

From Dependency to Interdependency

Impulses and Limits of the
Dependency Theory

*The study of the Group of Experts
“World Economy and Social Ethics”. –
The African-German Symposium in Yaoundé
(March 1993)*

*Presented by Franz Furger and
Joachim Wiemeyer*

*Published by the
German Bishops' Conference
Research Group on the
Universal Tasks of the Church*

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Brief notes on the publisher and the authors of the study

The publisher

The **Research Group on the Universal Tasks of the Church** is nominated by the Commission for International Church Affairs of the German Bishops' Conference. The Research Group brings together scholars of various disciplines. Its purpose is to study problems related to the worldwide responsibilities of the Church.

The authors of the study

The **Group of Experts "World Economy and Social Ethics"** is a specialized body of the German Bishops' Conference Research Group on the Universal Tasks of the Church. It was established in 1989 in order to advise institutions of the Catholic Church on questions of the international economic development. Concerning its aims as well as its staff a connection of economic and socio-ethical competence is intended.

Preface

Prevailing theories were upset in the mid-1960s when the "Third World" showed no signs of quickly catching up with industrial countries despite the attainment of formal political independence by nearly all colonies and the extensive technical and financial aid they received. Instead, their poverty kept increasing and the North-South gap continued to widen. Some observers saw the key to an explanation of this in "dependence" theories, according to which the "periphery" was tied to the "centres" in the leading industrial nations by an economic dependence that was rooted in the colonial era and dominated all aspects of society. This monocausal, dialectical explanation seemed to put in a nutshell the global economic structures which burdened the "Third World". The subsequent debt crisis made these dependence theories appear even more plausible. Especially within the Church, they provoked considerable irritations which were substantially aggravated by Marxist concepts and arguments used by their proponents. These irritations persisted even after the mid-1970s, by which time the critical debate was being continued by mainly Latin American authors, whose positions were much more differentiated than the basic arguments of the original European theorists.

A polarization which often reflected views long outdated by current sociological findings also strained dialogue within the Church to the extent of affecting contacts between European and "Third World" bishops, as in the case of meetings between African and German bishops in the last years. The Commission for International Church Affairs of the German Bishops' Conference and the German Bishops' Conference Research Group on the Universal Tasks of the Church therefore instructed their Group of Experts "World Economy and Social Ethics" to draft a fundamental paper for a new meeting of this kind, aimed at holding constructively critical discussions to launch a dialogue about mutual responsibilities.

These talks took place at the end of March 1993 in the newly established Catholic University for Central Africa in Yaoundé (Cameroon). In conjunction with two sociological statements by experts on Africa, the fundamental paper of the German experts served as the departure point. Since both sides felt that it appropriately reflected the social situation, which after all affects them in very different ways, it created favourable preconditions for a fruitful, forward-looking exchange untroubled by past misunderstandings. This is publicly testified by a joint statement, which clearly identifies the responsibilities of each side in their respective societies and shows that they were able to recognize constructive interdependence as an

obligatory challenge rather than making onesided accusations about dependence.

Fully aware that this was only a first step, that appeals to develop a globally responsible conscience must be followed by concrete measures and that the Church is especially called upon to critically monitor the initiation and completion of such moves, those responsible for universal church affairs within the German Bishops' Conference feel that it is important to make the fundamental paper and the chief results of this encounter available to a wider public. Their intention is to dispel the kind of needlessly obstructive polarization which can be grouped under the "dependence theory" heading, but also and especially to speed the development of mutual responsibilities. Since the "instrumentum laboris" of the Synod of African Bishops scheduled for early 1994 likewise addresses (No. 121) the "dependence-interdependence" problems discussed here, the booklet appearing in German, English and French may be of some use.

On behalf of the Group of Experts "World Economy and Social Ethics" which was commissioned to prepare this publication

Münster, September 1993

Franz Furger, chairman
Joachim Wiemeyer, secretary

I The dependency theory as an approach to explain poverty and underdevelopment

1 Introduction

According to the criteria laid down by the World Bank, over a billion people are living in poverty. Since the Church is aware of its commitment to the "option for the poor", it is the task of Christian social ethics to join with social scientists in undertaking research into the causes of poverty and in developing ways to combat it.

