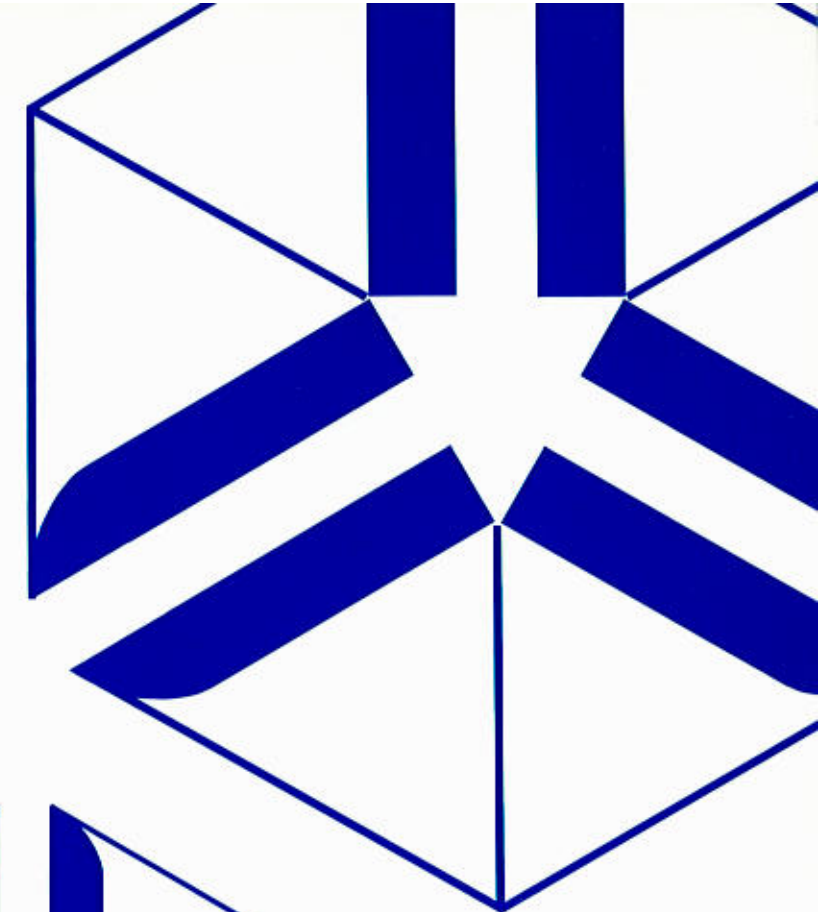
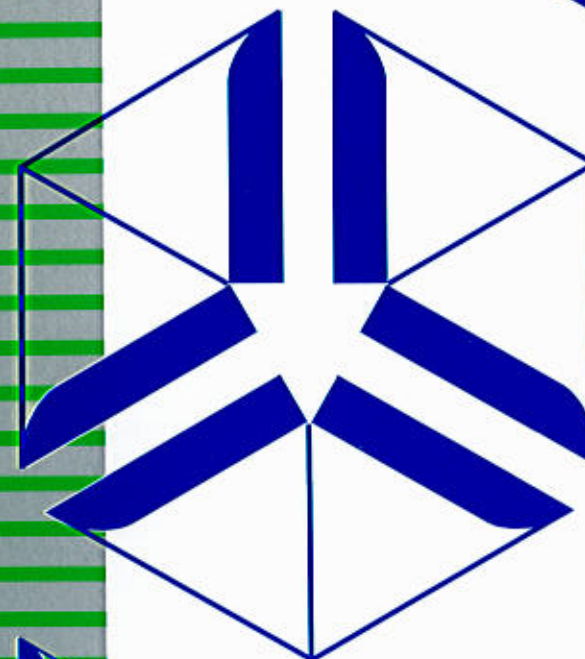
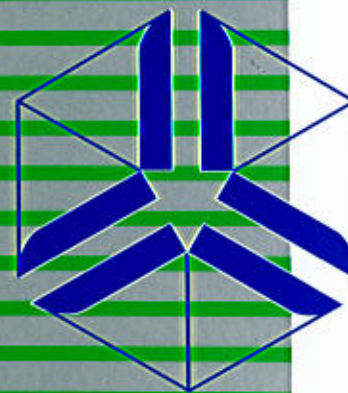




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**The United Nations University**  
World Institute for Development Economics Research



**Research for  
Development**

**The First Ten Years  
of UNU/WIDER**



## Introduction from the Rector

I am pleased to introduce this report on UNU/WIDER's activities over the period 1984-94. The report, I believe, is particularly timely because the Institute is at a crucial point in its existence after some ten years of operation. UNU/WIDER has the distinction of being the first UNU research and training centre, which was an important milestone in the development of the United Nations University. The report is meant to provide an objective overall perspective of the work of UNU/WIDER completed during its first decade. Its contents reflect to a large degree the programmatic direction given the Institute by a distinguished Sri Lankan economist, Dr Lal Jayawardena, who served as the first Director of UNU/WIDER.



**Heitor Gurgulino de Souza**  
Rector, UNU, Tokyo

What is to be found in the report is an impressive body of work, one which any international research institute would be proud to call its own. On the other hand, the report does not, perhaps, reflect the difficulty faced in establishing and building up a new international institute like UNU/WIDER, particularly the need to produce some measure of quality research output in a rather short timespan.

The subsequent development of UNU/WIDER was also not without problems. The approach utilized in the first few years of UNU/WIDER's existence was initially very successful as witnessed by the attention brought not on the Institute itself, but on the UNU/WIDER's research output. However, as can be expected with any research, not all efforts undertaken during the period produced outstanding results. One considerable drawback was the limited UNU/WIDER efforts to build up effective links with the academic community in Finland considering that this had been one of the purposes for which the Institute was invited to its Nordic location. Lower priority was also accorded to the need for building up sufficient in-house research capacity as opposed to the more visible and cost-effective contracted research. Postgraduate education activities were also very limited during this initial period of work.

What was essentially called for during the period was a shift in priorities from research that took place largely outside UNU/WIDER and Finland to more in-house and locally-linked efforts. Similarly, more emphasis was necessary in building up adequate research and postgraduate training networks, particularly with scholars and institutions in developing countries.

While it is never easy to measure the overall effectiveness of a social science research institute, it is possible to say that

UNU/WIDER did provide in several of its studies policy-relevant findings for use by decision-makers. It also served as a focal point for alternative and non-mainstream views, several of which were rather controversial. It is also clear that UNU/WIDER projects included numerous distinguished international social scientists, and I am deeply grateful for their valuable academic contributions to the work of the Institute.

UNU/WIDER has more recently for a number of reasons become the focal point for discussions at many different levels within its host country of Finland and outside. To some extent, these discussions have not had the benefit of a fuller awareness of the breadth or quality of work of UNU/WIDER.

Clearly, it has been necessary to make some course corrections in furtherance of the overall health and development of UNU/WIDER. I am convinced that UNU/WIDER can continue to make important contributions to scholarly discourse on problems affecting the global economy. While learning from our previous shortcomings, it is also important to take stock of the achievements of the Institute. I believe that this report helps to put the work of the Institute into a more objective frame. Such an assessment is necessary and welcome and I commend the current Director of UNU/WIDER, Dr Mihály Simai, for this initiative.

I would also like to highlight the most valuable contributions of all members who participated in the meetings of the UNU/WIDER Board during this period, initially under the leadership of the late Dr Saburo Okita and, more recently, under the leadership of Mrs Maria de Lourdes Pintasilgo, the new Chairperson of the Board. My deep appreciation for the continuous support of the Governments of Finland, Sweden, Norway and India and other donors from foundations, particularly the Ford Foundation, James S. McDonnell Foundation, Rockefeller Foundation, MacArthur Foundation and the Sasakawa Foundation; UNDP, World Bank, Arab Fund for Economic and Social Development and other public and private sources, for their financial contributions or support provided in kind.

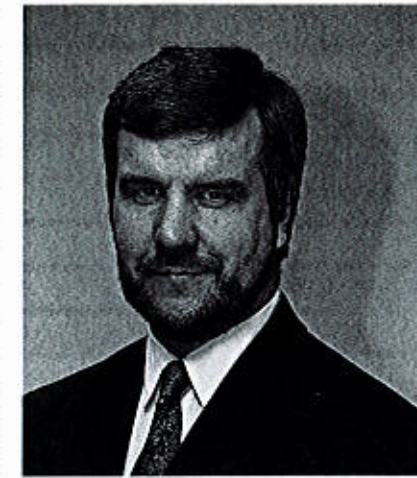
I hope that this report will provide its readers with a better understanding of UNU/WIDER's work since 1984, and that it will be seen that the efforts of a large number of scholars, from many different countries, have produced a significant body of research on the important global economic problems which affect us all. ■

## Message from the Host Country

The World Institute of Development Economics Research (WIDER) was the first of the UNU-affiliated research and training centres at the time of its establishment in Helsinki in 1984. The purposes of the Institute, as stipulated in the Host Country Agreement, signed between the Government of Finland and the United Nations University on 4 February 1984, are challenging indeed. They range from identifying the research needs on the inter-relationships between economic and developmental problems to advanced training and dissemination of knowledge.

In the mid-1980s, the financial support to the Institute came mainly from the host country. The efforts of the UNU and the host country to broaden the financial basis for the Institute were less successful than expected. At the same time, however, UNU/WIDER was gradually able to establish its standing in the international research community.

I find this report, covering the first ten years of the Institute's existence, most valuable. It gives the reader a



**Toimi Kankaanniemi**  
Minister for Development  
Cooperation, FINLAND

comprehensive overview of the activities and achievements of UNU/WIDER. Since the public discussion in Finland has mainly concentrated on the administrative and financial aspects of UNU/WIDER's work, this publication corrects the perspective by shedding light on its academic record as well.

At the time UNU/WIDER was invited to Finland, the Finnish Government had a vision of fruitful cooperation and academic interchanges between the Institute, its personnel and Finnish researchers and institutions. In this respect, the Finnish authorities welcome the decision of the Institute to diversify its contacts with the Finnish academic community through the Academic Advisory Council established in

October 1993.

I am confident that UNU/WIDER is now functioning on a stable footing academically and financially. The complications in host country relations have been overcome.

I wish the Institute and its personnel every success in their future work. ■

### The Council of the United Nations University

at its thirty-seventh session in Macau, from 24 to 27 June 1991, adopted the following decision on the UNU World Institute for Development Economics Research (UNU/WIDER) Review and Evaluation Report:

- expressed its deep appreciation to the UNU/WIDER Review and Evaluation Team for its report;
- welcomed the recommendations thereon by the UNU/WIDER Board and the Rector's commentary on the report;
- acknowledged the significant research achievement of UNU/WIDER, the involvement of outstanding scholars representing the main schools of thought, and the relevance of its research themes to the present and future global trends and problems and the United Nations International Development Strategy for the 1990s;
- complimented the Director of UNU/WIDER for his dedicated service in bringing about these achievements and commended him on his impressive fund-raising record;
- stressed the need for UNU/WIDER to continue to strengthen its relationship with the host country, the developing countries and the United Nations system;
- agreed to the recommendation that the complement of resident researchers at UNU/WIDER should be augmented and that this effort should be linked organically to a carefully selected network of participating institutions, particularly in developing countries;
- encouraged the Rector, the Board and the Director to further improve the managerial capacity and performance at UNU/WIDER to facilitate the next expanded phase of its activities, including the further development of its training and dissemination efforts;
- noted the need for additional financial support for UNU/WIDER in order to realize its full potential;
- requested the Rector to communicate this decision, and the aforementioned recommendations of the UNU/WIDER Board and the Rector's commentary to the Government of Finland;
- and further requested the Rector to convey the Council's profound appreciation to the Government and people of Finland for their continuing and generous support and interest in UNU/WIDER.



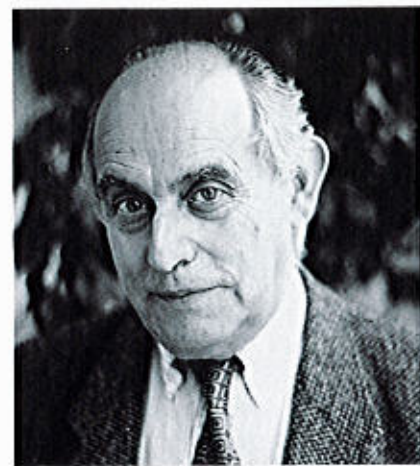
## Past Experiences and Future Prospects

The establishment of UNU/WIDER in 1984 took place in the latter stages of an era that was shaped on the one hand by the Cold War, and on the other by the decolonization process. The Institute's work has been guided both by the new practical needs and by the changing theoretical perspectives on development.

### The Concept and Practices of Development Economics

The goals of introducing economic and social development by deliberate process as an important component of national life and of international politics and economics, have been elaborated by a number of key political leaders of the new or newly independent countries. The theoretical pillars of development economics and the different development doctrines have been presented by a number of scholars, such as Myrdal, Prebisch, Singer, Lewis, Clark, Timbergen, Streeten, Mahalanobis, Bognar, Rosenstein-Rodan and many others. They did not offer a universalistic path nor predictions about the outcomes.

The development economists who emerged in the post Second World War era came, in fact, from many different directions. Some of them represented the classical political economy, including the dependency and the world system approach, others the practices of the quantitative analysis or the econometric model building approaches of the mid 20th century. They shared, however, one common concern: the professional and moral commitment in the "historical drama" of transformation and modernization. The transformation of basically stationary societies had to be started or accelerated in



**Mihály Simai**  
Professor of Economics  
Director, UNU/WIDER

the framework of independent states. Those societies, due to historical circumstances, had stayed roughly the same from generation to generation with the same social structures, level of incomes, skills and institutions. They had to be transformed into societies which could become more productive, more prosperous, more organized and efficient. Due to the "revolution of rising expectations" domestically and to the competitive character of the global environment, the tasks of the transformation have been urgent. They were expected to accomplish major changes in the economic development within a relatively short period of time. These goals by definition represented a new, in many ways revolutionary vision. They implied the rejection of the traditional *laissez faire* arguments and demanded the inclusion of non-economic and international factors into the different economic theories and practical approaches.

The emergence of systematic, multipurpose and harmonized development policies and the practices of development planning (as instruments for large scale and long-term socio-economic modernization) has been considered as an especially valuable con-

tribution of development economics to the practical solution of redistributing and mobilizing resources for the acceleration of economic growth, the restructuring of the society and the economy, and for the achievement of major institutional changes. The United Nations system has been playing a major part in the dissemination of the practical experiences of development policies and improving the practices of development planning. The market revolution of the early 1980s reduced, and in many areas gradually phased out the work on development planning from the UN system. The appropriate evaluation of those positive and negative experiences gained by the different countries in their national planning is still an unaccomplished task awaiting political analysts and economic historians. It has been recognized, however, that even though there have been idealistic, sometimes utopian, elements and expectations in the earlier "development vision", the 1960s and 1970s resulted in major changes in the position of a number of developing countries in the global economy. An important research project of UNU/WIDER, *The Golden Age of Capitalism — Reinterpreting the Postwar Experience*, drew attention to the fact that in the period between 1960–80 there was a much better growth performance in the less developed countries than in the OECD countries. The developing countries increased their world trade share both in production and in manufacturing. After the industrial revolution, it took the United Kingdom 58 years to double its *per capita* output. After the 1880s, it Japan took 34 years to do the same. Brazil took 18 years in the post Second World War period, 17 years for Indonesia, 11 years for the Democratic Republic of Korea, and 10 years for China. The gains of the less developed countries in literacy,

nutrition, infant mortality and life expectancy have been also much greater during the past 40 years than of the present industrial countries when they had been on a development level comparable with the present LDCs. It is also important to add that while the practice of mandatory central planning as a socio-economic instrument has been discredited by the economic collapse of the former socialist countries, close to 80 countries of the world have been using some form of development planning in the early 1990s.

The World Institute for Development Economics Research of the United Nations University (UNU/WIDER) has been established in an era when the character of the North-South division is in the process of dramatic changes and a highly complex situation is emerging in the world economy. The "newly industrialized" countries of South-East Asia have become important competitors of the industrial world in many sectors. Some of the oil states in the Middle East became members of the "high *per capita* income group"; Africa has been in a state of deep crisis, caused by a number of factors; the debt crisis ruined many economies in Latin America; and South Asia has been struggling with the problems of mass poverty. Research on development economics, which was the basic mandate of UNU/WIDER in the era of the mid 1980s, is today a much more complex task than, say, 20–30 years ago.

### The Market Revolution and the Heritage of the "Development Vision"

The establishment of UNU/WIDER, its functioning and the elaboration of its research programme have been influenced by the ideas and facts of the "market revolution" emphasizing liberalization, deregulation and privatization and by the heritage of the development vision. Achieving and sustaining the appropriate balance between those two — often conflicting — approaches has been an extremely difficult intellectual and political task. It

has been, of course, understood that the perspectives on development and development research have to be changed to reflect the new historical realities in the global economy which shape also the relations between the developed and developing countries. The focusing on macroeconomic adjustment on national and global level, and on the human implications of the main economic processes, have been some of the reflections of the specific problems of the new era in the work of UNU/WIDER.

In the mid-1980s, the research programme of UNU/WIDER was an umbrella for a great variety of important programmes and projects. Despite the great diversity of the subjects, ultimately they all served the better understanding of the new realities, problems, and of the changing perspectives of development.

A number of projects have been focusing on issues connected with the material conditions of people in the developing countries, comprising the majority of the world's population. Special attention had been devoted to the "hungry billion" as they were characterized by one of the most important past research programmes of UNU/WIDER, to the causes and consequences of deprivation and poverty, and the conditions of its alleviation. Another fundamental objective related to the first task of the research programme was the search for new ways and means for the restructuring of international cooperation for the achievement of more equitable conditions in interstate relations. This task of UNU/WIDER in the era of the "market revolution" and the push for structural adjustments and liberalization has not been easy or unambiguous. The research work revealed that the choices offered to the countries had to be much more complex than the traditional recommendations for "export orientation" or "import substitution" which were the key alternatives of the earlier stages. It is vital to deal with domestic and international socio-economic dimension of the changes, including gender issues, the problems of the informal sector and other areas of micro-

economics in the development process. UNU/WIDER from the very beginning of its existence has been policy-oriented. Those research programmes dealing with the domestic and international aspects of the development process intended to arrive at conclusions serving national or global governance.

The Institute's programmes have been built up on a multidisciplinary basis; not just development research but development economics research by definition had to be multidisciplinary and interdisciplinary. Its economics dimension included, first of all, human capacity building for the new countries required by the development process. It was looking for appropriate answers to such problems as: how to mobilize domestic resources more efficiently in the era of international indebtedness and the debt crisis; how to generate savings and investments for the financing of economic development in countries with low or negative savings rate; how to develop the national technological capabilities in the evolving, highly competitive technology markets; how to organize and manage national economies in the era of domestic and international constraints.

Its political component included the search for the most favourable policies that could be pursued by the developing countries in the international political system which, for four decades, was dominated by the Cold War. In the domestic framework, it was a search for legitimacy and political sustainability. Its moral and ethical component included the search for answers to such issues as: is social justice possible in the framework of the global market structure?; is international solidarity a feasible and politically or economically realistic category on which poor countries can build their future?; is a "global development contract" a realistic concept? Its ecological and environmental dimension has been dealing with the future of the tropical forests, the possibilities of reducing the environmental vulnerability of the poor countries and the possibilities for resolving the conflicts be-



tween the economic development and environmental priorities.

Beyond the interdisciplinary approach, the Institute had to come to the conclusion also in practical terms (often emphasized by the scholars in development studies) that the global development process has been indivisible concerning its consequences and the interconnectedness of the changes. The comprehensive and interconnected network of global processes, such as the technological transformation and the globalization of capital markets, became important components of the research programmes. A number of projects revealed how unequal the outcome of those processes was, and how it restructured the position of the various countries in the global economy.

### UNU/WIDER in the Era of Transformation

It has not been just the consequence of the changes in the post Cold War era, which resulted the fading away of the development vision of the 1960s and 1970s. The political, ideological and socio-economic problems for the development process have been increasing for some time. Defence expenditures — justified and stimulated by different regional conflicts, civil wars, ethnic strifes, and wars brought to the LDCs by Cold War confrontation, the establishment of militia-dictatorial regimes — diverted large funds from the social and economic goals into unproductive areas. A major component of external resource transfers has been related to these processes. Some of the democratic and development oriented regimes have been replaced by military dictatorships counterproductive for the fulfilment of socio-economic goals. Since the late 1970s, the ideology of the market has been gaining ground influencing the views and policies about the relative roles of the public and private sectors in economic development, the ways and limits of governmental intervention in the markets, the price formation process, the industrial policy framework, the volume and patterns of public expendi-



*Suomen Kuvapalvelu Oy*

tures and trade policies. The marketization and liberalization process had a number of favourable consequences, such as the reduction of wasteful elements in the public sector through privatization, restructuring and rationalizing government expenditures. There have been at the same time adverse consequences of the process especially in the social field: increasing poverty, growing inequalities and in many countries the loss of longer-term vision on their development goals. The developing countries have been increasingly exposed to the consequences of the deceleration of economic growth rates in the industrial world and of the technological changes. These factors contributed to the shrinking demand for raw materi-

als, the deteriorating terms of trade, and played also an important part in the process of indebtedness and the debt crisis of the 1980s. In the early 1990s, out of the five commodity agreements (coffee, cocoa, sugar, tin and rubber) only one, rubber, has been operational. The different agreements and measures for stabilizing the external income of the developing countries either failed or remained extremely restricted in terms of volume. Between 1972–81 there was a cumulative net financial transfer to the developing countries in a magnitude of about USD220 billion, followed by a net outflow of about USD170 billion between 1984–91. The fast population growth and the increasing proportion of people in the working age groups have

been the sources of major economic and social problems during the past decades in many LDCs. The cumulative effect of these problems made the 1980s the lost decade for many developing countries, especially for Africa.

The post Cold War era forcefully pushed all these problems to the surface of international relations and added new elements to them. With the disappearance of the "Second World", the "Third World" as a concept lost its justification. This was a change not just of symbolic importance. A number of factors which united the South in the Cold War, such as non-alignment, lost their earlier importance. The asymmetries in North-South, the interdependence which has developed between the North and the South in general, and especially between the North and the different regions of the South during the past decades, increased further.

The North does not need the South any more as proxy or ally in the Cold War conflicts. The minerals and agricultural commodities of the South are much less important for the industrial world than 25–30 years ago. In the era of the knowledge revolution and information highways, cheap labour is also much less attractive for foreign direct investors than it has been in the earlier decades. The core network of the transnational corporations is based on new technologies and the generation and use of new knowledge. Although the position of certain developing countries in South-East Asia and of China in foreign direct investments increased in the early 1990s (and it may further improve), it is unlikely that the decline in the share of the rest of the developing world in foreign direct investments will be reversed in the next few years, despite their efforts to open up their economies and liberalize their policies. The share of the South as a market for the goods of the North in 1990–91 has been the same, 19.3 per cent, as in 1972–74 (there has been a temporary increase between 1975–83). The share of the developing world in the exports of the US and of Japan has been higher than the average, but it is highly concentrated to certain areas.

The share of the developing countries in the imports of the industrial world remained also on the level of the late 1960s and 1970s, with the exception of the increase in the case of the US, around 18 per cent. At the same time, more than 62 per cent of the exports of the developing countries went to the industrial world in 1990–91, a declining proportion as compared to 73.3 per cent in 1969–71, and 63 per cent of their imports came from the industrial world (as compared to 72 per cent 20 years earlier).

It has been emphasized by many current political philosophers that with the end of the Cold War, humankind has arrived at a turning point. For some, this symbolized the "end of history" and the beginning of an era of the global victory of the great liberal ideas. Others, including important personalities, emphasized the controversies of the new era. The Pope, in his encyclical letter published in 1991 and entitled *Centesimus Annus*, expressed the concern that with the collapse of communism, not one of those global problems which brought communism into existence has been solved. An increasing number of scholars and politicians recognized also the critical elements in the alternatives that the ongoing global transition could be leading either towards chaos, catastrophe and social disintegration or towards a sustainable world society. The search for a new vision or for a new global strategy in dealing with the challenges of the continuity and the changes in the system, has become an important part of international life: of governments, international organizations, churches, different NGOs and, of course, it has also stimulated the research work in the academic community.

UNU/WIDER's tasks and approaches are influenced in many ways by the changes and by the new dialogue. Its past research programmes in fact anticipated several important dilemmas of the ongoing global transformation process and contributed to their better understanding.

The interesting and profound discussion during the Board Meeting of UNU/WIDER in June 1993 about the

new programme for the biennium of 1994–95 and beyond reflected the dilemmas in the new era. The dialogue about some major issues, such as the socio-economic consequences of globalization, regionalization and fragmentation, or the relative importance of the "continuity" and of the "changes" in the global processes, manifested the diversity of understanding the historical transformation and the complexity of the approaches to it. The debate about the relations of the research topics of the Institute to the main issues on the present and future agenda of the UN system have been influenced especially strongly by the different understanding of the meaning and the character of international public policy orientation in the future. Similar issues have been raised during programme discussions by the Finnish Academic Advisory Council of UNU/WIDER, by a number of colleagues from the academic world and from the UN system, contributing to the finalization of the programme, including critical remarks, comments and recommendations.

The outcome of the discussions, and the answers to the debated questions have been reflected in the programme document and also in the new projects which have been developed within its framework. There has been an intellectual consensus in the understanding of the "think tank" role of the UNU — and the research and training institutes in its framework — for the UN. This important new task, requested explicitly by the Secretary-General, does not imply the subordination of the academic work to the day-to-day needs of the UN system. We should serve the World Organization and its member states with the analysis of long-term issues, which are of strategic importance, and with corresponding policy recommendations.

UNU/WIDER should utilize its unique position as an autonomous academic institution within the UN system for the development of an appropriate mix of theoretical and policy-oriented research with an agenda which could serve the needs of international cooperation directly.



**The New Research Agenda**

Those important theoretical and practical policy issues which are emerging in the new era, including the sources of new problems, conflicts, and tensions, are extremely complex and the search for answers will require the cooperative work of scholars from different countries and disciplines. The United Nations University, and within its framework UNU/WIDER, can undertake only responsibilities in specific, well confined and defined areas corresponding to its possibilities.

The first and most important focal point of the research programme is related to the revitalization of the world economy and the global development process in the new era. It has been understood that the revitalization of the world economy on one hand means the increase of economic growth on global scale. Global economic growth in the present historical conjuncture is a highly complex and a multiple path process. Its revitalization requires a great variety of policies and different structural reforms in the macroeconomic management. The revitalization of the global economy requires also the better understanding of the changing interests, priorities and new policy orientation of states and transnational corporations in the field of trade and capital movements. The research projects of UNU/WIDER on the political and economic issues of long-term growth, on structural adjustment issues, on the new inter-relationships between trade and industrial development, on the mobilization of external resources for the development of Africa, on the future of the commodity markets, on the influence of liberalization in the rural sector in South Asia, on the external and internal conditions of the integration of the New Market Economies into the world economy, are the main contributions under this first priority area. Two projects of UNU/WIDER are directly related to the environmental sustainability of the global development process: the comparative analysis of the forest economies in the North and in the South; and



Saamen Kivipohjella Oy

the study of the efficiency of environmental management systems.

The second focal point of UNU/WIDER's research is connected with the increasingly complex human dimension of the global economic development. The growth in the number of poor people in the world, the technological and demographic causes of the phenomenon, which is characterized as "jobless growth", the high level and still increasing unemployment in the industrial world and in many developing countries, the growing inequalities, the success stories of certain countries, such as China, to radically increase the job-creating effect of economic development, the new gender perspectives make this focal point of the research work especially timely and important. During the past years, UNU/WIDER has dealt extensively with the problems and inter-relationships between hunger and poverty. The interface between exclusion and poverty came into the forefront in the entitlement concept. In the coming years, a number of projects are dealing specifically with the problems of employ-

ment and unemployment especially in Africa. The influence of the transformation in a number of countries on the employment of women is another new and important project. The human consequences of the transformation process in the New Market Economies represent a timely and difficult topic in this new area of research work. The human dimension of the global economic changes is also an important component of another new research project, which could be considered under more than one programme area: the transformation of the global military sector and its technological, economic and human consequences.

