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**“SUSTAINABLE DEVELOPMENT
IN THE AMERICAS”**

It is almost two years since the Summit of the Americas was convened by President Bill Clinton. The Conference theme, Democracy and Free Trade, was evidence that many of the lessons of the past, especially the devastating eighties, had not been heeded. The debt problem was no longer threatening the world financial system, so it was not important enough to be a central issue. A critique of the failed economic models foisted on Latin America and the Caribbean seemed unnecessary as the new gospel of free trade was put in place as yet another panacea. The fundamental differences in the level of development between the post-industrial giants and banana republics faded into nothingness and replaced by a new-found “consensus.”

The Miami Summit returned not only to democracy as enunciated by President Betancourt of Venezuela and supported by President Kennedy - no government will be recognised unless democratically elected - but also to President Johnson's regional integration and free trade (ideological frontiers rather than geographical frontiers) which led to the formation of the Latin America Free Trade Area (LAFTA) and the Caribbean Free Trade Area (CARIFTA), which later became CARICOM.

Since the post-World War II period, several models came into our hemisphere: the Puerto Rican model at the end of the war, regional integration and import substitution; then came the Alliance for Progress, Caribbean Basin Initiative, the Brady Plan, and others. Now there is NAFTA.

FREE TRADE

Hemispheric free trade is essential for the North American mega-bloc to compete with two other capitalist mega-blocs - the European Union with the African, Caribbean and Pacific (ACP) countries linked through the Lome convention; and Japan, linked to the Pacific Rim “miracle growth” area. But on the continent, how can one-crop/one-mineral economies in Latin America and the Caribbean, emerging from colonial and neo-colonial economic structures, compete with North America with a diversified, technologically advanced economy? A case in point is the current dilemma facing small banana producing countries in the Caribbean which are faced with unfair market-forces competition and giant transnational producers and shippers. In such a situation, some would be victors, others would be vanquished. Take NAFTA, for example. This means unhindered reciprocal free trade for the hemisphere, a borderless community of nations. This can create serious problems. Even with the non-reciprocal arrangements under CBI and CARIBCAN, the poorer countries could not take advantage of the opportunities. Now we have reciprocal trade under NAFTA, which is worse since there are no safety nets.

In the EEC mega-bloc, the leaders were more perceptive and understood the inherent problems in liberalising trade between countries of varying levels of economic and social development. The integration of Europe provides for the free movement not only of capital and goods but also of people. And for the lesser developed countries like Greece, Spain, Portugal, and Ireland, a special Development Fund has been established to raise per capita income to at least the level of seventy-five percent of the Community's average income. Under NAFTA, there is no such provision even though the disparities in development and income levels are far wider in the Western Hemisphere than in Western Europe .

As *Challenge to the South*, the Report of the South Commission, the prestigious body with Julius K. Nyerere as Chairman, India's former Foreign Minister, Manmohan Singh as General Secretary, and Enrique Iglesias, Shridath Ramphal, Michael Manley, among others, puts it: "In the more diversified semi-industrial economies, insistence on free trade policies irrespective of national conditions led to many conflicts with development priorities. The combination of depreciated exchange rates, depressed real wages, and economic contraction certainly generated recession-led exports, i.e., exports made possible by diverting economic resources away from needed internal consumption or investment. However, as the resulting export revenue was not available for paying for additional imports but had to be mostly used for servicing the debt, the export drive did not provide the means of realising broad-based and sustainable export-led growth."

It is still too early to conclude that the crisis of the eighties is over. True, shifts toward democratisation, macro-economic reforms and external openness have brought about an increase in growth rates. But the problems of Latin America and the Caribbean are enormous and it would need more than optimism and an open mind to reverse the trends of the past. The new adjustments bring some relief but at the same time Latin American and Caribbean capitalism is generating more problems. The stark reality is that the cause for revolutionary upheavals - poverty, backwardness and corruption - are still there. There is growth but no human development, no social justice and no ecological justice.

Let us be vigilant. There were high growth rates before, as with the "Brazilian Miracle." But those high rates did not bring about human development. By 1980, there was widespread poverty with a skewed income distribution: 10 percent of the population at the top earning 40 percent of the national income, as compared with 40 percent at the bottom with only 8 percent of the national income; and 5 percent owning 75 percent of the arable land.