The past few decades have seen a whole range of social scientists from both the "Third World" and the "First World" attribute poverty and underdevelopment to economic, political and cultural dependency on the industrialised countries. These "dependency theories", however, do not represent one uniform, self-sufficient approach to a solution. They have, nonetheless, found a wide echo with the Churches, political opposition movements in the "Third World" and solidarity movements in the "First World". In extremely simplified versions, underdevelopment in the "Third World" is presented as a direct and clear consequence of the development in the "First World". These attempts at explaining the situation were, of course, supported by the socialist governments of the "Second World".

It is often the case that extreme points of view are represented when it comes to theories such as these. It is either the case that poverty in the "Third World" is attributed solely to the "backwardness" of developing countries or solely to their "dependence" on industrialised countries. "The reason why some are poor is that some are rich." An attribution of guilt has always accompanied these contradictory opinions. Those who adhere to the "theory of backwardness" place responsibility for the present situation with the "Third World", those espousing the theory of dependency with the "First World". It may well be the case, however, that both causes are valid. Thus, a good many external influences could only become important by virtue of the fact that they have an effect on certain internal factors, while changes in certain internal factors are only of consequence when the external framework also changes.

Independent of the question of causes and responsibility, the people of the western industrialised countries and the governments they elect do have an interest in ensuring that the problems experienced in the "Third World" are solved. This is because economic upswing would, in the final analysis, be of advantage to everyone. If, however, economic and social development continues to be inadequate, there is a threat of considerable levels of mi-

gration, global ecological destruction, armed conflict and an increase in drug production and trade. These tendencies show that in today's world, interdependencies are on the increase to such an extent that it is in everyone's interest to redouble their efforts to overcome the many diverse problems to be faced. The western industrialised countries, as the world's most economically strong nations, bear particular responsibility in this regard and have an obligation to provide aid in a spirit of mutual solidarity. Discussions on the theory of dependency are necessary in order to uncover what is causing the problems, to note responsibility and to make clear how difficult it is to apportion moral blame. Recognising what causes poverty is the best way to develop effective strategies to combat it, since only when the factors which are time and again found to be behind poverty are removed is it possible in the long term to help those afflicted by it.

The following is an attempt to reach a differentiated picture of the internal and external causes of poverty and underdevelopment by debating the pros and cons of the dependency theories. It must be noted here that "dependency" in this sense does not mean a constructive positive interrelationship of people and nations, but rather a one-sided disadvantaged position. It always characterises an historical, unbalanced relationship between states, nations or regions and their economic, political and cultural systems. This relationship is based firstly on all relevant areas of human cohabitation (economy, politics and culture), and secondly is not only on the interaction of present-day factors but, as a long-standing factor determining such relationships, also has historical roots. Thirdly, this relationship is marked by a false distribution of power and influence which, fourthly, gives some countries better opportunities to bring their own interests to bear than others. The term "dependent" here relates therefore not to mere social or economic relations even in those cases where they do in fact lead to possible ways of mutual influence (interdependence), but rather to asymmetrical relations. What is most certainly not meant is the total dependency of humankind on God, a state which, in Christian understanding, makes a human person that which he or she is.

2 Origins and content of dependency theories

The various different approaches which mark dependency theories have their roots in the Latin America of the late 1960s. The point of departure was the fact that, contrary to the expectations of many, it was not possible after 1950 to have a share in the economic level reached by the USA and western Europe. On the contrary, Latin America fell more and more behind, with the "Progress Alliance" founded in the early 1960s to speed up

the catching up process. The development aid policy widely practised at this time – and its failure – seem at first glance to confirm approaches based on dependency theories. Thus even critics of dependency theory thinking do today concede that it was dependency theories that played an important rôle in overcoming the “theory of accelerated development” which was based on wholly unhistoric arguments and took no account whatsoever of external factors.

