companies and laboratories that market and profit from the results. In the United States, *the Bayh Dole Act*, adopted in 1980, allows universities and public research institutions to apply for patents for inventions financed by public funds and market them. Similar conditions are being implemented in Europe, Japan and Australia. This situation ensures that discoveries are still made in the area of biotechnologies thanks to public funding, but they are not treated as belonging to the public in general (see appendix, experience record 11, "Partnership between the public and private sectors: the search for balance; The case of international agronomic research").

### **Proposals**

#### **- Steer State incentives towards Small and Medium Enterprises (SME) and to protect burgeoning industries**

Confronted by the new constraints of development and the present environment, private initiative should be given particular attention and genuine assistance by the State. Small businesses can play a major role in development. Firstly, they do not require enormous resources in terms of finance, thus national savings resources can be used to back them. Secondly, they can be directed towards local markets. On the one hand, they use local products leading to the rational use of available resources; on the other hand, they use local technologies (e.g., machines and tools manufactured locally to dry and pack mangoes in Guinea, the use of improved plant to produce salt and smoke fish in Africa, etc.). Lastly, the local market is targeted for distributing the products and the personnel needed by the company are also hired locally. State policies could do the following to encourage the creation of such companies:

- set up training to develop the spirit of enterprise and organise "young businessperson" competitions;
- encourage actions by NGOs and consultancies in this area;
- favour access to loans by encouraging private savings and lowering taxes on start-ups.

The State can support and **stimulate the creation of small businesses** by encouraging support structures for small business to be set up (whether in the developing country or in developed countries). Structures like these are starting to emerge in France. They support the unemployed, those on income

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<sup>17</sup> A **patent** is a temporary monopoly to exploit a product for 17 to 20 years. It gives the holder the right to be sole producer and vendor of his or her invention. The holder is free to grant a licence to produce or sell the product in return for royalties.

<sup>9</sup>Trade related intellectual property agreements

support or young people in setting up their own business (advise, financing at reduced or zero rates, etc.). In addition, the State can help these burgeoning businesses directly through, for example, tax allowances. There are therefore ways in which small businesses can be stimulated, which, incidentally, can provide a partial solution to the problems of unemployment.

In addition, the State can protect industries from foreign competition during their early stages, by learning from the example of Asian countries, especially when the companies in question involve external relations whose effects can be wide-ranging. In the seventies in Asia, an analogy can be made between the attitude of the State towards **infant industries** and that of the rice grower who takes care of his seeds in nurseries to ensure they get off to a good start when planted in the earth<sup>10</sup>. Thus the State should be present at every stage of industrialisation, in order to help businesses get over the hurdles that face them. The newly industrialised countries have been faithful to the initial lessons of F. List for whom *the protection of young businesses should be seen as a preparation for international competition for a limited period*.

- Give emphasis on public recognition of national talent, knowledge and know-how

Taiwan has set an interesting example with the collaboration that exists between State research centres and private businessmen when carrying out targeted co-operative research.

This recognition of know-how must not get lost in a context of increased privatisation. When implementing privatisation the State must take into account the possibility of making use of the know-how belonging to the workers of formerly nationalised industries. In Benin, for example, SONAPRA<sup>11</sup> had a monopoly over the cotton industry, i.e. it controlled the distribution of fertilisers to the farmers, egrenation and initial marketing of cotton. Now, with deregulation, it only manages egrenation, which it carries out along with other private companies. However, the State asked SONAPRA to help an EIG<sup>12</sup> (economic interest group) that distributes fertilisers in order to guarantee the 2000-2001 season since the latter organisation was unable to satisfy needs correctly. Although the management of nationalised companies can be called into question in terms of financial profitability (cost - profit ratio) **the human capital** developed by the workers over the years nonetheless constitutes advantages. In this case, why not help the workers to acquire their company or at least favour their integration in the privatised entity.

- The State must not work against but with the private sector

The area of research provides a good example of the potential partnership between the State and companies.

Certain forms of partnership can be considered between the State and companies (*see appendix, experience record 12, "The State must work with the private sector and not against it - Imagine production methods and methods of disseminating research placed at the service of collective well being"*). The State should not act against but with the private sector in a context of increasing privatisation. The aim is not to dismantle research, since if it were not remunerated by profits it would disappear. Although the State has problems in financing this very risky sector (public funds are lost in case of failure), it can

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<sup>10</sup> Analysis of Pierre Judet in the reference text of the State and Development forum.

<sup>11</sup> SNPA : Société Nationale de la Promotion Agricole.

<sup>12</sup> GIE : Groupement d'Intérêt Economique.

nonetheless share the results of this research. It could **give incentives to companies to practice fairer prices** or pay for part of the research afterwards and participate in distributing the product further downstream **by making mass production possible**. This process would guarantee profits for the private company and lower the impact of fixed costs on production.

For example, in the pharmaceutical industry, once a drug has been discovered, it is not very expensive to produce it in large quantities (e.g. generic drugs against AIDS). Means of setting up such partnerships should be found whereby private companies would have more to win by associating themselves with the State, thus making it easier for the latter to impose standards.