STRUCTURAL ADJUSTMENT

David Schrieberg, writing in the *Newsweek International* on October 1, 1996, pointed out that it is indeed "undeniable that in most of the region, the rich are getting richer and the poor struggle ever harder to stay alive - and the middle class loses ground." In Colombia where rebels are active, a spokesman for the National Liberation Army stated: "Companies have had to close or reduce their personnel, and there have been massive layoffs. Many of those people embrace the cause of revolution and join the insurgent groups." Schrieberg further states that he was surprised that the situation did not lead to more violence and concluded: "Still, the killing raises the

question of whether the pain of economic reform has become so intense that it may begin to threaten Latin American stability. In a classic example of dashed hopes, the new economic model hasn't removed the root causes for the region's revolutions - poverty and corruption. Optimists still argue that economic reform will lift all boats. But many now believe that this will take at least a generation."

Experts now say that while the economies have been growing, the people are worse off in 1996 than they were in 1980. A good example of this is that while Mexico boasts the fourth highest number of billionaires, four out of every 10 persons cannot find work in the official economy.

As regards structural adjustment and reforms, the *Challenge To The South*, pointed out: "However, in the adjustment process of the 1980's, these needed reforms were frustrated by an unbalanced international approach towards structural adjustment and by the conditionality prescribed by the international financial institutions. The macro-economic policies - in particular fiscal and exchange rate policies- virtually forced upon developing countries as part of programmes for stabilization and structural adjustment, were geared to achieving a quick, short-term improvement in the balance of payments. Safeguarding the interest of international commercial banks even at the cost of severe economic contraction thus became the primary concern of international strategy on debt management.

" Further, the programmes for stabilization and adjustment, pressed upon developing countries, did not provide for sufficient external financial support to permit adjustment to occur and endure without choking their growth. The programmes were based on unduly optimistic assumptions about the speed at which structural maladies could be corrected. In addition, they were generally shaped by a doctrinaire belief in the efficacy of market forces and monetarist policies. This combination of priorities and policies aggravated the developing countries economic woes and social distress in a number of ways."

NEO-LIBERALISM

In April, 1995, the Mexican Bishops' Conference President, Archbishop Sergio Obeso Rivera, called the Mexican economic crisis the "catastrophic results" of the failed neo-liberal economic policies and expressed disappointment in what he termed the fiction of policies supposedly designed to benefit the majority of Mexicans.

Since then new data indicated that the toll in human terms has been growing. The closing of more than 6,300 businesses in the first five months of the year added one million to the army of jobless Mexicans, pushing the number of those who are either jobless or chronically under-employed to 13.3 million, nearly 37 percent of the 36 million member of the Mexican work force.

The bishops' document, *"Ethical Reflections Regarding Debt"*, said that the "partial reform of economic policies excessively benefited a few and harmed many, so much that the middle class became poor and the poor became destitute." The Bishops place the blame for the national debt crisis on the economic policies initiated under former President Carlos Salinas de Gortari, as well as Mexico's proximity to the consumer culture of the United States. "Banking policies, based more on

the achievement of individual gain that on service to society, accustomed the population to the use of fictitious money at a very high cost" and a growing number of Mexicans are hard pressed to pay back loans at "interest rates never seen before". The result of high interest rates has been massive loan default by consumers, home owners, farmers and business people, with some analysts placing the total amount of default at nearly US\$17 billion- and growing daily.

What's more, said the Commission's document, as a result of accepting more foreign credit to pull the country out of the post-devaluation financial crisis, Mexico's total foreign debt of nearly US\$170 billion, has left the country mortgaged, and politically, economically, and culturally dependent.

CAPITAL FLOWS

The collapse of the much-touted Mexican model sent shock waves throughout Latin America and the Caribbean, and shook up particularly Argentina and Brazil. The high growth rate for Latin American and the Caribbean in the 1990-1993 period has been scaled down to an estimated 0.6 percent in 1995, down from 3.7 per cent in 1994. And the region's three largest economies - Argentina, Brazil and Mexico - which account for almost three quarters of the regional output, face another round of "severe adjustment", according to UNCTAD's Trade and Development Report 1995.

"Short-term prospects for Latin American have been seriously affected by the direct and indirect impact of the Mexican financial crisis," said the study written by UNCTAD economists. "The main reason for the Latin American slowdown is the reversal of capital flows. There is also the risk that the flow of capital into the region may be further reduced or even dry up," it added. UNCTAD attributed the Mexican peso's spectacular collapse in December 1994, which caused severe recession, to the country's excessive reliance on liquid private capital flows to finance large current-account deficits.

