

**IDRC-011e**

# **The Way Between**

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*Abstract:* Two decades of international cooperation have brought some impressive results in development of the poorer countries; but there is now less harmony between nations and more tensions within the developing countries than were evident in the 1950s. Dr. Thapa argues that these tensions, caused mainly by the increasing gap between a rich élite and the mass of the population, are nevertheless a positive factor to the extent that peoples have been awakened and are demanding change. But he warns that large-scale development will not take place until governments put into effect land reform programs that will redistribute assets and income, and take unconventional measures to mobilize their country's resources, particularly at the local or village level. Until now most governments have taken only the easy steps in a development strategy, and have avoided any restructuring of society. In international relations he says that, for all the disharmony, there is no alternative to continuing efforts at cooperation for development; but the rich countries must be sparing with their advice and should listen to the developing nations propound their own priorities.

Dr. Thapa was Secretary of Finance in the Government of Nepal from 1967 to 1971, and before that was Secretary in the Ministry of Economic Planning.

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## INTRODUCTION

To be involved in the development process of a country is a source of enormous reward, but not without a corresponding degree of frustration. It is rewarding, because I can think of no job more challenging in scope and far-reaching in its results than that of having a hand in shaping the future of a nation. It is also frustrating, because the problems are of such a nature and magnitude that no one can claim to have done full justice to the task of solving them, nor expect to see all the results for which he has hoped.

I am one of a small group of development planners in the Third World who have had their own share of the guessing game. I call it a guessing game because the politicians and administrators who have thus far had the monopoly in carving out the basic foundation of development have proved that the science of development is in a fluid state. My own rationale for this journey to the land of international cooperation — Canada and the International Development Research Centre — is not only the conventional belief that the grass on the other side of the fence may be greener but, more importantly, an eagerness to fill some of the gaps I have in knowledge and understanding of problems of development by looking at the experience of many other countries, and studying development questions from a different perspective.

My present role as a part of the donor community, and my experience of having been at the receiving end in the Government of Nepal for a long time, have given me some insights on international cooperation, which I wish to examine here in the light of the problems the developing countries are facing. I shall confine myself to the problems of the developing nations which, in terms of population, means two-thirds of mankind.

## PROGRESS — AND DISCORD

More than two decades have passed since the poverty of the masses in Asia, Africa and Latin America first became, to a certain extent, an international concern. The decade of the 1960s was labelled the first United Nations Development Decade. During that decade, and subsequent years, there has been a growing awareness of the need for international cooperation between the rich and the poor peoples. The developing nations by themselves have made serious efforts to mobilize resources for development. The combined performances of the developing countries for the decade came close to meeting the 5 percent growth target set by the United Nations for the decade. On the surface, one would think a record like this would mean greater harmony among mankind, and an improvement in the quality of life globally.

But this is what, in fact, has not resulted despite the apparent progress that took place. Why is there not greater harmony? There are two clear reasons. Firstly, we all know about the widening gap between the developed and the developing world, which has become routine rhetoric in all writing and conversation on international cooperation. I can add no more to all that has been said on this subject, in speeches by men like President Nyerere of Tanzania and in studies such as the Pearson Report. So I will rather concentrate upon the other reason for disharmony, which has not been as much emphasized but which carries as many dangers.

This second problem is the gap in the level of living between the have and have-not groups *within* the developing societies. The gap has become for many a matter of major concern. Behind the aggregate analysis of increased Gross National Product lies the bitter truth of what is happening in most of our societies. A look at the economic condition of each nation reveals that the dismally low aggregate figure, which generally means a per capita income of around \$100 per annum, nevertheless represents an exaggeration, when explaining the living conditions of the majority of the people. Let us be a little more specific. In India, it has been estimated that, in spite of the steady growth in national income for the past 25 years, even today as many as half the people are subsisting below the minimum desirable level of living. India is

not a singular example of this problem. It is merely the largest example. The problem is a phenomenon common to most, if not all, the countries in the Third World.