- Improving dialogue between the administration and companies

The examples of links between business and the administration in Japan are original and interesting, meriting further attention.

“MITI (Ministry of International Trade and industry) acts indirectly (as a catalyst) through relays. This is done through the Japan Industrial Robot Association (JIRA), the Japan Information Processing Development Center (JIPDEC) and a host of committees and subcommittees composed of representatives from industry and higher education. According to MITI, they work in a flexible way, and the Ministry does not impose policy. All these groups set up by MITI form a core through which industrial strategies are designed and implemented. These associations and others are located at the same address in a large building belonging to MITI, which also provides much of the finance for these associations; they also benefit from grants that permit them to contract interest free loans.

The role played by consultation between industry via the committees linked with MITI is essential. There is no doubt that these associations play a primordial role in Japanese industrial policy. They form bodies that listen, express opinions, negotiate, educate and diffuse information to the industries concerned. This system for collective decision-making via consultation leading to consensus is a process that incorporates awareness, analysis, negotiation and finally implementation both on the level of major orientations and that of industrial strategies followed by MITI.

Consensus Japanese style does not mean an absence of conflict but a strategy for solving conflicts via negotiation.”

*Extract from “Regarding the link between the administration and industry in Japan; Industrial policy, and increasing productivity are decided by consensus in groups comprising the State, companies, the universities and employees”,*

Pierre JUDET, DPH 5945

In order to take into account the proximity and complicity between the private sector and an interventionist government, the notion of “capitalist developmental state” has been introduced whose main force is the collaboration between the bureaucracy and the private sector. The State does not give orders but suggests and influences in the form of informal and rarely written recommendations. This requires that close contacts be maintained between the administration and the private sector. The companies that respond to these signals are certain to benefit from various advantages.<sup>13</sup> For example, during the seventies in Korea, the President of the Republic had two economic officers who had to inform him of the progress of the country's

major industrial projects, sometimes on a daily basis and several times a day! Even though this period is long gone, this example is of interest.

- Simplify administrative procedures for setting up companies and clarify laws

Set up a single decentralised counter for social and tax procedures in order to facilitate dealing with red tape. Information on all types of aid for setting up companies should be centralised and also relayed to branches. Municipalities could also play a role in encouraging initiatives to set up small businesses.

### **3.2.2- The State as promoter of a banking sector useful to development**

**Observations: The governments of many countries do not have control over financial resources because of:**

- Tax evasion. In many countries such as Mexico, Italy and India, *tax evasion* is almost legal. For example, Argentina's foreign debt is less than the deposits owned by Argentineans abroad.
- The high interest rates that they are obliged to maintain: due to financial globalisation, governments cannot set interest rates different from that of the world rate. In addition, there is the "country risk", composed of a number of indicators that take into account factors linked to the country's instability. *Hence very high interest rates*. High interest rates encourage financial investments and attract foreign capital in the short term but hinder domestic development, since they burden national companies that wish to invest. Furthermore, an increasing number of banks belong to the private sector. For example, in Mexico, half the banks are Spanish or Canadian.

**The banking sector is of no use to development under these conditions.**

For example, development banks in Africa have fallen into bankruptcy. In certain countries, productive investment and setting up businesses are almost impossible. For example, in Mexico, loans granted to small businesses must be paid back with an interest of 14%. This rate has to be added to a large number of restrictive conditions that raise this interest to a real rate of over 30%, obviously discouraging entrepreneurs.

**On the contrary, the banking sector has been most useful in Asia and permitted launching the economies of several countries.**

*The iron triangle system: the State, banks and companies*, has long been most efficient and permitted setting up modern industrial foundations. However, the complicity between these three sectors, once a reason for success, has now become a reason for decline. Both private and state banks have remained simple counters under the orders of politicians, and have no independent means of evaluating projects or risks<sup>15</sup>.

These examples illustrate that a balance between the two extremes is required: collusion between political power and banks and the total absence of political

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<sup>15</sup> For more details, refer to the reference text of the Government and Development forum, written by Pierre Judet.

control over financial resources.

### *Proposals*

#### - Promote the mobilisation of internal resources

According to a Mexican economist, efforts must be aimed at mobilising internal resources, particularly those generated by businesses, with a view to re-investing them. But that requires a reasonable medium and long term interest rate, as well as legal security and investors' confidence, based on a stable political and economic system.

#### -Develop partnerships between banks and micro-loan institutions

This would facilitate access to loans from flexible banks for those who have been excluded from the traditional banking system. The government could support the banking sector in relation with *alternative financing systems*.<sup>16</sup> Confronted with government withdrawal from financing, community banks, community funds<sup>17</sup>, and rural micro credit institutions have emerged all over the world. The **Grameen Bank** of Bangladesh, which invented the micro-loan system, has become a recognised reference worldwide. Public banks should support these initiatives and strengthen their support of funds constituted by local and regional savings. The history of the Crédit Agricole in France is an interesting example.

