

expressed in *Another Development: Approaches and Strategies* (Dag Hammarskjöld Foundation, 1977):

Another Development would be:

1. • Need-oriented, that is, being geared to meeting human needs, both material and non-material. It begins with the satisfaction of the basic needs of those, dominated and exploited, who constitute the majority of the world's inhabitants, and ensures at the same time the humanisation of all human beings by the satisfaction of their needs for expression, creativity, equality, and conviviality and to understand and master their own destiny.
2. • Endogenous, that is, stemming from the heart of each society, which defines in sovereignty its values and the vision of its future. Since development is not a linear process, there could be no universal model, and only the plurality of development patterns can answer to the specificity of each situation.
3. • Self-reliant, that is, implying that each society relies primarily on its own strength and resources in terms of its members' energies and its natural and cultural environment. Self-reliance clearly needs to be exercised at national and international (collective self-reliance) levels, but it acquires its full meaning only if rooted at local level, in the praxis of each community.
4. • Ecologically sound, that is, utilising rationally the resources of the biosphere in full awareness of the potential of local ecosystems as well as the global and local outer limits imposed on the present and future generations. It implies the equitable access to resources by all as well as careful, socially relevant technologies.
5. • Based on structural transformations; they are required, more often than not, in social relations, in economic activities and in their spatial distribution, as well as in the power-structure, so as to recognise the conditions of self-management and participation in decision-making by all those affected by it, from the rural or urban community to the world as a whole, without which the above goals could not be achieved.

These five points are organically linked. Taken in isolation from each other, they would not bring about the desired result. For development is seen as a whole, as an integral, cultural process, as the development of every man and woman and the whole of man and woman. Another Development means liberation.

A remarkable fact underlying these basic principles of Another Development is that they are as valid for the industrial countries as for the Third World. The actual policies and technologies used to enact the principles will differ from country to country, to be sure, but the aims of the development process in each case are the same and will result in a convergence of development patterns, in terms of material living standards at least, rather than a divergence as at present. Whether North, South, East or West, the New Economics embodied in Another Development defines the way forward for us all.

'HUMAN-SCALE ECONOMICS: THE CHALLENGES AHEAD' by Manfred Max-Neef

Three decades in which a technocratic, mechanistic and top-down development paradigm has been predominant have produced a kind of global crisis that has no precedent in history.

In almost any Third World country and, increasingly, in industrialized countries as well, we may grossly divide the population into two main groups. Firstly, there are those people who are directly or indirectly linked to a 'development strategy'. Secondly, there are those people – most often the majority – who are left to design their own 'survival strategy'. The fact that both groups still coexist the world over and that, furthermore, the increase of the latter group – both in absolute and relative terms – is indisputable, should be proof enough that the mechanistic possibilities of the so-called 'trickle-down effect' originally attributed to global development models, did not work.

The accumulated experience and frustrations have allowed for an alternative development paradigm to surface, which is generally identified as the 'bottom-up' approach. Although it is much older than the prevailing 'top-down' model, it has only in recent years gained sufficient 'respectability' to become the object of increasing attention among experts, policy-makers and the concerned public in general. The 1975 *What Now* Dag Hammarskjöld Report, while proclaiming the urgency as well as the philosophy for Another Development, was a decisive step in raising public and specialist consciousness with respect to the need to unleash new processes where the overriding goals of development and equity might truly converge.

Another Development as a process still needs much theoretical and practical consolidation. We know its principal components, but we still do not know how they should inter-relate for the

whole to function harmoniously. A return to the human scale, active and creative public participation, satisfaction of fundamental human needs, ecological constraints, local self-reliance, are some of its basic goals. Size of systems (or critical systems size) and efficiency as a quality (not quantity) are two of its parameters. Bypassing of centralized power and authority, bureaucratic structures, mechanistic models and other technocratic instrumentalities are corner-stones of its philosophico-political foundations. All the pieces seem to be there. The grand question is how to put them all together.

Basic ideas, hypotheses and intuitions

A systematization related to the paradigm of Another Development should incorporate consideration of the following components:

- a) the question of macro-micro articulation;
- b) the invisible sector;
- c) the concept of human needs as a system;
- d) a reinterpretation of the concept of poverty;
- e) the problem of critical systems size;
- f) the aim of self-reliance;
- g) ecological constraints; and
- h) the question of indicators.