WIDENING DISPARITIES AND MARGINALISATION

What is taking place in this hemisphere is symptomatic of the convulsions occurring in the world. The gap in living standards between the rich and the poor in both North and South is getting wider: the rich, "the included", "the Haves", are getting richer at the expense of the poor, "the excluded" "the Have nots." And the gap in living standards is ever-widening between the industrially developed countries and the developing countries.

This disparity between the rich and poor manifests itself at the global level. In 1992 the UNDP Human Development Report showed that while in 1960 the richest 20 percent of the world's population received incomes 30 percent higher than the poorest 20 percent, in 1991, the same highest 20 percent received 61 percent more. In 1991, the richest fifth of the world's population had a percentage of the world's total: GNP - 84.7; world trade - 84.2; domestic savings - 85.5; domestic investments - 85.0. In sharp contrast, the poorest fifth had: GNP - 1.41; world trade - 0.9; domestic savings - 0.7; domestic investments - 0.9.

The disparities between the North and South greatly increased during the past 200 years. In 1800, the developing countries had 54 percent of the world's income. By 1900, it was reduced to 42 percent, and by 1962 to 18 percent. In today's US\$23 trillion global economy, the South is at a considerable disadvantage: the four-fifths of the world's population who live in the South controls less than 15 percent of the world's wealth and economic activity. The North has roughly one-fifth of the world's population and more than four-fifths of its income, and it consumes 70 percent of the world's energy, 75 percent of its metals and 85 percent of its wood.

Market-driven economic globalisation and unbridled modernisation, coupled with inhumane and ill designed structural adjustment programmes are leading to a spiral of marginalisation and exclusion, to poverty, unemployment and social disintegration. The former World Bank President, Lewis T Preston, told the UN Population and Development Conference: "A billion people already struggle to survive on a dollar a day. Two billion people are without clean water, three million children die each year from malnutrition."

Our children are our future. But their plight is alarming.

* Each year 13 million children under five worldwide still die from easily preventable diseases and malnutrition.

* There are nearly 200 hundred million moderately to severely malnourished children under five in developing countries, 36 percent of all children in this age group. Some 69 million are severely malnourished.

* In developing countries, 130 million children, almost two thirds of them girls, lack access to primary education.

THE DEBT PROBLEM

A definite solution must be found to the Third World's crushing external debt problem. It has now reached unmanageable levels. Its net present value is more than 200 percent of annual exports. In Latin America and the Caribbean, with 181 million out of 441 million people living below the poverty line in the mire of destitution, how can human development take place when, despite onerous debt payments, the stock of debt grows. Between 1981 and 1990 the region's foreign debt payments were US\$503 billion, of which interest was US\$313 billion. "At the same time, the region's consolidated external debt rose from US \$297 billion in 1981 to US\$428 billion in 1990. This mechanism whereby the more you pay the more you owe is perverse and must be stopped," noted the 1992 UNICEF publication *Children Of The Americas*.

The present mechanism whereby the "more you pay, the more you owe" is in need of urgent review. It is some consolation that the IMF and World Bank are now recognising the need for urgent solutions to these problems. The IMF seems willing now to sell part of its gold reserves to assist poorer countries with their debt problems, an idea which was mooted many years ago and which is still being opposed by some members of G7 nations. Unfortunately, for countries to be

eligible for relief, they still have to implement strict market-oriented reforms as dictated by the multilateral financial agencies.

Debt relief in the form of debt cancellation, grants, soft loans and rescheduling is urgent, if the developing countries are to eradicate poverty, protect the environment, play their meaningful role in expanding world trade and help end stagnation and recession in the industrially developed countries. Debt relief must be seen as an investment not only in the development of poor countries but also in the security of the rich nations.

Debt stultifies development. It leads to underdevelopment. This in turn leads to unemployment, under-employment, poverty, social and family disintegration, hunger, illiteracy, juvenile delinquency, crime, suicide and emigration. Debt and under-development in the South - the so-called developing countries- leads to a boomerang on the North, says Susan George in her book *DEBT BOOMERANG*, a joint research project of the Transnational Institute.

The boomerang takes the form of

- Environmental Destruction
- Drugs
- Costs to Taxpayers
- Lost Jobs and Markets
- Immigration Pressures
- Heightened Conflict and War

George reveals some alarming facts about the debt crisis. She wrote: "From the onset of the debt crisis in 1982 though 1990 (as of this writing the last year from which complete figures are available) each and every month, for 108 months, debtors countries of the South remitted to their creditors in the North an average six billion five hundred million dollars (US\$6,500,000,000) in interest payment alone. If payments of principal are included in the tally, then each of the 108 months from January 1982 through December 1990 witnessed payments from debtors to creditors averaging twelve billion four hundred and fifty million dollars(\$12,450,000,000).