AMUCS (Asociación Mexicana de Unión de Crédito del Sector Social), in Mexico, is a network of financial organisations. On the one hand, it promotes setting up rural micro-banks and, on the other hand, it acts as an intermediary between the peasants and the government to put pressure on farm policy orientations. Cash assets from different loan institutions are deposited with the Rural Bank.

This type of action is inspired by experiences in Africa and the mutual banks in particular. In Benin, for example, the *banque tontinière* "Opération 71" is a specific type of company that has one foot in the "casual" sector (due to the nature of its financial products) and the other in the formal (thanks to its modern corporate management methods)<sup>18</sup>. According to Yves Fournier<sup>19</sup>, "it remains an example in terms of creativity and adaptation and its success may renew the concept of banking, especially regarding how the traditional banking sector perceives marginal populations. Its capacity to form a bridge with the banking sector (placing surplus cash assets, sales operations carried out directly with the banks) may lead to other innovations."

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<sup>16</sup> However, it should be noted that interest rates are not the only factor that determine investment and creating businesses. This type of institution sometimes applies interest rates similar to those of the market though the loan-security-reimbursement conditions are more flexible.

<sup>17</sup> An association of persons that pay money to a mutual fund whose proceeds are handed over to each member in turn.

<sup>18</sup> It had 1,500 customers in 1992, and collects total savings of in the region of a billion CFA/year and employs 8 persons.

<sup>19</sup> FOURNIER Y., "The mutual bank" Operations 71" of Cotonou-Bénin", DPH 3324, 1993.

### 3.2.3- The State in the service of agricultural development

**Observations::** Although Asian States have considered food self-sufficiency as a priority of development, many other States have been unable or lacked the desire to efficiently promote agricultural development.

Eclipsed by so-called modern economic sectors, agriculture is not seen as a pillar of development. Generally, it seems that the State does want to modernise family farming. For example, in Mexico, the end of subsidies accorded to small farm production has had dramatic consequences for rural society. The Mexican government did not defend its national agriculture during the NAFTA (North American Free Trade Association) negotiations. These were biased in favour of the Americans who imposed restrictions and raised customs barriers for tomatoes, avocado pears, corn, etc.

“Five years ago, Mexico imported only 250,000 tons of maize, a staple crop for human consumption. It must now import twenty times as much and Mexicans are even obliged to eat tortillas made of yellow corn that they dislike. Regarding wheat, annual imports have increased by a factor of four over the same period. The same trends can be seen for soya and sorghum and they must even import beans, ironic for a country that had always exported them before! So, what has happened? The end of production subsidies for family farming.

Up to the beginning of the eighties, family farming supplied nearly 70% of production and received support from the public sector, which also subsidised certain retail prices. This system disintegrated when the land was privatised, the markets were opened, the State withdrew and restrictions were imposed by debt renegotiations. The dismantling of family farm production of cereals and vegetables is deliberate. For example, loans granted to small farmers only concerned a million and half hectares in 1988 as opposed to five million in 1982; what is more, prices for staple produce is no longer guaranteed. Family farming has declined considerably while food imports have soared.”

Extract from “*Mexico, 1996: an unprecedented food crisis*”,  
GUIHENEUF Pierre Yves, DPH 6784, 04/1997.

**Frequently, food security is not ensured.**

The FAO (United Nations Food and Agriculture Organisation) estimates that at present 800 million people suffer from hunger. Emphasis is often given to cash crops to the detriment of food crops (e.g., Mexico and Columbia in the case of coffee), causing famine during crises. Furthermore, indiscriminate deregulation in the agricultural sector, as seen above with Mexico, leads to the loss of sovereignty and security regarding food. On the contrary, Asian countries have always ensured rice production, which is the base of nutrition and thus food security.

**Poor means of communication are responsible for a poor distribution of food resources**

Food security is not only a question of resources but also one of distribution. For example, Cameroon, which is described as "Africa in miniature, [where] it is



not possible to die of hunger" because most cultures that are found in Africa can get on there, is confronted with the problem of distributing its agricultural resources. The provinces of North Cameroon cannot obtain agricultural products from the south at reasonable prices. This creates an imbalance, because there is sometimes a shortage in one region and an abundance in another. This is due in large measure to the poor state of communication routes between towns. Very often, roads are flooded and the rainy season renders numerous roads impassable. It is difficult for farmers to sell their products because of the poor state or the absence of roads. Thus, absurd situations exist where plantains rot in villages, whilst at the same time there is a shortage in towns.

### **Modernisation of farming is a major challenge**

Modernisation of farming is vital: on the one hand to feed the population and on the other to right the imbalance between urban and rural. The inequality between town and country is blatant; living conditions in the city are better and access to education and health services is easier. In countries where rural populations make up the majority, there is an urgent need to develop subsistence resources for them and avoid rural exoduses that have already put great pressure on cities.

Here again, Asian policies are exemplary. For example, in Japan, the very high price of rice (4 times the world price during a period) has enabled small farmers to become prosperous, allowing them to acquire consumer goods. Likewise with Korean policies, even though they are no longer implemented, that have transformed small farmers into citizen consumers and been of great help to them for a given period.