(a) Micro-macro articulation

The new paradigm is complex. Hence, no fixed rules or recipes can be applied universally. One should, however, start by keeping in mind the existence of the principle of contradiction. This principle may be stated in the following terms: Any actions intended to improve something have at least one negative consequence.²

Many examples can be given to show the validity of the principle. A trivial example may illustrate the idea. Let us consider a transportation system in terms of three parameters: size of the vehicles, comfort of the passengers and economy of the system. Given the size parameter, if we want to improve the comfort of the passengers, the economy of the system will deteriorate. If we want to improve the economy of the system, it will have to be at the expense of the passengers' comfort, since the vehicles will have to be more crowded. Both parameters cannot be improved simultaneously. Another example may be a housing project for marginal urban dwellers which, while locally solving a problem, will most probably accelerate the flux of rural-urban migration, thus worsening the housing problem as a whole.

Since Another Development starts at the base of society – that is, at the micro-level – the principle of contradiction will show its effects much more strongly to local development promoters than it would to national planners at the macro level. This is for the simple reason that negative effects can hardly be hidden at the local level, while they can be obscured or overlooked altogether at the macro level due to the use of abstract aggregated indicators.

The existence of the contradiction principle is determinant for the strategy of Another Development. In fact, as shall be shown later, it reinforces the idea of collective self-reliance, which is that actions cannot be locally isolated, but must necessarily complement each other. The effects of the principle of contradiction may be controlled (even if only partially) through the application, as a strategy, of the principle of complementarity, which may be stated thus: Any actions intended to improve something somewhere, require at least one additional action somewhere else.

The principle of complementarity must work both horizontally and vertically. A clear example of required horizontal complementarity is the example of the housing project mentioned earlier, where additional actions are required in that place where the migratory flux originates. The importance of vertical complementarity is contained in the arguments that follow.

One of the most important manifestations of the principle of contradiction may be found in the apparent micro-macro disarticulation brought about by the economic development model. It is certainly astounding that, despite many cases of impressive GNP growth in Third World countries over the last decades (excluding the last few years of generalized crisis), poverty has increased dramatically, both in absolute and relative terms. In other words, while the macro processes seemed to improve, the conditions at the micro level constantly deteriorated, in most cases. The investigation and resolution of this paradox is of prime importance.

Despite the difficulties involved, since the experiences of many groups working at regional and local levels will have to be systematized, some description can be advanced with respect to how the problem may be tackled. Three scales (or three spaces) coexist in a form of dialectical struggle with one another: the local, the regional and the national scales. In most cases what we find is the national scale imposing its own development style, as well as its rhythm, upon the other scales, thus provoking disequilibria and disarticulations. Hence, what is required is to design a system whereby what we call an 'Optimization of Scales' can be achieved.

The Optimization of Scales implies two basic principles. One is of a strategic nature, and has already been stressed in writings and documents about Another Development. It is the principle that whatever can potentially be solved at the local level, is what must be solved at the local level; the same holding for the other scales. The second principle has to do with synchronization of what we identify as the 'Socio-Rhythms'. That is, that the dynamics of each scale are determined by different rhythms. How these different rhythms can be brought to generate a harmonious whole must be investigated by confronting the observed experiences of groups and experts who have worked at the different scales. Sufficient information exists, although dispersed, so that a systematization of it may allow for what we consider to be a major breakthrough.

(b) The invisible sector

The sheer size of the so-called 'invisible' informal sector, especially in poor countries, makes it so important that excluding it from discussions about a nation's economy or living standards will give us a totally inadequate and misleading image of reality. We have little information about the size, variety and extension of the informal economy in Third World countries. In Sweden, time budget studies have shown that the working time in the formal economy, private and public sectors, amounts to 6 billion hours per year. The volume of work in the so-called 'white' economy, which only includes house-work (cooking, cleaning, washing), shopping, work with children, upkeep, travel and a miscellaneous category, amounts to almost 7 billion hours per year. If such is the proportion in a country like Sweden, we should not be surprised if in many poor countries the size of the informal economy, which goes far beyond the 'white' economy, might be twice or three times that of the formal economy. Therefore, if we exclude such a voluminous sector from economic analysis, we shall only produce economic policies and development plans based on pure fiction.