"This means US\$1,345, 000,000,000 in payments of interest and principal (amortization) in the 1982-90 period - the equivalent, theoretically, of a transfer of US\$2,242 from the south to every man, woman and child of the 600 million of citizens of the North."

CARIBBEAN COMMUNITY

CARICOM countries are generally in an ongoing crisis. The region's major exports - sugar, oil and bauxite/alumina - have been in decline. And the banana industry is facing an uncertain future. Aid and investment have shrunk. Aid fatigue has set in. Faced with budget and balance of payments deficits, the developed countries are slashing bilateral assistance.

The small-island and small-economy CARICOM countries face serious adjustment problems. It is unfortunate, said Daniel Blanchard, director of the Caribbean sub-regional headquarters of the

Economic Commission for Latin America (ECLAC), that the policies aimed at restructuring Caribbean economies have threatened the gains made in health, nutrition, education and employment. So alarming is the plight of the poor that the Caribbean Conference of Churches not too long ago advised churches and their leaders to convert some chapels and church halls into soup kitchens, offices into medical clinics and grounds for playing fields for children.

The CARICOM countries generally are neither individually nor collectively attractive to foreign investors. An unfavourable economic environment in the CARICOM countries is coupled with a huge debt burden of over US\$9 billion. Debt payments have been strangling them. Between 1990 and 1994, the stock of external debt of CARICOM declined by approximately 5% from US\$9.91 billion. Notwithstanding the decline in the debt stock, the burden of servicing the debt remains onerous for some Member States.

The huge debt payments have contributed to the net outflow of US\$7 million capital in the 1984-95 period. Prime Minister James Mitchell of St Vincent and the Grenadines told the World Bank-sponsored meeting of the Caribbean Group for Cooperation in Economic Development (CGCED) in June 1994 that the Caribbean was now looking at round two of adjustment. "Aid flows which have fallen from about \$1.8 billion... to only \$200 million in 1992, have also meant the loss of a critical cushion for the regions economies. While private investment rose fivefold to about \$ 1.8 billion during the same period, it has not been enough to reverse highly negative trends. Net resources transfers to the 15 CGCED countries from both official and private sources fell from \$728 million in 1983 to minus \$278 million dollars in 1992, Mitchell said. Clearly it is astounding that our region should be a net exporter of capital.

For small island states such as CARICOM sustainability is very dependent on the quality of the environment and human resources. Critical sectors of economic activities - agriculture including fishing, mining, as well as human settlement - put great pressure on the environment. The major economic activity in most of these countries - tourism also puts pressure on the environment but simultaneously depends, for its existence, on the quality of the environment.

CARICOM countries are also very likely to be affected by sea level rise caused by global warming and their environment is being subjected to the impact of severe weather systems. There is need therefore, for increased cooperation and collaboration within the wider Caribbean region, and between the Caribbean and the rest of the world in the field of environmental protection, conservation, and enhancement for sustainable development.

Several CARICOM countries are threatened by free trade. As in Latin American, the Caribbean has several narrowly-based once-crop and/or one-mineral economies. Thus you have "sugar republics", "coffee republics", "banana republics", etc. The banana industry contributes significantly to seven banana exporting CARICOM countries. Caribbean banana maintains a place in the European market as a result of historical preference in the United Kingdom market which was codified in the Banana Protocol of the Lome Convention.

The US banana giant, Chiquita Brands International, is challenging this preferential arrangement and is pressing, for these countries to "face the music" in the world market. Chiquita's annual sales

of US\$2.5 billion is six times the gross domestic product of St. Lucia, one of the banana producing CARICOM country. The aim of the big giants is to wipe out the Caribbean small island producers by seeking major changes to the Banana Export Regime, in the name of free trade. For the Caribbean countries which depend on banana as their major foreign exchange earner, if the European market goes, many economic and social upheavals will follow. The Prime Minister of Dominica even suggested at a Trade Conference in Denver that farmers may be forced to turn to growing marijuana if the banana market is lost.