### **The status given to land and the reform of agrarian structures are uncertain**

The rural world is often fraught with uncertainty regarding land. In Africa land sometimes does not have a specific status, i.e. the distinction between private and communal land, whereas the agrarian reforms that have taken place in Asia have clarified this situation. Agrarian reform in Japan, Korea and Taiwan has implemented a genuine and positive transformation of agrarian structures.

### ***Proposals***

#### **- Make food self-sufficiency the goal of agricultural policies, guided by planning**

The planning that should be applied to agriculture should not be of an authoritarian centralised sort, but indicative and decentralised (*see appendix, experience record 13 "When the State plays the game of agricultural development", M. Bey*). It should foresee the food needs of the population and the needs of raw materials by industry. It should predict the progression of world prices in a timeframe of 5 to 6 years, thereby promoting farm production accordingly, by financing, temporary and targeted tariff barriers and marketing subsidies. It should also give direct aid to agronomic research, publicise its results and provide information services related to the world market and aid farmers to market their produce.

Furthermore, under certain conditions, government policies can be used to influence international trade to guarantee fair and affordable prices for the

consumer. In Mali<sup>14</sup>, for example, cereal producers suffer from competition with imports that cause durable falls in prices. Regarding rice, **farmers' federations have obliged the government** to limit the number of import licences granted, resulting in a rise in prices. When prices rise too high, which harms the consumer, the government comes to an agreement with the farmers to grant new import licences, resulting in new falls in prices. Thus the government can contribute towards regulating food prices, the problem is to set a fair price that both remunerates the farmer and is affordable for the consumer.

- The ambiguity between cash and food crops must end to ensure food security.

Cash and food crops are not invariably antagonistic. For example, in southern Mali, cotton is an annual crop sown alternately with cereals such as rice and corn and vegetables such as beans. These crops also promote the growth of cotton as they enrich the soil with nitrates. Furthermore, cereals are used to feed grazing animals that in turn provide organic fertiliser beneficial to cotton.

- Processing agricultural produce: a twofold advantage

Processing agricultural produce on-site achieves two objectives: food self-sufficiency (for food crops) and the generation of added value. Supporting the industrialisation of agriculture by setting up small agro-businesses adds value to local products while developing regional production systems. For example, the fruits of certain regions can be processed into jam, etc. to conserve them and supply local school canteens.

- Associating small farmers with the production chain via co-operatives

A Colombian organisation, CECORA – Central de Cooperativas del Sector Agropecuario Limitada – aids farmers to participate in the production process in order to combat the “proletarianisation of farmers”. They feel that the farmers must own the processing factories, so that they can add value to the raw products. Colanta, a co-operative at Medellin, groups 11,000 small farmers who own the production chain in the milk sector. This “success story” can certainly be repeated elsewhere and in other contexts. Cecora is now legally and financially separated from the government, though the co-operative still works in partnership with it.

- Improve the efficiency of agronomic research and technological transfers in order to modernise family farming.

**By collaborating as early as possible** with farmers, scientists should be able to avoid costly investments in technologies that prove to be inadequate. Likewise, giving farmers the responsibility for testing the suitability of innovations would provide a more realistic evaluation of technologies. It is particularly important to make technologies accessible to the population since modernisation requires the transfer of techniques. For example, the success of farming has always been based on accessible information: one populariser for 30 hectares, ie a populariser for twenty small farmers. This density has never been equalled by any other country. The history of Asian countries shows that agricultural development requires great effort to disseminate practical education.

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<sup>14</sup> GUIHENEUF P.Y, “ Mali : food-producing cultures and sales cultures are not always antagonistic”, DPH 6790, 04/1997.

## 4- A SOCIAL STATE

“If the State abandons its role as an entrepreneur, it’s to have better conditions for tackling the renewal of its main social infrastructures: health, education, training (...)”<sup>20</sup>.

### 4.1- A State that invests in health and education

#### 4.1.1- The State as promoter of health

**Observation:** Access to medical care is a major problem in numerous developing countries

Health is one of the privileged domains for public intervention. It cannot be managed on an individual level; in the same way as education it is a part of **social well being** that has to be handled collectively. However, most developing countries suffer from the lack of a suitable health policy. Health is also the essential condition for production.

Access to basic health services is the one of the major stakes in play in most developing countries, but the lack of infrastructures and qualified personnel makes the task difficult.

#### *Proposals*

- Promote projects for health centres being financially responsible for patients, notably in the countryside.

Bangladesh has implemented a highly voluntarist policy for organising medical care – with public health centres –and controlling and producing medicines and drugs.

For example, the Gonoshastaya Kendra<sup>21</sup> (public health centres in Bengali) have been tried and tested since 1972. Moreover, these centres have set up a generic drug manufacturing unit and an antibiotic production plant (importing basic products/packaging, distribution of a small number of essential drugs at prices 50% below those practised by the multinationals<sup>22</sup>). Today, this plant supplies 80 percent of the country’s requirements in drugs. Action is not limited only to health, as the health centres are mostly situated in rural areas and thus aim at reducing poverty (through helping peasants who possess no land and levying a part of the harvest for educating children) and helping women (women are at the centre of the process and the drug production plant mainly employs unmarried mothers and underprivileged women).