Now, what is really disturbing is that the reason behind the exclusion of the informal sector from conventional economic analysis is not because it is considered to be unimportant, but because economists have not been able to agree on how to assign economic value to work carried out outside the formal market (or monetary) system. This is quite ludicrous. It confirms once again that we have become conditioned to accept economic theories which, instead of being capable of evaluating what is truly important and significant, grant only importance and significance to that which can be measured according to the existing rules of value.

(c) The concept of 'basic needs'

The concept of 'basic needs', as currently used, does not necessarily represent a way of breaking with the traditional paradigm of economic growth. Despite its widespread use, it still conceals vagueness and ambiguities. In fact, a prevalent shortcoming in the existing literature and discussions about 'basic needs', or human needs in general, is that the fundamental difference between needs and satisfiers is either not made explicit or is overlooked altogether. As will be shown, this simple failure may be turning the entire venture of reorienting development efforts towards the satisfaction of human needs into no more than a cosmetic improvement of the economic view of development.

It is here suggested that human needs must, first of all, be understood as a system: that is, all human needs are interrelated and interact. If we separate them into two broad categories of needs – needs of having and needs of being – we suggest the following system (similar to the one proposed by Mallman of the Bariloche Foundation, Argentina) composed of nine fundamental human needs: permanence (or subsistence), protection, affection, understanding, participation, leisure, creation, identity (or meaning) and freedom.

From such a classification (which can of course be further disaggregated) it follows, for example, that housing, food, income are not to be considered as needs, but as satisfiers of the fundamental need of permanence (or subsistence). By the same token, education is a satisfier of the need of understanding. Defense, cure and prevention are satisfiers of the need of protection, and so on.

This proposed differentiation is not arbitrary. On the contrary, it allows for relevant hypotheses, of which two basic ones may be pointed out. First fundamental human needs are finite, few and classifiable. Second fundamental human needs are the same in all cultures and all historical periods. What changes, both over time and through cultures, is the form or the means by which these needs are satisfied. Each economic, social and political system adopts different styles for the satisfaction of the same fundamental human needs. In every system they are satisfied, or not, through the generation, or non generation, of different types of satisfiers. We may go as far as to say that one of the aspects that defines a culture is its choice of satisfiers. Whether a person belongs to a consumerist or to an ascetic society, her fundamental human needs are the same. What changes is her choice of quantity and quality of satisfiers. Cultural change is – among other things – the consequence of dropping traditional satisfiers and adopting new or different ones.

Participation and freedom have a dual nature: in addition to being needs, participation is a process and freedom is a condition for the adequate satisfaction of the entire human needs system.

The concept of human needs described here represents a departure from the traditional strategy of 'basic needs' satisfaction. It is incompatible with the economic growth paradigm and coherent with the paradigm of Another Development. It must be stressed, however, that the proposed system must not be interpreted as a static approach to the question of human needs. In fact, each need can be satisfied at different and changing levels. Furthermore, each need can be satisfied intrahumanly, interhumanly and extra-humanly; that is, in relation with oneself, in relation to others and in relation to the environment.

(d) The concept of poverty

The traditional concept of poverty is limited and restricted, since it exclusively refers to the predicaments of people who may be classified below a certain income threshold, again a strictly economic concept. If, on the other hand, our system of fundamental human needs is taken as a reference, one should speak not of poverty, but of poverties. In fact, any fundamental human need that is not satisfied reveals a poverty: poverty of subsistence is due to insufficient income, food, shelter, etc.; poverty of protection is due to violence, the arms race, and so on; that of affection is due to authoritarianism, oppression and exploitative relations with the natural environment; of understanding, to bad quality of education; of participation, to marginalization and discrimination against women, children and minorities; of identity, to imposition of alien values upon local and regional cultures, forced migration, political exile, etc.; and so on. Through the widening of the concept it may be concluded that poverties affect both 'poor and 'rich' countries. This is important, because Another Development has been conceived as an alternative to fight all poverties and not just economic poverty.

Poverties interpreted in relation to human needs implies the opposite as well: the recognition of forms of wealth in relation to human needs. This is important because every human group is affected simultaneously by forms of poverty and of wealth. A methodology based on the proposed alternative interpretation of poverty can have applicability in programmes to improve the quality of life of marginal groups. It is the author's experience that a dynamic process of change can be brought about at the local level not only by designing from the start solutions for the problems of poverty, but often more effectively by stimulating

first the elements of wealth. This will enhance people's self-confidence, which is a prerequisite for stimulating imagination and the will to tackle the existing poverties.

