

# Concluding Remarks by the Editors

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The symposium has covered a wide range of topics relating to the Third World issues. They were based not only on the information from various research projects carried out in the past three decades by IDE, but also reflected the complexity of the development process of the Third World presently. The discussions which took place during the various sessions of the symposium indicated that it is necessary to recognize that the development complexity should be perceived as an evolutionary phenomenon of a society involving all aspects of human activities that cannot be analyzed by any one discipline alone. In other words, concepts and methodologies applicable to an industrialized country could be applied to a Third World country to define "facts," but an approach based on disciplines pertaining to economics, sociology, political science, etc. may not be applicable to analyze and understand logically these "facts." Therefore, they should be subjected once again to conceptualization that may lead to a new approach whereby these "facts" would be re-interpreted from this angle. Obviously, it would be a Herculean task for the symposium to propose any new integrated approach in this sense. It seems, however, that the discussions held during the sessions indicated that these "facts" should be taken into consideration so as to analyze the Third World problems in their full reality at complexity.

The editors would like to present some Concluding Remarks in the context outlined above.

## **I. Is the Outward-Looking Development Strategy a Necessary Condition for Positive Economic Growth?**

The development performance in the Third World leads to the general observation that the NIEs have been successful in sustaining a high economic growth even through the recessions of the World economy in recent years. A leading proponent of the outward-looking industrialization strategy, Professor Myint, maintains

that this achievement can be attributed to NIEs' exposure to trade competition that has been conducive to the transformation of their industrial structure in accordance with the changes in the comparative advantage based on their resource endowment. Furthermore, he emphasized the orientation of NIEs' government policies towards reliance on the market mechanism in the domestic market despite the rather powerful policy guidance in the private sector.

On the other hand, adverse effects of the outward-oriented strategy were revealed by some participants in the sessions pertaining to agricultural and industrialization problems. Some of the speakers contended that the NIEs are now confronted with widening income disparities not only in personal income distribution but in inter-regional income distribution, while some focussed on the environmental problems resulting from high economic growth.

These two seemingly opposite assessments of the results of the outward-oriented industrialization strategy reflect the successful macro-economic performance accompanied by anomalies at the sectoral level. In this context, the problem is whether the market mechanism supported by the outward-oriented economic policies can alleviate the adverse effects inherent in the system itself. Chenery and his associates proposed the inverted-U hypothesis, while the quantitative analysis presented by Adelman and her colleagues showed that the high economic growth achieved by South Korea and Taiwan contributed to the improvement of personal income distribution in these countries. The latter group identified some pre-conditions for achieving such a positive relationship between macro-economic performance and income distribution, including land reform, industrial policies, export promotion policy, control on foreign exchange, incentives to foreign investments, function of the price mechanism in the domestic market, and so on. Then, the second issue is whether such pre-conditions are necessary to avoid an inverted-U pattern of income distribution in the course of economic development.

It appears that similar initial conditions prevailed at the time of independence in the LDCs except for resource endowment, despite distinct differences in their contents, as follows: (1) a colonial economic structure, which promoted a monoculture economy linked with the economic system of the colonial empire, (2) a dominant share of agriculture in the domestic economy, (3) rapid population growth, and (4) overwhelming military regime.

The development strategy pursued by LDC governments depended to a large extent upon the political system adopted at the time of independence. In general, three types of strategy can be identified:

1. The export promotion strategy, which was adopted mainly by resource-scarce Asian NIEs with a small domestic market. The government provided financial and tax incentives to promote the export of manufactured goods and to import materials and capital goods required for the exports.
2. The import substitution strategy pursued by resource-rich countries with a large domestic market such as India and Brazil. The political motivation of this strategy was dominated by anti-colonialism that advocated political as well as econom-

ic independence from the former colonial empire. These countries relied on protectionist policies such as selective industrial policies, tariffs, import quota, subsidies, etc. to protect the domestic market. As a consequence, the domestic markets for new manufactured products became oligopolistic, and then a new class of vested interests was created in the economic system, resulting in rampant capital flight and disparity in income distribution.