The third focal point or priority area of the research work is in the subject area of the future of global economic governance, more precisely, the improvement of conditions for more effective international cooperation, especially in a multilateral framework. Global governance means in fact the harmonization of national and international political and economic institutions with the processes in the global economy. In the world of the late

academic activities is also changing. Every research institute requires a critical mass of resident researchers. While in the past biennium more than 150 researchers have been working in the international network of the Institute, there have been only five resident researchers. In the future, the number of resident researchers will increase. This will take place in such a way which will not reduce the advantages offered by the external networks which are uniting scholars from a great number of countries and a variety of disciplines into research teams. The work of the resident researchers and the networks will also be more integrated in the future. The structural changes in the research work will facilitate the further streamlining of the administration of the Institute.

In the biennium of 1994-95, a new chapter has been opened in the educational activities of UNU/WIDER, directly through special courses and lecture programmes, and through the participation of WIDER's researchers in the programmes of the universities of the host country. In the past, this part of the mandate of the Institute was a dimension which did not receive appropriate attention.

In order to implement its new programme, UNU/WIDER will have to continue its close cooperation with those international or national institutions which supported its work in the past. First and foremost this should happen in the host country, Finland, whose generous support facilitated the establishment and the functioning of the Institute. Close cooperation will continue with FINNIDA, the Finnish International Development Agency, its Swedish counterpart SIDA, and with many other institutions. In 1993, UNU/WIDER became a member of EADI, the European Association of Development Research and Training Institutes, which is the largest regional association of institutions and scholars dealing with development studies in the global community of the profession. In the future, we should build our programmes and projects increasingly in a cooperative framework with these institutions.

1990s and beyond, unilateral approaches and the search for piecemeal and isolated solutions will be much more limited and in many ways more counterproductive than in the past. The decisions and policies, especially those which have major influence on the changes in the global economy, will have to be coordinated in a regional — and in certain cases — global framework. The projects within this group of issues include the politics and economics of new regionalism and its consequences on security and development; the future of development cooperation, the implications of the process of globalization with special emphasis on Latin America; the new strategies of the transnational corporations and their influence on global competition and cooperation.

**Institutional Restructuring**

Parallel to and in many ways inter-related with the new focal points of the research work, the organization of the

UNU/WIDER is, of course, an integral part of the UNU system. Cooperation with other research and training institutes and with the central academic programme of the University has been an important asset in the past and it will be even more meaningful in the future due to their multidisciplinary character and widespread international linkages.

One of the most important lessons of the past is related to the importance and delicacy of cooperation with the host country. Finland, the host country of UNU/WIDER and the principal contributor to its endowment funds, rendered a useful service to the international community by inviting the Institute to Helsinki. The Finnish Government and the academic community sustained a strong interest in the improvement of the quality of the research work and the management of the Institute. This tradition is indispensable also in the future, taking into account the usefulness of the constructive and rational elements of the public debate about the Institute in 1992-93 for the future work of UNU/WIDER.

During the first phase of its existence, UNU/WIDER became an important and recognized member of the international academic community in the area of development economics research. Some of the best and most qualified academics of the economic profession took part in its research networks from all the continents, including three Nobel prize winners. Its books have been published by some of the most famous publishers, such as Oxford University Press, MIT Press, Princeton University Press etc. These publications have been widely disseminated and often quoted in different academic works. They serve as background documents to UN reports, as mandatory readings in a great number of universities or simply as sources of knowledge and information for governments and for the intelligent public. It is a crucially important task for the small community of the Institute to continue the good traditions of the past and learn from its past errors or shortcomings and adjust to the new realities and needs. ■



## The Early Years

In this first annual report of UNU/WIDER intended for a general audience we undertake a short review of the Institute's functioning up to the present year. Future annual reports could thus be confined to a review of the activities of the relevant year.

When, at its twenty-second session in December 1983 the Council of the United Nations University considered the establishment of the World Institute for Development Economics Research in Helsinki and approved the legal instruments that would govern and guide it, a step of far-reaching importance was being taken so that the University could, over time, become in a true sense a multi-centred global institution. With the signing of the Host Country Agreement and Memorandum of Understanding in February 1984, and their approval by the Parliament of Finland in June 1984, the way was cleared for the first Research and Training Centre of the University to come into existence. A liaison office was opened in June 1984, and the first Director assumed duties in Helsinki in April 1985. Thus came into being UNU/WIDER, an institution enabling the United Nations University to undertake a sustained effort for a more comprehensive understanding of the forces at work in the global economic system and their consequences for specific country situations and at the international level.

At the first meeting of the Board of UNU/WIDER held in May 1985, the work programme of the Institute was approved under three themes, crystallized following wide-ranging discussions the first Director, Dr Lal Jayawardena, had undertaken with expert groups and international institutions. These three themes

- Hunger and Poverty; the Poorest Billion;
- Money, Finance and Trade; Reform for World Development; and
- Technological Transformation; the Management of Change



**Hemachandra Perera**  
Principal Academic Officer  
UNU/WIDER

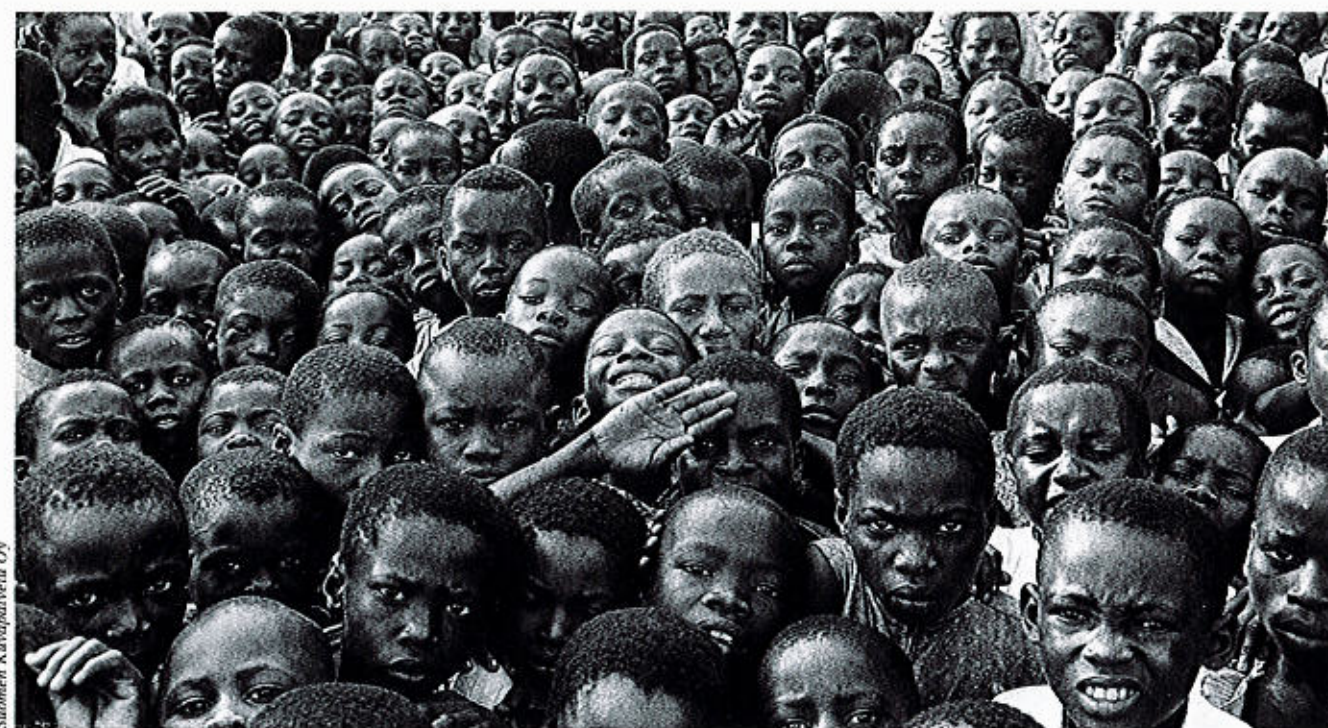
marked out several large and interconnected areas of socio-economic activity providing ample room for study of the many complex issues concerned with economic development and social well-being. Thus, within a few months of commencement of its operations, UNU/WIDER initiated a number of projects covering a broad spectrum of development issues — from the alleviation of hunger and

poverty in the developing world to concerns about the basic functioning of the international economic system. During the period July–November 1985, a number of advisory and planning meetings were held to refine the project content of this work programme. Five of these projects culminated in research conferences held in Helsinki in the summer and autumn of 1986 which were attended by 185 participants, and at which 89 research studies were discussed and reviewed. In addition, in March of the same year UNU/WIDER convened two other meetings concerned with more overall issues; one on governance in the international economic system in the areas of money, finance and trade, and the other in association with the then Department of International Economic and Social Affairs of the UN, to review a number of issues affecting the coherence, responsiveness and effectiveness of the UN system's development-related activities. By 1990 the initially approved three theme areas were expanded to six, enabling the Institute to

### Comment on the Operational Means Chosen

"The question has sometimes been raised whether books of the kind that the WIDER authors wrote would have been produced anyway — with or without WIDER support. The answer is firmly in the negative for two distinct reasons. First, many of the volumes of studies produced (the three-volume *Political Economy of Hunger*, and the volumes on *Nutrition and Poverty and the Quality of Life*) were based on collaborative research involving team work, working meetings and extensive interchanges between many researchers, and they could not have happened but for the organization and support that WIDER provided. Second, the monographs that were fully authored by one or two persons (*Hunger and Public Action*, *Wage Labour and Unfreedom in Agriculture*, *Growth and Poverty in South Asia*, and *Poverty and Undernutrition in Sub-Saharan Africa*) were also profoundly influenced by the findings that emerged from those team works. For example, *Hunger and Public Action* by Jean Drèze and myself, would have taken a different form (if at all produced) but for the enlightening influence of the collaborative research reported in the three volume *Political Economy of Hunger*."

Amartya K. Sen: UNU/WIDER Research Adviser; former President of the International Economic Association; currently Lamont University Professor, Harvard University; Professor of Economics and Philosophy, Harvard University; and President of the American Economic Association.



Suomen Kuvapalvelu Oy

respond through its work programme to emerging areas of importance. The initial theme area of Technological Transformation was left aside to be covered within the activities of UNU's newly established second Research and Training Centre at Maastricht, in the Netherlands (UNU/INTECH).

The generation of such a range of activities from the very early days of UNU/WIDER was made possible because of a conscious decision to enlist the services of distinguished scholars from leading academic institutions as Research Advisers of the Institute. While moving forward with projects implemented under their guidance, efforts were undertaken to build up the modest in-house resident research capacity which the Institute's manning table permitted. Typically, such method of work involved the organization of a planning meeting in relation to a major project area during which an overall project design is elaborated, the commissioning of specific research studies from a network of collaborating scholars, and a research conference in the following year to discuss and review the studies presented. Following such research conference, the studies are revised and edited for publication as appropriate.

Meanwhile by the end of 1986, eight of the possible ten research positions

on the Institute's manning table had been filled.

As a result of this strategy it was possible for UNU/WIDER over the past eight years to undertake an impressive number of key projects of relevance and to have some 32 books embodying results of its research activities published, with another 15 books expected to be published during 1994. In addition to its book publications, UNU/WIDER's publication and dissemination activities have included 115 Working Papers and a series of Study Group Reports and short non-technical reports in the Research for Action Series aimed at policy makers and their advisers in both developed and developing countries. Commencing with the year 1989 UNU/WIDER has also published an Annual Report devoted to a subject area of topical interest in the global economy for that year.

The following summary descriptions provide a flavour of UNU/WIDER's work in some key areas of policy interest.

### Hunger and Poverty

In the summer of 1985, work was initiated on two broad fields of investigation, viz. Food Strategies and Poverty

and Policy. A series of studies on "food strategies" was produced during 1985–86 and was discussed at a conference in July 1986 and further extended thereafter. These studies were subsequently edited and published in three volumes, *Entitlement and Well-being*, *Famine Prevention and Endemic Hunger*, within the overall title *The Political Economy of Hunger*. Partly based on these wide-ranging studies and partly on other research undertaken by the authors Drèze and Sen, a major volume on *Hunger and Public Action* was published by Clarendon Press. These formed the principal outputs of this work.

Work in this area was continued in several directions. One was the broadening of the research in the direction of nutritional problems and on this a number of studies were prepared which were subsequently published in a volume, *Nutrition and Poverty*, by Clarendon Press. Another was the broadening of the work to include an examination of the factors that influence the quality of life and the investigation of an appropriate social and analytical framework for studying the quality of life. A number of studies were prepared on theoretical as well as empirical topics; and these were subsequently published in a volume *The Quality of Life* by Clarendon Press. As



a further development in this area of work, UNU/WIDER undertook a special investigation of women's issues related to the nature of the lives women and men can live in different societies in the world, and how it might be possible to learn from each others' experience and understanding without being culturally imperialist. The issue of objectivity in the analysis of women's deprivation was a particular focus of this research. The results of this study are currently under publication in a volume entitled *Women, Culture and Development* by Clarendon Press.

Finally the investigation of hunger and famines led also to a more ambitious concern to explore the possibility of devising comprehensive systems of social security in developing countries. The studies conducted in the earlier phase of this work have been published by Oxford University Press in the volume entitled *Social Security in Developing Countries*. Following this work, a project examining the comparative experiences of social security measures in India was undertaken, and this is in its concluding phase with a volume on *Economic Security in India* to be completed in 1994. The policy implications of the findings of this study have relevance beyond the borders of India.

### Stabilization and Adjustment Policies

The first phase of studies focused on stabilization and adjustment policies and programmes implemented at the country level to cope with internal and external shocks. The studies, undertaken for seventeen countries by national, and in some cases expatriate, economists familiar with the countries concerned, came out with certain broad conclusions on the implications of adopting stabilization packages advocated by the international financial institutions. The research explored whether alternative policy packages could have been devised in given situations to meet the adjustment requirements at a lower social cost than that incurred in the packages negotiated

with the international financial institutions. The country studies have been separately published and the summary volume, *Varieties of Stabilization Experience: Towards Sensible Macroeconomics in the Third World* was published by Clarendon Press in 1988. Both the country studies and the summary volume have been widely cited for providing a view of stabilization alternative to that of the international financial institutions.

The scope of the second phase of the work was essentially to investigate medium-term prospects for growth supported by a degree of self-reliance and a socially acceptable income distribution in a representative sample of developing countries. The study was undertaken in two parts. The first was a stock-taking of knowledge regarding medium-term macroeconomic development issues, together with an assessment of conditions that the countries faced after the long period of stabilization and slow growth that began in the 1970s. The second involved detailed country studies of the medium-term prospects for growth in the sample countries. An important initial output was a substantial paper published in the UNU/WIDER Research for Action Series, entitled *Foreign Resource Flows and Developing Country Growth*. This study is based on research undertaken by the project participants who applied an innovative "three gap" model to the economies of the selected countries in internationally comparable fashion to explore dimensions of policy reform and foreign resource flows which may be necessary to restore adequate growth rates in the 1990s. With this quantitative analysis in the background, each team then pursued the question of whether economic "reform" comprising both stabilization and adjustment is feasible in their own country's historical and institutional contexts. The resulting volume entitled *The Rocky Road to Reform: Adjustment, Income Distribution, and Growth in the Developing World* (1993) is available as a joint publication of MIT Press and UNU Press.

The third phase of the work which

will be concluded in 1994 envisages the extension of macroeconomic analysis towards more detailed locally relevant policy questions, covering longer-term issues. This phase attempts to study first "standard" long-term growth and equity issues as economists have traditionally addressed them; second, the impact of environmental concerns and, third, a synthesis of the first two aspects exploring how macroeconomic thinking has to be reconfigured to deal with environmental questions in specific country contexts.

### Trade and Industrialization

Initial work in the "trade" area launched by UNU/WIDER in 1988 resulted in the book *Trade Policy, Industrialization and Development; New Perspectives* published by Clarendon Press in 1992. The research results stress the view that there is far more to the analysis of trade policy than the dichotomous characterization of outward oriented and inward oriented policies found in much of mainstream literature. The book reviews the complex inter-relationships between the export sector and domestic economic growth in the context of the institutional, structural and other features of developing economies.

Following on this work, UNU/WIDER launched in 1990 a major independent review of experience and knowledge of the interactions between trade policies and other industrial policies and their joint effects upon industrialization and development. The final research conference within this activity was held in November 1992 in collaboration with the OECD Development Centre. One book entitled *Trade Policy and Industrialization in Turbulent Times* has been completed, and two others are in the process of completion. The idea was basically to examine the theoretical underpinnings of conventional trade theory deriving from the enormously influential work of Little, Scitovsky and Scott for the OECD. The UNU/WIDER studies find

### Some Comments on the Published Output

"If, as it surely deserves to be, this book is widely read, it should make a real contribution to promoting the aim in its subtitle, a sensible macroeconomics in the Third World."

John Toy, on the UNU/WIDER book *Varieties of Stabilization Experience*, *The Economic Journal*, September 1989.

"Sen and Drèze, by similar pragmatic study, have shown that many famines, too, are preventable and have offered a range of practical solutions. If their book has the impact it deserves (and no technical knowledge is needed to understand it), it may save the lives of millions. It is one of the most important contributions to economic thought for many a year."

William St. Clair, on the UNU/WIDER book *Hunger and Public Action*, *The Financial Times*, 2 August 1990.

"... on the basis of our own intensive reading of WIDER's output, of the reviews and the references we have seen, and of the opinions we have elicited from others, we are able to assert that, for an institute barely five years old, WIDER has already published a range of work which for its quantity, its variety, its originality and its quality is truly remarkable."

UNU/WIDER Review and Evaluation Team Report 1991.

no systematic relationship between the trade policy regime and industrial productivity growth. Such variables as the real exchange rate, the capacity to import and fiscal imbalances are found to be far more significant than the trade policy regime for promoting industrial growth. Further, successful manufacturing for export invariably follows upon a period of import substitution with the corollary that over-enthusiastic import liberalization could in fact throttle industry. Besides, when one talks of liberalization there is no evidence that gradualism in policy reform is less effective than "shock therapy"

### Environment and Development

The contours of the programme on Environment and Development initiated by UNU/WIDER in late 1989 were influenced by two principal factors. While environmental resources have been on the social agenda for some time, the incorporation of such resources into modern economic thinking has been only a recent and intermittent phenomenon – so much so that even today basic economic courses

make only perfunctory references to them. Several international institutions, e.g. the World Bank, had in recent times embarked on programmes of research on environmental matters, and there was a real need to avoid duplication of these efforts.

With these considerations in mind, the programme initially was conceived as comprising three components. The first was the preparation of a set of authoritative studies on different aspects of the economics of environment and development. The second was the preparation of a text book on the economics of environmental resources written with an explicit eye on universities in developing countries. This textbook could in turn be used as a basis for the writing of texts by local authors, and could stimulate a process through which eventually environmental resources will enter courses on the principles of economics in developing country universities. The third component was the conducting of a series of teaching workshops on environmental economics for (young) university economics lecturers in developing country universities. Early in the life of this programme a fourth component was added, viz. a conference on the Eco-

nomics of Transnational Commons in association with the University of Siena, leading to a book on that subject area.

Two regionally organized teaching workshops in environmental economics for economics teachers of developing country universities have already been conducted. Three major volumes comprising the research work undertaken as well as the textbook on environmental economics will become available in 1994. Meanwhile, the UNU/WIDER report on *A Global Environmental Compact for Sustainable Development: Resource Requirements and Mechanisms* provided a definitive input to the work of the UNCED in Rio de Janeiro in June 1992.

And how did the Institute's intellectual contribution measure up to the expectations? Here we have for the record what the team of experts appointed by the Rector of UNU to review and evaluate the work of the institution during its first five years of operation had to say in 1991:

"The motivation of its research has clearly been to reach and propagate an understanding of important global issues so as to improve the living conditions of the more disadvantaged peoples of the earth. But in pursuing this broad aim WIDER has avoided exclusive preference for any one model of the world, and WIDER authors have displayed a good balance of diverse viewpoints. We detect a common WIDER purpose but no single WIDER ideology, and that is as it ought to be.

But it is worth emphasizing again that this positioning of the Institute — the persona which it presents to the outside world — would not have counted for much but for the fact that the intellectual quality of the contributions which it had elicited and published has been of a high calibre, compelling other serious scholars and practitioners to address the arguments presented directly even when such persons may not be in sympathy with the general thrust of a case that has been more alert than is usual to the interests of the developing countries." ■



## The Second Phase

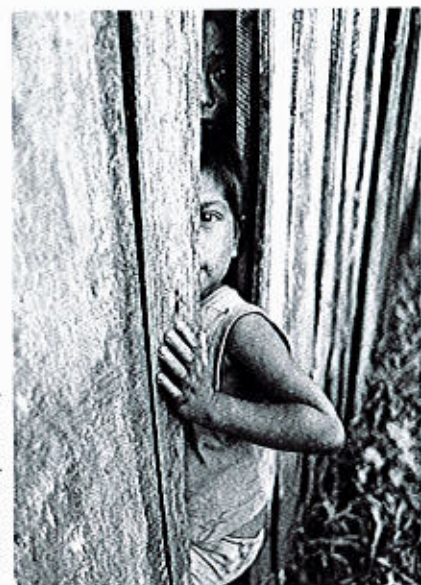
Notwithstanding the results achieved so far and its established record of policy relevant research, it is recognized that as the Institute matures and moves into its second phase, certain changes are necessary in its systems and procedures, in its method of work and in how it sees itself in relation to the academic institutions of the host country, the UNU Centre and other RTCs and the UN system as a whole.

These and related issues were the subject of intensive discussion at the Ninth Session of the UNU/WIDER Board in June 1993, which also considered and adopted a new framework for the Institute's programme activities for the 1994-95 biennium as developed by its present Director, Professor Mihály Simai.

UNU/WIDER's new programme framework has been formulated with a view to serving more directly its obligation within the framework of the UNU by contributing through its research efforts to the United Nations system's search for practicable policy alternatives to the many issues of concern affecting humankind's collective capacity to improve its condition. In this effort there will be close coordination of activities with the various programmes within the UNU system.

In the course of the coming months new forms of networking will be developed, including the building up of networks around an enlarged in-house research faculty and also with cooperating institutions, particularly in the developing countries.

In like manner, special efforts are being devoted to institutional and academic network building within Finland so as to ensure the more intensive participation of Finnish academics in UNU/WIDER's programmes. The role and tasks of "research advisers" have been reviewed, and the concept of "project coordinators" corresponding to the UNU practice with a modified fee structure has been adopted.



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UNU/WIDER will also broaden its training activities in the present phase. This will be in three principal directions:

a) The teaching workshops on Environmental Economics organized on a regional basis for university teachers from developing countries will be con-

tinued. These will be supplemented by research seminars similarly arranged on a regional basis where doctoral candidates and other researchers in environmental economics of developing country universities could present and discuss semi-finished studies with colleagues and international experts to improve their research capacity.

b) Organizing a joint post-graduate course leading to a diploma for developing country candidates with a university in Helsinki in the following areas:

- complex macroeconomic management of adjustment processes;
- the economics of national social programmes;
- macro-micro inter-relations and the changing environment for entrepreneurship.

c) Organizing jointly with Finnish firms special short courses for government decision-makers from developing countries and senior specialists of transnational corporations in economic trends and policy issues. ■

### UNU/WIDER's New Programme — Main Theme Areas

- The Economic Dimension of Human Development in the 1990s: Employment, Poverty, Equity and Gender Issues;
- The Evolving National and Global Conditions and Factors of the Growth Process: The State and the Market in a Competitive World Economy and the Specific Problems and Perspectives of the Developing Countries;
- The Postulates of, and the Policies, for Environmental Sustainability in the Global Economy and the Development Process in the 1990s;
- The Evolving New Market Economies; External and Internal Sources of the Achievement and of the Problems in the Transformation Process and the International Consequences of the Changes;
- Commodity Issues and their Role in the Development Process in the 1990s;
- The Sources and Consequences of Globalization, Regionalization and Fragmentation. The Challenges of the Globalization, Regionalization and Fragmentation Processes and the Responses on the Level of Firms, Governments and International Cooperation Regimes;
- The New Sources of Risks and Uncertainties and the Economics of National and Global Security in the 1990s;
- The Future Needs and Patterns of Development Cooperation: Converging and Conflicting Interests and the Evolving Policies for Shaping a 'New Global Partnership'.

## Hunger and Poverty

UNU/WIDER's programme on hunger and poverty was initiated in the summer of 1985 — shortly after UNU/WIDER was established. Aside from many journal articles, pamphlets, reports, and working papers, eight books have been published so far under this programme, and four others are nearing completion (some are, in fact, completed but awaiting publication).

We have been fortunate in receiving consistently favourable reviews of these monographs in the academic journals and in policy-related periodicals. The general approach to the economic, political and social issues underlying famines, endemic hunger and persistent poverty that has been developed and explored in these UNU/WIDER studies are now well recognized in both professional and administrative circles, and what is particularly satisfactory is that its policy implications are widely acknowledged. While we took some pleasure in the fact that *Hunger and Public Action* was described by *The Financial Times* as "one of the most important contributions to economic thought for many a year", what made us feel more fulfilled was their other — less intellectual — compliment that "if the book has the impact it deserves, it may save the lives of millions". The well-defined research tasks we set ourselves to do in this field in the summer of 1985 are now, I believe, effectively completed.

The books published so far under the hunger and poverty programme are the following:

- Jean Drèze and Amartya Sen, *Hunger and Public Action* (Oxford: Clarendon Press, 1989).
- Jean Drèze and Amartya Sen, eds., *The Political Economy of Hunger*, 3 volumes (Oxford: Clarendon Press, 1990, 1991):  
Vol. 1: *Entitlement and Well-Being* (1990)  
Vol. 2: *Famine Prevention* (1990)  
Vol. 3: *Endemic Hunger* (1991)



**Amartya Sen**  
Professor of Economics  
Harvard University

- V.K. Ramachandran, *Wage Labour and Unfreedom in Agriculture: An Indian Case Study* (Oxford: Clarendon Press, 1990).
- Ehtisham Ahmad, Jean Drèze, John Hill and Amartya Sen, eds., *Social Security in Developing Countries* (Oxford: Clarendon Press, 1991).
- S.R. Osmani, ed., *Nutrition and Poverty* (Oxford: Clarendon Press, 1992).
- Martha Nussbaum and Amartya Sen, eds., *The Quality of Life* (Oxford: Clarendon Press, 1993).

Books that are completed but not yet published, or are in the final stages of completion, include:

- S.R. Osmani, *Growth and Poverty in South Asia*.
- Sudhir Anand and Christopher Harris, *Food, Nutrition and Standard of Living: Methodology and Application to Sri Lanka*.
- Peter Svedberg, *Poverty and Undernutrition in Sub-Saharan Africa: Theory, Evidence, Policy*.
- Jean Drèze and Amartya Sen, eds., *Economic Security in India*.

Many of the papers published by researchers in this programme have been very substantial indeed (for example, S.R. Osmani's "Wage Determination

in Rural Labour Markets," *Journal of Development Economics*, vol. 34, 1991). Nanak Kakwani, who was working for UNU/WIDER in its early years, has gone on to use his papers published from here to complete monographs, acknowledging his work at UNU/WIDER. A study of famine causation and prevention in Ethiopia, done by Derseh Endale, is also substantial and may be published in some revised and extended form.

Incidentally, the hunger and poverty programme of UNU/WIDER has always had much "in-house" research, done in this case by Siddiq Osmani, Nanak Kakwani, Peter Svedberg, and Derseh Endale. Such research led to several of the monographs produced by UNU/WIDER in this field and also to many of the articles in the edited books in the UNU/WIDER series (in addition to the journal articles written by the in-house team, presenting research done at UNU/WIDER).