In Africa, and more particularly in Mali, what used to be called “the Bamako initiative” in the Seventies was a revolutionary experience, whose objectives were to find a remedy for excessive centralisation in public health. Decentralised health centres were created in urban and rural areas thus

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<sup>20</sup> Reference text; “The State and Development Workshop”, Pierre Judet.

<sup>21</sup> DEMENET Ph., “ *The Bangladesh example* ”, article in “*Le Monde Diplomatique*”, March 2001, p.27.

<sup>22</sup> CANNAT N., “The evolution of Savar activities in Bangladesh since 1983”, DPH 0692, 08/1990.

enabling congestion to be relieved in the large hospital centres. In addition, a system was set up to cover costs by making patients pay. This example shows that, even in a public service, systems for covering collective costs must be found. Even so, some people questioned the fact that it is often those who are frequently ill who pay the most.

In Cameroon, an initiative called GAOSO (Groupe d'Appui aux Oeuvres Sociales, or support group for social work) enabled centres to be established that not only provide health care but also take care of a person's overall development (education, public awareness, etc). Moreover, this initiative forms part of an observation of State failure (*see appendix, experience record 14 "Le Groupe d'Appui aux Œuvres Sociales (GAOSO)- An organisation focussing on all aspects of people's lives in the town of Bafoussam (Cameroon)"*).

Moreover, in Cameroon, the authorities are starting to show a strong interest in the initiative taken by the Nylon Quarter in Douala; they even wish to reproduce the experience in other neighbourhoods and in other towns. The residents of this neighbourhood decided to manage their hospital themselves. Taking as a starting point the principle that they are the ones paying, they therefore considered the right to examine the way in which the money is collected, used and managed to be a legitimate claim. Managing the hospital is therefore community-based. It does not only focus on the price of care; people have educated themselves in order to identify real needs. In this way they have identified various problems within their neighbourhood: a high death rate in young children, the lack of a space in which to store their rubbish, etc. Therefore, the population organised training sessions for mothers within the hospital framework. It has also led to hygiene initiatives and created areas where rubbish can be disposed of.

#### 4.2.2- Education: a priority from every point of view

*"If you have a one-year plan, cultivate rice,  
If you have a ten-year plan, cultivate trees,  
If you have 100 year plan, cultivate human beings"*

*(Chinese proverb)*

**Observation: The withdrawal of the State from education: the end of a wager on the future.**

Faced with government withdrawal from the sector, certain people are looking for solutions by calling on private education.

But privatising education, even if it leads to increasing investments mainly in infrastructures, no longer makes school accessible to all. Access to education is non-egalitarian throughout the world but especially so in countries where education is private. In Cameroon, privatising education has led to an increase in violence amongst young people.

*"Not even richly paid armed forces can put an end to the violence in young people deprived of education"*

*Extract from "The Government and Development forum, governance focus"*

In South Africa, we can observe where discrimination in education is maintained, except that instead of racial it is now financial. Following the law promulgated by Mandela, according to which schools are free to set school fees, establishments which were formerly reserved for whites increase their tuition fees to keep away the blacks.

In numerous countries, governments have a great deal of difficulty in giving a proper education to their young, extremely large populations. Therefore, rates of illiteracy are extremely high and it is clear that this has consequences on the development of the countries concerned. But education's impact also depends on the contents of educational programmes and not simply on access to education.

Therefore, the main conclusion is in the fact that public education is incapable of supplying basic education of adequate quality that is flexible and capable of adapting itself to specific teaching conditions (notably in rural areas).

### **Proposals**

#### - Emphasise basic education: primary education and literacy

Primary education is the driving force of society and is crucial to development. Contrary to Asia, which backed primary education very early, Africa is now confronted by a deficit in primary and secondary education. Mali, Niger and Burkina Faso all have very low rates of education, often below 50%. Africa made training an elite a priority, even if training this was far from perfect. This concept goes back to colonial times when the objectives were to train local administrators. The problem today is the **mass dissemination of education**.

#### - Towards decentralising education: the example of the barefoot college in India, a school that has adapted itself to the population's needs<sup>23</sup>

It is in India that a promising example of a decentralised community school can be found: the so-called barefoot college. The first came about in 1975, due to the failure of schools to adapt to the ways and conditions of life in a small village called Tilonia (in the Rajasthan desert). Since that time, this experience has had a snowball effect and has been adopted within a radius of 500 km, an area where populations have shown astonishing energy and capacities for innovation.

