

FOREWORD

by

J. DE KONING,

Minister for Development Cooperation, The Netherlands

The problem of underdevelopment is full of human suffering and misery. It concerns people in urgent need of help by the international community. Development cooperation is a constant fight against poverty, hunger and disease and aiming at a strategy to alleviate that situation in the short term and - in the long term - to change the structure of the international economic relations in such a way that a new and just international economic order can be developed. All attention, consequently, is being focussed on the situation as it exists now and as it might be in the future.

The historical origins of present-day north-south relations in the past remain almost totally in the dark. That is why I am glad to support the initiative of the editors of *ITINERARIO* to publish a special issue with the theme "History and Underdevelopment, Essays on Underdevelopment and European Expansion in Asia and Africa". The study of the historical aspects of the development problem is not merely important in an academic sense, but can also be relevant for policy making, for it makes the present situation understandable and sheds light on causal connections, both contemporary and historical.

The north-south-relationship had its origins in the so called "European expansion" from the fifteenth century on. It was established by private entrepreneurs for the most part and was largely administered by private companies until about the end of the eighteenth century. Except for the Spanish, and perhaps for the Portuguese, this early relationship was certainly not the result of a conscious European policy design to expand in a political and territorial sense, but more a product of continuity considerations of large private business organisations in European cities. Of course that all changed when European states formally took over the political responsibility for the territories outside the continent which had been occupied by the companies. The pursuit of colonies and the scramble for Africa which followed thereafter, still served economic and commercial interests in the European countries themselves, but becomes also a political cause and in some cases even an aim in itself. The "jingoism" of the late nineteenth century is nearly ideological in nature and stretched the limits of the British Empire perhaps beyond the margin of profitability for the home country as a whole. The Second World War made it clear forever that the European countries could not afford their colonies much longer and that the colonial form of European expansion was no longer sustainable. I know of one theory which calls the decolonisation in the best interest of the European metropolitan states and cites as proof that their economies boomed thereafter as never before. Metropolitan states that clung to their colonies too long suffered consequently from economic problems and lagged far behind the other European countries.

Was this the end of European expansion, or did the administration of north-south relations merely shift back into the sphere of private decisionmaking by the large number of

transnational companies whose rising influence coincided with or followed the period of political decolonisation? One thing was quite clear however: the world could no longer be run by military occupation. We now live in an era of interdependence. Henry Kissinger has stated that "the traditional agenda of international affairs – the balance among major powers, the security of nations – no longer define our perils or our possibilities.... Now we are entering a new era. Old international patterns are crumbling; old slogans are uninformative; old solutions are unavailing. The world has become interdependent in economics, in communications, in human aspirations".

North-south dependencies are shifting back and forth and are being gradually replaced by interdependencies, more or less asymmetric in character, but constantly changing as well, mainly under the influence of decentralised market decisions. Almost all countries, whether industrialised or developing, capitalist or socialist, have been caught up in a common set of forces that are shaping the international economic realities. The pace at which north-south relations have evolved since the beginning of the seventies has quickened even in the past year. Consequently one can now point to some structural changes in world economic relations. Viewed as a whole, these changes are characterized by a more rapid growth in industrialization in the third world and by a corresponding slowing of industrial activity in the western industrialized world.

The group of developing countries as a whole has not only come to occupy a relatively stronger position in the world as regards industrial development, but has also succeeded in pursuing growth and industrialization at a time when economic growth was declining in the rich countries. Following the success of the OPEC developing countries in raising the value of their oil exports from \$29.2 billion in 1972 to \$114 billion in 1975, this is a new indication that fundamental change is taking place in economic relations between rich and poor. It can also be deduced from this that some developing countries are less vulnerable to adverse developments in the world economy than many of the industrialized countries are, and moreover that they are able to develop independently of changes in the rich countries.

However, it should be remembered that this is very much an overall picture of a development which affects individual developing countries very unequally. If the overall shift in economic relations between north and south is one feature of the changes described here, a second feature is increasing differentiation within the group of developing countries.

Most developing countries are still beset by serious and continuing economic problems such as the unacceptably large number of people living in conditions of absolute poverty, the inadequate growth of income in many developing countries and particularly among the poorest group, the lack of sufficient external financial resources, the increasing debt problem, the balance-of-payments deficits of some developing countries and the fluctuations in the prices of raw materials and the proceeds obtained from their sale. Changes are constantly taking place in the relations between developing and industrialized countries and between countries in each group. At the national level related adjustments – which are sometimes cause, sometimes effect – are made to production and consumption patterns, which in turn affect the growth and distribution of income and the level of employment. In the present mixed economic order these adjustments are especially likely to be necessitated by

changes in market conditions resulting from shifts in the ratio of supply and demand.

Government action can facilitate or obstruct this process of adjustment, but it can also guide it.

Changes also take place in the institutional context, as for instance in GATT and the IMF.

For governments, the existing mixed economic system offers two points of departure for policy on international structural relations. The first is policy on the adjustment process itself. Broadly speaking, the efforts of the Dutch Government are directed towards facilitating as far as possible the process of adjustment which the national economy undergoes as a result of changes in the domestic and international market situation. Wherever possible, its national and foreign economic, financial and monetary policies are geared to this.

The second point of departure for policy is the international institutional framework. Though reform of the framework is not regarded by the Government as an end in itself, it does feel that the framework should evolve in order to keep pace with changing economic realities and to meet the need for all countries to be permitted to participate fully and effectively. Modifications of a specific nature can be considered if the market mechanism and the process of adjustment fall short of the goal of remedying the existing disequilibria in international relations. The changes that have occurred in international relations, particularly the more rapid changes since the early seventies, present a picture of increasing interdependence among states. Relations between industrialized countries and developing countries, and among the countries in each group, are gaining in importance as a factor governing the possibility of national goals being pursued and attained. The Government is accordingly aware of the friction between national goals and the limitations which international dependence imposes on the possibility of attaining them. Against this background of tension between the divergent concepts of sovereignty and interdependence, Dutch policy will be focussed on the opportunities offered by this greater mutual dependence for the realization of mutual interests.