## MALNUTRITION AND MERCEDES

The pattern of development of most developing nations has resulted in the concentration of wealth among the already rich urban/rural élite. In most parts of Asia, Africa and Latin America, one finds today the coexistence of malnutrition and Mercedes Benz. While one class is trying to promote itself from ownership of a Volkswagen to that of a Mercedes, most of the people face premature death through malnutrition and disease, and they remain illiterate during the short life they live. This gulf within a society has become an increasing source of tensions in development. The reason that most of our people have accepted this state of inequality so far is no proof or guarantee that they will do so any longer. The people's perceptions of their social setting and value of life in most developing societies are undergoing changes at a pace faster than we perhaps realize. This growing awareness on the part of the majority can no longer be treated with indifference or a bias against them.

What corresponding changes are taking place in the structure of these societies, or in the form of their governments? Take some examples from Asia. The birth of Bangladesh is still fresh in our minds: a story of struggle for independence, aggravated by tensions in development. One major grievance of the people of what was then East Pakistan was that most of the money and the effort, both of the national government and of foreign donors, had until the last few years gone into the development of West Pakistan, while they had been neglected if not exploited. So they determined to take their destiny into their own hands.

In a different context and direction South Korea and the Philippines have recently moved from a long-established system of government to what has been described as "constitutional authoritarianism". While it is premature to say what such changes will mean to these countries, we can see the emergence of a pattern. The failure to achieve rapid economic growth, or (if growth has been achieved) to combine it with distributive justice,

is producing social and political tensions in many developing countries. These tensions are beginning to manifest themselves in the form of increasing lawlessness. The power structure in most cases has responded to such situations with indifference and rigidity, resulting in their gradual alienation from the masses.

Let me not carry this negative aspect too far. One must acknowledge that past accomplishments do represent a milestone, because to have traversed the road from tribalism, feudalism and colonialism to the present day in a matter of less than three decades is truly remarkable.

I also take a positive attitude towards the uneasiness that prevails in most of our societies, because a demand for change by the majority of people signifies that we have succeeded in awakening them. It is too naive to think that economic progress will have no destabilizing effect on the society. In fact, one ought to be surprised if progress does not lead to some restlessness. This is not to say I don't believe much more could have been accomplished if the developing nations had been free of severe national and international constraints. Nor do I wish to imply that the problems ahead of us are anything less than challenging and serious.

Basic to understanding the shortcomings and the constraints of the development process during these 25 years is the fact that the social, political and economic structures of most developing nations have remained unaltered. What most countries have done represents the easiest and the most convenient parts of a development strategy. The gap is not that of knowledge of what needs to be done, or even adoption of the right strategy, but one of not implementing the difficult and the urgent parts of that strategy. Read the development plans of most countries in Asia — you will find that no country has omitted a reference to land reform, equality and justice; but, barring Japan, not a single country has implemented a land reform program in earnestness. (China is an example of unique success in development. But it is difficult to compare her example with others, so she is excluded in this comparison). I feel convinced that a major land reform program, aimed at redistribution of assets and income, is a prerequisite to large-scale development. This can no longer be deferred by paying lip-service in a



technically elegant plan or in legislation that is not carried into full effect.

## CHOOSING THE EASY WAY

An equally important and critical aspect of development is the task of resource mobilization. Here, once again, we find that our past efforts fall far short of our needs. Most countries in Asia whose details I know are trying to achieve higher rates of growth without finding ways to increase domestic savings. To me, here again is an example of the power structure adopting a course that is easy and convenient, and tailored to their own interests. If we are to develop at a faster pace, there is no alternative to large-scale mobilization of resources. The planners and economists must move beyond the application of conventional wisdom and search for greater resources within their borders, be this in the form of man-hours of work, or from the use of other resources.

To give one example: local government is usually the most neglected and poorly served level of administration, yet it is closest to the main resource of a country — its people. If the ordinary people of a country are to be stimulated and sustained in efforts they make to improve their own conditions of life, there needs to be much more concentration by national governments in giving professional support at this level and in rewarding local initiatives fully and promptly. At present, this is an unconventional idea, and is possible only in the context of a political system that combines vision and courage with a capacity to motivate the masses.

I therefore view the problems essentially from two angles: one of removing the structural imbalance in a society, and secondly one of reflecting national determination in and through a system of government that can mobilize resources for development at a much higher level. These two are not unrelated processes, and I believe that success in achieving one can lead to the realization of the other. While these two must form an integral part of development strategy, I must also add here that much remains to be done in preparation because most of us in the developing countries have yet to learn sufficiently about our own societies.