As far as the school itself is concerned, parents had suggested that children should go to school in the evening, to allow them help their parents during the day. Parents also chose someone from the village as teacher, not a schoolmaster from the big city, a civil servant not at all motivated by teaching in their village (as he was much more attracted to urban life). On the question of subjects to be taught, parents saw no interest in their children learning how to become "notables", but preferred their education to contain **concrete knowledge for improving children's understanding of their traditions, their culture and, purely and simply, their village, "education that would not urge children to go away"**. Moreover, this experience, which has spread to over 150 villages throughout the State of Rajasthan, multiplies contacts between parents and teachers from all these schools, via village education committees: everyone has learnt how to benefit from the experience of others. Even with the support of the Ministry of Education, schools are practically self-sufficient on a financial level and even promote self-employment (by

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<sup>23</sup> BUNKER R., "India invents the barefoot college", *Le Monde Diplomatique*, December 2000.

manufacturing chalk and blackboards and even producing lighting using solar panels, etc.).

This experience is interesting because it is accessible to all and could well be copied in other countries. It enables the pitfalls of centralised education to be avoided and favours cohesion between villages.

Furthermore, the experience of "parallel schools" in Bangladesh is also very interesting.

These schools were created by the BRAC (Bangladesh Rural Action Committee). This experience (*see appendix, experience record 15, "Bangladesh banks on parallel schools"*) has also enabled problems related to public education to be solved: "distances, costs, programmes unsuited to rural life, a timetable too rigid to allow children give help when required, teachers who are not motivated and often absent with no interest for underprivileged families"<sup>24</sup> and the exclusion of girls to the benefit of boys. Teachers are often women to make sure that girls have access to education.

But this is still insufficient when compared to all that is required, hence the idea that this experience should be applied in other schools, experimentally at first and then progressively more generally. Resources must also be found to create other centres. This involves finance that can, at least partially, be supplied by the State, in co-ordination with international organisations such as UNICEF. Perhaps other organisations or village associations should also be involved to create real dynamics concerning prime objectives other than education, this may just be a beginning for creating interactions of co-operation in rural environments.

#### - Adapting programmes in villages for showing the way local ecosystems work

Both in the South and the North, education must improve understanding of the world around us, so that learning has immediate applications, so that it motivates children to go to school and parents to send them there. Why not complete school programs with extra subjects (**understanding and awareness of nature particularly in rural areas, teaching basic mathematical principles, etc. through games**)?

#### - School, a place for transmitting knowledge

For this to be the case, parents should be associated with school life, so that they feel concerned by their children's education. Mothers could be invited to do activities with their children (cooking lessons, initiation and awareness to hygiene by getting doctors or health workers to come or using suitable attractive equipment such as photographs, etc). Activities relating to schools may be extremely varied, but, for this to be the case, teachers must be paid one way or another. Payment in kind may, for example, be possible in rural villages. And, of course, the teacher's motivation is an indispensable element. Education may be thought of as being a place for encounter and dialogue, for exchanging experiences and not only a place devoted to theoretical learning. We must think about what education should contain and not only about education for all as an end in itself. Education is school, but not only school. What is often missing is the relationship between different levels of learning (in families, in groups, in communities). Why not consider "relay" schools, where the parents also learn to communicate amongst themselves, where they participate in learning together with their children). Furthermore, schools should not be as far away from each other as they are at present, meetings could be organised, which would enable wider-ranging relations to be made

with other schools in the same town, even between different communities. **It must be seen to that schools are relay schools and places where one learns to produce, that they are places to pass on knowledge, but also expertise.**

- Open up universities to the outside world

It is often heard said that universities do not allow students to adapt to the working world. Businesses could even participate in financing. A network must be created with businesses in the region, encouraging work experience schemes in these businesses, which would also allow them to know their territory, and encouraging the connection between academic knowledge and practical, grass-roots knowledge.

Business and student networks could be encouraged on a national level (symposium on business needs, which could be taken into account at the training level, meeting of heads of businesses, business people need to learn what a university is, how to exploit the students' knowledge, a change is necessary in both directions.

Local authorities could open themselves up to students, which would enable students to discover how they operate, and in return the local authorities could request students to undertake activities for them (evaluation of policies, etc.).

**Observation: The hiatus between the elite (often trained overseas) and the rest of the population reinforces the dual nature of societies and their inequalities.**

**Proposals**

- Reinforce contacts within the population itself

Make exchanges within each country or region easier for students from different schools and universities (e.g. through organising projects in common); **make the elite aware of their own country's cultural wealth.**

- Improve the system of university grants in developing countries

Redirect money distributed as grants to students going to Western countries towards Southern country universities or reinforce doctorate programmes on subjects that are priorities in these countries. In the long-term this will promote university teaching.

**Observation: The brain drain undermines investments in education in the Southern countries**

The brain drain, which developing countries endure, causes governments to lose all the benefits of their investments in education and training. (E.g. In the Philippines where innumerable doctors have left the country to go to the United States or even Mexico: today, 6% of university academics over 20years old live in the United States).

"The incapacity of the principal employer, i.e. the state, to offer research jobs to scientists in their home-country leaves the people concerned with no other choice but to emigrate should they want to continue working as scientists. Large amounts of teaching and administration, insufficient time for research, poor-quality equipment and installations, added to isolation from the

international scientific community, are all factors that weigh heavily on decisions to emigrate, especially for scientists and engineers working in experimental (biological) disciplines. When they are preparing to emigrate, scientists always prefer to go to the industrial countries that they know best, i.e. the countries where they have studied. The United States is by far the favourite, followed by Great Britain, France, Canada and Australia. In the United States more than half the doctorates in engineering issued since 1981 have been delivered to foreigners, almost 70 percent of who come from Asia. In 1985, foreigners occupied 40% of all post-doctorate positions in the U.S.!