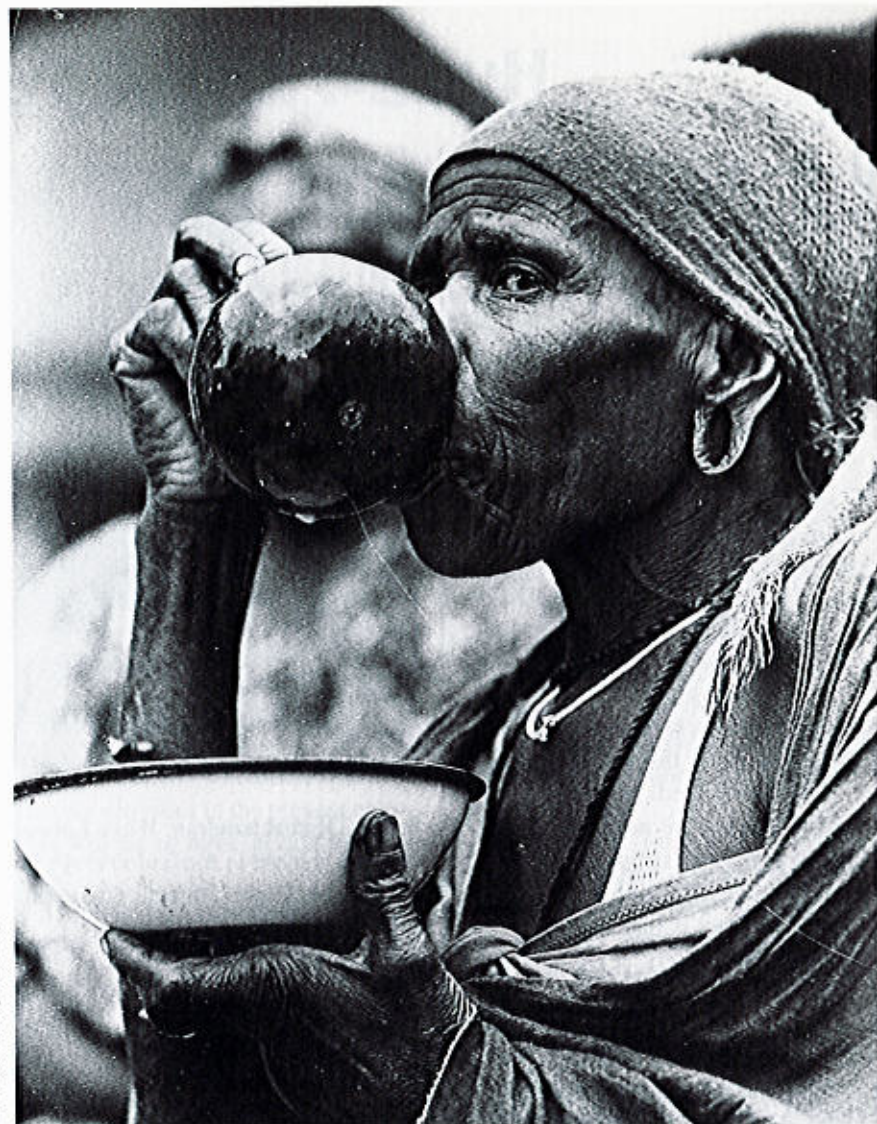
The first book in the series, *Hunger and Public Action* (1989), dealt with hunger and poverty globally, and *inter alia* went into the experiences of East Asia (including China, South Korea, Hong Kong, Singapore), South Asia (including India, Bangladesh, Pakistan, Sri Lanka), sub-Saharan Africa (including Ethiopia, Sudan, the Sahel countries, Kenya, Botswana, Cape Verde, Zimbabwe), and Latin America and the Caribbean (including Brazil, Chile, Costa Rica, Cuba, Jamaica). The phenomenon of famine, mainly centered now in sub-Saharan Africa (though China too had a large one in 1958-61, which was also studied extensively in our programme) was distinguished from the less severe but more persistent problem of endemic hunger, of which the vast majority of the victims in the world are located in South Asia. The book discussed extensively the causation as well as remedial measures for each. Particular attention was also paid to the deep divisions within the society, related for example to the specific deprivation of



women, and to the special vulnerability of rural labourers. One important feature of this work is the exploration of the far-reaching interconnections between economic problems and political factors.

Even though *Hunger and Public Action* went substantially into causal analysis, its motivating focus was on public action — both governmental policies and constructive activities by the general public. The 3-volume *Political Economy of Hunger* (1990, 1991) supplemented this work with analytical as well as empirical investigations related to the experiences of hunger in sub-Saharan Africa, South Asia, China, and Latin America, distinguishing between general issues of approach and strategies (volume 1), and particular problems of famine prevention (volume 2) and of the eradication of endemic hunger (volume 3). The question has sometimes been raised whether books of the kind that the UNU/WIDER authors wrote would have been produced anyway — with or without UNU/WIDER's support. The answer is firmly in the negative for two distinct reasons. First, many of the volumes of the studies produced (the 3-volume *Political Economy of Hunger*, and the volumes on *Nutrition and Poverty* and *The Quality of Life*) were based on collaborative research involving team works, working meetings and extensive interchanges between many researchers, and they could not have happened but for the organization and support that UNU/WIDER provided. Second, the monographs that were fully authored by one or two persons (*Hunger and Public Action*, *Wage Labour and Unfreedom in Agriculture*, *Growth and Poverty in South Asia*, and *Poverty and Undernutrition in Sub-Saharan Africa*) were also profoundly influenced by the findings that emerged from those team works. For example, *Hunger and Public Action*, by Jean Drèze and myself, would have taken a very different form (if at all produced) but for the enlightening influence of the collaborative research reported in the 3-volume *Political Economy of Hunger*.

Poverty cannot be dissociated from



Sivonen Kirvapalvelu Oy

the broader issues of "unfreedom" of the underdogs of society, for example rural labourers in the poor developing economies. V.K. Ramachandran's book (*Wage Labour and Unfreedom in Agriculture*, 1990), drawing on his Ph.D. work but completed while working at UNU/WIDER, goes into these interconnections in a rich and illuminating way. The regional concentration was on Tamil Nadu in India, but the findings are of broad and general interest.

Problems of hunger and poverty relate closely to complex issues of nutritional adequacy, on which many alternative approaches exist, which yield thoroughly conflicting estimates of the magnitudes of undernourishment and of poverty in the developing world. We wanted to sort out these problems, and to a great extent this is achieved in Osmani's wide-ranging and authorita-

tive book (*Nutrition and Poverty*, 1992), with contributions from the leading scholars belonging to different schools, who had to respond to each others' arguments for this UNU/WIDER project. The studies were integrated in a masterly way by Osmani's consolidating analysis. Not surprisingly, the book has rapidly become a standard reference in this general field.

A specifically economic approach to the issues of nutrition and living standards was presented in two papers, written by Sudhir Anand and Christopher Harris, in *Nutrition and Poverty*, and in *The Political Economy of Hunger*. Their highly original approach — making novel use of family expenditure data — has been fully developed in their monograph, *Food, Nutrition and Standard of Living*, completing this important line of work.

While undernourishment represents

one aspect of poverty and deprivation, generally low quality of life reflects another — much broader — aspect of it. The studies presented in *The Quality of Life* (1993), edited by Martha Nussbaum and myself, take up these more complex questions, and incorporate philosophical analyses as well as examinations of social and political economy. The work begun there has been followed by a programme jointly led by Martha Nussbaum and Jonathan Glover, with a particular focus on gender inequalities and reproductive problems. This work, though initially conceived as a project under the "hunger and poverty" programme, has now branched off as a separate — and extremely important — field of study on its own in UNU/WIDER, and this is a field of much on-going interest.

UNU/WIDER's programme on hunger and poverty has always had a strong policy orientation. This takes very specific forms in the series of studies presented in *Social Security in Developing Countries* (1991). It addresses the challenging problem of devising effective and affordable social security arrangements in poor countries. That work was not regionally delimited, but in the book now being completed by us on economic security in India, we apply the general reasoning to the specific case of India, in an attempt to bring its hundreds of millions of economically insecure people into networks of economic security. The book will be completed in 1994. The policy relevance of this study goes well beyond the borders of India.

Even though every region in the Third World has been covered in one way or another in UNU/WIDER's 8-year programme on hunger and poverty, there was a particular concentration on sub-Saharan Africa and on South Asia, where the problems of famines and endemic undernourishment, respectively, are currently most intense and widespread. This line of research is effectively supplemented by two UNU/WIDER volumes that are in the process of publication: Peter Svedberg's *Poverty and Undernutrition in Sub-Saharan Africa*, and

*Hunger and Public Action* was "one of the most important contributions to economic thought for many a year" ... "if the book has the impact it deserves, it may save the lives of millions".  
*The Financial Times*

Siddiq Osmani's *Growth and Poverty in South Asia*. The regional concentration on sub-Saharan Africa and South Asia was deliberately chosen to focus on the most acute incidence of famines and endemic undernutrition, but this was not made into an exclusive concentration. In fact, the UNU/WIDER studies on China and Brazil have been

much cited and used. Indeed Carl Riskin's "Feeding China" in *The Political Economy of Hunger* has become something of a classic, and the long chapter on China in *Hunger and Public Action* has also received widespread attention.

The goals we had set at the beginning of this programme in mid-1985 have now been largely achieved and what is in the pipeline will be fully completed by the end of 1993. There are, of course, additional and important problems that a future UNU/WIDER programme can fruitfully take up in this general area.

To end on a personal note, I would like to put on record the fact that my work for UNU/WIDER over the last eight years has been a wonderful intellectual and emotional experience for me. I would like to thank UNU/WIDER for giving me this opportunity — both of serving a very remarkable research institution, and of participating in a collective effort to find remedies for the terrible problems of hunger in the modern world. For all this, I am immensely grateful. ■

### Selected Comments from the Review and Evaluation Team

Thirty-Seventh Session of the UNU Council, 24–28 June 1991, Macau

"As WIDER matures as a research institute of international repute, certain changes will become necessary in its systems, procedures and in the nature of its accountability.

A number of different bodies, including those that have made endowments or who have contributed to the funding of the Institute in other ways, have a legitimate interest in satisfying themselves that appropriate procedures for appraising, monitoring and evaluating the main components of WIDER's work programme are in fact operating and that proper accountability for the expenditures is maintained; however, the actual operation of those procedures must remain the responsibility of WIDER's management and, in particular, the Director reporting directly to WIDER's Board.

WIDER's budgeting and accountancy system needs to be improved to allow for a more specific consideration of programme and project budgets at the appraisal stage, and to facilitate the quasi automatic production of figures for use in evaluation. As the Institute matures, it is appropriate that some of its procedures should become more formalised, especially with regard to project identification and selection, the drawing up of WIDER's Work Programme, mid-project review and post-project evaluations."



## The Role of the State in Economic Development

**M**y first contact with UNU/WIDER was in the mid-1980s as a participant in a conference on the development of the advanced capitalist economies since the World War Two. Andrew Glyn and I contributed a paper to this conference entitled *The Diversity of Unemployment Experience since 1973*. Our paper analysed how various countries responded to the prolonged slowdown in economic growth associated with the oil shocks of 1973 and 1979. Some countries succeeded in maintaining or even increasing employment during this period, whilst others experienced dramatic reductions in employment. Surprisingly, these differences were only weakly correlated with economic growth. Some relatively slow growing economies, above all Sweden, experienced an impressive expansion in employment after 1973, whilst employment collapsed in some faster growing economies. We concluded that the slowdown in economic growth after 1973 was the manner in which countries responded to its slowdown. This, in turn, was a reflection of the kind of wage bargaining institutions in place at the time and of government policies towards public sector employment and structural change. The importance of these factors was most clearly illustrated in Sweden, where the government intervened vigorously in the market sector to prevent wholesale redundancies and promote an orderly transfer of labour into new industries. There was also a large expansion of employment in the public services to provide work for women entering the labour market and for some of the people displaced from the market sector. The resulting increase in taxes would have been highly inflationary had it not been for the existence of a strong, centralized trade union movement which ensured that workers absorbed these additional taxes and accepted a substan-



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tial reduction in their take home pay. The lesson we drew from the experience of Sweden, and certain other "corporatist" countries, was that a strong, centralized trade union movement can play an important role in times of economic stress — by holding down post-tax real wages in return for active government policies to manage structural change and create employment. This conclusion was in line with the thinking of a number of political scientists at the time we were writing, but was against the conventional wisdom of the economics profession which was still dominated by the neo-liberal vision of deregulated markets and the breaking up of trade unions.

My next involvement with UNU/WIDER was in a project organized by two Finnish economists, Jukka Pekkarinen and Matti Pohjola. This project was explicitly devoted to the experience of corporatist countries such as Austria, Sweden and others in the Nordic bloc. It was therefore natural for me to explore further some of the ideas on corporatism which had been raised in my earlier paper with Andrew Glyn. Our paper had been

criticized for exaggerating the superiority of Sweden and other Nordic countries in terms of job creation as compared to the United States where employment had also grown rapidly after 1973. Partly in response to these criticisms, I decided to extend the analysis of employment performance to take into account not just the number of jobs involved, but also their quality. In terms of pure numbers, the US employment performance in the seventies and eighties was indeed impressive and equalled by few other advanced countries. In terms of quality, however, the picture was quite different. Many of the additional jobs in the United States were both low-skilled and very badly paid. Whereas many European countries suffered from inequality arising from unemployment, the major problem in the United States was that of the working poor — the tens of millions earning very low wages by local standards and without access to adequate health care and other services available to Europeans through their welfare state systems. The first task of my paper was to document systematically such international differences. The next step was to seek to explain them. To this end, using an index constructed originally by Calmfors and Driffil, I classified countries according to the degree to which their wage bargaining institutions were centralized. At one end were the highly decentralized countries, notably the United States, where unions and employers' organizations are weak and fragmented. Most countries of the European core, such as France and West Germany, were somewhere in between, having moderately strong unions with only a moderate degree of centralization. Using this classification, I was able to show that during the period in question only the most centralized or, as some would say, only the most corporatist economies managed to combine high em-

ployment with reasonable good wages for all. The remaining economies had either considerable unemployment (the European core) or a highly unequal earnings distribution (USA).

These findings are of no obvious relevance to the European debate on "labour market deregulation". Many economists have argued that the cure for high unemployment in the European core is to free up the labour market by weakening and decentralizing wage bargaining. If the arguments in my paper are right, this might reduce unemployment, but only by creating a huge army of working poor along US lines. Indeed, this is just what happened in the UK under Thatcher. A much better route would be to follow the Nordic example and both strengthen and centralize the trade unions. This would create the conditions for a corporatist-style bargain between labour, capital and the government in which the objective would be the large scale creation of adequately paid jobs.

In addition to contributing my own paper, I also helped to write, along with Jukka Pekkarinen and Matti Pohjola, the introduction to the published volume of conference papers. At the time we were writing, the corporatist economies were enjoying high levels of employment and their future looked moderately good. However, we identified a number of stresses in these economies and warned that some of them might face serious problems in the future. In the event, things turned out worse than we had anticipated, above all in Finland and Sweden, where there have been spectacular economic crises resulting from mismanaged financial deregulation, together in the Finnish case with the collapse of trade with the Soviet bloc. These developments have taken the shine off the so-called Nordic model and reduced its appeal to other countries. This is unfortunate, since the model has many attractive features and is not responsible for the present mess. In my view, it still has considerable potential. Indeed, the Finnish situation would be even worse than it is today were it not for the country's corporatist institutions, which have survived

broadly intact and permit the costs of the present crisis to be shared more equitably than would otherwise be the case.

In our introduction we raised the question how far can corporatist-style institutions be transplanted to other countries. At the time we were writing, Gorbachev was still in power in the Soviet Union and was expressing interest in the so-called Nordic model. Similar views were being heard from Central and Eastern Europe from those opposed to the extreme free market policies being advocated by many Western agencies. We were rather sceptical about these hopes. In the case of the Soviet Union, we argued that the likelihood of the country "transforming its economy into anything resembling Nordic-style corporatism in the foreseeable future is remote. The country is wracked by ethnic and national conflicts, and the degree of social cohesion required for the creation of viable, independent corporatist institutions does not exist on a country-wide level, although it might conceivably exist in some of the individual republics should they break away from the Union and set up on their own". Events have amply justified this pessimism. In the case of other former communist countries, the picture is more hopeful. In some of these countries, it may eventually be feasible to develop durable

*Many economists have argued that the cure for high unemployment in the European core is to free up the labour market by weakening and decentralizing wage bargaining. If the arguments in my paper are right, this might reduce unemployment, but only by creating a huge army of working poor along US lines.*

forms of corporatism in place of the existing temporary compromises on the road to a market economy.

In 1991, I was made a Research Adviser to UNU/WIDER and made responsible for leading two projects, one dealing with the control of economic enterprises and the other with the role of the state in economic change. In each case the format was the same. Papers were commissioned from a number of academics, some of whom were relatively senior and well-known in their profession, whilst others were more junior but showed promise. In each case, an effort was made to involve economists either from the developing countries or with considerable experience of them. Economists from UNU/WIDER's host country were also involved in both projects. After a suitable interval, small conferences were held at which the papers were presented and discussed. The papers were then revised and brought together in two volumes which have been submitted to publishers for their consideration.

The first project was entitled *Participation and Cooperation in Economic Enterprises: Democracy and Efficiency*. This project was conceived at a time when the traditional economic model of socialism was collapsing in the East and the old command system was being dismantled to be replaced by some form of market economy. It was evident that for the foreseeable future, the activity of economic enterprises throughout the world would be regulated primarily by market forces and the pressure of competition. At that time, the increasing role of market forces in the world economy was commonly hailed as a victory for the traditional capitalist model over its socialist rival. On one level this was obviously true. However, it is also recognized that the traditional model of capitalism has many defects, one of which is the limited extent of democracy within the sphere of economic life.

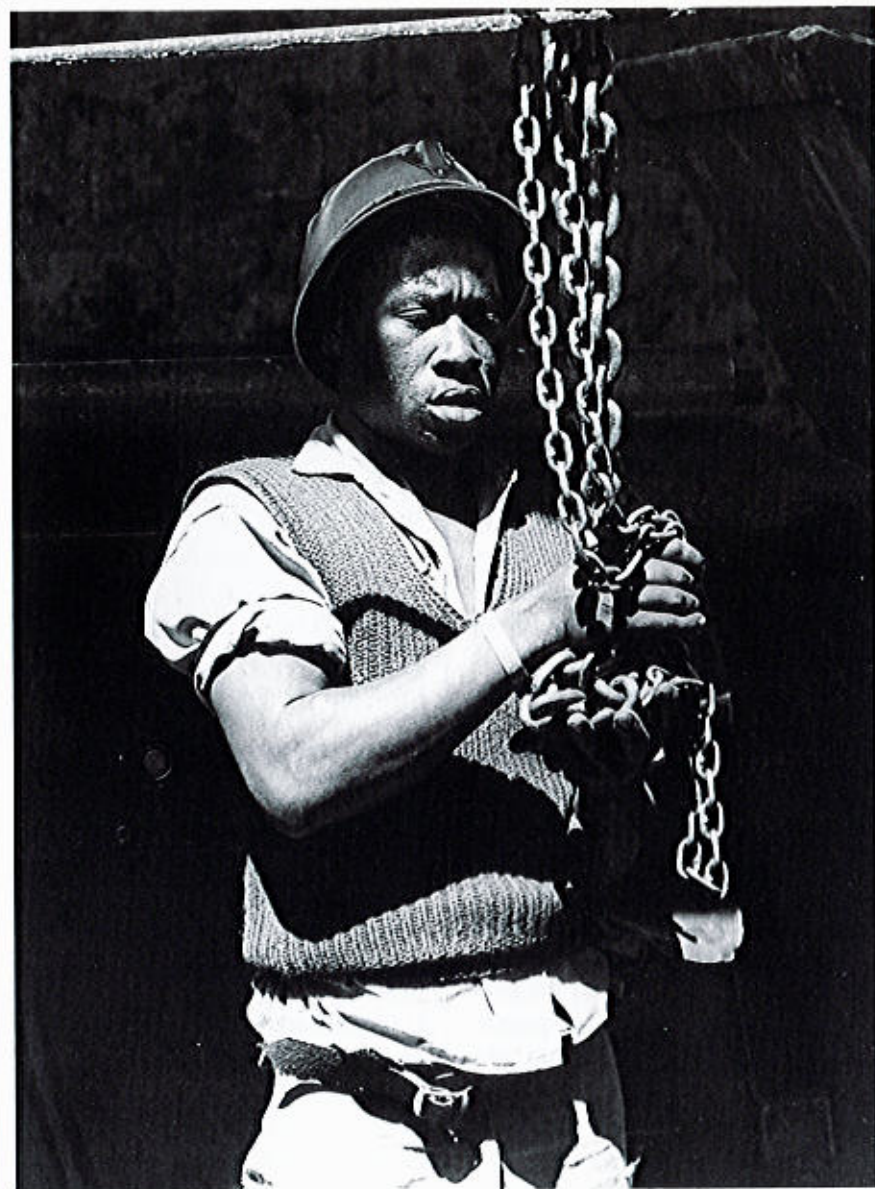
Economic democracy has many dimensions, but the primary focus of the project was on the issue of cooperation and participatory decision-making



within the economic enterprise. The traditional capitalist firm, like its Soviet-type counterpart, is hierarchical and the bulk of the workforce has minimal control over its operation. To the extent that democracy exists in capitalist economies, it is located primarily in the wider society and is largely absent within the enterprise itself. Many economists argue that democracy within the enterprise is inefficient and they defend the hierarchical model on the grounds that anything else is normally unworkable. Others disagree. They point out that in some areas, such as the Basque country in Spain or Emilia Romagna in Italy, cooperatives have been very successful and have proved themselves capable of competing effectively in the market. They also point out that capitalist enterprises themselves are organized in many different ways and that some exhibit far more worker participation than others.

When the project was first begun, twelve papers dealing with various aspects of enterprise democracy were commissioned. It later transpired that there was a major gap in coverage, but by this time the funds available for paying authors had been fully committed. Fortunately, a well-known group of experts in the field (Ben-Ner, Han and Jones) agreed to contribute a paper free of charge. The selection of papers for this subject was based on the premise that the main philosophical and theoretical issues should all be covered. In addition, there should be a comprehensive survey of existing empirical evidence on the efficiency of various kinds of cooperation and worker-participation.

The papers were presented at a conference held at King's College, Cambridge, in January 1993. Over the course of two days, there was a vigorous discussion covering a wide range of issues. It is not possible to summarize here either the papers or the ensuing discussion. However, two points did stand out. First, there is no theoretical reason why firms with a high level of worker-participation should be less efficient than the traditional hierarchical firm, and some reason for



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believing the opposite. Secondly, there is some empirical evidence to suggest that a high level of worker involvement in management is economically efficient provided it is accompanied by an equivalent share in the financial gains (and losses) of the enterprise. However, it is also the case that there are comparatively few successful worker-managed firms in the capitalist world and few capitalist enterprises where workers have a high level of involvement in management. This is somewhat paradoxical in view of the apparent advantages of worker-participation. Several of the project authors discussed this paradox and made interesting suggestions as to what might be the explanation, although no definitive answer emerged.

My second project was entitled *The Role of the State in Economic Change*. This project was conceived in opposition to the neoliberal ideology which has been so prominent in economic thinking in modern times. Since the first oil shock twenty years ago, the world economy has experienced a series of problems and the growth rate of most economies has been considerably reduced. On an ideological plane, the period has seen a reaction against prevailing modes of organization and a resurgence of neoliberal economic theories. The neoliberal approach stresses the efficacy of the free market and condemns state intervention as ineffectual or counterproductive. It blames past and present state intervention for most economic ills, and its

prescription for most economic problems consists largely of deregulation and a reduction in the economic role of the state to that of a "night-watchman".

Over the past twenty years, neoliberal doctrines have inspired economic reform throughout the world. Many developing countries have implemented vigorous neoliberal programmes in the areas of trade, industry and the labour market — sometimes by choice and sometimes under pressure from external creditors. This has been done in the hope that the "freeing up" of markets, and the reduction of direct state intervention, would make economies more flexible and creative, helping to solve their immediate problems and contribute to long-run dynamism.

It is now widely recognized that many neoliberal reform programmes have failed to live up to their promise. In some cases they have been successful, but elsewhere they have been a failure and they have sometimes made things much worse. As a result, there is growing disenchantment in much of the world with neoliberalism and a desire for a less doctrinaire approach to economic questions. This is strikingly evident in Russia following the departure of the extreme economic liberals from the government and the demise of "market romanticism".

The declining appeal of neoliberalism must inevitably leave an intellectual gap and raise some major questions. However, even those most hostile to this doctrine must recognize that it contains some important insights into the functioning of complex economies, the role of markets and the limits of state intervention. The neoliberal revival has shifted the terms of economic debate and altered the way even its opponents think. Few now believe that it is either possible or desirable to turn the intellectual clock back twenty years to the time before this revival. Not only has the world economy changed considerably, but practical experience and the neoliberal critique have revealed some flaws in the old ways of thinking. The challenge is not simply to return to some previous in-

*A strong, centralized trade union movement can play an important role in times of economic stress — by holding down post-tax real wages in return for active government policies to manage structural change and create employment.*

tellectual golden age, but to form a new synthesis in which the valid insights of neoliberalism are stripped of their ideological baggage and integrated into a wider and more objective framework.

The greatest weakness of neoliberalism has been its failure to characterize or theorize adequately the role of the state as an agent of economic development transformation. Many of its specific points regarding the weaknesses or failings of state intervention, or the overly ambitious nature of much state intervention, are undoubtedly correct. But they do not add up to a coherent theory of the state and they also give a grossly one-sided view of its economic role. The purpose of my UNU/WIDER project on the state was to help remedy this defect by providing a more balanced view of the state than has been staple fare in recent years. With this objective in mind, papers were commissioned from a number of scholars who all shared a broadly common perspective. All accepted both the need for, and legitimacy of, state intervention to promote economic development and change. At the same time, they also accepted, to varying degrees, some aspects of the neoliberal critique. The idea of choosing such a relatively homogenous group was not to avoid debate, but to avoid a fruitless rehashing of old controversies and devote our energies to something more constructive. In the event this turned out to be a wise decision. The papers

commissioned under the aegis of the project were presented at a highly stimulating conference held at King's College, Cambridge, at Easter 1993. There was enough common ground to avoid sterile controversy, but enough differences of approach and experience to produce lively and useful debate. The papers have been collected in a separate volume. When it is eventually published, the book will appear at a most opportune time. The revival of interest in the role of the state is accelerating and both the coverage and quality of the essays should give the book a wide appeal.

Having completed these two projects, my hope for the future is to lead a project on the role of transnational corporations in the world economy, in particular their implications for national economic policy. In the course of my project on the role of the state, it became abundantly clear that international integration, above all the rise of the transnationals, has had profound implications for the role of the nation state. My intention is to bring together a group of leading scholars to explore the rise and implications of the transnationals. Despite its fundamental importance for every country, this is an area which has received inadequate attention from the academic profession. There is a fair amount of literature on the microeconomics of the transnational enterprise and of general descriptive material, but relatively little dealing with the wider implications of TNCs for the world economy as a whole or for national economic policy. I hope that my project will help to redress this imbalance. ■



## Grassroots Dynamics and Directed Development

The research project on Grassroots Dynamics and Directed Development was a study of popular strategies and solutions to problems of survival in Tanzania that created new bases for self-reliance and new institutional resources in spite of government efforts rather than because of them.

Tanzania has been generally seen as a failed experiment and no longer elicits the kind of enthusiasm or sympathy it did in the 1960s and 1970s when Tanzania's brand of socialism attracted the attention of states, donors, international organizations, movements and individuals. The Tanzanian emphasis on equality, people's participation in decision-making, self-reliance, and providing basic needs captured the imagination of these early well-wishers. Most of the gains the country made in health, education and other areas began to unravel in the late 1970s as the economic crisis intensified.

In answering "what went wrong in Tanzania," some have focused on the external factors that have contributed to the failures of Tanzania's economy such as rising oil prices and prices of inputs, declining terms of trade, the conflict with Uganda in the late 1970s, drought and interference of international financial institutions and foreign donors. Others have focused on government policies that favored the industrial sector over the agricultural sector, discouraged private capital formation, encouraged the growth of parastatals, attempted to micro-engineer the economy, while helping perpetuate internal mismanagement and corruption. Similarly, Tanzania's political failures are generally attributed to the rise of the one-party state, increased statism, and the excessive centralization of policy making.

What this study attempted to do was to go beyond the many insightful analyses of Tanzania's difficulties and be-



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gin to ask what might have gone right in the process. We tried to take a hardnosed look at what has been learned from not only the negative experiences, but the positive ones as well. We adopted a multidisciplinary approach to the study since we were looking at a phenomena that defies explanation simply from one disciplinary perspective.