3. The socialist strategy aiming at a command economy with minimum external transactions, which was adopted by socialist countries such as China and North Korea. They assimilated a Soviet-type planned economy.

The three decades of economic development in the Third World have witnessed conspicuous differences in economic performance depending upon the development strategy adopted. They can be summarized as follows. The export-oriented development strategy has been generally conducive to industrial adjustments in accordance with the changes in the comparative advantage of a country pursuing the strategy, while industrial policies were implemented to enable the market mechanism linked with the international market to operate effectively. Some of them have been successful in converting deficits to surpluses of the balance of payments along with high economic growth. In contrast, the import substitution industrialization strategy has resulted in "twin deficits" (budget and balance of payments) generated by the government protection policies which virtually resulted in almost de-linking the domestic from the international market. The failure to adjust to the changes in the comparative advantage has aggravated the "twin deficits" resulting in an unmanageable amount of accumulated foreign debts. As a matter of course, the burden of accumulated debts has trapped many LDCs in a low economic growth. On the other hand, the socialist-planned economy aiming at attaining a maximum rate of self-sufficiency has been plagued by the inefficiency in economic management, eventually leading to the brink of collapse of the political system. The economic history up to the present seems to point to the superiority of the export-oriented development strategy at least in terms of economic efficiency, which is attributable to the function of the market mechanism, according to the main stream of discussions in the symposium. This superiority is corroborated by theoretical and empirical studies on the effectiveness of the liberalization policies in the monetary sector on the one hand and the effects of technological transfer carried out by a new class of entrepreneurs on the other.

However, evidence for the anti-social effects brought about by economic success were presented in many sessions, such as a widening income disparity between the industrial and the agricultural sectors, accumulated damage to the environment and so forth. It was mentioned that the market mechanism may not be able to solve most of these problems.

There was a near consensus that whichever development strategy is pursued, government guidance in the market mechanism is required, as summarized by Professor Yotopoulos.

## II. Are the Establishment of National Identity and Promotion of Democratization a Pre-condition for Successful Economic Development?

The main policy strategies adopted by the LDC governments after independence consisted of both the promotion of economic development and the establishment of a national identity. Since almost every country of the Third World was either multiracial or multiethnic, it was compelled to create a nation state under the colonial economic conditions characterized by a low income level. Therefore, a common national identity was considered to be a prerequisite for economic development characterized by a variety of economic and cultural differences.

All the Third World countries had to devise political and development strategies taking account of their historical background as well as the political system selected. For example, Indonesia endorsed "unification in diversity" as the spirit of her constitution, and the Suharto government gave priority to regional development as one of the main policy targets in the national development plans aiming at narrowing gaps in the perception of national identity among regions. In Singapore, the government adopted a distinctive policy in allocating a large amount of investment in public housing among the infrastructural projects. An immigrant motivated to make quick profits was encouraged to own real estate in the form of an apartment and to become a true Singaporean who settles down in the newly-born country. Public housing was expected to eliminate the racial segregation of residential areas and provide more opportunities for new Singaporeans to intermingle with people of different origin. In the case of South Korea and Taiwan, it is obvious that the common cultural heritage contributed to the formation of the common market rules, though with inherent characteristics peculiar to each of the two countries. On the other hand, some of the Third World countries were forced to allocate a large amount of resources to induce a common national identity among their "nationals." As a matter of fact, the government gave higher priority to nation-building over economic efficiency. Four distinct examples can be given: Malaysia, as well as some of the South Asian, Middle Eastern and socialist countries. Shortly after the independence, Malaysia, a multi-ethnic country, was plagued by ethnic conflicts and the Malay-dominated government adopted the so-called "*Bumiputra*" policy which advocated equity in the possession of wealth among the ethnic groups. One of the principal measures was to allocate company stocks owned by state corporations preferentially to "*Bumiputras*" (son soil), the term defining indigenous people. In 1990, since the policy was deemed successful, the present government modified this medium-term target to a long-term one, which implies that the emphasis placed on political consideration in the development plan was switched to economic efficiency. In South Asia, too, social equity has always been in the forefront as a development target rather than eco-