Extract from "Scientific communities in developing countries –  
Several recommendations for creating truly  
independent scientific communities in developing countries"

POULET M., DPH 6595, 03/1998)

### ***Proposals***

#### ***- Promote the return of researchers and scientists to their home countries***

States should encourage companies to practice attractive salaries; but favourable and motivating environment is equally essential. There was a real return to Taiwan and China.

#### ***- Set up a network of researchers so that expatriates can contribute to developing their country at a distance***

An original experience was launched in Colombia under the auspices of the ORSTOM<sup>25</sup> and the CNU (Colombia National University) based on the idea that the large numbers of highly qualified persons living abroad must be taken into consideration and that this fact should be considered as being a form of wealth and not a handicap (see appendix, experience record 16, "The brain drain: how to mobilise expatriate proficiencies?"). The idea was to create networks of researchers (depending on their individual proficiencies) and orientate them towards subjects that were strategically important for their home country (scientists and researchers were then involved in research projects of use to their country, but at a distance). Furthermore, the ORSTOM has remarked that this experiment could be reproduced elsewhere, notably in Africa where the brain drain phenomenon is particularly disturbing. **It is a question of "States creating networks that federate their expatriate experts"**<sup>26</sup>. Another experiment carried out since 1977 by the UNDP<sup>27</sup> and called the Totken program (Transfer of knowledge via expatriate nationals) has consisted in supporting temporary scientific or technical consulting missions to be carried out by expatriate researchers in their home countries<sup>28</sup>.

<sup>25</sup> ORSTOM : French Institute for Scientific Research on Development by Cooperation.

<sup>26</sup> SABRIE, M.L., " The brain-drain: how to mobilise expatriate proficiencies?", DPH 6201, 10/1996.

<sup>27</sup> PNUD : United Nations Development Programme

<sup>28</sup> SABRIE, M.L., " The brain-drain: how to mobilise expatriate proficiencies?", DPH 6201, 10/1996.



## 4.2 A State that redistributes

### 4.2.1- Towards an improved allocation of budgetary resources

**Observation: Arbitration between military and social spending: placing all the participants in front of their responsibilities**

In numerous developing countries, budgetary resources are attributed to military spending to the detriment of health and education. In India, for example, the health budget represents a mere 2% of the total budget and expenditure on education is only slightly higher (only 5%).

To what extent can responsibility for this be attributed to the financial conservatism shown by the international institutions, which has forced Southern countries to reduce their budgetary expenditure drastically? However, the State is the only entity capable of redistributing wealth.

#### *Proposals*

- Reflect on governmental responsibilities for sector-based budgetary allocations.

The long-term effects of education should perhaps be underlined. How can one accept that a soldier is paid more at the beginning of his career than a teacher at the end of his?

### 4.2.2- Resources and the duty to redistribute: the necessity for equity

**Observation: Increasing inequalities within the same society**

In most countries, in Northern as well as Southern countries, the gap between the richest and the poorest continues to widen.

“Today, the United States has the highest rate of inequality of income and wealth in all the main post-industrialised countries, even higher than what we have experienced in the United States over the last 75 years. We are becoming a two-level society, made up of the “*have more*” and the “*have less*”. This is very bad news for our nation, for our democracy and for our economy.”

Interview with Robert Reich

Ex-Minister of Works to Bill Clinton

“Le Monde Interactif”, Wednesday, 5<sup>th</sup> September 2001

How should we consider the problem of poverty, when certain people think that “if poverty exists, it's because there are poor people” and not the other way round?

How should we question the intrinsic duality that exists in most developing countries between a small number of elite, who hold economic and political power at the same time, and a large part of the population who are poverty-stricken and illiterate?

Is making Equity and Equality compatible a vain wish today? In South Africa since the end of apartheid, the constitution has incorporated numerous laws whose objective is to promote equality within the population and fight against discrimination. One of the measures adopted in this respect is “affirmative action”, now certain people object that this measure only benefits a black minority that is already educated and qualified and who are replacing the old white elite. Equality is easier to obtain than equity. However, it is equity that is missing in numerous societies.

### ***Proposals***

*- Invent an equitable tax and make the population aware that it is in their interest*

In many countries, for example in France, the State is perceived as a despoiler with regards to high taxes. The extent to which taxes finance projects, guarantee solidarity within society and enable a true demand for equity to be possible ought therefore to be demonstrated. The rights a State has must be asserted (to collect taxes), but also its duties (redistribution).

# The Alliance for a Responsible, Plural and United World

## Working together towards the challenges of the 21<sup>th</sup> century

Ever since the late eighties of the 20th century, numerous initiatives have been put forward from different regions of the world and extremely diverse contexts. Different social actors were thus put in motion with the aim of organising a vast worldwide process seeking to explore values, proposals and regulations capable of overcoming the modern challenges humanity is faced with.