To various extents, Latin America approaches were based on Johan Galtung’s “centre-periphery” model. This not only refers to the relationship between the “Third World” (periphery) and the “First World” (centre), but also expresses the extension of this relationship into the developing countries themselves, in connection, for example, with the relationship between the countryside (periphery) and the growing cities (centres). In Germany, this view was made known in particular by Dieter Senghaas who noted, “The underdevelopment of the Third World does not represent [...] a passive phase on the road to an autocentric development that is comparable to the long-transitional period from the traditional, feudal society to that designated as bourgeois and capitalist in the history of the industrialisation or modernisation of European society. Underdevelopment rather is an historically progressing development of the international economic system dominated by capitalist metropolises and thus also of international society. The development of these metropolises, the centres, and the history of underdevelopment in the Third World are complementary processes resulting from the international system.”¹

The concept introduced later to differentiate this approach – “structural heterogeneity” – served to connect the traditional and modern sectors existing in the “Third World” with their dependence on the world market. National elites were as “bridging figures” to represent the interests of the industrialised countries in developing countries. Moreover, a process of “intrinsic criticism” of the dependency-related approaches helped ensure that the tremendous lack of clarity which existed initially and the fact that there was no empirical basis was, in past at least, amended. In the final analysis, this led – even in the case of Senghaas – to their replacement by differentiated reality-related theoretical approaches. These are less ambitious and at any rate no longer attempt to provide an explanation for the situation in the entire “Third World”. This is not to deny, however, that there are indeed certain dependencies in the relationship between the developing countries and the industrialised countries. The discussion, how-

¹ Dieter Senghaas, foreword in Dieter Senghaas (ed): *Peripherer Kapitalismus: Analysen über Abhängigkeit und Unterentwicklung*, Frankfurt 1974, 18

ever, centres solely on the importance attached to the dependency factors in relation to other causes of poverty and underdevelopment.

The dependency theory approaches were substantiated by the dependency factors summarised hypothetically below:

a) In the colonial period, the economies of the developing countries were directed towards the export of agricultural and mineral raw materials. Individual countries often concentrate on the production and extraction of a small number of raw materials, which then dominate the export market. Imports, on the other hand, generally consist of finished industrial products. This form of exchange is the base on which the entire infrastructure (harbours, roads, railways, telecommunications etc.) in developing countries rests. Both the production structure now in place and the infrastructure complementing it have the determining influence on a structure of economic exchange which one-sidedly serves the interests of industrialised countries.

In the opinion of those who espouse dependency theories, the one-sided advantage described here can be seen even more clearly in the light of the collapse of real terms of trade between imported industrial goods and exported raw materials. The price of mineral raw materials is dropping due to stagnating or shrinking demands. While the price of raw materials is determined on the commodity exchange – even under the influence of speculative dealings – so that prices for suppliers from developing countries must be accepted as a given fact, suppliers from industrial countries are themselves able – depending on the level of competition – to fix the prices of their services and industrial goods.

The phase “unequal exchange” is occasionally used to describe the situation whereby a product that has taken many working hours to make in developing countries is exchanged for a product made in only a few working hours in industrialised countries. This leads, according to the theory of “unequal exchange”, to a one-sided transfer of wealth from developing countries to industrialised countries.

b) Despite the fact that the terms of trade have proved disadvantageous to the developing countries, the economy was not restructured in the wake of the gaining of state sovereignty. The indigenous elite – in many cases the successors of the earlier colonial rulers – had an individual economic interest in maintaining the existing structure of the exchange of goods (e.g. as large-scale landowners or mine owners). Even after foreign property has been nationalised, the new bearers of the right of disposal also remain firmly attached to the existing structure. Exports allow them to acquire the foreign currency needed to finance their luxury consumption, meaning

that these groups are being rewarded for weighing heavily on their own fellow citizens (and the interests of the economy as a whole) and for helping push through not only their own interests but those of the industrialised countries, too.

c) This externally-related social, economic and political power structure leads as a consequence to an extremely unequal division of income, thus preventing the balanced development of the developing countries' internal market. Technologically relatively modern sectors of the export market and production branches for luxury consumer goods for the rich are contrasted with little developed sectors of the economy such as agriculture, craftwork and small-scale industry which serve primarily to satisfy supply needs of the majority of the population. On the other hand, there is no modern mass production of consumer goods for the home market nor the investment areas that would naturally accompany it. The economic structure is characterised by extreme divergencies in productivity resulting in considerable differences in profits and wages.