conomic efficiency in the development plans because a variety of conflicts had flared up due to deep-rooted communalism at every social level. In the Middle East, only countries with abundant oil reserves have been able to enjoy a reasonable degree of economic development. Widening income disparity associated with the availability of oil resources has attenuated the common objective, i.e., the unification of Arabs, and rather exacerbated political disagreement between the oil-rich group and the others. As a last example the socialist countries embarked on nation-building with the objective of equity among workers under the communist party dictatorship. In reality, however, the government's seemingly successful ideological leadership was faced with a rising demand for democratization and liberalization not only on the part of the public but on the part of national minorities in the late 1980s, which was triggered by the *perestroika* policy adopted by President Gorbachev. Such a demand for autonomy by member Republics and minorities in the Soviet Union, China and some Eastern European countries shows that a forced national identity may neither last nor contribute to the enhancement of economic productivity. Nonetheless it must be recognized that the socialist countries were successful in improving the economic conditions at the initial stage, which strengthened the national identity of their population. It can still be argued whether there is a failure in socialist central economic planning. One alternative interpretation is that the disintegration of the socialist economy currently occurring in the Eastern European countries is not due to an inefficient system that is presumed to be inherent in the planned economy itself. It can be attributed to a transitional phenomenon to a new economic institution requiring a new socio-political regime from the economic command system which could not control the network of transactions extended under the established political system. Regarding the reported cases of economic transformation, especially the stark contrast between the group of NIEs opting for an open economy and that of socialist countries for a closed economy, it was generally agreed during the symposium that the market mechanism is superior to planned economy. However, there was also a consensus that any type of development strategy is confronted with a trade-off between economic efficiency and non-economic aspirations, such as social welfare, equity and freedom. The issue of economic development is, therefore, more relevant to the social choice of a political-economic institution of a nation than simply to economic growth, as far as development strategy is concerned. It is obvious that the choice is firmly embedded in the process of nation-building as well as in the degree of national identity.

In the NIEs and Eastern European countries, economic transformation has been accompanied by a growing aspiration to democratization. There is no generally accepted theory on the relationship between economic development and democracy. Even though a representative system for channelling public opinion is guaranteed in the constitution of a developing country, in reality, the political system has not functioned to the expectation of the people and in accordance with the constitution. Any seemingly democratic system was introduced primarily by a military re-

gime or a handful of politicians leading the movement for independence, not by public participation. The democratic procedures guaranteed in the constitution, therefore, tend to be very vulnerable to the interference from the vested interests. Furthermore, presently there is neither political institution nor public perception of politics in the Third World in general that is able to resist the interference from leading political factions. A transitional form of government from a dictatorial regime to any type of democracy may be represented by authoritarian pluralism, as suggested by Professor Scalapino.

The attitude of a nation towards democracy is closely associated with its national identity. A general observation on the political systems in the Third World shows that some type of democratic system, which is based in principle on the clan system and its land ownership, has been maintained at the village level in many developing countries up to now. A representative system occurring widely consists of an assembly of adults or elderly members who are assumed to represent their clan members. In many cases, they are not elected by vote but clan members possess the right of "revolution" that authorizes the replacement of their "representative" if he is discredited in his capacity as such.

At the time of independence, no democratic system had been established at the national level, and an institutional democracy was introduced as a constitutional right by political leaders in order to guarantee a legal equity for nationals and clans. It is doubtful, however, that an institutional democracy may function at the national level in the Third World as stated in the constitution. Transitional phases of transformation from an institutional democracy at a village level to one at a national level may have to follow, unless "revolutionary" changes take place, depending on the selected political system.