While learning more about our own societies, we also

have to face the other way and study the technology being produced by the industrialized countries, so that we can decide on the best means of adapting it to our purposes. There is today a growing awareness of the need to broaden the horizon of our knowledge of development. Most of us have come to realize that the objectives based on borrowed values and application of technology designed for use in advanced countries do not provide the answer to our problems. Each developing society is an organic whole, and its development cannot be achieved mechanically. The people in each society must be the focal point of all our efforts. Each nation must make deep enquiry into its social, economic and political settings, so that it can set an objective that is attainable and, above all, meaningful to the people.

At the same time, the rich nations have their own lessons to learn. International cooperation over the past two decades has resulted in a large-scale flow of funds from the rich to the poorer nations. The Organization for Economic Cooperation and Development estimated that in 1971 a total of \$18.3 billion was transferred from the rich nations to the developing countries, of which \$7.7 billion was in the form of aid, or (in other words) transferred on concessional terms. While much has been accomplished from this cooperation, I am afraid that our foreign partners must also share the blame in the present day distortion that has appeared in the design of development.

#### ADVICE FATIGUE

I must confess that I continue with a sense of disillusionment, when I read the so-called prestigious high-price-tag studies analyzing past development. It took several years of study and research for Professor Gunnar Myrdal to conclude that there is a gap between intentions and achievement in the Third World, and he labels such countries as "soft states", as if the purpose is to coin a phraseology to define the ailment rather than to prescribe a cure. I am not singling out his "Asian Drama" when I assert that the social scientists of the rich countries have proved as inadequate as the rest of us in their approach to prescribing a solution to our problems. I cannot name a study that does not fall into the same

category as the "Asian Drama". What we must realize is that we are dealing with perhaps the most complex of all problems that the human race has faced so far.

In international cooperation I feel that we have arrived at the crossroads. Those of us in the developing countries often feel discouraged that the combined wisdom and resources of the rich and poor alike have not produced the results we expected. The dialogue between donor and recipient is not as friendly and receptive as it was a decade ago. I hear of "aid fatigue", and of the changing attitude of the people in the developed countries. I can only reply that the recipients are no less frustrated with the method of aid application and results achieved from it. There is today at the receiving end not only "advice-fatigue", but utter frustration from the studies and rhetoric that seem to be the main product of international cooperation.

To say this is not to cast a reflection on the value and future need of international cooperation. In fact, there is no alternative to increased cooperation if we are to promote the economic well-being of the majority of mankind in the Third World. The process of international cooperation, however, must be re-examined and adjusted to the changing needs and circumstances in the developing countries. The basic purpose, after all, is to make effective use of resources, and channel them to priority concerns.

Who decides what is a priority? Surely it must be the government and people of the country that will be affected by changes and by development. Recently one has witnessed an increasing sense of resentment in developing countries towards a somewhat paternalistic and aggressive attitude on the part of the expatriates who take it on themselves to define the problems of the Third World. I do not advocate a hands-off policy, but at the same time I feel strongly that there is no such thing as a panacea to our problems worked out by expatriates and from a foreign land. To lead each of our countries to adopt and implement the most crucial and critical decisions is a risk and a responsibility that must be borne by the leaders of each nation. We have to grow by overcoming

ing our own problems and by being sustained with the cumulative knowledge of our successes. The lessons from our failures must be analyzed and applied by us.

International cooperation, therefore, must be geared towards enhancing the capacity of each developing nation to take the difficult task into its own hands. It is reassuring that this view seems to be gaining acceptance also among our partners in the developed world. But until this view is fully accepted, and planning proceeds from that standpoint, we will not have a firm foundation for international cooperation for the days to come.

## INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

The International Development Research Centre is a public corporation established by Act of the Canadian Parliament "to initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions, and, in carrying out those objects

- (a) to enlist the talents of natural and social scientists and technologists of Canada and other countries;
- (b) to assist the developing regions to build up the research capabilities, the innovative skills and the institutions required to solve their problems;
- (c) to encourage generally the co-ordination of international development research; and
- (d) to foster co-operation in research on development problems between the developed and developing regions for their mutual benefit."

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