It can be observed that poverties affecting one or several human needs can generate what may be called a 'needs trade-off'. That is, when one need is clearly undersatisfied, the system as a whole tries to regain some form of balance by satisfying other needs at a different level. For example, in groups that are very poor in terms of subsistence, solidarity and mutual help may increase the sensation of protection, affection and participation. It is such trade-offs that must be detected since, in that manner, a process of change can be brought about in an organic and coherent way.

(e) Critical systems size

It is assumed that the size of systems within which people act and interact directly affects their possibilities of adequately satisfying certain of their fundamental human needs. Participation and identity are cases in point. Whenever a system (city, enterprise) grows beyond its critical size, the people involved may become (at best) 'efficient objects', at the expense of losing their possibilities of acting as 'creative subjects'. Another Development, being oriented on the satisfaction of human needs, requires a drastic revision of the concept of efficiency. The efficiency of a system should not be measured only in terms of its economic productivity (cost/benefit or capital/output ratios), but also, and more importantly, in terms of its ability to contribute to the satisfaction of the fundamental human needs of those who are, directly or indirectly, affected by that system.

Such an analysis may lead, for instance, to the conclusion that it may be both sensible and advisable to strive for the coexistence of several regional development styles within one country, instead of insisting on the prevalence of one national style, which has proven so far to be efficient for the enrichment of some regions at the expense of the depletion of others. 'National styles' are mostly conceived for the purpose of advancing or maintaining national unity. But unity does not mean uniformity. There may be a stronger basis for real unity when a multiformity of cultural potentials is allowed to flourish freely and creatively, having been given the opportunities, the technical support and the stimulus to do so.

(f) The aim of self-reliance

Self-reliance is a basic pillar of Another Development. However, the concept is often misunderstood. It does not mean autonomy

or self-sufficiency, although either of these states may occasionally develop from it. It suggests a regeneration or revitalization through one's own efforts, capabilities and resources. Strategically it means that what can be produced (or what can be solved) at local levels should be produced (or should be solved) at local levels. The same principle holds for regional and national levels.

Self-reliance changes the way in which people are enabled to perceive their own potentials and capabilities, which have often been, or still are, self-depreciated as a consequence of the dominant center-periphery relations. The reduction of economic dependency, one of the aims of self-reliant development, is not intended to be a substitute for trade and exchange *per se*. There are always goods or services that cannot be generated or provided locally, regionally or nationally. Hence, self-reliance must necessarily achieve a collective nature. It must turn into a process of interdependence among equal partners as a means for solidarity to prevail over blind competition.

As opposed to the traditional paradigm, mainly concerned with the generation of material satisfiers (without much equity in their distribution), self-reliant development allows for a more complete and harmonious satisfaction of the entire system of fundamental human needs. It does not generate satisfiers only for the needs of having, but for the needs of being as well. Through the reduction of economic dependency, subsistence is better protected, inasmuch as economic fluctuations (recessions, depressions, etc.) do more harm where a structure of center-periphery relations prevails. It enhances, furthermore, participation and creativity. It stimulates and reinforces cultural identity by increasing self-confidence. A better understanding of productive processes and technologies is also achieved when communities manage themselves.

(g) *Ecological constraints*

The behaviour generated by anthropocentrism, which sets the human species above nature, is an essential part of the traditional paradigm. The economic vision of development, through its use of aggregated indicators such as the GNP, adds – without any discrimination – as positive all processes where market transactions are involved, regardless of whether they are productive, unproductive or destructive. Indiscriminate depletion of natural resources raises the GNP, as does a sick population which increases its consumption of pharmaceutical drugs and hospital services. Similarly, self-construction with local building materials is 'economically' less attractive than building with centrally mass-

produced components and materials regardless of whether they are suited to climatic or other local characteristics.

Since Another Development is primarily concerned with the satisfaction of human needs of both present and future generations, it fosters an ecologically-sound concept of development. This implies, among other things, an effort to construct indicators capable of discriminating between what is positive and what is negative for a process of truly humanized development that can guarantee the availability of basic resources in the long run.