THE GUYANA CASE

Guyana presents a classic example of the inherent contradictions and pitfalls experienced by developing countries over the past several decades. The People's Progressive Party united the Guyanese people in the 1940s in the fight against British colonialism. After the end of the Second World War and the Cuban revolution British and American policies were aimed at strengthening their stranglehold on the region. Through various devices the PPP, which consistently won free and fair elections, was replaced by the PNC/UF coalition in 1964, with the help of external assistance. But not before the country was divided along racial lines. For almost three decades the country suffered devastation in all spheres of life. It all ended in 1992 when the PPP was again returned to power in the first free and fair elections since it was thrown out of power in 1964. Guyana moved from a position of external forces putting the PNC in power to a situation where those same forces had to recognise their folly and assisted the Guyanese people to restore democratic government.

I lived to hear in New York just before the 1992 elections, President Kennedy's adviser, Arthur Schlesinger Jr, saying that he was sorry for what his administration had done thirty years before, that a great injustice had been done to me. But I replied saying that the injustice was not done against me but to Guyana and the Guyanese people.

Dr. Ralph Gonsalves, University of the West Indies professor in Barbados wrote about some of the problems in Guyana. He stated: "In 1969 Guyana received over 50 percent of AID's commitment to the entire Caribbean and 93.4 percent of those to the English-speaking Caribbean. In fact 76 percent of all AID's Development Loan Funds in 1969 went to eight countries: Chile, Colombia, India, Indonesia, Korea, Pakistan, Turkey and Guyana. By 1971, Guyana's share of AID's commitment had fallen to 3.2 percent of the total for the Caribbean as a whole and 5.6 percent of the total for the Anglophone Caribbean. It is worth considering in this regard that Guyana's 'moves to the left' under Prime Minister Forbes Burnham began substantially in 1971 with the nationalisation of ALCAN and the intention to rid the economy of foreign economic interests. In 1969, Burnham was a near perfect neo-colonial leader, part of whose task was to ensure that the powerful People's Progressive Party of Cheddi Jagan did not gain political power. Accordingly, AID's 'assistance' was used in part to reward Burnham when he unequivocally served American interests but was withdrawn to indicate displeasure at his anti-imperialist postures."

Posturing, ideological eclecticism and political opportunism, coupled with authoritarianism, discrimination, extravagance and corruption, exacted their inevitable toll. The economy was bankrupted: debt payments were stopped. Guyana was declared in 1985 by the IMF as "ineligible" for further credits. Burnham, before he died, had declared in 1982 that the failed IMF 1978-81

programme with severe IMF conditionalities was a “recipe for riot”. In that same year, the TUC General Secretary, Joseph Pollydore, said that “life for the workers had become unbearable and children were going to school with just tea in the morning.” After the rigged 1985 elections, Desmond Hoyte, who replaced Burnham as President in mid-1985, was pressured to reverse the anti-imperialist position of the past. Hoyte embarked on a plan of privatisation, devaluation and deregulation. What Hoyte did not bargain for was that the new world dispensation demanded not only a free and open economy but also a free and open society with the guaranteed right of the people to choose their government through regular and democratic elections.

The deterioration in the quality of life was most marked in the last decade of the PNC’s 28-year “administrative dictatorship”: 56 percent decline in real wages; 60 percent of the people below the poverty line; around 30 percent unemployment.

Guyana moved from Most Developed Country status in CARICOM to Least Developed Country status and was bracketed with two other countries as the lowest in the Western Hemisphere.

By that time, Guyana’s foreign debt had increased from US\$127 million in 1962, the last year of the seven-year period (1957-64) of the PPP government, to about US\$560 million in 1980, US\$950 million in 1988 and then rapidly to US\$2100 million in 1992. By 1990, the foreign debt was 600 percent of GDP, making Guyana, with a population of about 800,000, one of the most indebted countries in the world. A major plank of the new PPP/Civic administration has been to tackle the debt problem through debt write-offs, rescheduling, more soft loans and grants. We have also argued that Guyana’s current high growth rates (averaging 7 percent) can be enhanced if there is agreement for a ten percent of foreign earnings cap on debt servicing. In spite of our efforts in getting substantial debt relief, the burden is still heavy. Last year, debt payments of US\$112 million were more than capital inflows from external sources. We are caught in a vicious circle. Our people, over 40 percent below the poverty line, with a minimum wage in the public sector of about US\$50 per month and a maximum salary of US\$1000 per month, cannot liberate Guyana within the present vortex. Radical solutions must be found.