Modern democracy took shape within the framework of evolving capitalism in Europe, and its ideological doctrines include liberty and equity in accordance to the ethical norms of capitalism. In view of the fact that the Third World has not yet developed capitalism in an integrated national market in the modern sense, one could state that in no country of the Third World do people share the ideology of modern democracy in a civil society, let alone national identity underscored by a common ideology, except for traditional customs and religion. Such schism in political orientation at various social levels may give rise to a dictatorial regime, as suggested by Yamaguchi and Kim.

It was recognized in the sub-session on East Asia that the one-party dictatorship in socialist countries and development dictatorship in many Third World countries played a leading role in resource allocation at the initial stage of economic development in a divided market. Even the Asian NIEs at present have taken a similar course in their history of economic development. South Korea and Taiwan have been governed by a military regime, and Singapore has been overwhelmingly governed by the People's Action Party since the independence. Only Hong Kong still retains a British colonial system of government which pursues the *laissez-faire* policy. Socialist countries have been governed by a one-party dictatorship

in control of military power. Though both the NIEs and socialist countries have relied on economic planning with varying degrees of difference in the planning structure and administrative organization in charge, one important difference between them is the form of ownership of the fruits of economic activities as well as economic assets. Private ownership of economic resources is in general guaranteed in the NIEs despite the government's strict control of their uses, while in the socialist countries, state ownership of economic resources is the principle proclaimed in the constitution. In view of the market condition whereby private ownership is the prerequisite for exchange in the market, it is obvious that the NIEs have been successful in achieving a high economic growth on the basis of the market forces at the initial stage of economic development while the market mechanism has been staggered in the socialist countries. It is noteworthy, however, that an expanding private sector has been claiming more freedom for economic activities and more accessibility to economic opportunities than ever after the government eventually controlled a major portion of economic resources for a long period of time. Such a new orientation of the business class towards economic freedom has necessarily aroused the demand on the part of the working class for democratization. It can be said that military dictatorship may have been efficient in resource allocation in an economic sense but at the cost of widening income disparities, which gave rise to political disaffection by the social classes that did not enjoy the economic benefits associated with economic development led by the political dictatorship. Economic disparity easily turns into political turmoil leading to social upheavals with a slogan asking for political freedom rather than economic freedom once political restraints are loosened, as it happened in South Korea and Taiwan. Economic inefficiency inherent in non-market transactions in socialist countries ultimately resulted in the degradation of the living conditions of the people and macroeconomic disruptions including huge deficits in the budget and the balance of payments, which induced a shift in politics toward an open society, such as *perestroika*, leading to economic freedom and democratization as well.

An overall observation on the postwar history of socialist and many developing countries indicates that heightened aspirations to democratization in the Third World countries stemmed from their experience in economic development in the past three decades. Emergence of such social movements coincides with a rising demand from the public for the right of disposal of economic resources including investments, freedom of migration, and freedom of job selection.

As a matter of fact, some Third World countries are confronted with democratization movements originating from their peculiar historical background, such as minorities' movements for autonomy and demand from some social classes for increased opportunities for the human rights.

To conclude, it was generally recognized during the symposium that the democratization of a society is a precondition for economic development because a democratic system is assumed to be associated with more economic opportunities than other political systems.

### III. Is Economic Liberalization a Necessary Condition for Economic Development?

Although all the developing countries drafted economic plans after independence, without exception, the administrative mechanism in charge of the implementation of the economic plans depended largely upon the political system selected at the time of independence. Developing countries belonging to the so-called free world worked out indicative plans, while those belonging to the socialist world command plans. A command plan implies that the government gains control not only over development funds but also over resource allocation. Even in the case of an indicative plan, the government is required to intervene in the allocation of funds and materials to designated important industries. In any country of both groups, undoubtedly, the role of the government in the implementation of ambitious economic plans has tended to be powerful due to the small domestic market, underdeveloped markets for goods and services, especially capital, as well as due to the lack of information on market conditions and technology available to traders. Above all, since the national savings rate was low, the government had to concentrate national savings in its coffers in the form of forced savings and deficits in the current account that were financed mainly by economic aid. Such an economic situation served as a political background to the formation of a one-party, or development-oriented, dictatorship. In both groups, therefore, the privileged classes with some kind of vested interests generated when the successive economic plans were undertaken were empowered to allocate important resources because the market mechanism functioned in a very limited way. The formation of vested interests is closely associated with the system of ownership. Private ownership has been often conducive to the creation of conglomerates including cronies to which policy makers offer economic privileges in implementing policy measures, while state ownership is likely to be exploited by *nomenklatura* or high-ranking bureaucrats.