A large number of thematic, collegial and continental meetings were organised in the early nineties, a process which led, in 1993, to the drafting of the *Platform for a Responsible and United World*.

Regional groups were set up, international professional networks and thematic networks on the fundamental issues of our era were developed: the Alliance was created. It is financially and technically supported by the Charles Léopold Mayer Foundation for the progress of Humankind (FPH), among others.

The Alliance is focussed on inventing new forms of collective action on both a local and global scale, with the aim of shaping together the future of an increasingly complex and interdependent world.

The challenge of the Alliance is to actively support unity in diversity by asserting our societies' capability to understand and appreciate the complexity of situations, the interdependence of problems and the diversity and legitimacy of geo-cultural, social and professional perspectives.

The Alliance, as a space of discussion, reflection and proposals, is built around three main orientations:

Local groups aiming to bring people of a community, a region, a country or a continent together by looking at the realities and issues of their own societies. This is the geo-cultural approach. It reflects the diversity of places and cultures.

Groups of socio-professional actors wishing to provoke dialogue and mobilisation within a given social sector or profession (youth, peasants, scientists, local representatives, etc.). This is the collegial approach. It reflects the diversity of social and professional milieus, their concerns and responsibilities towards society and the challenges of today's world.

Thematic workshops seeking to create reflection groups centred around the major issues of our common future (sustainable water management, regional integration and globalisation, financial markets, art and society, etc.). This is the thematic approach. It reflects the diverse challenges humanity is faced with in the 21<sup>st</sup> century. Thematic workshops are organised into four areas:

Values and Culture, Economy and Society, Governance and Citizenship, Humanity and the Biosphere.

Seeking both to draw on the richness of materials and experiences gathered by these reflection groups whilst networking with other citizen dynamics with a similar focus, the Alliance fixed itself the objective of obtaining collectively developed, concrete proposals. The following meetings were thus organised:

- international meetings, for each thematic workshop and each college,
- synchronized continental assemblies (Africa, Americas, Asia, Europe) and a regional meeting in the Arab world (Lebanon) in June 2001.
- a Citizen World Assembly, held in December 2001 in Lille, France, bringing 400 participants together from around the world.

These meetings together contributed to the drafting of some sixty *Proposal Papers for the 20<sup>th</sup> century* and a *Charter of Human Responsibilities*, published in several languages in different countries.

The Alliance has been involved in a process of disseminating and developing these outcomes since the beginning of 2002. Networks are expanding, branching out and their work themes are becoming increasingly transversal. They also strengthen links with other approaches aiming to create an alternative globalisation.

For further information, please visit the alliance website at [www.alliance21.org](http://www.alliance21.org), where the history of the Alliance, the challenges it is engaged in and the workshops and discussion forums being held can be viewed in three languages (French, English and Spanish).

E-mail: [info@alliance21.org](mailto:info@alliance21.org)

# The proposal papers on the internet

Whether in their provisional or definitive form, all the proposal papers and their corresponding translations can be accessed on the website of the Alliance for a Responsible, Plural and United World, at:

<http://www.alliance21.org/fr/proposals>

**Themes available:**

## **Values, education, cultures, art and the sciences**

Teachers and education – Education to an active and responsible citizenship – The alliance and the media – Art and cultural identity in building a united world – Women – Youth action and proposals for social change – An intercultural cultural diversity in the era of globalisation – Proposals of the inter-religious college – War, genocide, ...restoring humanity in human beings faced by extreme situations – Thinking through university reform – Social control of the scientific production system – Information society, knowledge society: benefiting from change – time and sustainable development

## **Economy and society**

Transformations in the field of work – The trade-union movement at the dawn of the 21st century – Exclusion and Precariousness – Companies and solidarity – How can enterprises exercise their responsibility – Corporate responsibility – Production, technology and investment – Ethical consumption – Fiscal policy, tax, distribution of national income and social welfare – Social finance – Escaping the financial maze: Finance for the common good – Social money as a lever for the new economic paradigm – Debt and adjustment – Fair trade – From the WTO's setback at Seattle ... to the conditions for global governance – Food security and international trade negotiations – Completely sustainable development: an alternative to neo-liberal globalisation – Economic policies, ideologies and geo-cultural dimension – Women and economy – Economy of solidarity – Health and its challenges in the 21st century – The challenges of Artisan fishery in the 21st century – agriculture and sustainable development – People's right to feed themselves and achieve food sovereignty – Food security

## **Governance and citizenship**

Principles of governance in the 21st century – Territories, places for creating relationships: for communities of shared relations – Thinking the city of tomorrow: the words of their inhabitants – Urban violence – Peasant farmers confronting the challenges of the 21st century – Social leaders in the 21st century: challenges and proposals – Local authorities or local co-ordination – State and development – Food, nutrition and public policies – From the conversion of arm industries to the search for security – The military and the construction of peace – Re-modelling global governance to the meet the challenges of the 21st century

## **Relations between humanity and the biosphere**

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