The Inter-American Development Bank in its 1992 Report warned that unless the Guyana government continued its search for debt relief and concessional lending from international donors, serious imbalance may impair growth in the national economy in future. It pointed out : “The overall deficit of the non-financial public sector is projected to remain at unsustainable levels while scheduled debt servicing will impose a stronger burden on the economy.” Quite clearly, the PPP/Civic government was given “a basket to fetch water.”

Our new PPP/Civic government has been able, in four years, to stabilise the situation. Democracy at all levels has been restored. Grass root involvement in all spheres of life is being encouraged and promoted. The administration has instituted accountability, good governance, transparency and has removed extravagance. The government is waging a war on corruption and bribery. An efficient, clean and lean government is necessary in this period of renewal.

These characteristics of government are necessary. More and more people in the North are asking their leaders questions about aid to developing countries, a substantial part of which had indeed

been mis-used. It is essential that governments put themselves in order so that the real issues of development can come to the fore and attract serious consideration and resolution.

Our gains in democratic renewal are encouraging; however, it is in the sphere of economic and social development that we face a monumental task. It is important to make an objective analysis of the adjustment process, monitor its impact, build on its achievements and take corrective measures to remove weaknesses. The analysis must go beyond reachable, narrow policy objectives. There is need to define broader objectives and concretise a long term development strategy which must be rooted within the specifics of the Guyanese reality.

Development of Guyana must be based on a harmonious mix of improved social and physical infrastructure, adequate and efficient production levels, just distribution of the national wealth, and genuine cultural upliftment within an ever-expanding democratic process. Development is the progressive realisation of the capacities, abilities and talents of each individual for his/her own satisfaction, the enhancement of the social good and a balanced relationship with the environment.

Within this context, the PPP/Civic government has introduced into the adjustment process, policies and goal-oriented mechanisms to achieve not only macro-economic stability and economic growth but a people-oriented development. This is the difference between the past and the present. Instead of treating poverty and backwardness as simply the effects of structural adjustment, we see its cause and cure in a more fundamental way. Resource allocation must be in the direction where it will have the strongest possible impact on human development. Employment creation and enhanced educational opportunities are central to this focus. This focus also emphasises self-help and self-reliance, individually and collectively, without insulating ourselves and negating the positive inputs from external sources.

A major attainment of my administration has been the putting together of a sustainable development strategy with a five, ten and 15-year perspective. The government was assisted by the Carter Centre which, after the 1992 elections, has directed its inputs in helping Guyana becoming a model state coming out from the abyss. A new partnership is evolving in Guyana with major roles being played by the government, the private sector and civil society.

RADICAL REFORMS AND SUSTAINABLE DEVELOPMENT

The ending of the cold war brought hope for a new deal -- a sustainable development panorama with a practical integrated short, medium and long term Plan of Action. The UN Development Decades, the G7 Summits and the IMF/World Bank prescriptions have not resulted in viable answers. The "trickle-down process" is not working. We now have phenomena such as "jobless growth" and "jobless recovery" and "aid fatigue" and "donors' fatigue". We need a consensus between East and West, North and South. The approach must be global and people-centred. Humanitarian concerns must take precedent over political, economic and military considerations. We must build a genuine partnership on truly democratic foundations, national and international, with cooperation within nations and among nations, in our interdependent world for a New Global Human Order.

Urgent action is required at this explosive period of mounting external debt, decreasing economic growth, falling third world commodity prices, increasing unemployment, environmental destruction, underdevelopment, crime, drug trafficking, child abuse and slavery, racial and gender discrimination and the persistence of poverty. Market forces alone are not providing people with adequate opportunities to participate and benefit from economic growth and development. We have a paradox of growing poverty in the midst of potential plenty. Science and technology have the potential of eradicating poverty in the not too distant future and reduce it by half in a few years. Instead, we have today both in the developing and developed countries only about half the growth rates of a decade ago and the catastrophic phenomenon of "jobless growth" - less and less jobs and more poverty and inequality.

In the intense competition in the shrinking global market, the three mega-blocs North America, Western Europe and Japan, are resorting to even more capital intensive growth and the use of more sophisticated technology - computers and robots, cybernetics and automation. How can the poor third world countries cope? And in the industrial countries themselves, there are growing joblessness, homelessness, crime, drug addiction, influx of refugees, huge budget deficits and the dismantling of the welfare state.

In this situation of confusion and uncertainty and with no solution in sight, the extremists are gaining grounds and growing stronger politically, becoming more vocal and strident. At the same time, despair is leading to nationalism, xenophobia and neo-fascism, leading to racial/ethnic tensions and growing civil strife.

