

# ECONOMIC DEVELOPMENT IN THE THIRD WORLD

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INTER-PARLIAMMENTARY CONFERENCE

Mexico

1986

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Senator Antonio Riva Palacio Lopez, President of the Conference, Mr. Hans Stercken, President of the Inter-Parliamentary Union, Fellow Parliamentarians of the world, Ladies and gentlemen.

Let me, at the very outset; say how delighted we, the Parliamentarians from Pakistan, are, on rejoining the IPU, the family of Parliamentarians from the five continents and on once again participating with you, shoulder to shoulder, in the struggle to make the world a better place to live in, with dignity and honor, for all members of the human race.

### Distinguished Friends and Colleagues:

We are meeting in this Conference to address ourselves to some of the most perplexing problems that -confront humanity today. I shall confine myself to some of the challenges concerning the economic development of the Third world. Let us quickly recapitulate the situation in which we are today:

First fact that deserves to be acknowledged in that despite over three decades of developmental efforts, the countries of the Third World by and large remain underdeveloped and caught in the vicious circle of poverty, deprivation, under-development and instability. Even the latest report of the world Bank on World Development shows that over forty percent of the human race is living below absolute poverty line, that huge populations are faced with gruesome prospects of famine and starvation, that unemployment is rife and that despite slight improvement in the statistics of output in recent years, there is no real improvement in the standard of living of the people. Third World economies are suffering from stagnation, inflation, un-employment, deteriorating terms of trade and increasing international indebtedness which is now approaching the staggering figure of a trillion dollars. This should at least provoke us to think whether there is something wrong with the very concept and strategy of development we have been pursuing.

Secondly, the International economic and financial order dominant for the last two centuries and somewhat rehashed in the post-second world period, has, at least in the perception of a vast majority of mankind become anachronistic, over above being exploitative and iniquitous. The countries of the Third world are justified in claiming that this is an International Order in the making of which they have had almost no say. The system has not readjusted to the political and economic developments of the last four decades, particularly the facts of decolonization and the urge of the Third World countries to achieve economic development, cultural independence and political respect.

Thirdly, while the Western countries may be prepared to make some concessions to the Third World countries it seems that the real problem and concerns of the Third World and Muslim

countries are not being fully appreciated in the developed countries of the world, particularly by the super powers. There is little realization that continuing underdevelopment of the many has become an integral part of the development of the few, and that systematic obstacles to genuine transfer of technology and access to international markets as well as financial resources represent aspects of the international economic and political infrastructure whose change has become a sine qua non for the future development of mankind and the establishment of a just order.

Finally, it deserves to be noted that the initiatives taken particularly during the last, thirteen years, beginning with the Special Session of the U.M. General Assembly in 1974 have proved non-starters. Real global dialogue is yet to begin. It is becoming more and clearer that the two approaches tried so far, one by the Third World countries through the U.M. General Assembly, and the other by the developed countries under the umbrella of the IMF and the World Bank have failed to produce a genuine meeting of the minds. Dialogue presupposes a certain degree of mutual trust and the availability of appropriate machinery for developing convergence of view as to what needs to be done, even before securing necessary action. In this context would it be too much to expect from a forum like the IPU to take a fresh initiative rooted in realism to pave the way for global negotiation on these issues. A fundamental change' in the present system requires a fundamental change in attitudes and values. Perhaps the Parliaments of the world may be a better and more effective instrument to arouse the conscience of the world and too built! Consensus could the new infra-structure of the World Order.

### What deserves to be done?

First: There is an urgent need for change in the attitude of the leadership, both in the developed countries and in the developing ones. The developed countries must realize that the world is changing and is becoming more and more interdependent- A world system designed to cater for the interests of the super powers or of colonial regimes cannot last forever. It must change, peacefully and with harmony and read just me if we so choose; through explosive revolutions and a lot of blood-shed and destruction, if we are not prepared to meet the genuine demands- for change.

The developing countries have also to change. Their plight cannot be totally and exclusively explained in the light of external factors alone. We have to do a lot to set our own house in order. Nothing can be achieved without a clear vision, creativity, hard work and structural changes within our societies ensuring justice and fair play to all members of the society. We ask for justice in the world order, but we must also see that justice is enshrined in our domestic relations while we must avail from the totality of human Experiences, we must derive our identity from our own values, principles and traditions. We must steer clear of the extremes of isolationism and blind imitation of alien cultures and value-systems. And we must ensure human rights to our people and involve them actively in the processes of decision-making, economic as well as political.

Secondly: The whole concept and strategy of development deserves to be thoroughly reexamined. Transplantation of models of development from the West or the East has failed. Equating 'economic development' with 'industrialization' has weakened our rich agricultural base without giving us a viable industrial infra-structure. Dependence on aid has made us neglectful of effective mobilization of domestic resources. Wrong types of technologies have created huge displacements and growing un-employment in labour-rich societies. We have created, a few islands of affluence in an ocean of underdevelopment, accentuating the sense of deprivation in labour-rich societies. We have created, a few islands of affluence in an ocean of underdevelopment, accentuating the sense of deprivation in large populations. Industrialization through import- substitution has made us neglectful of the more fundamental questions of desirable patterns of consumption and commensurate production-mix. Dependence on the developed world has been built into the system. That is why the whole concept of development has to be thoroughly reviewed. The work done at UNESCO on 'Integrated Endogenous Development' and by the Islamic economists on 'Development with Equity and Self-Reliance' can help in developing an alternate, and perhaps more realistic approach to the whole problem. There is also an urgent need to alleviate the burden of foreign debts and to explore alternatives to aid-and loan-based development. The role and potential of risk-capital deserves to be rediscovered. This would call for the development of new instruments as well as of new institutions to mobilise risk-capital for development purposes both at national and international levels. The emergence of over forty Islamic Banks during the last decade, committed to replace interest by profit-sharing, bears some promise in this direction.

Third: There is a pressing need to mobilise enough resources to meet emergency situations. The world agencies should prepare contingency plans in the light of pessimistic scenarios based on the experiences of the last decade. This should cover not only situations arising out of draught and famine, disease and natural disasters but also emergencies created by sharp decline in commodity prices, and foreign exchange and debt-crises.

Finally, there has to be some fresh thinking and new initiatives for the discovery of medium and long term solutions leading to the establishment of a just international order. This alone can ensure peaceful and harmonious future for the mankind. In the respect it may be appropriate to organise an International Conference on World Development, Trade and Finance under the auspices of the IPU, and in close collaboration with the U.N., the IMF, the World Bank and the UNCTAD. The purpose should include redefining the very concept of development and objectively identifying factors responsible for the mankind's current predicament.

It is humbly submitted that such a conference should be preceded by hard work by smaller groups of specialists and experts and by continuous informal consultations at different levels between parliamentarians and representations of International Organizations. The developed and developing countries should join hands to face common challenges otherwise the cost of not facing these threats squarely is too great to be ignored. Failure may doom mankind to the prospects of lurching from crisis to crisis and from catastrophe to catastrophe, and above all to

abandon the hope for the establishment of a just world order all the micro-issues highlighted above are important,' in the final analysis the central question is of' redistribution of power and responsibility. The World countries must be allowed to play a role in global affairs commensurate with their state in world economy and this is possible only if they share proportionate power and responsibility.

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