The study includes the insights of two economists (Benno Ndulu and Mboya Bagachwa), a political scientist (Aili Tripp), a sociologist (Cuthbert Omari) and an anthropologist (Marja-Liisa Swantz). Although our respective disciplinary backgrounds influenced our methodological approaches, it is interesting to note the commonalities in our conclusions.

The study focused on the informal economy, which is one of the most overlooked and underestimated sectors in Tanzania's economy that has sustained both the urban and rural sectors in times of economic adversity. The team tended to see the informal economy as situated outside of the controls and regulation of the state. Although the informal economy can include quite large-scale enterprises, in

Tanzania it involves primarily micro-enterprises as small as one proprietor, but also small-scale enterprises of around 10 individuals.

We found that Tanzania changed many of its economic policies not only as a result of pressures from external international financial institutions, but also from internal domestic pressures at the grassroots level. The authors argue that these micro-level forces influenced macro-level policy changes through a process of struggle. For example, in the 1980s people used parallel markets to channel food supplies and consumer goods, sideline income-generating activities to supplement falling real wages in urban areas, and unofficial trade networks for external trade. Eventually macro-level policies responded to these popular pressures through measures that sought to redress various incongruencies that had evolved between policy-makers and the daily survival imperative of ordinary people. These measures included increasing agricultural producer prices to encourage the production of export and food crops; the adoption of measures to contain inflation to help alleviate budgetary problems of urban wage earners; the liberalization of food markets to eliminate the need for parallel markets; import liberalization to reverse capital flight and exchange rate adjustment; and retention schemes to make use of official channels more beneficial to exporters.

Similarly in the urban context, popular pressures forced the leaders to abandon their claims that the self-employed micro-entrepreneurs were "unproductive elements", and eventually in 1985 to permit the legal operation of various micro-enterprises.

The project also showed how at many different levels, the crisis created a paradoxical situation. By the end of the 1980s, wage earnings of the average worker met the cost of food

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for an average household for only three days of the month. The crisis put great pressures on people to make ends meet, especially on urban and rural women, but also on children, the youth and the elderly. On the other hand, the new economic pressures had made it necessary for people to look for new sources of livelihood. They engaged in income-generating activities with greater intensity. Women, in particular, were able to take advantage of the situation to increase their earning power and the control of their earnings through involvement in new income-generating projects. Women also became involved in new types of informal and private sector enterprises in an unprecedented way, e.g., hairdressing, tailoring, operating flour mills, dry-cleaning companies, bakeries, etc.

The informal economy in Tanzania has been essential in providing a livelihood not only for the urban but also for the rural populations, both employed and self-employed alike. In a country where the government is responsible for roughly two thirds of wage employment and the wage bill, the fact that people have alternate sources of income takes an enormous weight off the government's shoulders by not having large sectors of the population placing demands for immediate wage increases to keep pace with inflation.

The study challenged conventional

notions of employment-unemployment. We found that one way in which the informal sector is able to accommodate these income and employment demands is not through internal expansion or hiring more workers but rather through the creation of similar new equally small enterprises. Once apprentices or family members who have been working for an enterprise gain enough capital, they break off and form their own business, perhaps hiring (often a distant relative) or in partnership with another individual. This effectively and intentionally keeps many of the enterprises small in size. Even firms with greater capital tend to keep employees at a minimum, while permitting this amoeba-like expansion to occur. Moreover, because the incomes and employment decisions are not regulated by the government, small-scale and micro-enterprises have more flexibility in hiring and expanding.

The informal economy is also characterized by the fact that it serves local markets and strengthens domestic investment. It provides local residents with relatively inexpensive products compared with the cost of imported commodities. Without such high demand for cheap products, the informal economy would not have been able to thrive and expand the way it did in the 1980s. It also tends to rely more on local inputs rather than imports, which may account for its capacity to thrive

at a time when large-scale industry languished in the 1980s due to its heavy dependence on imported inputs.

Large-scale industry also suffered from competition as a result of import liberalization. The local informal sector was affected by import liberalization but has suffered much less than its large-scale counterparts. This is because of the flexibility of these entrepreneurs, who were quickly able to fill another niche and meet new demands. They also often remained competitive because they could provide products at more affordable prices and with a quality and aesthetic not found in imported mass-produced products. Thus, being less vulnerable to external shocks has contributed to the productivity of the small-scale manufacturing sector in Tanzania.

We found the profile of the entrepreneur to be similar to that of the entrepreneur in other African countries with respect to individual proprietorship as the main form of ownership within the informal sector. In part this has to do with efficiency, but it also has to do with the strong preference for family involvement in enterprises as labourers, as clients and customers, and as sources of capital, information and informal assistance. In return, family members make claims on the proprietor for financial assistance of various kinds. We argue that in this way the informal sector contrib-



utes to a redistribution of wealth in a more equitable fashion than if the same family members were to simply rely on employment, which is not a viable option when virtually no formal jobs are available.

There is considerable reciprocity and working together in the day-to-day functioning of enterprises. Assistance comes readily from relatives and friends in the form of loans, in providing starting capital, running the projects, and in providing information and resources through one's formal job. In fact, the entire economy thrives on this kind of cooperation that in the urban context is increasingly extended to relationships broader than kinship ties, known by anthropologists as "fictive kinship relations."

Cultural factors are the key to community survival which goes beyond individual profit motive. It was hard to find situations in which community values would have completely lost their significance. On the contrary, there is plenty of evidence that their significance has increased rather than decreased lately. Single-minded profit motive does not permit taking care of a sick relative or the necessary trips to the many funerals which dominate today's life in Tanzania.

Our research made it clear that trying to force a society into an externally regulated and planned economic system has little chance of succeeding. Whether it is called "social economy", "human economy", "moral economy" or "economy of affection", there is serious reason to make room for a more imaginative conceptualization of economic life than what is the case today in mainline economics, economic analysis and planning. Participatory research links up with bottom-up planning and action, and can thus produce concrete support to "grassroots dynamics". It is a more fitting tool than "directed development".

The final volume of the research project "Self-Reliance from Above and from Below: Grassroots Dynamics and Directed Development in Tanzania" has been submitted to publishers for consideration. ■

## Publications

Books published by the other members of the project, Professor Benno Ndulu, Professor Cuthbert Omari, Dr Mboya Bagachwa, and Dr Aili Mari Tripp, are not listed here.

### Marja-Liisa Swantz:

"The Identity of Women in African Development", in *Religion, Development and African Identity*, ed. Kirsten Holst Petersen. Uppsala: Scandinavian Institute of African Studies, 1987.

"Self-Reliance by Default", in *Approaches that Work in Rural Development*, ed. J. Burbidge. K.G. Saur. Munchen, 1988.

"The Effect of Economic Change on Gender Roles — The Case of Tanzania", in *Development 2/3*, 1988.

"Miscalculated Economics: Do women need their own Economics?" *CCPD for a Change 2/89*. Lutheran World Federation, Geneva, 1989.

*Grassroots Strategies and Directed Development in Tanzania: The Case*

*of the Fishing Sector*, UNU/WIDER Working Paper No. 58, (August 1989).

"Manipulation of Multiple Health Systems in the Coastal Region of Tanzania", in *Culture, Experience and Pluralism*, eds. Anita Jacobson-Widing & David Westerlund, Uppsala, 1989.

"Spontaneous Self-Organization and Formal Institutions", in *Political Culture, Local Government and Local Institutions*. Occasional Paper No. 7, 27-58. Eds. Bodil Folke Frederiksen and Kirsten Westergaard. International Development Studies, Roskilde University, 1993.

### M.L. Swantz & A.M. Tripp:

"Development for 'Big Fish' or 'Small Fish'? Contrasts in Tanzania's Fishing Industry" in *Decolonizing Knowledge. From Development to Dialogue*, ed. Apffel-Marglin, F. Oxford: Clarendon Press (in print).

**B. Ndulu, M.L. Swantz & A.M. Tripp, eds.** *Self-Reliance from Above and from Below: Grassroots Dynamics and Directed Development in Tanzania* UNU/WIDER publication (being reviewed by the publishers).

## Selected Comments from the Rector

### Thirty-Seventh Session of the UNU Council, 24-28 June 1991, Macau

"The Board of WIDER concurs with the proposal for the build up of the resident researchers to reach a critical mass of 15 to 20, but points out that the resident researchers will have little time for undertaking short-term technical assistance assignments in developing countries, since they will be concentrating their attention entirely on research. These are important issues which should be considered on the basis of the purposes and activities of WIDER, as set out in its Statute. In this respect, the complement of resident researchers at WIDER should be linked organically to a carefully selected network of participating institutions, particularly in developing countries. Researchers from such institutions could be engaged in a programme for a longer duration and be partly in residence at WIDER for a considerable time and partly at their respective home institutions in order to enrich the programme network and ensure that their respective home institutions and countries benefit fully from the work being undertaken.

A combination of resident researchers, with organic links to their home institutions, within a growing open-ended programme network, involving young scholars as fellowship trainees or research associates, would be a cost-effective and efficient way of undertaking in-house research, organising training activities, and expanding the network of institutions and individual scholars, particularly in developing countries."

# The Environment and Emerging Development Issues

**Partha Dasgupta**, Professor,  
University of Cambridge  
**Karl-Göran Mäler**, Professor,  
Stockholm School of Economics

The first part of the Programme consisted of the preparation of a number of commissioned articles that were subsequently presented at a conference on the Environment and Emerging Development Issues, held in Helsinki in September 1990. The motivation behind the choice of the topics was straightforward: the idea was to codify what we know in the field of environment, poverty, population, and development, so that the material could be used for teaching purposes in Third World universities. The contributors to this conference were development and/or environmental economists.

A second conference, on The Economics of Transnational Commons, was held in the University of Siena in April 1991. Given the topic, it was necessarily interdisciplinary, and dealt with a variety of topics, such as biodiversity, population problems in sub-Saharan Africa, the geophysics of watersheds, international environmental law, cultural externalities, the possibilities of international agreements on global warming and the law of the seas, and the international pollution taxes.

The proceedings of both these conferences are now with Clarendon Press (Oxford) undergoing the publication process. They contain 34 articles in all. A report on their findings was prepared by Partha Dasgupta, Lal Jayawardena, and Karl-Göran Mäler, and it was published in the UNU/WIDER Research for Action Series in 1992.

The second part of the Programme has involved the preparation of a textbook on environmental economics by Professors Dasgupta and Mäler, suitable for use in economics departments of Third World universities. The manuscript of this book is now ready and has been used for teaching purposes. The overall aim of the authors has been not only to write a comprehensive treatise on the subject, but also to write it in a way that would encourage university

teachers of economics in Third World countries to use it as a model for writing their own textbooks, focusing more on their own local environmental and development problems. Experience in teaching from this material has so far been very encouraging. UNU/WIDER will be holding a meeting in September this year, where a number of experts, ranging from the international agencies, such as the World Bank, to university teachers of economics, will comment on the book. The authors have agreed with Oxford University Press that they will deliver the revised version of the book in October this year, following the Helsinki meeting.

The third part of the Programme consists of a sequence of teaching workshops, at each of which 20 to 25 youngish lecturers of economics in Third World universities (i.e. from Asia, Africa and Latin America) attend lectures on environmental economics (the teaching material being the conference papers and the draft of the textbook), the hope being they will find the material sufficiently interesting for inclusion in their economics courses. (Even now environmental economics is not in the syllabuses of economics departments in developing countries.) The location of these workshops are moved so as to minimize transportation costs. The first such workshop was held in Sri Lanka in December 1992, where participants were drawn from South and South East Asia, and sub-Saharan Africa. The second workshop, held in Malta in July 1993, drew on economics teachers from sub-Saharan African universities, and a few from the Middle East, including Egypt, Syria, and Turkey. We are hoping to hold a third workshop at the

University of West Indies in Jamaica in November this year (for university teachers in the Caribbean region and Central America.) Funds permitting, a fourth teaching workshop is planned for Latin America, and a fifth in China.

The 4-volume material from UNU/WIDER forms the reading list and lecture contents in these teaching workshops. It should be emphasized that this has been the intention behind the Programme all along. UNU/WIDER's programme on the environment is unique in this respect: it combines original research, codification of this knowledge through the medium of teaching workshops to university teachers and researchers in economics in Third World universities.

UNU/WIDER's Research Advisers for this Programme are now devising ways in which participants at these teaching workshops can keep in touch, both with one another and with the wider groups of environmental economists in Western universities. Over the medium run, our aim is to create an international network among environmental economists that embraces the established one among those working in the West. In order to bolster this last aim (i.e. to involve Third World university teachers more in international exchanges of ideas), we are trying to obtain funds to hold annual research workshops, each involving a dozen or so folk from Third World universities. The idea here is to encourage Third World economists to undertake research into local problems which they can then air before experts on the subject. At least for the moment, this would act as a substitute for their inability to attend the routine conferences that are held in the West. In our judgement, this is essential if intellectual capacity is to be built in the poorest countries. UNU/WIDER's programme on the environment has had "capacity building" in the Third World as its central aim. ■



## Technological Transformation in the Third World

by Surendra J. Patel

The thirty years since the end of the World War II have been the golden age of political liberation, economic growth and technological progress. Tidal waves of independence movements swept the colonies and dependencies. Empires much larger than any that existed in the past, crumbled like sandcastles in a matter of only a few short years. New and independent nation states were born. The world political map, altered beyond recognition, was completely redrawn.

Meanwhile, the global economy grew at an unprecedented pace. Its total output more than quadrupled. Scientific discoveries piled on one another. The process of technological transformation was swift. New nations adopted processes and techniques that had only recently been invented. Hope spread like wild fire — in the spirit of Shelly's immortal lyric 'Prometheus Unbound' — where man: 'tortured to his will iron and gold, the slaves and signs of power...' But the extravagant visions and promises of that era were smothered in a series of crises beginning in the mid-1970s.

### The golden age of south's development

Concern with contemporary crises has completely overshadowed the real advances achieved in the 35 years since 1950. The overall GDP of the third world has increased some six times, and per capita GDP 2.5 times, since 1950. Its industrial output is now 11 times higher than in the 1950s.

Technology embodying inputs in these countries have expanded even more impressively. For instance, annual real gross capital formation is now 15 times higher. Enrolment in the third level of learning at universities and institutes of higher education, have

simply exploded — rising nearly 25 fold. Educational infrastructure, the foundation for sustained development in the future, has been laid with great effort and sacrifice.

Social advance, particularly in health, was simply spectacular. Infant mortality rates fell from 200 per thousand to between 30 to 70. Death rates declined from 25–30 to only 10–15. And life expectancy rose from below 40 years to about 65. With a spectacular sprint, the south had within less than 40 years caught up with the north of the 1960s.

The average annual rates of growth in these strategic areas, sustained for 35 years since 1950, were impressive — some 5.5 per cent for GDP, 7.5 per cent for industrial output, 8.4 per cent for capital formation, and 10 per cent for third level education. They were much higher than during comparable periods in the technological transformation of the north. Moreover, they were sustained long enough to create a highly visible effect.

Consequent structural changes in the the third world were profound. The share of agricultural output in GDP has fallen from about one third to one sixth. Conversely, that of industry has risen from about one sixth to about one third. Industry related services have expanded their share parallel to that of industry.

Shares of the technology embodying inputs have risen much more. Capital formation has increased from 7 per cent of GDP to over 25 per cent in 1980 — generally above that in most countries of the north. Structures of exports and imports have also witnessed similar movements. The share of primary exports has fallen. The shares of producer goods in imports, and of manufactured goods in exports, have risen significantly. Output of capital and intermediate producer

goods has expanded sharply.

In consequence, the structure of industrial output in the third world is beginning to resemble that of most developed countries in the inter-war period. The actual volume, however, is of course much lower. Half a dozen developing countries now supply over two thirds of all their capital goods requirements (physical technology) from domestic sources. Another dozen countries supply over two fifths. Availability of skilled manpower, and its quality, have risen very sharply.

Professor Kuznets, reflecting on the 22-year period between 1950 and 1972, was deeply impressed by the high per capita growth rates already achieved by the third world. He considered these growth rates 'quite high in the long term perspective of both less developed countries and the developed countries.' With a touch of bewilderment, he then added in 1975:

If growth rates in the per capita product of the LDCs over almost a quarter of a century were impressively high, one may ask why the reaction to them in the general flow of news about those countries, in the persistent concern about critical conditions with respect to supplies of economic goods, seems to ignore these growth achievements.

He wondered 'why no litanies of praise' were sung 'for these economic miracles'! Instead, there were only references to 'dangers of collapse in the third world.' ■

*Dr Surendra Patel is Head of the Technology Division at UNCTAD. The above citation is from a series of UNU/WIDER books edited by Patel and published by Avebury in 1993. The volumes identify the main patterns of technological transformation which have emerged during the past decades in 16 developing and 4 developed countries.*

## Varieties of Stabilization Experience

by Lance Taylor

There are at least five goals that the policy teams trying to steer all economies share:

1. To maintain socially acceptable levels of capacity utilization and growth, especially in sectors and regions dominated by their political base;

2. To keep inflation down to a rate tolerable in terms of the country's own history of price increases and social defences against them — a 'tolerable' rate might range from something pretty close to zero in India to 100 per cent per year in South America's Southern Cone;

3. To alter national wealth and income distributions in line with their regime's own ideological predilections and political constraints;

4. To maintain some degree of self-reliance in trade and external financial relationships, in several dimensions to be elaborated as we proceed;

5. To strive for the first four goals in an environment free from undue economic shocks.

When shocks are so strong that the policy focus shifts almost completely towards off-setting them, the economy may be said to be going through a stabilization episode. Countries in the Third World have been in such a situation for most of the past decade. Shocks can come from external events, internal mishaps, or both. Descriptions of disturbances so severe that they have to be stabilized are presented below. Externally, they include worsening of the foreign trade position (typically due to adverse world price shifts or falling export volume), improvements in the trade position (a foreign bonanza), unfavourable shifts in service trade (interest obligations up or foreign remittances down), and movements in the capital account (inflows decline or are cut off). Problems originating internally include capital flight on the part of national asset-holders, a local financial crisis, unacceptably rapid inflation, and attempts to change the medium-term policy course. In some cases stabilization has been required to counter the errors of previous regimes: excessively expansionary policy, reckless exchange rate management, and precipitate trade or exchange liberalization were the most

common mistakes. Finally, many countries in the Third World have recently been hit by natural or man-made disasters (harvest failures, wars) which disrupt the economy from the side of supply. As already noted, when developing countries undertake stabilization, they do so in collaboration with the International Monetary Fund and/or the World Bank. There are inducements and pressures toward this course. Both institutions tie disbursement of their own lines of credit to an acceptable programme. They are generally thought to provide a 'seal of approval' which eases access to private capital markets as well as official support in the form of increased foreign aid, Paris Club debt reschedulings, and so on. The WIDER studies show that the proffered foreign exchange does not always arrive, but its promise still acts as a strong incentive. So does political and economic pressure which industrialized countries may exert on the Fund's potential clientele.

Governments may agree to Fund/Bank terms readily, or there may be extended conflict and disagreement — the country studies include examples of both sorts. Even without the presence of external agents and their conditionalities, however, there are common elements reappearing in stabilization attempts in rich and poor countries for the past 150 years. They typically include five sorts of policy changes:

1. 'Austerity' in the sense that the public sector is expected to contract its fiscal deficit (in real and even nominal terms), and borrow less from the central bank. The means chosen typically include cuts in state spending for public investment and social service programmes, plus higher prices for products supplied by public enterprises and increased taxes.

2. Revision of the exchange rate, in most cases directed towards weakening or devaluation. Appreciation is occasionally recommended on anti-inflation grounds.

3. Monetary tightness, involving not only restrictions on credit to the public sector, but also reduced private credit limits, interest rate increases, and similar manoeuvres as applicable in the

institutional context.

4. Policies aimed at improving economic performance in the medium term. Since the Fund and Bank are market-oriented, their suggestions usually include 'liberalizing' the system by removing state interventions in domestic markets, lowering trade barriers, and easing off on exchange controls. More specific recommendations may include interest-rate increases (consistent with tight money) aimed at raising saving, cuts in the real wage, price incentives for exporters and/or food producers, etc. Usually, though not always, non-price supply policies such as directed planning and public investment are given short shift.

5. Income policies consistent with the manoeuvres just enumerated are used to redirect specific payments flow — wage restraint, revision of subsidy and transfer programmes, and stimuli for import substitution or export promotion which favour certain economic groups are frequently observed.

For most economies in the WIDER studies, IMF packages included fiscal austerity, monetary tightness, currency devaluation, liberalization in various forms, and wage restraint. Other policy moves were added in specific contexts. As already noted, at times additional international finance was released by a Letter of Intent with the Fund, and at times not. But regardless of capital inflow, tracing through the direct effects of orthodox stabilization is a matter of enormous practical concern. How policies might be modified to make stabilization less painful is another major issue. We take up both queries after reviewing the nature of shocks and their effects in more details. ■

*Lance Taylor is Professor of Economics at the Massachusetts Institute of Technology. The above citation was selected from his book that synthesized the results of eighteen studies investigating the experiences that developing countries have had with stabilization programmes. The book was published in the UNU/WIDER series by Clarendon Press in 1988.*



## The Fifth Tiger — A Study of Thai Development Policy

by Robert J. Muscat

The political economy of decision making in Thailand has been the very opposite of that in Japan and the Asian NICs in one important respect: Thai governments normally react to the logic and pressure of economic conditions, waiting until they have built up a fair degree of consensus. These decision processes have generally reached the point of inaugurating policy adjustment well before macro conditions have gotten out of hand. But, for the most part, Thai governments have responded to pressures rather than attempting to shape the pattern of private-sector activity according to a technocratically predetermined set of objectives. In the Japanese and NIC models, government has played an initiating, leading, and directive role toward private investment and the evolution of the basic structural and comparative advantage characteristics of the economy.

The Thai experience stands between market-friendly dirigism (and its perverse cousin, market-inimical state intervention), on the one hand, and state minimalism, on the other. In this middle ground the Thai experience may be more apposite to the conditions of the large numbers of developing countries still struggling in the rear who are unlikely to be able to forge conditions conducive to the mandarin management at the heart of East Asian dirigism. The relative success of the Thai approach to economic affairs also serves as a demonstration that rapid growth in a "soft" state is feasible. In other words, the Thai experience (fluctuating between quasi-authoritarian and quasi-democratic episodes) stands, thus far, as a counter-instance to the proposition that has been put forward by some analysts that strong authoritarian governance and "hard" state economic intervention are necessary for developing countries to move onto a fast growth track. (...)

The Thai experience may also be instructive for the light it sheds on specific aspects of the development process, and on economic management of a relatively small international player that starts from a position of fledgling institutional capacities for the business of a modern state. Its "structural adjustment" experience in the 1980s, to correct macroeconomic imbalances resulting in part from the second "oil shock" in 1979, is particularly interesting in a comparative context. (...)

The modern development of Thailand (and the other trade-oriented economies of the region) has been strongly influenced by the country's intellectual, economic, and security relationships with the industrialized world. At times, these influences have played important roles in the evolution of development policies of particular interest to this study. However, the major substance and contribution of foreign aid to Thailand's development has been in the creation of the institutional capacities required to develop and manage a modern state and in the education and training of Thai elites and professionals to lead and staff these institutions. By institutions, I refer to the panoply of public-sector functions needed to facilitate economic development and to the educational systems required for the creation of human capital. International technical assistance was particularly important in the 1950s and 1960s when these institutional capacities were, for the most part, initially designed and built up, and when overseas training of Thai technocrats and professionals was essential for "jump-starting" the institutional development process. (...)

Finally, it is important to note that, for several areas of development policy, the country as a whole is too heterogeneous to be the proper unit of

analysis. The pace and substance of social and economic change in Thailand have varied considerably from one part of the country to another. The overall policy frameworks adopted by Thai governments (respecting, for example, macroeconomic demand management or the external trade regime) have applied uniformly to all parts of the country. The effects of these general policies, however, have not been uniform, thanks to the substantial differences among regions. Some of the macrolevel policy issues, respecting public-sector programs and adjustments to macrolevel policies, have arisen out of the need to cope with these regional differences in resource endowment, rates of growth in income, production structure, and ethnic character. Among the most important of these inherent variations between regions has been their location on the map in relation to neighboring countries, especially affecting the Northeast, the region most directly exposed to the long-running instabilities in the former Indochina states of Laos, Cambodia and Vietnam. ■

*Robert J. Muscat is the Executive Director of The Institute for Policy Reform in Washington, D.C. The above study was carried out under UNU/WIDER's programme area of Money, Finance and Trade — Reform for World Development.*

## Sustainable Redistribution in Tanzania

by Benno J. Ndulu



Primary income distribution in Tanzania is determined by human endowment (skills, education) and assets. Land, the basic asset for the majority of Tanzanians, is a public property: proprietorship is granted upon improvement from its natural state. Less than 10 per cent of arable land is currently put to use. Other assets contributing to differentiation in income earning capacities include livestock and real estate. Income earning potentials from the land, however, depend on its fertility and climate, which are naturally determined, as well as accessibility to major domestic markets and export points. The historical development of transportation infrastructure has significantly affected geographical distribution of potential earnings from land. Opening up of remote areas has been one of the main concerns of government. Equalization of access to education, actively promoted since 1972, was geared toward increasing equality of human endowments.

The state has also been active in the redistributive sphere. Guided by the principles of Ujamaa, the government actively redistributed income at the secondary level through progressive

taxation and transfers. At the tertiary level, price control was the key instrument for redistribution. Green (1974), Wagao (1981), Semboja (1983), ILO (1978, 1983), Valentine (1983), and Bukuku (1990) have all concluded that reduction of inequality after tax among wage and salary earners was achieved. They obtained different results when account is taken of the rural sector and the impact of pricing policy. The available evidence seems to point toward worsening of the relative position of the rural population vis-à-vis the urban population up to the late 1970s and its reverse in the 1980s. Both groups seem to have lost to the private commercial sector as price controls became ineffective during the 1980s, much more so on the side of the urban population.

Trade-offs between growth and equity are central to the issue of sustainable redistribution. Policy instruments for achieving equitable income distribution and poverty alleviation involve intervention in both product and factor markets, with effects on investment and fiscal deficits. The issue at hand is not whether to intervene but how to shape socially efficient intervention. Efficiency here is defined in terms of

reaching targeted segments of the population and sustainability of intervention, which entails maintaining its base — real growth.

Effectiveness of market-wide subsidy programs faltered with reduced budgetary capacity after the late 1970s. Low real prices for agricultural producers reduced domestic supplies of consumer goods through stagnant food production and exports. This scarcity led to growth of parallel markets and ineffectiveness of control, with the brunt of the ensuing rationing falling on the less influential poor. Deterioration of the fiscal capacity to finance expansion and maintain delivery of social services had similar effects.

Sustainable growth with equity remains a fundamental objective of a welfare-oriented development strategy. Providing the poor with income-generating assets and supportive infrastructure to raise their productivity is central to redistribution with growth. In view of the deterioration of both economic and social infrastructure, external resources for returning the situation to normalcy are needed for bridging purposes. In the longer run, however, development must rely on national efforts. ■

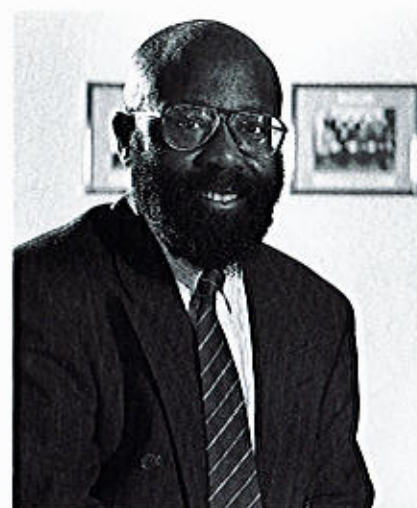
*The above citation was selected from The Rocky Road to Reform, edited by Lance Taylor and published in The MIT Press in 1993. It is a Report of UNU/WIDER's World Economy Group.*



## Commodity Export Earnings, African Recovery and Development

The UNU/WIDER research on international commodity problems and policies was initiated in 1986 by Alfred Maizels. The studies were embodied in the book authored by Dr Maizels and published by Oxford Clarendon Press in 1992 under the title *Commodities in Crisis*. The book relates the main theoretical and empirical issues involved in the world commodity crises to conflicts of interest between developed and developing countries. Specific short-term issues which were discussed include the impact of the price decline of commodities on Third World economics and arguments for raising commodity prices and export earnings from current depressed levels. In 1991 Dr Maizels and collaborators started a major research on The Potential Impact on Commodity Export Earnings of Developing Countries of Appropriate Supply Management. The project involved the construction of econometric models of the world markets for the beverages cocoa, coffee, and tea. The econometric models were used to simulate alternative forms of supply management schemes designed to improve export earnings of producing countries. The interests of the consumers were taken into account in designing the models. The results of the simulation exercises indicate that the producers of cocoa, coffee and tea lost over 55 billion dollars from 1980 to 1990 as a result of the low prices and terms of trade losses. The sharp falls in commodity prices in the past decade and the associated heavy foreign exchange losses have created unbearable economic conditions in producing countries, especially in Africa. Supply management is certainly one of the short-term strategies which could be used to solve the commodity problem, among others.