It is not enough to treat symptoms of the global malaise. Radical reforms are urgently needed. Structural adjustment is necessary equally in the developing and the developed countries. But reforms must be founded on social justice and with a human face. Human needs and human security must be the object of development. In this regard, greater emphasis should be placed on human and natural capital. And much more needs to be done to speed up disarmament so that the hungry of the world can benefit greatly from enhanced savings. Humanity demands that world disarmament must be accelerated.

At the 48th Session of the United Nations held in 1993, it was decided to prepare a Development Agenda which would include options open to the world community for harmonious development of the planet. It is hoped that such an agenda would include a critical analysis of the international competitiveness of the third world, new modalities of international relations and the financing of development. Any forward-looking global initiative for world prosperity must address such core problems as poverty alleviation, expansion of productive employment, and enhancement of social integration.

The United Nations can play a vital role in world economic recovery. It is unrealistic for a few of the powerful nations to relegate the United Nations to a mere peace keeper and leave the economic development in the hands of a few multilateral financial agencies. It is time for the UN to play a more vibrant role in world development. Funding for a project to enhance the fortunes of all countries is available. This Development Fund can be administered by the United Nations,

as the UNRRA did at the end of the II World War to help in the reconstruction of war-ravaged Europe.

A holistic approach to the problem facing the hemisphere can be achieved through the following:

- A Regional Development Fund (RDF): The countries of the Western Hemisphere could enhance their productive capacity and foreign exchange-earning capabilities through a coordinated approach to developmental assistance, which would match their respective needs with available resources for development. In this manner, countries could undertake their structural adjustment necessitated by the transition to hemispheric free trade, thereby enabling them to access goods and services from the industrialized North.
- A high level Working Group on Debt Reform: this Working Group would attempt a fresh look at the origins, structure and growth of debt and a creative approach to debt relief, its rationale being that the alleviation of the debt burden would liberate additional resources for development for mutual North/South benefit. The United States would be asked to undertake an attitudinal shift in relation to the reimbursement of bilateral capital flows to the North and to work towards the establishment of a Global Partnership for Sustainable Human Development.
- A Commission of the Americas, which would be tasked with bringing together states in a dialogue under the umbrella of the RDF, to match US and other resources with the needs of the recipient states, and to promote the RDF as a model Development Fund.
- A Working Group on Debt Reforms, to refine and address the technical aspects of debt alleviation, as proposed for consideration above.
- An American Volunteer Development Corps (AVDC), to be financed by the American Human Development Fund with contributions from governments, the private sectors, the IDB and the sub-regional Latin American and Caribbean Development Banks.
- A forest Monitoring and Management Training Fund, under the auspices of the Rio Treaty and administered through a regional institution, e.g. the IDB or the OAS.

These are essential for dealing with the root causes for the attainment of sustainable human development for the Americas. A radical reform programme, as was carried out by President F.D. Roosevelt at the time of the depression both in the United States and specially in Puerto Rico, is necessary at this time. Also, some of the positive aspects of the Alliance for Progress for Latin America and the Caribbean, as promulgated by President John F. Kennedy soon after the Cuban Revolution, and some of the positive features of the Lome Convention between the European Union and the ACP (African/Caribbean/Pacific) countries.

NEW GLOBAL HUMAN ORDER

While all our countries are individually searching for more aggressive and innovative ways to cope with the growing inter-dependence and globalisation taking place, there are fundamental issues which can be addressed only by new global initiatives. It is clear that if present worldwide trends continue, tensions, conflicts and disorders of potentially disastrous consequences could become the order of the day.

Disaster can be avoided. As an adjunct to the UN Agenda for Development, Guyana has been advocating a New Global Human Order which must have as its goal human development: meeting the basic needs of the people, cultural upliftment and a clean and safe environment. The proposal is founded expressly on the requirement for guaranteeing to every woman, man and child the rights, respect and recognition that have been so well underscored by international agreements; for ensuring effective, democratic, accountable and transparent governance, gender equality and empowerment of women, reduction of mortality rates for infants and children, primary health services for all individuals, diminished prevalence of disease, environmental sustainability and regeneration, and basic capacity building for efficiency and effectiveness; for the well-being of people through economic growth and development; and for facilitating these objectives through a global partnership that assures support for their attainment.