In the course of economic development, the national market has expanded and become integrated, resulting in far-reaching economic and social changes, such as the dissemination of education, inter-regional movements of economic resources including labour, and changes in the combination of production factors induced mainly by technological change. As a result, new social classes such as the middle-income and the labour class which requested a greater role in resource allocation as well as a bigger share in economic remuneration eventually developed, as shown by Koike. The gradual enhancement of their economic power could be easily translated into political demand for a wider base for political participation.

The governments of Third World countries who favour the free trade system have generally responded to increasing aspiration to political democracy by directing their development strategies towards economic liberalization (or deregulation) and open-door policy. This trend can be attributed to the emergence of a new class



of entrepreneurs who manage their business within a more complicated network of transactions than their forerunners did. In Southeast Asia, for example, the family management of business typical of Chinese firms has been replaced by management by an echelon of professional managers consisting of local and expatriate staff who can recognize and express their economic and political clout under new business circumstances. They are eager to become acquainted with a capitalistic management of their business and technology from abroad. Therefore, the government may have to re-orient its policy objectives in taking account of economic and political demands from emerging social classes.

In the socialist countries which maintained a command economic planning system from the start the institutional setting was too rigid to enable them to adjust their policy strategies in response to increasing contradictions between the administrative system in charge of the implementation of economic plans and the changing economic structure. Consequently they became confronted with the upsurge in the people's demand for democratization accompanied by economic liberalization, which was triggered by the new *perestroika* policy. The disentanglement of the Soviet economic system has instigated economic and social changes in other socialist countries. Distinct differences in the process of introduction of the market mechanism can be detected among socialist countries. For example, China and the Eastern European socialist countries which had already developed a regional market system to some extent prior to the socialist economic system have been successful to that extent in revitalizing entrepreneurship, especially among small-scale businesses, in both the agricultural and industrial sectors. On the other hand, Russia and some socialist countries in Africa whose market system had not been well organized or destroyed before the socialist system was introduced seem to get bogged down in the disintegration of the economic system caused by an ill-conceived implementation of economic liberalization policies in various sectors, which were worked out with little relevancy to their historical economic conditions.

The experimentation of these economic liberalization policies in the context of different historical economic conditions shows that their effectiveness depends to a large extent upon the prevalence of private ownership related to the market mechanism, the extent of price mechanism at which price reforms aim especially in the industrial sector, and the function of the financial sector which mobilizes savings into the capital market. In either economic system, there are at least two prerequisites for economic liberalization policies to work without any critical disruption in the transition to the market mechanism; one is the existence of market forces to some extent and the other the prevalence of private ownership.

Efficient resource allocation requires close linkages among the markets for commodities and services, which ensures movements of resources within the agricultural and the industrial sector or between them through the markets in response to motivations of the economic entities involved. Furthermore, technological advancement contributes to the proliferation of the production inputs required for production as well as multiplication of their combinations, which create the produc-

tion factor markets to enable new production activities to function smoothly. In parallel, the financial market develops and helps to mobilize investment resources to more profitable sectors, which aims at the convergence of profit rates among industrial sectors. At the initial stage of economic development where various markets for commodities and services neither function well nor interact among themselves, the government may have to interfere in resource allocation by transferring resources from one sector to another by imposing taxes and tariffs on the former and granting subsidies to the latter. Subsequent adjustments in the terms of trade tend to favor the industrial sector in most cases, whereby economic resources move from the agricultural to the industrial sector. At the same time, the financial sector may be improved and expanded to promote resource movements in financial terms to sectors where investment demand arises.