The commodity project of Professor Tetteh Kofi on Export Earnings



**Tetteh A. Kofi**  
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Performance, Economic Recovery and Development of the Third World in the 1990s with Special Reference to Africa, is aimed at developing strategies to help commodity dependent economies to recover from world-wide recession. It extends the work done earlier done by UNU/WIDER researchers on commodity problems in international trade. This project deals with empirical investigations into the development problems of African countries and examines how commodity export earnings and other forms of capital accumulation can be used to become the engine of growth to assist in the African recovery efforts.

The focus will be on measures for the enhancement of export earnings and the mobilization of investible funds, including strategies to bring back "flight capital" and prevent capital flight via the creation of stock markets, among other market facilitating institutions.

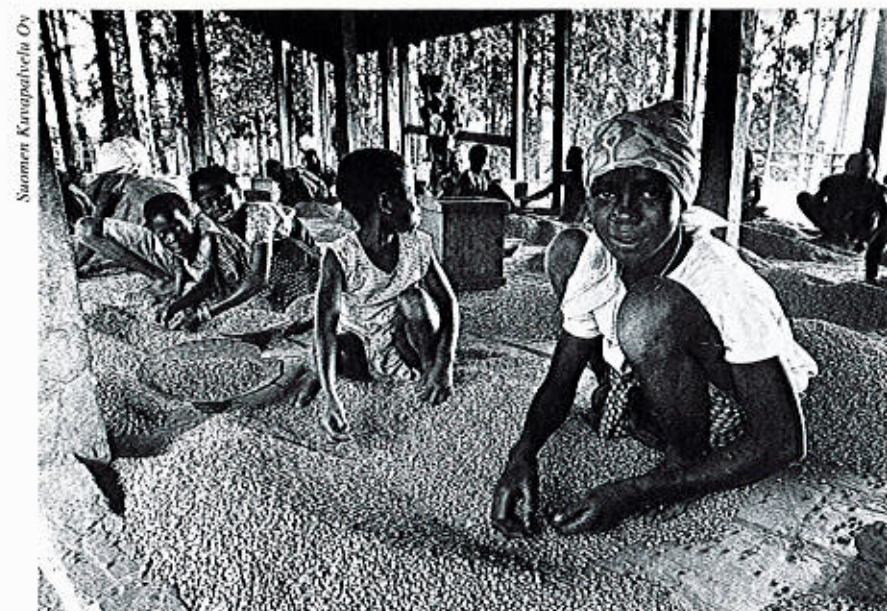
Soon after his arrival at UNU/WIDER in October 1992, Professor Kofi designed a research project on Marketing Problems of Major Export

Commodities of Interest to African Economies. In January and February 1993, he conducted a field research trip in Africa for this project. He visited seven West African countries and collected some data and contacted possible collaborators for the project. This marketing margins study will be used as an input in the project.

The project programme differs from the earlier studies because it focuses specifically on Africa. Africa's development problems are forcing the continent deeper into poverty. A recent World Bank study (*Adjustment in Africa: Reforms Results and the Road Ahead*, 1994) indicates that unless sub-Saharan Africa's "poor" economic policies improve, it will take 40 years before the region returns to its *per capita* income of the mid-1970s.

The United Nations has undertaken several "initiatives" to help in solving Africa's development problems.

One of the main policy advice given to the African governments by the so-called Fraser Report (*Africa's Commodity Problems: Towards a Solution*) was that "instead of neglecting what is the main source of food, income and investible surplus, African policymakers must use commodity production and trade as a motor for expansion". On the other hand General Obasanjo, a member of the task force team and former head of the Nigerian government, stressed diversification as the priority area of concern in his dissenting vote. General Obasanjo criticized the recommendation of additional investment in the commodity sector without proposing, at the same time, the need to expand new markets and secure stable and remunerative prices and incomes. He therefore refused to append his signature to the Report. Thus the task force members disagreed on the strategy to be used to achieve economic recovery in Africa. General Obasanjo stressed diversifica-



tion (industrialization via developing backward and forward linkages of Africa commodity exports) and the need to solve the commodity problems of primary products, violent fluctuations in prices and incomes, long-run downward trend in prices and the perennial adverse terms of trade problem.

The bottom line is that Africa faces enormous development problems which need to be tackled and resolved to avoid further suffering of millions of its people.

The globalization of the world economy has brought stiff competition in commodity production and trade. Africa faces declining shares in world markets: Africa's share of the non-fuel commodities market fell from 9 per cent in 1970 to 4 per cent in 1987. In addition to all these woes, Africa is unable to feed itself. Under optimistic assumptions the African food deficit for cereals alone is estimated to rise to 45 million tons by the year 2000. Between 1960 and 1970 Africa's *per capita* GDP averaged 1.3 per cent per year. This figure fell to -1.9 per cent between 1980 and 1987. The prognosis is that Africa's economic problems will get worse in the near future. The 1994 World Bank report *Adjustment in Africa* underscores the plight facing individual African countries. Even the countries following structural adjustment programmes (SAP) are not predicted to cross the poverty line soon. "Even Ghana, rated the best of Afri-

ca's reforming countries which has achieved real growth of about 5 per cent a year, is still among the world's poorest countries: 'At this growth rate, the average Ghanaian will not cross the poverty line for another 50 years,' says the report." (Quoted from the *International Herald Tribune* 12-13 March 1994.).

Where should we turn for help? The growth rates of the African economies since 1950 correlate better with their export performance than with any other single economic variable. Thus to turn the African economies around one must look at the export sector. There are three problems facing Africa as far as the export sectors are concerned: (1) Africa commodity exports, excluding fuels, earned USD 18 billion in the international markets in 1988; this was 35 per cent lower in real terms than in 1970; (2) African exporters are losing their market shares in global trade (for example, between 1970 and 1988, Africa's market shares for cocoa, coffee, cotton and copper fell on an average by about 30 per cent); (3) Domestic savings and investment are low by international standards. This problem is directly related to the first two problems. For sub-Saharan Africa the current savings rate is estimated to be about 13 per cent compared with the Asian countries where the saving rate is about 28 per cent of GDP. Domestic savings in Ghana is abnormally low 5 to 8 per cent of GDP. This may be the "ball

park" percentage for other African economies in distress. The World Bank estimates that sub-Saharan Africa's gross domestic investment to be around 15 per cent of GDP which is lower than that of low income countries which stands at 29 per cent.

Capital accumulation and investment are the driving forces behind vigorous economic growth. The three problems identified above imply that the rate of capital accumulation in Africa may be falling. As a result, the rate of investment and growth will fall accordingly. To reverse the trend in the falling rate of investment and savings, several countries have been setting up stock markets and other market facilitating institutions. Is the time right to set up stock markets? Do we need to transform the institutions? For example, the Ghanaian government has decided to sell her majority shares in the Ashanti Gold Fields mine, one of the most productive gold mines in the world, in order to boost her stock markets to become an internationally viable stock market, among other reasons. Is this approach a feasible one? Will the creation of stock markets help to solve the low rates of domestic savings and investment problems facing the African economies? Can we reverse the fact that African economies are losing their market shares in global trade and are receiving falling levels of foreign exchange earnings in real terms?

The aim of the author is to: (1) undertake theoretical and empirical investigations to examine the feasibility of some of the proposals and recommendations provided in the Fraser Report and some of the counter proposals suggested as solutions to the African development problems; (2) design country specific development problems and strategies, and provide sets of policy recommendations to be used in the commodity sectors to turn the faltering economies around; (3) evaluate the use of stock markets and other market facilitating institutions, including improving on the efficiency of marketing systems to help the African economies to solve the twin problems of low savings and investments rates



as percentages of GDP.

The main purpose of the study is to define strategies to help the export sector to earn increasing amounts of foreign exchange in order to raise the rates of capital accumulation which underpins the economic growth processes.

Although the study is biased towards the export sector, it is recognised that internal market creation and expansion as well as agricultural transformation must be achieved before industrialization can take place successfully. Internal markets are needed to support the nascent industrial products. Industrialization is a necessary condition if *per capita* incomes are to be raised. Industrial products relative to raw materials have high value added.

### Activities in 1993

A paper prepared by Professor Kofi will be published in the UNU/WIDER Research for Action Series. The title of the paper is *Implementing World Bank's Structural Adjustment Programmes in Africa under Uncertainty in Commodity Price Trends: Policy Performance Review, the Case of Ghana*.

This policy study is a contribution to the debate on the effectiveness of the World Bank's Structural Adjustment Policies (SAP) in Africa. Ghana has been cited by the World Bank as having recorded the highest GDP growth rates under SAP policies. The policy performance review argues that "Ghana's economic recovery under SAP would have been much brighter if policy makers had not made obvious errors in the application of the 'theory of comparative advantage' and in the selection, timing and sequencing of commodities for export". The study provides several suggestions on how to develop and implement SAPs successfully. The study concluded that to ensure a viable SAP with the help of government intervention in an agrarian economy two steps must follow: (1) a superstructure of an agrarian development strategy "with an institutional development face", for example a cooperative movement, must be put

in place; and (2) an agricultural-led growth strategy "with an equity face" where the internal terms of trade is biased towards the agrarian sector, must be followed before rapid industrialization is begun. ■

### Lectures and Papers

- Course in microeconomic theory at the University of Helsinki during the autumn semester in 1993.

- Lecture on "Transnational Corporations in Primary Commodity Trade: New Marketing issues in a Globalizing World", given as part of a colloquium on International Business in Developing Countries, Helsinki School of Economics, 7 December 1993.

- Guest speaker at the African Society of Finland, November meeting on "Are the African Countries Able to Carry Their Economic Burdens?", 17 November 1993.

- Presented a paper on "Structural Adjustment Programmes in Africa: Policy Performance Review" at the Economics Department, University of Helsinki, weekly Friday Seminar series, 17 November 1993.

- Lecture on "Climate for Development in the 1990s: The Global Economy", at a one day seminar, to the participants of Professional Development Training Programme Inter-Cultural Work, University of Jyväskylä, 10 December 1993.

- Panelist and participant at a seminar on "The European Community. Repercussions of Finnish Membership", organized by the National Union of Foreign Students Organizations in Finland, held at the University of Oulu, 25 September 1993.

- Contributed a paper (not a participant) at the UNU Symposium on Challenges of African Development: Structural Adjustment Policies and Implementation, Tokyo, 1 October 1993. Contributed paper was entitled: "Im-

plementing World Bank's Structural Adjustment Programmes in Africa under Uncertainty in Commodity Price Trends: Policy Performance Review. The Case of Ghana."

- Participated and presented a paper entitled "Flight of Talent and Entrepreneurs from the South and Implications for Third World Development", at a conference on States, Societies and Individuals in a World of Migration and Global Change organised by the International Council for Communication and Migration (ICCM), in Tallinn (Estonia) 19-23 August. In addition, participated in a seminar on Migration and Development in Russia organized by International Council for Communication and Migration (ICCM) and held at the University of Economics and Finance, St. Petersburg, Russia, 16 August 1993.

- Participated and presented a paper entitled "Impact of Structural Adjustment Programmes in Ghana: Who Pays for Policy Mistakes" at The European Association of Development Research and Training Institutes (EADI) in Berlin, Germany, 15-18 September 1993.

- Presented a paper on "Commodity Crisis in the Global Economy: Towards a Solution for African Recovery" at the UNU/WIDER seminar in June 1993 (related to the Board meeting).

### Other Activities

Chaired a UNU/WIDER Committee which reviewed over sixty proposals for funding.

Attended the Stanford University/Berkeley African Studies Conference in May 1993, where presented a paper on Economic Analyses of Why "Socially Necessary" Growth Rates Have Eluded Africa.

## Women and Development

Since 1990, the UNU/WIDER research programme on women and development has been concerned with the gender dynamics of economic development and political change. The research programme has brought together areas of study usually analysed separately: the rise and expansion of Islamist movements (a.k.a. "fundamentalism") in the Middle East and North Africa, and cultural reassertions elsewhere, the transformations in Eastern Europe and the Soviet Union, and recent economic developments in the Third World, especially structural adjustment and the feminization of labour. Three research conferences have been organized at UNU/WIDER to examine the gender dynamics of such change processes. The following propositions have guided the research: (1) restructuring is a global phenomenon, a fundamental feature of the world-economy and not just of individual national economies; (2) marketization, structural adjustment, and Islamist movements are manifestations of the process of global restructuring; and (3) gender and cultural reassertions are an integral dimension of restructuring. The sections below will briefly describe the research findings and conceptual approach, and list the related publications and other research activities, including inter-agency collaborations.

### Identity Politics and Women

During the 1980s, discourses and movements centred on issues of identity erupted around the world with considerable force. Today, questions of cultural, religious, national, linguistic, and sexual identity command centre stage everywhere. Cultural revivalism, religious fundamentalism, sexual affirmation, and ethnic conflicts constitute some of the most vocal and visible political and social movements of our



**Valentine M. Moghadam**  
Senior Research Fellow  
UNU/WIDER

time. The politicization of Muslim identity in the Middle East and Hindu identity in India have been followed by a resurgence of nationalism in Central and Eastern Europe and the former Soviet Union, destroying old solidarities and redefining group identity and boundaries between groups. The tragedy in the former Yugoslavia is only the most violent. And in Western Europe, the twin processes of immigration and the consolidation of the European Community have raised compelling questions about national identity. Most of the new movements are of concern because of their explicit agenda for women: domesticity, control, family attachment, and clearly defined gender roles.

These issues were explored comparatively at a large research conference, on Women and Identity Politics, that was held in Helsinki on 8-10 October 1990. The theoretical point of departure was that global economic and political changes were triggering cultural revivalism with similarities across regions and religions, and that constructions of national identity have gender-specific assignments. Two books have resulted from this research conference, both edited by V. M.

Moghadam: *Identity Politics and Women: Cultural Reassertions and Feminisms in International Perspective* (Boulder, CO: Westview, 1994) and *Gender and National Identity: Women and Politics in Muslim Societies* (London: Zed Books, forthcoming in 1994).

### Gender and Restructuring in Former Socialist Countries

Beginning in the late 1980s, *perestroika* in the Soviet Union and economic reform in Eastern Europe were widely analysed in terms of the profound economic and political changes they heralded for the system of state socialism. Although the wide-ranging discussions and prolific literature drew attention to interesting aspects of the problem, the gender dynamics of democratization and the transition to a market economy were largely ignored. This despite the fact that two decades of feminist scholarship, women-in-development (WID) research, and the more recent gender-and-development (GAD) perspective, have revealed the unique impact on women's roles and status of economic development, economic crisis, social breakdown, state formation, and juridical re-organization. Because men and women are differently situated within systems of production and reproduction, it is necessary to examine emerging discourses, policies, laws, and institutions pertaining to women, work, and the family.

In addition to the theoretical lacunae, there has been a neglect of a comparative perspective with the result that certain outcomes of privatization and democratization which are regarded as "unexpected consequences" in fact could have been predicted. In particular, the Third World experience with structural adjustment offered significant clues as to the possible social,



gender, and national developmental consequences of the prescribed economic reforms in Eastern Europe.

Such was a rationale for the UNU/WIDER conference on Gender and Restructuring: Perestroika, the 1989 Revolutions, and Women, which convened in Helsinki on 2–3 September 1991. The papers appeared in late 1993 under the title *Democratic Reform and the Position of Women in Transitional Economies*, edited by V. M. Moghadam (Oxford, UK: Clarendon Press).

When the conference was being organized, marketization seemed to be weakening the position of "vulnerable social groups." These vulnerable groups vary depending upon the type of society and economy, but generally they are migrants, rural and women workers, informal urban workers, those who frequently change jobs, the disabled, and pensioners. If one compares lists of vulnerable groups across countries, a common feature is that "women" and "women workers" are present. This is one reason for state involvement under capitalism – to alleviate the negative effects of the market and to provide a welfare safety net. In the former state socialist countries, a distinctive feature of the female labour force – apart from its high level of educational attainment and its high rate of salaried labour force participation – was that women workers benefited from an array of social policies, at various levels of generosity, intended to allow them to combine jobs and motherhood. It was therefore plausible to posit that from a market point of view, this would render women "expensive labour" rather than "cheap labour," and that women workers would be especially vulnerable to redundancy during restructuring. Previous forms of female disadvantage – their exclusion from elite politics, their lower income share, their double burden of productive and reproductive work – were likely to be intensified by the reforms and the new policies. The papers prepared for the conference and elaborated since have confirmed these hypotheses. The book includes policy recommendations for reducing the costs to women.

### Structural Adjustment and the Status of Women

Unlike the study of economic reform in the former centrally planned economies, the study of global restructuring and of structural adjustment has included a focus on gender and on women. WID and GAD researchers have analysed the gender impacts of the globalization of manufacturing (export-oriented), of structural adjustment, and of what Standing calls "the feminization of labour." In a word, new labour markets have made it much easier to exploit the labour power of women on a part-time and temporary basis, and so to substitute lower-paid female labour for that of more highly paid core male workers. Standing points out that global feminization through flexible labour coincides with the decline of organized labour and offers exploitative and unstable employment for women. Furthermore, sub-contracting and the revival of homeworking and of domestic and family labour systems – features of global restructuring – permit a resurgence or intensification of patriarchal practices.

What is common to both the transformation of the centrally planned economies and structural adjustment in developing countries is the shift from internally-oriented to externally-oriented growth and trade; from import-substitution industrialization to export-led manufacturing; from large public sectors and nationalized industries to privatization of enterprises and a contraction of the public sector wage bill. The impact on women ranges from retrenchment and mass unemployment to employment opportunities in "flexible" labour markets. Unstable employment, low wages, and absence of social services and social security render women's economic position precarious and could strengthen patriarchal concepts of gender.

These issues were explored comparatively at the UNU/WIDER conference entitled *Trajectories of Patriarchy and Development* (Helsinki, 6–7 July 1992). The papers cover South-east Asia, South America, the Middle

East, India, the Nordic countries, and post-communist Eastern Europe and Russia. The book manuscript is currently under review.

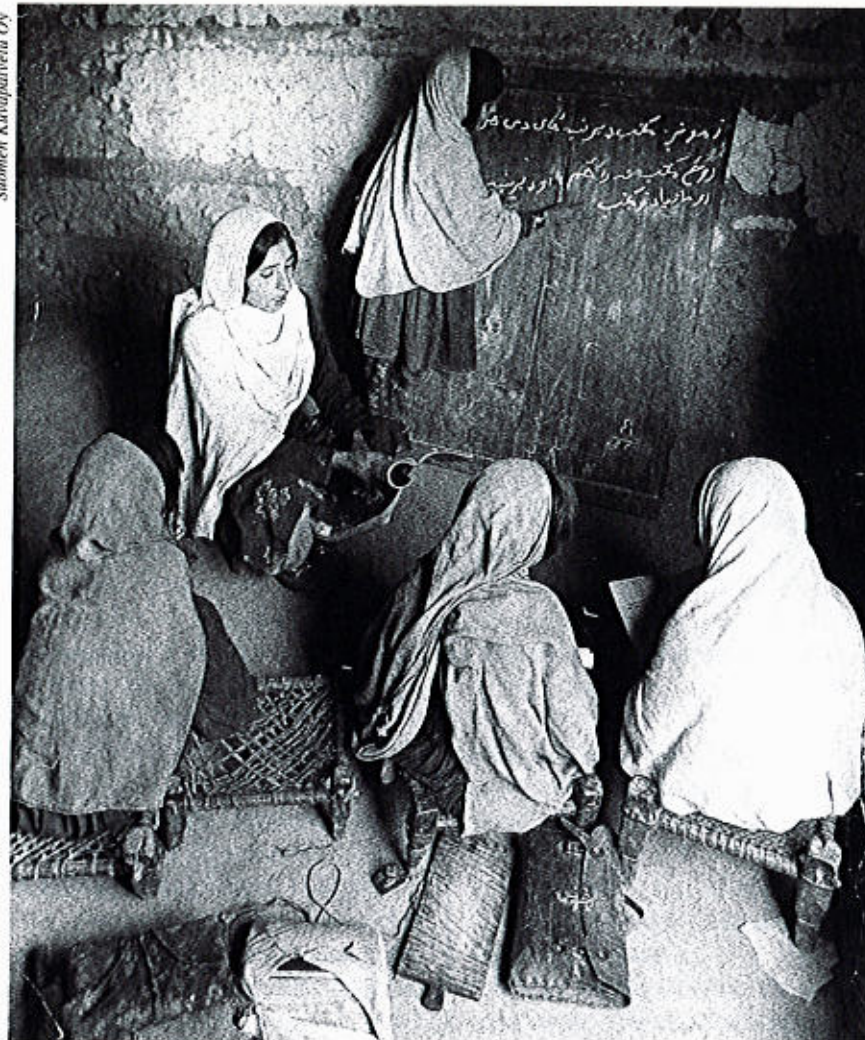
### Women, Development, and Islamist Movements in the Middle East

The rise of Islamist movements is usually examined in terms of intrinsic properties of Islam and of Muslim societies. And yet, global economic processes are salient. Since the 1960s, state expansion, economic development, and oil wealth have combined to create educational and employment opportunities favourable to women in the Middle East. For about ten years after the oil price increases of the early 1970s, a massive investment programme by the oil-producing countries affected the structure of the labour force not only within the relevant countries, but throughout the region, as a result of labour migration, creating what may be called a regional oil economy. The urban areas began to see an expansion of the female labour force, as women occupied paid positions in factories and offices, as workers, administrators, and professionals.

Increases in female labour force participation continued during the 1980s, especially in the non-oil economies such as Tunisia, Morocco, Syria, and Egypt. In most countries, the state or public sector has been an important source of women's livelihood. Women's entry into public life has been facilitated by state-sponsored education and by job opportunities in the expanding government sector and public services. In a few countries, notably Tunisia and Morocco, much of the increase in the female labour force was in the industrial sector.

Feminist concerns and women's movements also emerged, and by 1980 most Middle Eastern countries had women's organizations dealing with issues of literacy, education, employment, the law, and so on. These social changes have had a positive effect in reducing traditional sex segregation

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and female seclusion, in introducing changes in the structure of the Middle Eastern family, and in producing a generation of middle-class women not dependent on family or marriage for survival and status. Increased educational attainment and labour-force attachment has created a stratum of highly visible and increasingly vocal women in the public sphere.

In the heyday of economic development, most of the large Arab countries such as Egypt, Tunisia, Syria, and Algeria embarked on the development strategy of import substitution industrialization (ISI). This was associated with an economic system characterized by central planning and a large public sector. WID specialists have noted that during the period of ISI in Latin America and Southeast Asia, the bulk of the workforce, particularly in capital-intensive sectors such as steel, shipbuilding and heavy industry, was male. The significant rise in female

been limited industrialization and manufacturing for export. Another result has been limited employment opportunities for women in the formal industrial sector, as capital-intensive industries and technologies tend to favour male labour.

Notwithstanding the limitations imposed upon female employment derived from the region's political economy and conservative state managers, there was a secular trend toward altering and improving women's work and women's lives. But this trend seems to have encountered an impasse in the 1980s, in the context of a global economic crisis and a regional crisis of political legitimacy.

The global oil market became very unstable, leading to fluctuating and declining prices. The near-collapse of prices in 1986 (from USD 28 per barrel to USD 7 per barrel) had repercussions through the Middle East: austerity measures were introduced, availability of development aid decreased, and major development projects were re-evaluated or suspended. During the 1980s the most active Arab borrowers from the World Bank – Algeria, Egypt, Jordan, Morocco, Syria, Tunisia – had to impose austerities on their populations as a result of World Bank and IMF structural adjustment policy packages, and several experienced "IMF riots." Tough economic reforms, along with poverty, unemployment, and debt servicing – as well as political repression – have served to de-legitimize "Western-style" systems and revive questions of cultural identity, including renewed calls for greater control over female mobility. It is in this context of economic failures and political delegitimation that Islamist movements are presenting themselves as alternatives. The combination of Islamist movements and economic failures has distinct implications for women's legal status and employment opportunities.

Throughout the Third World, manufacturing for export, increased trade, and foreign investment have tended to encourage female employment. In Tunisia, Morocco, and Turkey, export-oriented garment industries contributed to the growth of the female labour



force during the 1980s. But much of this employment is home-based or in small unregistered workshops where wages are low and social security non-existent. It is likely that as Middle Eastern countries continue to pursue economic liberalization, women's employment will increase. However, the growth of small-scale manufacturing, as distinct from employment in large and modern firms or in the public sector, may not be in their best interests. Thus while middle-class Middle Eastern women face ideological pressures from Islamist movements, working class women also face economic uncertainties and exploitative work conditions. It is important that these conditions be monitored.

The above issues have been explored in depth in a number of books and publications, especially *Modernizing Women: Gender and Social Change in the Middle East*, by V. M. Moghadam.

### Research Programme for 1994-95

Throughout the world, female labour-force participation has been increasing, and labour-force attachment among women is a significant trend in industrializing countries. At the same time, contraction of the world economy and various forms of economic restructuring have implications for female employment and social policies. The "feminization of labour" and changing systems of production, therefore, are two of the salient features of the contemporary global economy that require investigation. The 1994-95 research project examines two sets of cases of female labour and socio-economic policies: (1) How women in industrializing societies — with a focus on South Korea, Iran, Tunisia, Turkey, Mexico, Malaysia, Zimbabwe — are able to combine work and family roles, the extent to which institutional supports and conducive social policies are available to them, and the impact of new development strategies on women's employment and on social policies; (2) The impact on working

women of economic reform and changes in social policies with a focus on Vietnam, Cuba, China, Russia, Poland and Bulgaria. The research is based on fieldwork methods and statistical analysis. This research, and the commissioning of eight country studies will form the basis of a single-authored book by V. M. Moghadam, and eight UNU/WIDER Working Papers. The research will be a contribution to the Social Summit (1995) and the World Conference on Women (1995). ■

### Published Books

*Modernizing Women: Gender and Social Change in the Middle East*. Boulder, CO: Lynne Rienner Publishers, 1993.

*Democratic Reform and the Position of Women in Transitional Economies*. Editor and Contributor. Oxford: Clarendon Press, 1993.

*Identity Politics and Women: Cultural Reassertions and Feminisms in International Perspective*. Editor and Contributor. Boulder, CO: Westview Press, 1994.

*Gender and National Identity: Women and Politics in Muslim Societies*. Editor and Contributor. London: Zed Books, 1994.

### Working Papers and Research for Action Series

*Gender and the Development Process in a Changing Global Environment*. UNU/WIDER Research for Action Series (July 1993).

*Social Protection and Women Workers in Asia*. UNU/WIDER Working Paper No. 110 (June 1993).

*Development and Patriarchy: The Middle East and North Africa in Economic and Demographic Transition*. UNU/WIDER Working Paper No. 99 (July 1992).

*Privatization and Democratization in Central and Eastern Europe and the Soviet Union: The Gender Dimension*. UNU/WIDER Research for Action Series (January 1992).

*Gender, Development and Policy: Toward Equity and Empowerment*. UNU/WIDER Research for Action Series (November 1990).

*Gender and Restructuring: Perestroika, the 1989 Revolutions, and Women*. UNU/WIDER Working Paper No. 87 (November 1990).

### Selected Articles

"Women in Societies." Chapter 18 in *Social Sciences in the Contemporary World, Volume I: Sociology*, edited by Neil Smelser (London: Blackwell/UNESCO, forthcoming in 1994).

"Gender Dynamics of Restructuring in the Semi-Periphery". In Rae Lesser Blumberg, Michael Monteon, Cathy Rakowski, and Irene Tinker, eds., *Engendering Wealth and Well-being* (Boulder, CO: Westview Press, 1994).