A New Global Human Order comprises a combination of ideas that have been made over the years, but which were hitherto ignored, invariably because of political considerations prior to the more recent changes in the configuration of the world's political and economic climate. They are also based on new considerations that have to be made in light of the results (and lack of results) of the more recent world changes. This requires that the dialogue between the North and the South be within the context of interdependence, cooperation and partnership and respect for national sovereignty.

When the proposal for a New Global Human Order was first tabled, there were skeptics who, while acknowledging they were positive, questioned where the money would come from. The answer is simply that the proposal is self-financing and its financing would depend on the preparedness of the North to see and realise that it too has a stake in furtherance of a new Global Human Order. A New Global Partnership isn't only about helping the South.

To attain a New Global Human Order, it is necessary to establish a sound and just system of global governance based on:

- a genuine North/South partnership and interdependence for mutual benefit.
- a democratic culture of representative, consultative and participatory democracy and a lean and clean administration;
- a people-centred development strategy free from external domination and diktat;
- application of science and technology for increased production and productivity;
- creation of a Global Development Fund.

- administration of the Development Fund by a reformed United Nations for allocation without conditions to both the developed and developing countries.

The UNDP has pointed out repeatedly that if military expenditure in the 1990s is reduced by only 3% per year, this would yield a "Peace Dividend" of US\$1.5 trillion. This approach, which was argued against a few years ago by the North, in the name of security, is even more practical now, in light of recent world developments. A three per cent in global military expenditure can yield US\$460 billion in a five-year period.

Additional funds can be raised by:

- * A global tax on energy. A tax of US\$1 on each barrel of oil (and its equivalent in coal) would yield around US\$66 billion annually;
- * Pollution taxes;
- * Taxing global speculative foreign exchange movements. Nobel Prize Winner, economist James Tobin recommends a 0.5 per cent tax which will yield US\$1500 billion annually;
- * A small tax on long distance air travel.

Payments for services by poor countries can also be made to ensure global human security. This could be for environmental controls, destruction of nuclear weapons and controlling communicable diseases and narcotics. Compensation should also be paid for brain drain, exclusion of unskilled labour and restrictions on trade.

The additional funds, can be utilised for the following:

- * State intervention with a Works Programme for physical, social and cultural infrastructure, land reform and establishment of factories as in Puerto Rico, as embarked upon by the Roosevelt New Deal Administration at the time of the Great Depression of the 1930's;
- * Increase employment by the reduction of the number of days or the number of hours worked per week, without loss of pay; also the reduction of the retirement age without loss of benefits;
- * Tax and other incentives for the use of technology which will create jobs instead of destroying them;
- * A new EU/ACP Lome convention with enhanced assistance for the developing countries;

- * A refashioned Alliance for Progress for Latin America and the Caribbean;
- * Debt relief for developing countries.

With debt relief, funds will be available to lay the foundation for rapid economic growth, which can then provide the basis for expansion of world trade through the purchase of goods and services, especially capital goods, by developing countries from the developed countries.

It is relevant to note that Science and Technology today has within its grasp the ability, if properly harnessed, to cut hunger in half by the year 2000 as was noted in the 1992 Carnegie Commission on Science and Technology and Government, and to reduce absolute poverty by 50 percent by the year 2015, as was proclaimed by the OECD Committee on Global Partnership for Sustainable Development. But this will require a sound scientific development strategy, wider intellectual understanding, strong political will, deeper moral commitment and effective policy measures -- a balanced and integrated set of economic, financial and social policies. There is an interconnection and interaction between the economic, political, institutional, ideological, ecological, social and cultural spheres.

We also need to establish new global institutions to respond to the global dimension of the existing human society. The UN itself has to play a more central role in global economic management and should have access to larger financial resources -- the possible source of which we have already identified. The Bretton Woods Institutions -- the World Bank and the IMF -- have moved away from their original mandate and have to be brought back to doing what were originally intended. They need to concentrate on human development as distinct from the means of development. They have to be more concerned with social and human factors than with statistics of growth. We need structural adjustment with a human face.

The IMF must be adjusted to serve as a global central bank; the World Bank must return to its original mandate to mediate between capital markets and the developing countries. Official Development Assistance (ODA) must be increased to three-quarter, instead of the present one quarter of one per cent of GNP. We need economic growth with equity, with social justice and ecological preservation.

Humanity demands that we formulate the correct theoretical/ideological preconditions and underpinnings, demonstrate the necessary political will and create a worldwide partnership of governmental and non-governmental organisations for a New Global Human Order, a New Global Partnership, for sustainable development, for peace, democracy, freedom and social progress.