The formation of a national market depends not only on the interlocking of commodity markets but also on the integration of separated local markets. In many developing countries which favoured the market mechanism, despite differences in its characteristics, economic development led gradually to the expansion of the domestic market and, the governments have had to adopt economic liberalization policies. On the other hand, many socialist countries seem to have been urged to introduce liberalization policies without any pre-conditions for market integration due mainly to political pressure.

Private ownership is one of the fundamental conditions for the market mechanism to function whereby any economic entity has the right of use and disposal of any commodity or service belonging to him or her, in particular, in a market where the number of economic goods increases beyond control of any planning agency. In this sense, decentralization of decision-making is a prerequisite for private ownership.

At present, in many developing countries, common ownership at the community level, whether completely or partially inherited, is still prevalent. Common ownership has played a dual role in the village life: One as an important means of income distribution by allotting land among members, the other as group decision-making under the traditional political or administrative system of a village or a clan. However since common ownership is now being replaced by private ownership, the inherited administrative system is also undergoing transformation along with the displacement of landless village members whose livelihood had been warranted by the traditional ownership system.

A main stream of discussions during the symposium supported the assumption that the economic liberalization strategy was a necessary condition for economic development in association with democratization. A closer observation of the course of economic development in various Third World countries in the past three decades, in addition to the economic history of industrialized countries, however, calls for further accumulation and analysis of information.

#### **IV. Is It Possible to Achieve Economic Growth and Simultaneously to Preserve the Environment?**

Since the latter part of the 1980s global environmental degradation has been the talk of the day. But does it necessarily go together with growth?

Some aspects of the degradation are recorded mainly outside the developing countries. For example, it is mostly the developed countries which are emitting CO<sub>2</sub> in large quantity, and are therefore responsible for the green house effect or the destruction of the ozone layer. At the same time, certain other aspects are rather peculiar to the developing countries.

The most typical of the latter category is probably deforestation, particularly the destruction of the tropical rain forests. It does not simply mean that trees are either burnt down, locally utilized or exported. It also means that the tropical soil, which is very thin and extremely vulnerable, is deprived of the natural vegetation cover and tends to be easily washed away, leaving the land barren and infertile, hence, triggering the desertification process. Moreover, under the existing level of knowledge, it is difficult to determine whether the rain forest can be regenerated once again, if at all, and only a few experimental and fragmentary data are currently available. It will take a long time to determine whether the entire complexity of the rain forest eco-systems can be recovered. This consideration also applies to the vegetation in the semi-tropical arid areas with low precipitation.

Therefore it is safe to say that the concern expressed from time to time by the developed countries about the present conditions of the tropical and semi-tropical forests is not necessarily a self-centered consideration of those who have already lost a large part of their own resources and try to prevent the loss of resources in other countries to preserve a better environment for themselves. Deforestation on the present scale is undoubtedly disastrous for the developing nations themselves, making it difficult for them to maintain economic growth in a sustainable way.

During the symposium, Yamaguchi in his keynote address referred to the environment as one of the three factors which are to be taken into account when one examines the East Asian growth model in order to determine whether it is applicable to other developing countries. Medhi aptly contended at the end of his paper that while he appreciates the high economic growth in the ASEAN countries, there are "some problems of long-term nature" such as agriculture, income inequality, and the sustainability of the environment, which are usually hidden and therefore do not attract as much attention as the success side of growth. If one seriously looks at those problems and tries to place them into a more or less coherent context together with the success side of the story, would the success image of East and Southeast Asia be still intact?