"Building Human Resources and Women's Capabilities in Afghanistan". Forthcoming in *World Development* 22(6) June 1994.

"Women, Revolution, and National Identity in the Middle East". In Rita S. Gallin and Anne Ferguson, eds., *The Women and International Development Annual*, vol. 4 (Boulder, CO: Westview Press, 1994).

"Revolution, Islamist Reaction, and Women in Afghanistan", in *Women and Revolution in Africa, Asia, and the New World*, edited by Mary Ann Tétreault (University of South Carolina Press, 1994).

"Gender Inequality in the Islamic Republic of Iran: A Socio-Demography". In *The State and Social Transformation in Afghanistan, Iran, and Pakistan*, edited by Myron Weiner and Ali Banuazizi (Syracuse University Press, 1993).

"Rhetorics and Rights of Identity in Islamist Movements." *Journal of World History* 4(2), 1993.

"Bringing the Third World In: A Comparative Analysis of Gender and Restructuring". In *Democratic Reforms and the Position of Women in Transitional Economies*, edited by V.M. Moghadam (Clarendon Press, 1993).

"Women, Employment and Social Change in the Middle East and North Africa." Pp. 87-116 in Hilda Kahne and Janet Z. Giele, eds., *Women's Work, Women's Lives: The Continuing Struggle Worldwide* (Boulder, CO: Westview Press, 1992).

"Development and Women's Emancipation: Is There A Connection?" *Development and Change* 23(3), 1992.

"Patriarchy and the Politics of Gender in Modernizing Societies: Iran, Afghanistan and Pakistan." *International Sociology* (March 1992).

"Revolution, Islam and Women: Sexual Politics in Iran and Afghanistan." in *Nationalisms and Sexualities*, edited by Andrew Parker, Mary Russo, Doris Sommer, Patricia Yaeger (New York and London: Routledge, 1992).

"Islamist Movements and Women's Responses in the Middle East." *Gender & History* 3(3) (Autumn 1991).

"The Reproduction of Gender Inequality in Muslim Societies: A Case Study of Iran in the 1980s." *World Development* (October 1991).

### Book Reviews in 1993

*Three Women of Herat*, by Victoria Doubleday, and *Women in the City of the Dead*, by Helen Watson. Reviewed for Newsletter of the Association for Middle East Women's Studies (May).

### Invited Lectures

"Development Strategies, State Policies, and Women's Status: Iran, Tur-

key, Tunisia". Princeton University, Center of International Studies (10 November 1993).

"Labour and the Workers Councils in Iran, 1978-1983". University of Washington, Seattle, Jackson School of International Studies (18 November 1993).

"Gender and Revolutionary Transformation: Iran 1979 and Eastern Europe 1989". Northeastern University, Women's Studies Program (9 November 1993). Visiting Scholar, Havens Center for the Study of Social Structure and Social Change, University of Wisconsin-Madison, 25 October-5 November 1993. Lecture Series Title: "Gender, Development, and Theory in a Changing Global Environment."

"Women and Development in the Muslim World: Issues and Trends", and "The Changing Status of Women in the Islamic Republic of Iran", University of Helsinki, Department of Social Anthropology (23 September and 30 September 1993).

"Gender Dynamics of Restructuring in the Semi-Periphery." Opening Plenary of the Conference Engendering Wealth and Well-Being, University of California, San Diego (17-20 February 1994).

### Presentations at Professional Meetings

1. (a) "To Be or Not To Be: Dilemmas of State-Building in the Islamic Republic of Iran". (b) Discussant, Panel on Why Has Iran Been Revolutionary? Annual Meeting of the Middle East Studies Association (MESA), Research Triangle Park, North Carolina (11-14 November 1993).

2. (a) Discussant, Thematic Session on Women in Democratic Transitions: Gender Shock. (b) Organizer and President, Panel on Gender and Restructuring in Eastern Europe. Annual meeting of the American Sociological Association (ASA), Miami Beach, Florida (August 1993).

### Conferences Organized and Other Activities

"Recent Developments in the Middle East and Mediterranean Region" (with TAPRI Institute), UNU/WIDER (29 September 1993).

Consultancies and inter-agency collaborations with the following organizations:

For the Ministry of Foreign Affairs, the Netherlands: Participation in Seminar on "Women, Islam and Development", The Hague, 13-15 September 1993. Preparation of overview paper on women and development in Muslim countries.

For ILO: A Country Study of Azerbaijan (co-authored with Nayereh Tohidi), within the framework of ILO's programme of research, analysis, and advisory services of countries in transition from centralized planning to market-oriented economics, March-May 1993.

For SIDA: Participation in a workshop organized by the Gender Office of the Swedish International Development Authority, "Development with a Gender Perspective in Muslim Societies", Stockholm, 25-27 April 1993. Delivery of two lectures on socio-economic causes of Islamic fundamentalism and on gender and development in Afghanistan.

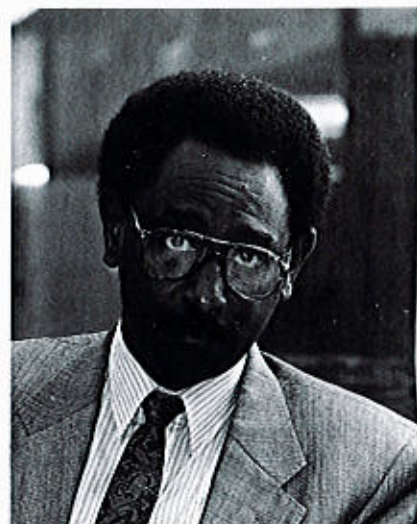
For FAO/UNDP/World Bank: An analysis of gender, labour markets, and social/economic policy, within the framework of the joint programme on a Conceptual Framework for Social and Gender Analysis in Project Formulation, Rome, 8 March - 9 April 1993.



## Resource Mobilization and Sustainable Growth in Africa

**A**fter a decade of intense implementation of stabilization and/or structural adjustment programmes in Africa, a consensus on the time horizon and the sustainability of the reforms has emerged. There is now universal agreement that economic reforms in Africa took longer than originally anticipated. In addition, the weak initial conditions, unfavourable external environment and the underestimated negative impacts of economic reforms portrayed bleak future prospects for the continent. Obviously such a forecast has been made on the basis of the dismal economic performance during the lost decade of the 1980s. Even in the most optimistic scenarios, the list of good performers (a core group of fifteen countries in sub-Saharan Africa considered by the World Bank as successful adjusters) is not likely to expand in the future.

There is further general agreement among African policy-makers, international financial institutions, aid donors and UN agencies (including UNU) about the long-term nature of economic problems facing Africa at the prevailing state of the art and the weak initial conditions. It is, therefore, undoubtedly appropriate to search for a long-term approach to address these long term problems with particular emphasis on resuming self-sustained growth in Africa. This recognition renewed the desire for a return to the rich heritage of Africa (its wealth) through which growth can be restored and further sustained. The return to the "wealth of nations" as a leading focus for economic research in Africa represents a basic shift in the leading role of national wealth and/or its return in economic activities. In other words, there is now less disagreement in the economic profession concerning the role of wealth or its return as the only constraint on spending, saving, investment, production and portfolio allocation programme. This is simply what the resource management approach



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emphasizes. The resource management framework is an economic stock approach designed to evaluate the forms and sources of the wealth of Africa in national balance sheets and to suggest an investment strategy to transform and diversify these resources into their most viable productive means to achieve a self-sustained path of growth. The methodology has been developed within the previous UNU/WIDER research programme on development issues and has been adapted and applied to an African economy for the first time.

The proposed new project modifies and extends this approach in accordance with established concepts and definitions for African economies. The study goes beyond the modification of the theoretical framework to demonstrate the analytical framework involved in the assessment of the overall national wealth in Africa. This is a necessary condition to develop and suggest appropriate policy instruments to bring into effect the inherent strength of these economies and, consequently, the improved initial conditions. Here the focus is on the inherent wealth and potential of such economies rather than the conventional economic flows and their related short-term magnitudes. In

this study, long-term programming of development is seen as essential, if chronic problems such as weak economic performance and debt management are to be resolved satisfactorily. The primary purpose of the present project is to highlight an alternative approach to the problems faced by a poor but resource-rich continent by devising a policy regime for the efficient management of overall resources in an inter-temporal framework. In particular, the approach emphasizes the deployment of part of the under-utilized wealth to diversify the resource base of these economies, to reactivate the weak financial markets, to enhance domestic savings instruments, to introduce technological improvement, to transfer ownership rights and to attract the much needed long-term investment.

The main aspects of policy areas to be considered in achieving sustainable growth without violating environmental and other socio-economic standards, thresholds or capabilities include:

- The potential constraint of environmental protection on long-term growth in Africa.
- The production and substitution effects that the economic reform — environmental mix will have on resource use and poverty alleviation in Africa. Mobilization of human and non-human wealth to reverse or contain the migratory trend of professional, technical, skilled and semi-skilled labour from Africa.
- The timing and sequencing of desirable monetary, legal, human and institutional policies to link and transform part of the real assets to develop financial instruments.
- The conditions and limitation to develop and activate financial markets in Africa in conjunction with commodity-linked bonds, debt-swaps, etc.
- The conditions and limitation of making the transformation process politically and socially viable and the

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required capabilities to implement the recommended policies.

Since the ultimate goal of this study is to formulate an operational programme of action to move the continent from a reluctant adjustment course to a sustained path of growth, Africans and those concerned with Africa shall be consulted and involved in the project. Hence the project will seek, *inter alia*, close collaboration with regional and international institutions involved in the management of African database and economic policy reforms.

The project output will include a book entitled *Mobilization of Endowed Resources to Achieve a Self-Sustained Path of Growth in Africa*; an issue booklet entitled, *International Economic Policy and Trade in Africa*; an UNU/WIDER Research for Action series on *Deploying Human and Non-human Resources to Achieve Sustainable Development in Africa: A Resource Management Framework*; and several published papers and occasional papers. The latter will constitute:

- Effectiveness of Structural Adjustment Programmes in Africa and Intra-African Trade;
- Net-worth of African Economies;
- Assessment of Food Security in the Preferential Trade Area (PTA) of Africa: An Aggregative View; and
- Sustainable Ecosystem in Africa.

### Report of Activities in 1993

The final draft report entitled *The Wealth and Debt of Africa: Côte d'Ivoire Study*, completed in December 1992 has been discussed in the first Technical Advisory Board (TAB) of the UNDP African Futures Project in Abidjan, 5–6 February 1993. The study was well received, highly appreciated and recognized by UNDP regional office in Abidjan and other TAB members. The study was also discussed and utilized by the Africa Region of the World Bank as a basis for discussion and consultation with the government of Côte d'Ivoire regarding reform programme and debt management. The

government of Côte d'Ivoire also benefited from the findings of the study in its aggressive marketing campaign of its underground hydrocarbon assets internationally. The Fiscal Affairs Department of the IMF also welcomed the construction and use of consolidated public sector balance sheets in designing and conducting fiscal policy in African countries for the first time, and requested similar research on other African countries.

As a result, UNU/WIDER was requested by the governments of sub-Saharan Africa, such as Sudan and Zimbabwe, to build national balance sheets and to devise policy regimes to enable efficient management of country's overall resources in a sustainable way. The Scandinavian Institute of African Studies and the Environmental Policy and Society (EPOS) programme at the University of Uppsala also requested close collaboration with UNU/WIDER in resource management issues as related to their research programmes in East Africa. In response to these requests, there has been joint participation in workshops, publica-



tions and expected future contributions as appeared in the remaining two sections of the report.

UNU/WIDER's research work also contributed directly to the Millennium Project/African Futures in the theme of "International Economic Policy and Trade" (sponsored by UNDP and The American Council of the UNU). A draft report of the Issue Booklet entitled *International Economic Policy and Trade in Africa*, was completed in November 1993. The report was circulated to a peer review and UNDP Africa Futures and was well received and highly appreciated by the reviewers. ■

### Publications and Reviews 1993

"Determinants of Inflation in Oil Exporting Developing Countries: An Empirical Investigation 1970-1990", *Applied Economics*, vol. 25, No. 4, April 1993, pp. 439-445.

"An Analysis of Unofficial Sales of Wheat in Sudan", *Australian Economic Papers*, vol. 32, No. 60, June 1993, pp. 161-174.

"Management of Renewable Environmental Assets in Africa", *Working Paper No. 2/93 Series AAL*, Scandinavian Institute of African Studies, Uppsala, June 1993.

"Sustainable Ecosystem in Africa: A Natural Resource Management Approach in Sudan, a Contribution to the Theme 'Approaching Nature: Insights from the Study of Environment and Security'", in *Environmental Policy and Society (EPOS)*, Uppsala University, Uppsala, August 1993.

"Managing Natural Energy Resources in Africa", Chapter 3 in *African Development Perspective Yearbook, vol. III: Energy and Sustainable Development*, 1993 (in press).

"Efficacy of Structural Adjustment Policies in Africa: A Long-Term View", to be published by UNU press on *Challenges of African Develop-*

*ment: Structural Adjustment Policies and Implementation*.

"International Economic Policy and Trade in Africa", *Draft Issue Booklet for UNDP-UNU Millennium Project/Africa Future*, November 1993.

### Comments and Articles

Galal-el-Din, M. E. *Human Development in the Arab World: Developing Abilities and Maximizing Their Use*, Arab Planning Institute, Kuwait, March 1993.

Al-Isawi, I. *Planning Models in the Arab World*, Arab Planning Institute, Kuwait, April 1993.

Nasar, A. *Environmental Economics and Development Planning in the Arab Countries*, Arab Planning Institute, Kuwait, May 1993.

Zaki, R. *Globalization of World Economy and its Impacts on Developing Countries*, Arab Planning Institute, Kuwait, May 1993.

"Food Security in East and Southern Africa", *Nordic Journal of African Studies*, accepted for publication, December 1993.

Review of several articles for the *Journal of Industrial Cooperation in Arabian Gulf* and the *Journal of Development and Change*, in *Industrial Growth and Sectoral Imbalances in Africa and the Export Incentives in Sudan: Measuring the Effect of Economic Recovery Programme (ECRP)*, March and April 1993.

### Conferences, Lectures and Invited Talks

Discussant of "Prospects and Problems of Arab Economic Development in the 1990s", Joint Arab Fund for Economic and Social Development, Arab Monetary Fund, International Monetary Fund and the World Bank Seminar, Bahrain, 1-3 February 1993.

Participated and presented a paper entitled "Resource Mobilization and Sustainable Development", at the IDS and UNU/WIDER Scientific Conference, Helsinki, 28 June 1993.

Chaired a session, presented a paper and acted as a discussant at the International Conference on "Alternative Food Policies in Eastern and Southern Africa", in Jinja, Uganda, 17-24 August 1993.

Panelist and participant at the UNU Symposium on Challenges of African Development: Structural Adjustment Policies and Implementation, Tokyo, Japan, 1 October 1993.

Participant and panelist in EPOS and SIDA Workshop "Liberalized Trade or Aid as a Means to Improve the Environment: A North-South Perspective", in Sigtuna, Sweden, 15-16 November 1993.

Lecture entitled "Impacts of Structural Adjustment Programme on Business Environment in Africa", as part of the colloquium "International Business in Developing Countries", Helsinki School of Economics, in conjunction with the cooperation between the Helsinki School of Economics and UNU/WIDER, Helsinki, 7 December 1993.

## Famine and Unemployment in Africa

As a part of the UNU/WIDER research programme on Hunger and Poverty, a project on Famine Prevention in Ethiopia was launched in late 1990.

The frequency of famine among the rural communities of sub-Saharan Africa (SSA) over the last two decades was a prime motivation for the research project. Famine, which is still a constant threat to numerous vulnerable communities in the region, is frequently attributed to drought and other adverse phenomena of nature on the one hand, and war and civil conflicts on the other. The effect of the latter in precipitating famine is quite evident from recent events in different war-ravaged territories of the world. But as to why an adverse phenomenon like drought, a familiar characteristic of life in SSA, should result in raging famines of the proportion witnessed in Ethiopia during 1972-74 and again in 1984-85, has not been quite that evident. Opinions differ as to whether famines are attributable primarily to demand-side factors and consequently call for income generating interventions, or whether they result from supply-side constraints and thereby require policy interventions for increasing food supplies. The reality may well reflect a mix between such views. How the processes leading to famine are perceived, therefore, dictate the formulation of policy interventions for the prevention of recurrent famine. The research project was one modest attempt to better understand the various aspects of famine causation and prevention in the context of Ethiopia, one of the most populous of the famine ravaged countries in SSA.

UNU/WIDER's research project was undertaken between 15 August 1990 and 15 June 1993. Mr Derseh Endale, who was working at the UNU/WIDER premises during most of the period, has actively sought and obtained intellectual support on various aspects of the study primarily from the



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UNU/WIDER Research Advisers (particularly the Hunger and Poverty Group) and resident researchers, members of the Finnish academic community, and the Department of Economics (Faculty of Social Sciences of the University of Helsinki). Linkages with the latter had been particularly beneficial firstly, in providing a venue for the presentation and discussion of sections of the study, and secondly in facilitating, at some stage in the future, an assessment of the manuscript for publication as a book (this is essentially a personal motivation of the researcher). A number of papers had been presented to a forum at various stages during the course of the research project. The output of the project has been three Working Papers (Nos. 102, 103, 104).

The research project addressed a number of interrelated questions: 1) What were the underlying processes of the two major Ethiopian famines of the last two decades?, 2) What was the famine prevention strategy resulting from these processes?, 3) How does such policy intervention relate with the intra-household allocative patterns within affected communities and with

the behaviour of food grain prices in the drought affected zones?, and d) Does such a strategy conflict with the standard type of structural adjustment packages advocated by the IMF and the World Bank?

The research conducts an in-depth analysis of the above issues and provides a number of tentative conclusions. With regards to the first question, the study analyses the chronology of events surrounding both the major famines of 1972-74 and 1982-85, and underscores the fact that the famines did not happen as sudden occurrences but rather as end products of the drought-induced distress over a number of crisis seasons. The study strongly argues that drought induced rural mass-unemployment was a dominant feature of both major famines. The absence of public intervention to redress the situation allowed a disabled economic process to develop into raging famines. The study concludes that although adverse natural phenomenon triggered the distress conditions, the development of the actual famines was a *governance failure* as well.

The nature of the problem and the underlying processes appear to suggest that employment-centered intervention is necessary for the prevention of famine recurrence. The second question therefore explores the possibility of employment generation as an anti-famine strategy for the specific circumstances of the case-study country. It argues in favour of the public provisioning of sustained employment programmes as safety nets against famines, as opposed to the alternative approach of emergency interventions.

The question of whether or not an employment-based famine prevention strategy would conflict with existing norms of intra-household allocative behaviour was also one relevant issue analysed. The main purpose of employment programme as anti-famine tool is to supplement household incomes in order to maintain minimum



food requirements of its members. However, in order to avoid administrative and logistical constraints, the household unit rather than individuals has typically been the target in the design and implementation of such programmes. It follows, therefore, that for such an income support strategy to succeed, it will be necessary to ensure that the intra-household allocation of food and other resources does not have systematic biases that favour some members of the household to the disadvantage of other members. The study has come up with some preliminary observations. Firstly, the traditional value systems that govern intra-household interactions in the case-study country, tend to suggest that such employment schemes would not cause disruptions that could adversely affect the welfare of the family unit. Secondly, analysis of empirical data on one rural community cautiously asserts that household time and task allocation in the events of employment programmes, would not move against household production. The same data also indicates that, in the absence of policy directives setting some guidelines, the uncontrolled participation of children in the income support programmes could adversely affect the schooling of children.

Another issue addressed by the study was the behaviour of grain market prices in drought affected zones of the case-study country. The objectives were: 1) to show, on the basis of empirical analysis, whether or not grain prices are reliable reflectors of the distress conditions of drought affected communities during an impending famine; 2) to assess the implications to famine prevention policies. The research involved the comparative assessment of food price movements in drought affected localities *vis a vis* those with normal production. The analysis includes a total of 46 localities of which 19 were drought affected in 1989. The empirical analysis revealed the erratic market price behaviour of the grain crops analysed. The unreliability of the food grain prices as indicator of distress conditions has implications for the early warning sys-



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tem in which grain price monitoring is a major component. If market prices are to be reliable components of the early warning system, future policy must redirect efforts towards removing the various constraints to the smooth functioning of the grain markets.

In addressing the question of whether standard SAP could be incompatible with the strategies that could enable the case-study country to emerge from the recurrent famine conditions, the study focused on two of the standard components of the orthodox policy package — devaluation and domestic credit restraint. The study highlighted that significant structural transformation, particularly regarding the supply response of the economy, must precede any consideration of an ex-

change rate devaluation. With regard to conditionalities pertaining to domestic credit restrictions, the study attempted to show the contradiction inherent in such policy tools when applied in the context of an impoverished economy where the necessary survival needs requires the maintenance of domestic absorption in excess of domestic output.

#### Research Programme for 1994–95

During the biennium 1994–95, the researcher's activity will focus on the changing employment patterns and the structure of unemployment in African economies. Research on labour, employment and unemployment issues

carried out within UNU/WIDER's new programme falls under the research theme titled *The Economic Dimension of Human Development in the 1990s: Employment, Poverty, Equity, and Gender Issues*. The emphasis is therefore on global aspects rather than country-specific issues and on making use of comparative approaches encompassing the different regions of the developing world. Against such a backdrop, the research project titled *Changing Employment Patterns and the Structure of Unemployment in African Economies* can be regarded as a complementary study addressing, in a comparative perspective, the intra-regional aspects of the employment and unemployment issue while setting the groundwork for an inter-regional comparative perspective.

The research project attempts to discern changing regional patterns and structures of employment and unemployment based on the comparative analysis of a selection of African economies viz., Tanzania, Kenya, Nigeria, and Ghana. The specific objectives are: to make a modest contribution to existing knowledge that could be useful for the expansion of productive employment and thereby the alleviation of poverty; to further our understanding of the functioning of the labour market; the structure and upgrading need of the labour force in view of future trends in the international scene; to address vital questions such as the contemporary rural/urban migratory patterns in African societies and their implications on urban unemployment, the transnational corporations (TNC) in the African labour markets, the role of small entrepreneurs and the informal sector, labour legislation and the bargaining process in African societies; and finally, through adopting a comparative perspective, to raise not only issues pertinent to intra-regional aspects, on how some countries within the region compare and benefit from each other, but also to set the groundwork for addressing inter-regional issues on how the African region compares and shares experiences with other developing regions. Vital issues requiring in-depth analy-



Suomen Kuvapalvelu Oy

sis will be singled out and undertaken primarily through commissioned studies.

Why is research on employment and unemployment issues important in the context of Africa and the rest of the developing world? The absence of high (measured) unemployment rate in the developing world is sometimes interpreted by some as an indication of the absence of unemployment problem in such economies. Others have maintained that the unemployment problem in such economies is far more insidious than such simple interpretations suggest. They maintain that the low rates are misleading in that a good deal of the unemployment problem goes unreported and disguised within the rural (farm and non-farm) sector and as underemployment in the urban informal sector. The latter view appears to be more in accord with the realities of those developing countries (as is also true for most of the countries of Africa) where the agricultural sector is the main source of employment. A general decline in real earnings and the deterioration in living standards instead become the proxy indicators of the unemployment problem.

Recent evidences indicate that unemployment is threatening to be the single most important global concern over the coming years among both developed and developing countries. The UN General Assembly resolution 47/92, on the convening of a World Summit for Social Development, accentu-

ates this fact and identifies the *expansion of productive employment* as one of the core issues affecting all societies and to be addressed by the summit. *The Human Development Report* (UNDP, 1992 pp. 54–55) also conveys the severity of the unemployment problem in the developing world, when it states that, over and above the 700 million people already unemployed or under employed, an additional 38 million people join the labour force each year.

In the specific case of Africa, the demographic trends also appear grimmer. The annual population growth rate for sub-Saharan Africa for the period 1990–2000 is higher (at 3.2 per cent) than the average for the developing countries as a whole (2 per cent). In addition, the particular age structure of the African countries indicates a higher level of new entrants in the labour force in the coming years. These demographic facts, coupled with the other predicaments of the region — poor growth performance, high rural/urban migration, declining share in the global markets, technological backwardness, etc. — accentuate the need for active labour market policies geared towards expanding productive employment. Research within a comparative perspective therefore provides sufficient scope for analysing policy interventions that have registered positive outcomes in some regions in order to guide other regions wishing to overcome similar problems. ■



## The Future of Development Cooperation and Regionalism in South Asia

The 1980s have been notable in the steady growth in economic development in Asia at a time when industrialized countries were facing economic recession and when some of the developing world such as most of sub-Saharan Africa or the debt-ridden countries in South America, have called this the lost decade. In Asia, however, the pace of development has contrasted sharply between different developing countries. Whereas the East Asian countries, including China, have kept up a notably fast rate of growth, sometimes exceeding 10 per cent per annum, economic growth in the South Asian countries has remained relatively low, generally below 5 per cent per annum. It is also the South Asian countries, consisting of India, Pakistan, Bangladesh and a few others, which are among the world's poorest in terms of *per capita* income. Their *GNP per capita* was estimated even below sub-Saharan Africa in 1993 (*Human Development Report 1993*). Their population being well over a billion, this is the region to focus in regard to alleviation of mass poverty and economic growth with social equity.

Krishnalekha Sood, a senior official in the Government of India, has joined UNU/WIDER as Visiting Fellow to do research in the policy issues concerning South Asia. In 1994-95, Mrs Sood will participate in two of UNU/WIDER's planned projects:

### 1. Re-orienting International Development Cooperation for Sustained Growth, Equity and Human Development

This project seeks to review the performance of international development cooperation for the last forty years both in the fields of multilateral and bilateral cooperation and address those issues which are responsible for the uneven success of such cooperation. The major barriers to development in de-



**Krishnalekha Sood**  
Visiting Fellow  
UNU/WIDER

veloping countries and barriers in the donor community would be analysed so as to evolve policy for a new approach to development cooperation and for its re-orientation in terms of basic philosophies, strategies and modalities. The project will suggest new and realistic approaches to international development cooperation for a sustained global economic growth with equity and human development. This will entail an examination of the role of new conditionalities, such as human rights, gender, disarmament and environment; the implication of trade policies and foreign direct investments on cooperation patterns and exploration of the "development cooperation contract" and "new global partnership" concepts as possible new instruments of cooperation.

Being among the highest recipients of Official Development Assistance, the South Asian countries have undertaken macroeconomic adjustment so as to open up their markets to global trade and decontrol the economy from multifarious state regulations. Although liberalization of the economy has been accepted in South Asia from

the beginning of the 1980s, the structural adjustment programmes have been undertaken with abundant caution by countries like India where free market forces can be unleashed only after ensuring that undue hardship does not occur to large sections of the population below the poverty line. India has been following what it calls the "middle path" while liberalizing its economy so that there is no increase in unemployment due to disinvestment in the public sector, but rather the private sector is encouraged to proliferate compelling the public sector to become competitive. From the 1990s, India has made major changes in its industrial and trade policies and is now going through a crucial phase where the results of macroeconomic and structural adjustments are emerging not only in the levels of *per capita* growth but other human development indicators. In this context development cooperation between the aid giving organizations and the recipient countries assumes a great deal of importance, as does the interaction of different instruments in the development process such as aid, trade and investment.

The project findings and recommendations would be presented by UNU/WIDER directly and through mass media to bilateral and multilateral donor communities, recipient countries and national as well as international NGOs at various UN and other international fora.

This project, which is being directed by Professor Ryokichi Hirono of Seikei University, Tokyo, Japan, includes researchers actively involved in major donor agencies and also researchers representing recipient areas. Mrs Sood's research will bring out the specific problems of South Asian countries, especially India, in the fields of development cooperation in the context of changing global and regional macroeconomic parameters.



Saromen Kivipahvela Oy

### 2. The New Regionalism and the International System Implications for Development and Security

This project will go into the sources of globalization, regionalization and fragmentation. On the one hand, the world is seeing globalization in the transformation of capital and money markets, transnational corporations and global diffusion of new technology. At the same time there is fragmentation in parts of the world such as the breaking up of the former Soviet Union, Yugoslavia, etc. and other disruptive forces within states, such as ethnic or communal strife which work towards secession within national boundaries. The third important tendency is strengthening of regional integration in a big way such as the enlarging of the European Union and formation of NAFTA. The project seeks to analyse the inter-relationship of these forces with particular reference to global growth and socio-economic development in the developing world. The challenges of globalization, regionalization and fragmentation processes and the responses on the level of firms, national governments and international cooperation regimes will be analysed and strategies would be worked out on how national governments and multinational agencies should respond to meet these changes

so as to achieve global growth, development and cooperation.