Traditional indicators are highly misleading. A dramatic example is that of the American farming system. Highly mechanized and dependent on petroleum, it is one of the least efficient systems in the world if measured in terms of the amounts of energy used for a given output of calories. On the other hand, if measured in monetary terms it generates huge profits and hence contributes to the growth of GNP. Such examples are valid also for Third World countries that have adapted to the conventional mode of development. In Mexico, according to information provided by the Xochically Foundation, it is estimated that about 19,000 k/cal are used up in order to put 2,200 k/cal of food on the table. The amount of energy spent in transportation of food products alone is in Mexico almost equal to the total energy required by the primary sector for the production of food products. That such situations are accounted for as being positive is a conceptual aberration.

(h) *The question of indicators*

The image we have of development is the image provided by its indicators. If these are inadequate, not only will our perception be distorted, but policies and actions will be counterproductive. As a reaction to the many distortions and poor results that have become evident during recent decades, the United Nations University set up the GPID Project (see note 2). Its contributions have been valuable and important and have allowed us to clarify many questions that remained elusive. However, certain aspects, especially those related to the micro level and to the lack of micro-articulation, have not yet been investigated.

The reality and problems of the micro level indicators cannot be interpreted merely as those of the macro level on a smaller scale. Therefore indicators for the local scale cannot be adapted from the macro indicators. They must be of an entirely different nature, capable of indicating degrees of human satisfaction and of human poverties; contradictions and complementarities; degrees of attainable and achieved self-reliance; processes that may work or break

down given the size and structures of the local spaces and systems. In addition, the required indicators must serve to evaluate and assign value even to those human activities where no market transactions and monetary fluxes are involved. In short, we require indicators that tell us what happens in those sectors that are 'invisible' because they are excluded by orthodox indicators.

It is important to overcome some fads concerning development indicators. One is what might be called the 'scientific respectability' of the indicator. In this respect the economic tradition – especially through the influence of econometrics – has imposed the convention that only cardinal indicators can be taken seriously, ordinal indicators or scales being regarded with suspicion. An increase of 12% in the yields of an agricultural product, or an improvement of the capital/output ratio of a certain productive activity, are accepted indicators of positive development. Whether the people who are an active part of the process are better or worse off after the cardinal goals have been achieved is seen as irrelevant. Such an attitude is very strange indeed, once we accept that development is about people and not about objects.

It is not suggested that cardinal indicators should be replaced by ordinal indicators. What is required is complementarity. Cardinal indicators are valid so long as they relate to human development or if they are complemented with other relevant indicators. Development at the human scale is development where human beings are. No abstraction is possible at the human scale. Indicators must, therefore, respond to this constraint. To produce such indicators – which may in addition be understood and handled by the communities themselves – is another fundamental purpose of an alternative paradigm, while bearing in mind that the aim is not simply a proliferation of indicators, because a large number of indicators can add up to a bad indicator.

NOTES

- 1 Among others, the Dag Hammarskjöld Foundation publishes a regular *Development Dialogue*, while the International Foundation for Development Alternatives publishes a bi-monthly *IFDA Dossier*.
- 2 This principle was well described and developed by the Rumanian team of the 'Goals, Processes and Indicators of Development' (GPID) Project of the United Nations University.

2 A QUESTION OF NEEDS

The question of human needs is of absolutely central significance to the New Economics. Indeed, the satisfaction of the whole range of human needs is often given as its chief priority. Certainly one of the starkest and most obvious paradoxes inherent in our present economic system is the co-existence of great affluence and great deprivation, both within the societies of the industrial nations and in the world economy as a whole. In many ways it seems that the problem of production has been solved. There is widespread agreement that the capacity adequately to feed, clothe and house everybody world-wide now exists, yet absolute material poverty still exists on a large scale even in the wealthiest countries. The economic system seems to be incapable of deploying its technical, human and financial resources to meet these deprivations. Human needs are overruled in favour of the economists' 'effective demand': those who have can buy more; those who have not get charity or nothing.

Consideration of this problem takes us into the deepest regions of the human psyche, for the question of human needs is an immensely complex one, far more complicated than the mere enumeration of the needs of subsistence, as Manfred Max-Neef made clear in the previous chapter. Here the approach is to examine the issue in three different, though complementary ways, which can broadly be characterised as the psychology of human needs, the politics of human needs and the relationship between human needs and the needs of the present economic system.

Taking the last point first, it can be seen that growth economics allied to effective demand depends for success (that is, for economic growth) on the production and sale of new goods to new markets. By definition, those with effective demand, the rich of the world, are already satisfying their needs of material subsistence. If they are to spend their surplus, which they must if the economy is to grow, new goods must be produced which they must be induced to want, or, preferably, as far as economic