However, the sub-session entitled 'Environmental Problems' in Session 5 was

naturally the main area for the discussion of these issues. Both speakers, Fujisaki, on behalf of a study group, and Lohani, as well as the commentator, Kato, have made a valuable contribution to the clarification of the issue. Lohani enlightened the audience on the approach of the Asian Development Bank to the environmental problems. Fujisaki, on the other hand, discussed the experience of Japan and stated that since Japan did not consider the possible adverse effects of industrialization, during the period of high economic growth after the mid-50s, problems such as air and water pollution surfaced on an almost unmanageable scale in the 60s and afterwards. He went on to say that this was unfortunately the course that Korea and Taiwan also followed in their rapid industrialization process after the 60s, and therefore substantial environmental degradation has occurred in these countries in recent years. The ASEAN countries need not follow the same course since they are in an advantageous position of making use of advanced technology, as well as of the information available on the experience of Japan and NIEs, in order to prevent the spread of pollution.

Without going into the details of the subsequent comment, and the discussion that followed, it is probably worth mentioning that one of the aspects which were stressed in this sub-session was that zero growth is not the answer to the prevention of environmental degradation. The logical conclusion must be, therefore, that growth should be achieved in a way which would preserve the environment, or to put it conversely, the environment should be properly taken care of so that sustainable growth can be maintained, and we are fully prepared to agree with this opinion.

It may also be pointed out that it remains to be determined whether population growth has been the major cause for the degradation of the environment. If one supports this assumption, perhaps one would be putting too much blame on the people on the spot—for instance on the “shifting cultivators,” as they are vaguely and sometimes mistakenly called, who have gone into and opened up forested areas—by not taking into account organized logging for the sake of export, as in the case of Southeast Asia, or for the sake of large-scale cattle farming or plantation, as in the case of Central and South America. Still population pressure is not to be ignored since the demand for wood materials for domestic fuel or housing construction is apparently increasing.

Still another point, which Fujisaki stressed, was that in Japan the government intervention in environmental problems was brought about as a response to the protest by the local inhabitants against tragedies such as the Minamata Disease—sea-water pollution by mercury. Perhaps it may be possible to generalize the Japanese experience in this regard.

Whether they originate primarily from the developing countries or otherwise, it is desirable, even imperative, to reach a certain set of more or less binding and enforceable international agreements to cope with the global environmental problems. We consider that it is high time that something should be done along this line before it is too late and degradation becomes irreversible, so that growth

may proceed hand in hand with the preservation and, wherever necessary, the rehabilitation of the environment.

## V. Summary Remarks

There was almost a consensus during the sessions of the symposium that any development strategy should aim at economic liberalization coupled with the promotion of a free trade system on the basis of democratization. On the other hand, it was also noted that the selection of an institutional framework and development strategy is determined to a considerable degree by the initial historical background of a country and that social classes who play a vital role in an economic system are likely to be replaced in the course of its transformation. Therefore, country-specific characteristics of economic development cannot be omitted in the formulation and implementation of policies for development strategy aiming at economic liberalization and democratization. Even if a capitalistic market has not yet evolved in the economy of most developing countries, one type or another of democratic system as well as exchange market at the community level, if not at a higher level of administration, let alone the national level, has been widely maintained. If the price mechanism in the national market could operate in association with a democratic political system, the traditional political and market system at the community level would have to be transformed along with the changes in the class structure. New social classes are likely to emerge which commit themselves to setting in motion economic transactions and gathering political clout beyond community borders.

A preoccupation almost commonly shared throughout the discussions in the symposium was that the analysis of political and economic conditions characteristic of an individual country and understanding their transformation is a prerequisite for the promotion of global interdependence without disruptions in the economic as well as political arenas. This is because historical and cultural characteristics of a country can be brought to light in sharp contrast with those of other countries in the process of globalization. Toward the 21st century, such country-specific characteristics will remain as important factors for the formation of a development strategy in a Third World country. On the other hand, however, a new approach to the development economics is required at present to further promote the transition from the inductive identification to a deductive analysis of an individual country. In other words, the search for a new paradigm of development studies will be on the agenda for the next three decades based on the extensive studies on individual countries accumulated in the past. Hank Lim succinctly summarized the discussions held during the symposium in stating that area studies will be based to a greater extent on a multi-country and multi-disciplinary approach. The new paradigm will enable an individual country not only in the Third World but also in the industrialized world to reformulate its development strategy from a global perspective of both political and economic systems.