An important area requiring policy research is regarding the position of South Asian countries in the context of regional configurations and regional cooperation which has become a significant feature in global relationships. South Asian countries are a fairly homogenous group and the Indian sub-continent was one nation before 1947 and the region could gain considerably if the countries could sink their political differences and operate together as a unified bloc with liberalized trade within the region. The South Asian countries have marginally taken part in larger regional cooperation blocs such as ESCAP and the Asian Clearing Union. In 1985, the South Asian Association for Regional Cooperation (SAARC) was established consisting of India, Bangladesh, Pakistan, Bhutan, Nepal, Sri Lanka and Maldives for accelerating economic growth in the region and for strengthening collective self-reliance and mutual cooperation in economic, social, cultural, technical and scientific fields. In the years that have followed, however, the SAARC has achieved very limited success in economic integration. As far as intra-regional trade liberalization is concerned, the entire region has a share of only around one per cent in global trade and not much progress has been

made in this direction although a South Asian Preferential Trade Agreement (SAPTA) was formed in 1993. The SAARC countries would stand to gain considerably by making a united regional stand in the global context but here also progress has been slow due to some inherent difficulties in this configuration. The SAARC has the complexity of fearing hegemony by India which is by far the largest and most powerful country in the group. The SAARC countries, also due to historical reasons, have the problem of mutual suspicion regarding security and sharing of natural resources. Their alignments in the global context have been disparate and they conspicuously lack a shared security perception which is an important factor for regional integration. In view of the new globalization in the world today in the form of multinational corporations and other forces which transcend national borders, and also in view of the emergence of powerful regional cooperation blocs such as NAFTA, there is need to rethink the position of South Asian countries in new regional configurations and alliances.

The project, which is being directed by Dr Björn Hettne of the Peace and Development Research Institute in Gothenburg, Sweden, has as its participants eminent researchers from different regional areas of the globe. Mrs Sood will participate in this project from the point of view of the Asian countries and particularly South Asia.

Mrs Sood is also involved in research into other areas relevant to economic changes in developing countries transiting from a closed economy to a more market-oriented one. She has already given lectures on the role of foreign investment in a transformation economy in the Helsinki School of Economics and Business Administration in Finland and in the Institute of Technology in Estonia. ■



## The Social Consequences of Transition in the New Market Economies

At the end of the 1980s, crucial changes in the political climate of Eastern Europe and former Soviet Union (FSU) opened the gates for radical economic and social reforms that were aimed at the abolishment of previous administrative and command system. The transformation of these economies from the centrally planned to the market-driven model opened the doors for market forces and new regulations. This has been one of the greatest and most unique social experiences in the history of mankind.

In a relatively short period, different generations and social groups have had to adapt themselves to completely new social environments in which human values and realities established many decades earlier have collapsed. Previous systems of socialist life-time social guarantees have been razed to the ground nearly overnight, which has affected and shocked almost every member of the society.

From an economic point of view, this "shock therapy" period was relatively brief. However, it will take decades or even generations to establish new social structures and social relationships within the society, to stabilize the living standards, to establish a new and functioning mechanism of social policy and protection for those social groups that need maintenance and are not able to support themselves sufficiently. Nevertheless, the question remains how to soften the social impact of these reforms.

Economic transition and stabilization have evolved at a different pace in the new market economies. There are many reasons for it. To a great extent, it has been connected to the eagerness of the people to participate actively in the process, to ensure political, economic and social support to the transition, even to sacrifice to a certain extent some of their well-being.



**Arvo Kuddo**  
Research Fellow, UNU/WIDER

At the same time, a large part of the people have resisted the reforms. In the past, people were guaranteed full employment as a primary form of social insurance. In addition, there were numerous other social advantages, such as heavily subsidized housing and food, free education, medical care, life-time social protection, etc. The downfall of these guarantees and advantages and replacement of them by instability and uncertainty is a great moral shock to most of the people.

The economic and social consequences of transition in Eastern Europe have been numerous. The sharp drop in living standards, the increase of poverty, and the surge of new phenomena, such as unemployment, have been common everywhere. These features, their reasons, different patterns of social conflicts and contradictions, as well as the social consequences of transition are the less studied part of transformation in the region.

Previous illusions that prevailed at the initial stage of the reforms and led us to believe that we could establish the basic structures of market-driven society, liberate prices and establish a free market competition that would

regulate the whole development, has now been a great disappointment even to many reformers. It has become evident that the social sphere needs to be under the careful control and regulation of the society for a much longer period of time.

The research project has the main purpose and aim to analyze the transition process in Eastern Europe and FSU from a social point of view. However, many other aspects and factors will have to be taken into account.

One of the first issues that will have to be clarified are the social preconditions for transformation in these countries. What were the social forces that initiated these reforms and directed this process?

There are many similarities in the economic and social reforms that these governments have implemented during the past years. Social protection of the most vulnerable groups is one of the key issues of this policy. In some of the countries, this has led to a certain success by creating the first signs of stability. In others, the trend has been negative and led to increasing social conflicts. The project will try to define what have been the reasons for this and how these problems could be avoided.

The research also intends to analyse the different patterns of national social policy, and the consequences of this transition. One of the key issues and main characteristics of build-up of the market mechanism and liberalization process has been price reform. Most of the countries passed the stage of hyperinflation when prices rose more than 50 per cent per month. It affected the living standards and the property status of the whole population and widened the income differences. The reforms led to high inflation, thereby causing the loss of the people's savings. The project aims to analyse the effects of inflation and the corresponding income policy in different coun-



*Suomen Kuvapalvelu Oy*

tries to income stratification of the population. What can the state and the people do to avoid mass poverty? Who are the risk groups and what are the consequences of poverty in these countries?

One of the aspects is that the middle-class as the main supporting and stabilizing factor of the reforms is very limited and growing slowly in these countries. The people are divided into the great majority of low income and poor families, and the small new class of rich people.

In most of these countries, anti-poverty measures have been implemented including direct and flexible income compensation schemes, the indexation of savings and incomes, housing support, family benefit and pension schemes, etc. However, the limited

state resources for income support purposes could not prevent massive poverty from taking place.

Poverty is directly connected to another new phenomenon of this region: unemployment. Disruption of previous trade and economic ties, establishment of new industries, economic environment, even new mentality, have completely changed the labour mobility and employment patterns. Structural adjustment in these countries is not quick enough to absorb sufficiently the displaced persons.

These changes in the employment structure will be analysed in the project, as well as employment policy, including measures to create and stimulate employment and protect the unemployed. The role of social partners acting in the labour market is an-

other area of interest.

The most vulnerable social institution to the economic reforms is the family. Despite the fact that new and higher family allowances, prolonged maternity leaves and other measures have been introduced, rapid and considerable demographic changes have appeared immediately. Some of the countries are experiencing the deepest demographic crisis in their modern history. It has been the reaction to the deterioration of the economic environment, tensions in the labour market, rise in the cost of educating children, etc. New patterns of demographic behaviour, such as postponing marriages, sharp decline in birth rates (in some countries over 40 per cent), increasing death rates (especially violent deaths and deaths from cardiovascular diseases, etc.) and the ageing of the labour force will be considered in this project.

Political reforms and increases in labour mobility have created new patterns of migration. In some regions, especially in the FSU, rapid changes in population movements have further complicated the social and demographic consequences of the reforms.

Men and women have experienced these transformations in a different way. Women have traditionally been responsible of the family in these societies. Now they are more affected by unemployment and reduction in income than men. The ratio of single parent families is high in this region where breadwinners are mostly female. This has resulted in the need for special attention and support to the gender aspect of these reforms.

The social cost of transformation has been very high. The future and final success of the reforms depend to a great extent on the efficiency of the social policy. It means that social development and different social aspects and consequences in the new market economies must be analysed carefully and taken into consideration when designing policies and making decisions.

This experience is unique for the world community and needs its support and attention. To prove this will be the main goal of the research project. ■



# How UNU/WIDER Research is Organized

In addition to work undertaken by resident researchers at the Institute, some 160 external researchers from 30–40 countries have collaborated in UNU/WIDER's work and provided contributions within specific research projects.

These projects are led by distinguished scholars (previously designated as Research Advisers, presently called Project Directors) who elaborate research proposals within the main programme areas in conjunction with the Director of UNU/WIDER and, after approval by the Board, undertake substantive responsibility for their execution.

The sequence of activities is briefly as follows: Initially a project planning meeting would be held, which would help to define the project design, finalize the project activities and timing, and decide on the guidelines for specific studies and their contributors. The studies would then be commissioned in terms of an agreed timetable. This would be followed by a research conference at which the first drafts of the studies would be reviewed and commented upon by the project participants and expert commentators. The studies are then revised by the individual contributors following the discussions at the research conference and the comments of the Research Adviser. Thereafter, the Research Adviser undertakes final editorial work and the preparation of the research output for publication together with an overview volume, introductory chapter or section as appropriate.

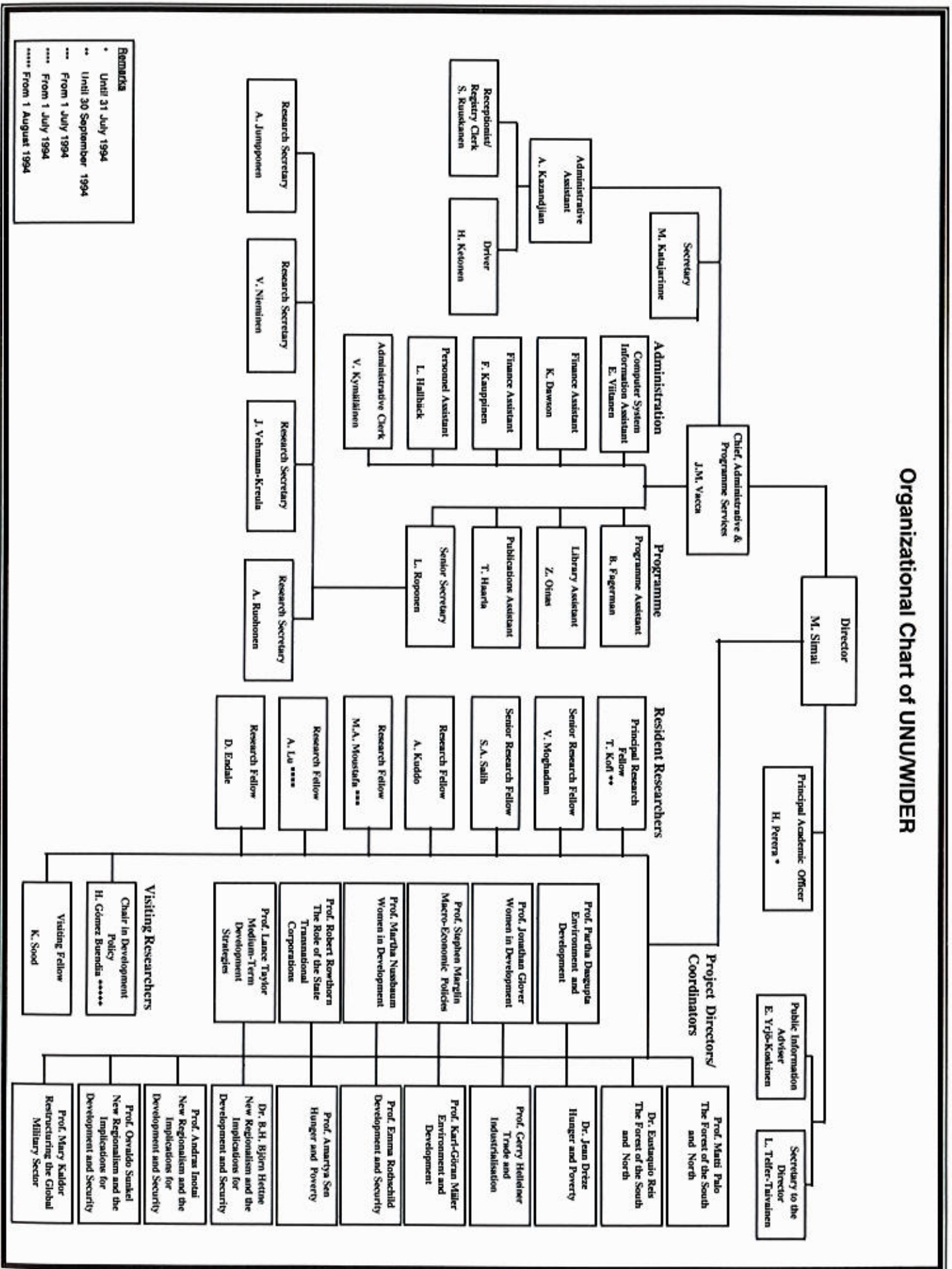
During 1985-93, the following scholars have served as Research Advisers for UNU/WIDER for varying periods of time:

Name	Area of Research/Project
<b>Apffel-Marglin, Frédérique</b> Professor, Smith College, USA	Development and Technological Transformation — Alternative Approaches
<b>Banuri, Tariq</b> Former Research Fellow, UNU/WIDER	Money, Finance and Trade
<b>Bhaduri, Amit</b> Professor, Indian Institute of Management, Calcutta	Money, Finance and Trade
<b>Dasgupta, Partha</b> Professor, University of Cambridge, UK	Environment and Development
<b>Drèze, Jean</b> London School of Economics	Hunger and Poverty
<b>Glover, Jonathan</b> Professor, University of Oxford	Human Capabilities; Women, Equality and Reproductive Technology
<b>Helleiner, Gerald K.</b> Professor, University of Toronto	Trade and Industrialization
<b>Kaldor, Mary</b> Professor, University of Sussex	Development and Security
<b>Maizels, Alfred</b> Professor, University of Oxford	Commodities, Supply Management
<b>Måler, Karl-Göran</b> Professor, The Beijer Institute, Royal Swedish Academy of Sciences	Environment and Development

<b>Marglin, Stephen A.</b> Professor, Harvard University	Macroeconomic Policies; Development and Technological Transformation — Alternative Approaches
<b>Mernissi, Fatima (honorary)</b> Université Mohamed V, Morocco	Women in Development
<b>Mitter, Swasti</b> Brighton Polytechnic, UK	Women in Development
<b>Nussbaum, Martha C.</b> Professor, Brown University, USA	Quality of Life; Human Capabilities; Women, Equality and Reproductive Technology
<b>Patel, Surendra J.</b> Saint Mary's University, Canada	Development and Technological Transformation
<b>Rothschild, Emma</b> Professor, King's College, Cambridge, UK	Development and Security
<b>Rowbotham, Sheila</b>	Women in Development
<b>Rowthorn, Robert</b> Professor, University of Cambridge, UK	Role of the State in Economic Change; Democracy and Efficiency in Economic Enterprises
<b>Sachs, Jeffrey D.</b> Professor, Harvard University	Transformation of Centrally Planned Economies
<b>Schor, Juliet B.</b> Harvard University	Macroeconomic Policies
<b>Sen, Amartya K.</b> Lamont University Professor Harvard University	Hunger and Poverty
<b>Taylor, Lance</b> Professor, New School for Social Research, NY	Stabilization and Adjustment Policies and Programmes
<b>Williams, Bernard</b> Professor, University of Oxford	Quality of Life; Human Capabilities
During the next biennium (1994-95), the following external scholars will be involved as directors or coordinators of specific projects within UNU/WIDER's academic programme:	
<b>Hettne, Björn (Project Director)</b> Professor, Gothenburg University	New Regionalism and the International System
<b>Sunkel, Osvaldo (Project Coordinator)</b> Professor, University of Florida	
<b>András Inotai (Project Coordinator)</b> Professor, Institute for World Economics, Budapest	
<b>Måler, Karl-Göran</b> Professor, The Beijer Institute, Royal Swedish Academy of Sciences	Environment and Development Training
<b>Dasgupta, Partha</b> Professor, University of Cambridge	



# Organizational Chart of UNU/WIDER

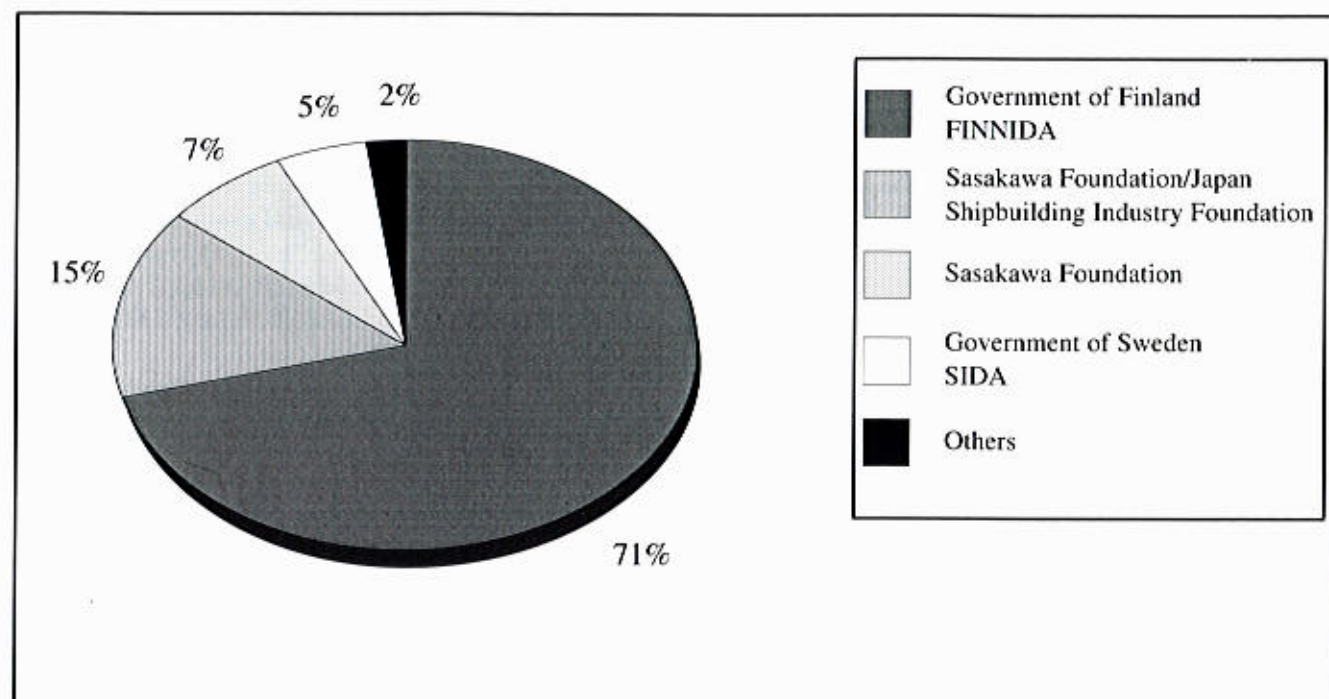


- Transnational Corporations
- Trade and Industrialization Reconsidered
- Medium Term Development Strategy (Phase II)
- New Market Economies in Europe and Asia
- Future Needs and Patterns of Development Cooperation
- Restructuring the Global Military Sector
- Environmental Management Systems in the Global Economy
- The Role of the Forest in the South and the North in Sustainable Development
- The Globalization Process and the Latin American Development Experience

- Rowthorn, Robert**  
Professor, University of Cambridge, UK
- Helleiner, Gerald K.**  
Professor, University of Toronto
- Taylor, Lance**  
Professor, New School for Social Research, NY
- Desai, Padma**  
Professor, Columbia University, NY
- Matejka, Harriet**  
Professor, Graduate School of International Studies, Geneva
- Hirono, Riokichi**  
Professor, Seikei University, Tokyo
- Kaldor, Mary**  
Professor, Sussex European Institute, University of Sussex
- Jänike, Martin**  
Professor, German Institute of Environmental Policies, Berlin
- Palo, Matti (Project Director)**  
Professor, Finnish Forest Research Institute
- Reis, Eustaquio (Project Coordinator)**  
Directorate of Research Institute of Applied Economic Research, Rio de Janeiro
- Buendía, Hernando Gómez**  
UNU/WIDER-Sasakawa Distinguished Research Professor



## Contributions to UNU/WIDER 1984-93

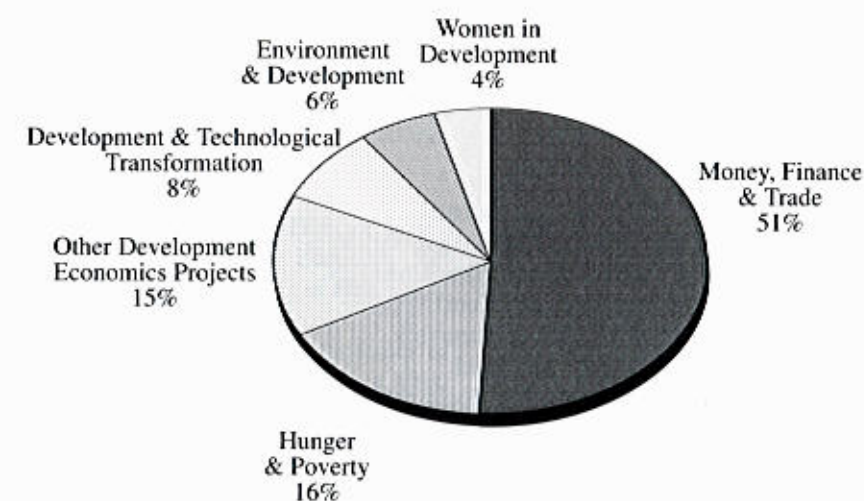


Arab Fund for Economic and Social Development	230,000
Government of Finland (endowment fund contribution)	25,024,194
FINNIDA (contributions for operational/programme activities)	12,742,642
Ford Foundation	240,000
Government of India (endowment fund contribution)	450,000
John D. & Catherine T. MacArthur Foundation	489,800
James S. McDonnell Foundation	516,661
NORAD (Government of Norway)	120,851
Rockefeller Foundation	129,695
Sasakawa Foundation/Japan Shipbuilding Industry Foundation	1,000,000
Sasakawa Foundation (endowment fund contribution)	8,000,000
SAREC (Government of Sweden)	159,532
Government of Sweden (endowment fund contribution)	2,232,159
SIDA (contributions for operational/programme activities)	1,646,122
UNDP	16,142
The World Bank	49,992
<b>Total</b>	<b>USD 53,047,790</b>

## Breakdown of Expenses 1984-93

	84/85	86/87	88/89	90/91	92/93	Total
<b>Programme</b>						
Research	512,702	2,324,391	2,112,332	5,977,541	4,171,281	15,098,247
General Expenses	261,902	1,014,773	853,789	821,337	590,980	3,524,781
Staff Expenses	366,078	1,631,876	2,234,040	2,907,784	2,241,828	9,381,606
S/Total	1,140,628	4,971,040	5,200,161	9,706,662	7,004,089	28,022,634
<b>Administration</b>						
General Expenses	176,873	627,763	556,763	523,387	660,367	2,545,153
Staff Expenses	91,519	407,970	558,510	726,946	560,457	2,345,402
S/Total	268,392	1,035,733	1,115,273	1,250,333	1,220,824	4,890,555
<b>Total</b>	<b>1,409,074</b>	<b>6,006,773</b>	<b>6,315,434</b>	<b>10,956,995</b>	<b>8,224,913</b>	<b>32,913,189</b>
<b>Programme</b>	<b>80.95%</b>	<b>82.76%</b>	<b>82.34%</b>	<b>88.59%</b>	<b>85.16%</b>	<b>85.14%</b>
<b>Administration</b>	<b>19.05%</b>	<b>17.24%</b>	<b>17.66%</b>	<b>11.41%</b>	<b>14.84%</b>	<b>14.86%</b>

## Breakdown of Project Expenses 1984-93



Project Area*	84/85	86/87	88/89	90/91	92/93	Total	%
Hunger & Poverty	76,732	869,618	678,704	604,790	283,756	2,513,600	16
Development & Technological Transformation	50,315	691,519	555,323	0	0	1,297,157	8
Money, Finance & Trade	111,328	1,448,436	1,772,000	3,132,432	1,164,478	7,628,674	50
Environment & Development			173,174	434,530	255,061	862,765	6
Women in Development			43,532	364,740	254,266	662,538	4
Other Development Economics Projects		233,982	277,245	990,401	824,978	2,326,606	15
S/Total	238,375	3,243,555	3,499,978	5,526,893	2,782,539	15,291,340	100

\* Project expenses paid from the Special Finnish Programme Fund are not listed here



# UNU/WIDER Board Members 1985-94

## 1985

Dr Saburo Okita  
Dr Abdlatif Al-Hamad  
Dr Carmen Miró  
H.E. Mr Bernard Chidzero  
Dr Mahbub Ul Haq  
Professor Albert Hirschman  
Professor Pentti Kouri  
Professor Janez Stanovnik

*Ex Officio:*  
Soedjatmoko, Rector, UNU  
Dr Lal Jayawardena, Director,  
UNU/WIDER

## 1986

Dr Saburo Okita  
Dr Abdlatif Al-Hamad  
Dr Carmen Miró  
H.E. Mr Bernard Chidzero  
Dr Mahbub Ul Haq  
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Professor Pentti Kouri  
Professor Janez Stanovnik

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## 1987

Dr Saburo Okita  
Dr Abdlatif Al-Hamad  
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Dr Indraprasad Patel  
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## 1988

Dr Saburo Okita  
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Professor Janez Stanovnik  
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## 1989

Dr Saburo Okita  
Dr Abdlatif Al-Hamad  
Dr Carmen Miró  
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Professor Albert Hirschman  
Professor Pentti Kouri  
Professor Janez Stanovnik  
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Professor Reimut Jochimsen

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Dr Lal Jayawardena, Director,  
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## 1990

Dr Saburo Okita  
Dr Abdlatif Al-Hamad  
Academician Abel Aganbegyan  
Professor Albert Hirschman  
Professor Pentti Kouri  
Professor Janez Stanovnik  
Dr Indraprasad Patel  
Professor Reimut Jochimsen

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Dr Lal Jayawardena, Director,  
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## 1991

Dr Saburo Okita  
Dr Abdlatif Al-Hamad  
Academician Abel Aganbegyan  
Dr Jacques Diouf  
Dr Pekka Korpinen  
Dr Maria de Lourdes Pintasilgo

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Dr Lal Jayawardena, Director,  
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## 1992

Dr Saburo Okita  
Academician Abel Aganbegyan  
Dr Jacques Diouf  
Dr Said El-Naggar  
Dr Pekka Korpinen  
Dr Sylvia Ostry  
Dr Maria de Lourdes Pintasilgo

*Ex Officio:*  
Professor Heitor Gurgulino de Souza,  
Rector, UNU  
Dr Lal Jayawardena, Director,  
UNU/WIDER

## 1993

Dr Maria de Lourdes Pintasilgo  
Academician Abel Aganbegyan  
Dr Jacques Diouf  
Dr Said El-Naggar  
Dr Pekka Korpinen  
Dr Sylvia Ostry  
Dr Masaru Yoshitomi

*Ex Officio:*  
Professor Heitor Gurgulino de Souza,  
Rector, UNU  
Professor Mihály Simai, Director,  
UNU/WIDER

## 1994

Dr Maria de Lourdes Pintasilgo  
Dr Said El-Naggar  
Dr Philip Ndegwa  
Professor Antti Tanskanen  
Dr Sylvia Ostry  
Dr Masaru Yoshitomi  
Dr Ruben Yevstigneyev

*Ex Officio:*  
Professor Heitor Gurgulino de Souza,  
Rector, UNU  
Professor Mihály Simai, Director,  
UNU/WIDER

**Academician Abel G. Aganbegyan** (90-93), former Head of the Economic Branch of the USSR Academy of Sciences; former Rector of the Academy of National Economy, USSR Council of Ministers; currently President, Academy of National Economy under the Government of the Russian Federation, Moscow, Russia

**Dr Abdlatif Y. Al-Hamad** (85-91), former Minister of Finance, Kuwait; Member, Brandt Commission; currently Director-General and Chairman, Board of Directors, Arab Fund for Economic and Social Development, Kuwait

**H.E. Mr Bernard T. G. Chidzero** (85-89), former Chairman, Joint Development Committee of the IMF and World Bank; Senior Minister of Finance, Economic Planning and Development, Zimbabwe

**Dr Jacques Diouf** (91-93), former Secretary-General, Banque Centrale des Etats de l'Afrique de l'Ouest, Dakar, Senegal; former Ambassador, Senegal Mission to the United Nations, New York; former Member of the Council of Advisers, World Bank; currently Director-General, Food and Agriculture Organization (FAO) of the United Nations, Rome, Italy

**Dr Said El-Naggar** (92-93), Professor Emeritus, Cairo University, Egypt

**Professor Albert O. Hirschman** (85-90), Professor of Social Science Emeritus, School of Social Science, Institute for Advanced Study, Princeton, NJ, USA

**Professor Reimut Jochimsen** (87-90), former Minister of Economics and Technology, State of North Rhine-Westphalia, Germany; President, State Central Bank in North Rhine-Westphalia, Germany

**Dr Pekka Korpinen** (91-93), former Executive Director, World Bank; former Director, Labour Institute for Economic Research, Helsinki; currently Deputy Mayor, City of Helsinki

**Professor Pentti J. K. Kouri** (85-90), former Professor of Economics, University of Helsinki; former Professor of International Economics, New York University, USA; former Advisory Director, First Boston International, New York, USA; Chairman, Kouri Capitals Inc.

**Dr Carmen Miró** (85-89), former Director, Centro de Estudios Latinoamericanos, Panama; Director, Instituto de Estudios Nacionales, Universidad de Panama

**Dr Philip Ndegwa** (94), Chairman, First Chartered Securities Limited, Nairobi, Kenya

**Dr Saburo Okita** (85-92), *Chairman* (85-92), former Minister of Foreign Affairs, Japan; former President and Chancellor, International University of Japan; former President and Chairman, Japan Center for Economic Research; former Chairman, Institute for Domestic and International Policy Studies, Tokyo, Japan

**Dr Sylvia Ostry** (92-), former Chief Statistician of Canada; former Deputy Minister of Consumer and Corporate Affairs, Canada; former Chairman of the Economic Council of Canada; former Deputy Minister of International Trade, Canada; former Head of the Economics and Statistics Department, OECD, Paris, France; currently Chairman, Centre for International Studies, University of Toronto, Canada; Chairman, National Council of the Canadian Institute of International Affairs

**Dr Indraprasad G. Patel** (87-90), former Chief Economic Adviser, Ministry of Finance, India; former Deputy Administrator, UNDP; former Governor, Reserve Bank of India; former Director, London School of Economics and Political Science, University of London, UK

**Dr Maria de Lourdes Pintasilgo** (91-), *Chairperson* (93-), former Ambassador of Portugal to UNESCO; former Minister of Social Affairs, Portugal; former Secretary of State for Social Security, Portugal; former Acting Prime Minister of Portugal; currently Deputy Chairperson, InterAction Council, New York, USA

**Professor Janez Stanovnik** (85-90), former Professor of Economics, Ljubljana University, Yugoslavia; former Special Adviser to the Secretary-General of UNCTAD; former Member of the UN Committee for Development Planning; former Member of the World Commission on Environment and Development; former Executive Secretary, UN Economic Commission for Europe; former UN Under Secretary General

**Professor Antti Tanskanen** (94-), President, Academy of Finland

**Dr Mahbub Ul Haq** (85-88), former Minister for Commerce and Planning & Development, Pakistan; former Director of Policy Planning, World Bank; currently Special Adviser to the Administrator, United Nations Development Programme (UNDP), New York

**Dr Ruben Yevstigneyev** (94-), Deputy Director, Institute of International Economic and Political Studies, Russian Academy of Sciences

**Dr Masaru Yoshitomi** (93-), former Adviser to Minister of the Economic Planning Agency (EPA); Government of Japan; former Director-General, Economic Research Institute, Economic Planning Agency (EPA), Government of Japan; currently Executive Professor, Wharton School, University of Pennsylvania, USA; Vice-Chairman, Board of Councillors, Long-Term Credit Bank Institute of Research and Consulting (LTCBR) Inc., Tokyo, Japan; Adviser to the LTCBR of Japan

*Ex Officio*

**Professor Heitor Gurgulino de Souza**, Rector, UNU (87-)  
**Dr Lal Jayawardena**, Director, UNU/WIDER (85-92)  
**Professor Mihály Simai**, Director, UNU/WIDER (93-)  
**Soedjatmoko**, Rector, UNU (85-86)



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**Professor Yrjö Neuvo**, Senior Vice President  
Nokia Corporation

**Professor Paavo Okko**, Dean  
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The Academy of Finland

**Professor Tapio Varis**  
University of Lapland

**Professor Reijo Vihko**  
Centre for Research in Human Reproduction  
University of Oulu

**Eero Yrjö-Koskinen**, Secretary of AAC  
Public Information Adviser  
UNU/WIDER

## Resident Researchers since 1985

Name	Period of Contract	Area of Research
Banuri, Tariq Pakistan	1.8.86-30.11.88	Macroeconomic Policies, Technological Transformation in Traditional Societies: Alternative Approaches
Endale, Derseh Ethiopia	15.8.90-14.6.93 (Consultant) 31.7.93-cont. (Research Fellow)	Hunger and Poverty: Famine Prevention in Ethiopia; Changing Employment Patterns, and the Structure of Unemployment in Africa
Fonseka, Carlo Sri Lanka	11.11.88-10.11.90	Medium Term Development Strategy: Towards a Peaceful Sri Lanka
Haaparanta, Pertti Finland	1.1.86-30.6.87 (Resident Consultant)	Money, Finance and Trade
Hansson, Ardo USA	9.7.90-30.6.92	Economic Reform and Stabilization Policies in Socialist Countries
Kakwani, Nanak Australia	2.7.85-31.12.86	Hunger and Poverty: Global Recession and Living Standards
Kofi, Tetteh A. Ghana	2.10.92-cont.	Export Earnings Performance, Economic Recovery and Development of the Third World in the 1990s with Special Reference to Africa
Kosonen, Katri Finland	1.11.89-31.10.90	Alternative Theories of Household Saving Behaviour
Kuddo, Arvo Estonia	1.2.94-cont.	New Market Economies: External and Internal Sources of the Achievement Changes
Maizels, Alfred UK	11.5.86-30.6.91	Commodities Programme: Commodities in Crisis
Moghadam, Valentine M. USA	1.3.90-cont.	Women in Development
Osmani, Siddiqur R. Bangladesh	13.4.86-12.4.92	Hunger and Poverty: Nutrition and Poverty; Development Strategies
Pringle, Robert UK	17.8.86-16.8.89	Money, Finance and Trade; publications activities
Ramachandran, V.K. India	24.7.87-30.6.91 (from 5.9.89 at the Centre for Population Studies, Harvard University)	Hunger and Poverty: Wage Labour in Agriculture: An Indian Case Study; Social Security in East Bengal
Salih, Siddig A. Sudan	31.7.90-cont.	Resource Management Approach to Economic Development in Africa
Sood, Krishnalekha India	1.9.93-cont. (Visiting Fellow)	Reorienting International Development Co-operation for Sustained Growth, Equity and Human Development
Svedberg, Peter Sweden	26.12.85-30.4.88 (Consultant)	Hunger and Poverty: Undernutrition in Sub-Saharan Africa
Swantz, Marja-Liisa Finland	1.3.87-cont. (Senior Research Fellow)	Grassroots Dynamics and Directed Development in Tanzania Alternative Approaches to the Greening of Economics
Vibert, Frank UK	15.2.89-14.2.91	Monetary Policies — Study Group Reports: Debt Reduction; Foreign Portfolio Investment in Emerging Equity Markets
Wallgren, Thomas Finland	21.9.92-30.3.94 (Consultant)	Alternative Approaches to the Greening of Economics



## McDonnell Scholars Programme at UNU/WIDER

Under a special programme funded by the James S. McDonnell Foundation of St. Louis, Missouri, USA, distinguished economists drawn from a wide variety of the schools of thought in the profession, have been brought to UNU/WIDER for periods of one to three months.

The McDonnell Distinguished Scholars at UNU/WIDER have included:

**Irma Adelman**, Professor of Agricultural and Resource Economics and Professor of Economics, University of California, Berkeley;

**Lord Peter Bauer**, House of Lords; Professor Emeritus, London School of Economics and Political Science;

**Sir Kenneth Berrill**, former Chairman of the Securities and Investment Board of the United Kingdom; former Chief Economic Adviser to the Treasury of the United Kingdom; and former Director-General of the Central Policy Review staff; Honorary Fellow, King's College Cambridge; Chairman, Robert Horne Group plc, London;

**Michael Bruno**, currently Chief Economist, World Bank; former Governor, Bank of Israel; Professor of Economics, Hebrew University, Israel; and Professor of Economics, Massachusetts Institute of Technology, Cambridge, MA, USA;

**Sukhamoy Chakravarty**, former Chairman, Council of Economic Advisers to the Prime Minister of India; former Professor of Economics, Delhi School of Economics, University of Delhi, India;

**Robert Dorfman**, Professor of Political Economy Emeritus, Department of Economics, Harvard University;

**Jacques H. Drèze**, Professor of Economics, CORE, Université Catholique de Louvain, Louvain-la-Neuve, Belgium; Member, American Economic Association, and Foreign Honorary Member, American Academy of Arts and Sciences;

**Frank H. Hahn**, currently President of the Royal Economic Society; Professor of Economics, University of Cambridge, UK; and Fellow of the British Academy, and the American Academy of Arts and Sciences;

**John C. Harsanyi**, Flood Research Professor in Business Administration Emeritus, and Professor of Economics Emeritus, University of California, Berkeley;

**Eric J. Hobsbawm**, Professor of Economics and Social History Emeritus, University of London; and Professor at the Graduate Faculty of the New School of Social Research, New York;

**Charles P. Kindleberger**, Ford Professor of Economics Emeritus, Massachusetts Institute of Technology, Cambridge, MA, USA; and Sachar Visiting Professor of Economics, Brandeis University, USA;

**János Kornai**, Professor of Economics at the Institute of Economics of the Hungarian Academy of Sciences; and Professor of Economics at Harvard University; Member of the Hungarian Academy of Sciences, and currently Chairman of the European Economic Association.

**Edmond C. Malinvaud**, Professor, Collège de France; former Director-General, INSEE Paris, France; former President, Econometrics Society, International Economics Association, International Statistical Association; and Honorary Foreign Member, American Academy of Arts and Sciences;

**Luigi Pasinetti**, Professor of Economic Analysis, Università Cattolica del Sacro Cuore, Milano, Italy;

**Don Patinkin**, Professor of Economics, Hebrew University of Jerusalem, Israel; Member of Israel Academy of Sciences and Humanities; Honorary Member of the American Economic Association; and Foreign Honorary Member of American Academy of Arts and Sciences;

**Thomas C. Schelling**, Lucius N. Littauer Professor of Political Economy, John F. Kennedy School of Government, Harvard University;

**Robert M. Solow**, former President of the American Economic Association; Institute Professor of Massachusetts Institute of Technology, Cambridge, MA, USA; Nobel Laureate in Economics;

**Romila Thapar**, Professor of Ancient Indian History, Jawaharlal Nehru University, New Delhi, India;

**Stefano Zamagni**, Professor of Economics, University of Bologna, Italy.

## Selected Participants in UNU/WIDER Projects 1985-93

### Technological Transformation in the Third World: Progress Achieved & Problems Faced (86-89)

Abu A. Abdullah, Bangladesh  
Ojetunji Aboyade, Nigeria  
Jan Otto Andersson, Finland  
Abdellatif Benachou, Algeria  
M. R. Bhagavan, India  
Carsten Blennow, Sweden  
Sandor Boyson, USA  
Alfonso Cordido, Venezuela  
Mohamed B. E. Fayez, Egypt  
A. Giannitsis, Greece  
Eduardo A. A. Guimaraes, Brazil  
Linsu Kim, Korea  
Pekka Korpinen, Finland  
Miguel H. Marquez, Mexico  
Luis Raul Matos, Venezuela  
Wilfred S. Nanayakkara, Sri Lanka  
Iz. Osayimwese, Nigeria  
*Surendra J. Patel, Project Coordinator, India*  
P. C. Rodrigo, Sri Lanka  
Francisco R. Sagasti, Peru  
Jon Sigurdson, Sweden  
Georgy Skorov, Russia  
K. K. Subrahmanian, India  
Marjan Svetlicic, Yugoslavia  
Mikoto Usui, Japan  
Constantine V. Vaitsos, Greece  
Samuel M. Wangwe, Tanzania  
Pentti Vartia, Finland  
Zhang Wei, China  
M. S. Wionczek, Mexico  
Synnöve Vuori, Finland

### Technological Transformation in Traditional Societies: Alternative Approaches (86-88)

Charles Abeysekera, Sri Lanka  
*Frédérique Apffel Marglin, Project Coordinator, USA*  
Arjun Appadurai, India  
Tariq Banuri, Pakistan  
James Boyce, USA  
Ramachandra Guha, India  
Newton Gunasinghe, Sri Lanka  
Gillian Hart, UK  
*Stephen A. Marglin, Project Coordinator, USA*  
Ashis Nandy, India  
Martha C. Nussbaum, USA  
Jukka Oksa, Finland  
Jussi Raumolin, Finland  
Savyasaachi, India

Amartya K. Sen, India  
Stanley Tambiah, Sri Lanka  
David Vail, USA  
Shiv Visvanathan, India  
Punam Zutshi, India

### Systems of Knowledge as Systems of Domination (87-89)

*Frédérique Apffel Marglin, Project Coordinator, USA*  
Arjun Appadurai, India  
Tariq Banuri, Pakistan  
Carol A. Breckenridge, USA  
Gustavo Esteva, Mexico  
Ramachandra Guha, India  
Nancy Gutman, USA  
*Stephen A. Marglin, Project Coordinator, USA*  
Ashis Nandy, India  
Vandana Shiva, India  
Marja-Liisa Swantz, Finland  
David Vail, USA  
Shiv Visvanathan, India  
Francis Zimmermann, France

### FINNIDA-UNU/WIDER SPECIAL PROJECT FUND:

**Testing Alternative Theories of Household Saving  
Behaviour: A Cross Section Analysis (87-89)**  
Katri Kosonen, Finland

**Unemployment, Inflation and Social Corporatism/Cop-  
ing with Crisis: Lessons from Corporatist Experiments  
(87-89)**

Jorma Antila, Finland  
Robin Archer, UK  
Wolfgang Blaas, Austria  
Isabelle Cassiers, Belgium  
Andrew Glyn, UK  
Alois Guger, UK  
Sixten Korkman, Finland  
Katri Kosonen, Finland  
Michael Landesmann, Austria  
Lars Mjoset, Denmark  
Ton Notermans, Germany  
*Jukka Pekkarinen, Project Coordinator, Finland*  
*Matti Pohjola, Project Coordinator, Finland*  
*Robert Rowthorn, Project Coordinator, UK*  
Markus Sovala, Finland  
Göran Therborn, Sweden  
Risto Vaittinen, Finland  
Juhana Vartiainen, Finland



**Mineral-based Industrialization Strategies and International Industrial Cooperation: The Case of Regionally Integrated Industrialization in Southern Africa with Special Reference to Zambia (87-89)**  
Lauri Siitonen, Finland

**Grassroots Dynamics and Directed Development in Tanzania (87-89)**

Marja-Liisa Swantz, Finland

**Debt and Politics: The Impact of Stabilization Programmes on Developing Countries (91-92)**

Juha Auvinen, Finland

Eini Kiiskinen, Finland

**The Quality of Life (87-90)**

Erik Allardt, Finland

Julia Annas, USA

Timothy Besley, UK

Christopher Bliss, UK

Sissela Bok, USA

Dan Brock, USA

G. A. Cohen, USA

Robert Eriksson, Sweden

S. M. (Ravi) Kanbur, India

Onora O'Neill, UK

*Martha C. Nussbaum, Project Coordinator, USA*

B. M. S. van Praag, Netherlands

Hilary Putnam, USA

John E. Roemer, USA

Thomas M. Scanlon

Thomas Schelling, USA

Paul Seabright, UK

*Amartya K. Sen, Project Coordinator, India*

Charles Taylor, Canada

Michael Walzer, USA

Bengt-Christer Ysander, Sweden

**Human Capabilities: Women, Men and Equality (88-92)**

Linda Alcoff, USA

Seyla Benhabib, USA

Marty Chen, USA

Nancy Chodorow, USA

David A. Crocker, USA

*Jonathan Glover, Project Coordinator, UK*

Marja-Liisa Kakkuri-Knuutila, Finland

Christine M. Korsgaard, USA

Xiaorong Li, China

Sabina Lovibond, UK

Catherine Lutz, USA

*Martha C. Nussbaum, Project Coordinator, USA*

Nkiru Nzegwu, USA

Susan Moller Okin, USA/New Zealand

Onora O'Neill, UK

Hilary Putnam, USA

Ruth Anna Putnam, USA

Amartya Sen, India

Päivi Setälä, Finland

Cass R. Sunstein, USA

Laurence Thomas, USA

Margarita M. Valdés, Mexico

Roop Rekha Verma, India

Susan Wolf, USA

**PROGRAMME ON NATIONAL DEVELOPMENT, IDENTITY POLITICS, AND CONCEPTS OF FEMINISM (90-93)**

**Gender and Restructuring: Perestroika, the 1989 Revolutions and Women (90-92)**

Ireneusz Bialecki, Poland

Valentina Bodrova, Russia

Maria Ciechocinska, Poland

Barbara Einhorn, UK

Monica Fong, Sweden

Barbara Heyns, USA

Kaisa Kauppinen, Finland

Dobrinka Kostova, Bulgaria

David Lane, UK

Gail Lapidus, USA

*Valentine M. Moghadam, Project Coordinator, Iran/USA*

Liba Paukert, Czech Rep.

Gillian Paull, USA

Anastasia Posadskaya, Russia

Dorothy Rosenberg, USA

Marilyn Rueschemeyer, USA

Gordon Weil, USA

Sharon Wolchik, USA

**Trajectories of Patriarchy and Development (90-92)**

Tuovi Allén, Finland

Sheila Carapico, USA

Elizabeth Dore, UK

Rita S. Gallin, USA

Leela Kasturi, India

John Lie, USA

*Valentine M. Moghadam, Project Coordinator, Iran/USA*

Jane Parpart, Canada

Ruth Pearson, UK

Helen I. Safa, USA

Guy Standing, UK

Sylvia Walby, UK

**Participation and Cooperation in Economic Enterprises: Democracy and Efficiency (90-93)**

Robin Archer, UK

Samuel Bowles, USA

Herbert Gintis, USA

Benedetto Gui, Italy

Geoffrey Hodgson, UK

Domenico Mario Nuti, Italy

Ugo Pagano, Italy

Matti Pohjola, Finland

Janez Prasnikar, Yugoslavia

*Robert Rowthorn, Project Coordinator, UK*

Mark Schaffer, UK

Milica Uvalic, Italy

Winfried Vogt, Germany

**Trust and the Refugee Experience (92-93)**

Alexander Aleinikoff, USA

*E. Valentine Daniel, Project Coordinator, USA*

Michael Fischer, USA

Barbara Harrell-Bond, UK

*John Chr. Knudsen, Project Coordinator, Norway*

Mary Layoun, USA

Karmela Liebkind, Finland

Liisa Malkki, Finland

Beatriz Manz, USA

Marjorie E. Muecke, USA

Jeffrey Peck, USA

Julie M. Peteet, USA

Peter Rose, USA

Rubén G. Rumbaut, USA

Nazif Shahrani, USA

Stuart Turner, UK

**Women, Equality and Reproductive Technology (92-93)**

Sandra Maria Azeredo, Brazil

Dan Brock, USA

Alta Charo, USA

Heng-Leng Chee, Malaysia

David A. Crocker, USA

*Jonathan Glover, Project Coordinator, UK*

Dolores Iorizzo, USA

Nila Kapor-Stanulovic, Yugoslavia

Paula Kokkonen, Finland

Xiaorong Li, USA

Vina Mazumdar, India

Lucile Newman, USA

Simone Novaes, France

*Martha C. Nussbaum, Project Coordinator, USA*

Nkiru Nzegwu, USA

Susan Moller Okin, USA

Onora O'Neill, UK

Ibitola O. Pearce, Nigeria

Anthony W. Price, UK

John E. Roemer, USA

Cass R. Sunstein, USA

Margarita M. Valdés, Mexico

Roop Rekha Verma, India

Daniel Wikler, USA

**Alternative Approaches to the Greening of Economics (92-93)**

Frank Amalric, France

Frédérique Apffel Marglin, USA

Alberta Arthurs, USA

Noël Cannat, France

Herman Daly, USA

Henrik Ehrnrooth, Finland

Arturo Escobar, Colombia

Eduardo Grillo Fernández, Peru

Stephen Gudeman, USA

Wendy Harcourt, Italy

Wes Jackson, USA

Larry Lohmann, USA

*Stephen A. Marglin, Project Coordinator, USA*

Dan Martin, USA

Peter May, Brazil

Ashis Nandy, India

Witoon Permpongsacharoen, Thailand

Vijay Pratap, India

Jerome Ravetz, UK

James Scott, USA

C. V. Seshadri, India

Marja-Liisa Swantz, Finland

Lynn Szwaja, USA

Aili Mari Tripp, USA

Thomas Wallgren, Finland

Shiv Visvanathan, India

Angus Wright, USA

**The Role of the State in Economic Change (92-93)**

Istvan Abel, Hungary

John Bonin, USA

Ha-Joon Chang, Korea

Michael Ellman, Netherlands

Mushtaq Khan, Bangladesh

Peter Nolan, UK

Misha Panic, UK

*Robert Rowthorn, Project Coordinator, UK*

Ajit Singh, India

Robert Wade, UK

Brian Van Arkadie, Netherlands

Juhana Vartiainen, Finland

Richard Wright, USA



# Conferences and Meetings in 1985-93

## Research Programmes in 1985-93

Hunger and Poverty — the Poorest Billion (HP)  
 Money, Finance and Trade — Reform for World Development (MFT)  
 Development and Technological Transformation — the Management of Change (DTT)  
 Women in Development (WD)  
 Economics of Environment and Development (EED)  
 Other Development Issues (ODI)

## Research Programmes in 1994-95

The Economic Dimension of Human Development in the 1990s: Employment, Poverty, Equity and Gender Issues. (1)  
 The Evolving National and Global Conditions and Factors of the Growth Process: the State and the Market in a Competitive World Economy and the Specific Problems and Perspectives of the Developing Countries. (2)  
 The Postulates of, and the Policies for Environmental Sustainability in the Global Economy and the Development Process in the 1990s. (3)  
 The Evolving New Market Economies: External and Internal Sources of the Achievement and of the Problems in the Transformation Process and the International Consequences of the Changes. (4)  
 Commodity Issues and Their Role in the Development Process in the 1990s. (5)  
 The Sources and Consequences of Globalization, Regionalization and Fragmentation. The Challenges of the Globalization, Regionalization and Fragmentation Processes and the Responses on the Level of Firms, National Governments and International Cooperation Regimes. (6)  
 The New Sources of Risks and Uncertainties and the Economics of National and Global Security in the 1990s. (7)  
 The Future Needs and Patterns of Development Cooperation: Converging and Conflicting Interests and the Evolving Policies for Shaping a 'New Global Partnership'. (8)

## 1993

Meeting	Dates	Place
Project Planning Meeting on Success and Failure in the Transformation Process: The Main Experiences and Ideas concerning the Future of the Market Economies (4)	5-7 December	Helsinki
Project Planning Meeting on Changes and Challenges in the Main Regions of the World and Their Implications for Cooperation (6)	16 October	Helsinki
Project Planning Meeting on the Macro and Micro Economics of Demilitarization and the Implications for the Different Groups and Types of Countries (7)	15-16 October	Helsinki

Recent Developments in the Mediterranean and in the Middle East, organized jointly with the Tampere Peace Research Institute (TAPRI) (WD)	29 September	Helsinki
Alternative Approaches to the Greening of Economics (ODI)	2-6 August	Bellagio, Italy
Teaching Workshop in Environmental Economics (EED)	1-10 July	Gozo, Malta
The Ninth Session of the Board of UNU/WIDER	28-30 June	Helsinki
The Evolving New Global Environment for the Development Process, organized jointly with the Institute of Development Studies (IDS) of the University of Helsinki	28 June	Helsinki
Workshop on the Associated Institutions in the Changing Structure of the UNU	27 June	Helsinki
The Role of the State in Economic Change (MFT)	17-19 April	Cambridge, UK
Symposium on Economic Reform in the Developing Countries: Issues for the 1990s, organized jointly with the World Bank (MFT)	6 February	Washington DC, USA
Participation and Cooperation in Economic Enterprises: Democracy and Efficiency (MFT)	8-10 January	Cambridge, UK

## 1992

Training Workshop in Environmental Economics (EED)	12-21 December	Colombo, Sri Lanka
Trade and Industrialization Reconsidered (MFT)	24-27 November	Paris, France
Transformation of Centrally Planned Economies: The Lessons for the Developing Countries (MFT)	2-3 September	Helsinki
Women, Equality and Reproductive Technology (WD)	3-6 August	Helsinki
Trajectories of Patriarchy and Development (WD)	6-7 July	Helsinki
Planning Meeting on Alternative Approaches to the Greening of Economics (MFT)	18-25 June	Amherst, MA, USA
The Eighth Session of the Board of UNU/WIDER	17-19 June	Helsinki
Trust and the Refugee Experience Workshop (HP)	11-13 June	Bergen, Norway
Transformation from a System of Central Planning to a Market Economy (MFT)	6-7 February	Helsinki



**1991**

Project Planning Meeting on Military Sector and Global Economic Change (ODI)	22-27 September	Helsinki
Gender and Restructuring: Perestroika, the 1989 Revolutions, and Women (WD)	2-3 September	Helsinki
Trade and Industrialization Reconsidered	31 August - 3 September	Paris, France
Human Capabilities: Women, Men and Equality (WD)	14-16 August	Helsinki
The Seventh Session of the Board of UNU/WIDER	3-4 June	Helsinki
The Role of Financial Intermediaries in the Privatization Process in Eastern Europe (MFT)	30-31 May	Helsinki
The Economics of Transnational Commons (EED)	25-27 April	Siena, Italy
Industrial Restructuring and Competition (MFT)	8-9 March	Helsinki

**1990**

Privatization Study Group Meeting, held in conjunction with the Conference on Privatization in Eastern Europe, organized by ICPE, the World Bank, and UNDP (MFT)	6-8 November	Ljubljana, Yugoslavia
The Sixth Session of the Board of UNU/WIDER	30-31 October	Helsinki
Identity Politics and Women (WD)	8-10 October	Helsinki
East European Trade and Payments (MFT)	1-2 October	Helsinki
Trade and Industrialization Reconsidered (MFT)	5-7 September	Ottawa, Canada
The Environment and Emerging Development Issues (EED)	3-7 September	Helsinki
Privatization in Eastern Europe (MFT)	16-17 August	Helsinki
Global Macroeconomic Policies — Investment, Savings and Finance (MFT)	13-15 August	Amherst, MA, USA
Enterprise Democracy Project: Working Group Meeting (MFT)	30-31 July	Cambridge, UK
Empowering Women in the Casualised Trades (WD)	25-31 July	Helsinki
Femmes Maghreb Horizon 2000 (WD)	25-28 July	Helsinki
Hunger and Public Action (HP)	11-13 July	Helsinki
Economic Implications of Alternative Approaches to Security (ODI)	9-10 July	Helsinki

Privatization in Eastern Europe (MFT)	31 May-1 June	Paris, France
World Economy Group (MFT) Stabilization and Adjustment in Developing Countries: Medium-Term Development Strategy (MFT)	20-21 April 19-20 April	Cambridge, MA, USA Stockholm, Sweden
Economic Reform in Eastern Europe (MFT)	27-28 March	Helsinki
Structural Adjustment Policies in the Third World Countries, organized by the Bangladesh Institute of Development Studies (BIDS) in collaboration with UNU/WIDER and the World Bank (MFT)	13-15 January	Dhaka, Bangladesh

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Stabilization and Adjustment in Developing Countries: Medium-Term Development Strategy (MFT)	13-14 October	Oslo, Norway
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Systems of Knowledge as Systems of Domination (DTT)	14-18 January	Karachi, Pakistan

**1988**

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### 1987

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### 1985

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