d) The developing countries continue to be affected by both economic and structural changes and crises in the industrialised countries. Thus, for example, a relatively minor drop in demand for raw materials in industrialised countries may lead to a drastic drop in price on the world market which has dramatic negative consequences for the entire economy in the developing country concerned if a key sector of the home economic system is affected. For most mineral and agricultural raw materials, price elasticity of demand on the part of industrial countries is relatively low. Where prices drop because of a decrease in import demand, there is hardly any compensating quantity effect to stabilise export yield. This is why developing countries experience economic and structural crises whose scope greatly supercedes that of industrialised countries. Moreover, industrialised countries try to pass on the consequences of their internal crises to developing countries by means, for example, of subsidised exports of agricultural surpluses. The same is also true in monetary affairs where the budgetary policy of one or several industrialised countries (e.g. the 1980s US budget deficit) has an effect on the global finance market (interest rates) with repercussions for a whole range of other countries.

e) Even industrialisation introduced via direct investments does not for the most part lead to an end to dependency on the export of raw materials, but rather strengthens and complements the very structures of dependency. Direct investment may indeed bring human and material capital to the "Third World", but it is usually only the indigenous workers who are offered jobs

with low qualifications while foreigners mostly work in well-paid managerial positions. Thus the effect on employment of direct investments for the home economy is classed as low both in quantitative and qualitative terms. Moreover, capital outflow quickly exceeds primary capital influx – because of open or secret profit transfers (excessive prices for supplies within a particular group of companies, high licence fees, marketing by companies belonging to the same group) – so that the total effect is one of capital outflow.

f) Nor does industrialisation without direct investments offer the chance of avoiding the problem of dependency. Since the developing countries are severely behind the mark in technological terms, it is necessary to import expertise via licences, management consultancy or in the form of investment goods from industrialised countries. This necessitates on the one hand considerable payments being made to the industrialised countries (including for permanent supplies); on the other, capital-intensive production procedures are imported which reflect the tight relationship between labour and capital in modern industrialised countries, but not at all the wholly different one found in developing countries.

g) Bad trade conditions for raw materials, the transfer of profits of multinational companies and the expense of having to pay for imports in a strategy geared towards industrialisation generally require borrowing abroad. If the amount borrowed exceeds a certain relation (e.g. export yield) and the ability at all times to meet interest payments and redeem the debt can no longer be guaranteed, developing countries become dependent on both private banks and international organisations (IMF, World Bank). Since banks transfer risks solely to the borrower (variable interest rates), the developing countries themselves are hardly in a position to avoid dependency of this kind.

Furthermore, financial dependency may also be caused by the fact that the ruling elites exhaust the maximum possible level of debt a particular country can incur in order to use the foreign currency thereby generated for luxury consumer goods and prestige objects and to facilitate flight of capital.

h) Tourism, traffic flows and the means of mass communication (television, film, radio, advertising) transmit consumer goods made in industrialised countries to developing countries leading the consumer to give irrational preference to foreign goods over products made at home even where the relationship between cost and effect is less favourable than for indigenous products.

i) Despite the fact that there are diverse interests and a spirit of competition between individual industrialised countries, industrial firms and banks, their relationship with the "Third World" is marked by cooperation geared towards common advantage. The dominant industrial nations therefore coordinate with the institutions of the World Bank and the IMF to push through their own interests by virtue of their majority vote calculated on the basis of the capital contributions they make to these organisations. The rules governing world trade within the framework of GATT are moreover geared solely towards trade between industrialised nations while the questions of particular interest to developing countries – agricultural and textile trade – are subject to special regulations and, typically enough, excepted from the general rules to the detriment of developing countries. Certain other preferences granted to developing countries do not compensate for disadvantages of this kind.

Furthermore, private banks cooperate with one another in determining their debt strategy in respect of developing countries. In the industrial sector, the exercise of private economic power over developing countries is promoted via the legal order valid in industrialised countries. Export cartels, for example, are exempted from the general ban on cartels. EC legislation on competition often leads cartels such as these to discriminate in particular against non-European countries, in the main, however, against developing countries. Thus, producers from the industrialised countries active in the "Third World" work together to limit competition, a practice forbidden at home. This too is a cause of discrimination against developing countries.

3 Counter-strategies from the point of view of the dependency theory

Various strategies are proposed to combat what is considered the excessive dominance of the industrialised countries:

The first strategy advocates a radical break with world market structures. Multinational companies should be nationalised and large landowners expropriated in order to introduce an independent (in most cases somewhat socialist) development geared primarily towards the home market. Foreign trade relations with the capitalist world market should be revoked, or at least reduced.

Since every internationally recognised independent country does have marginal room for manoeuvre even in the world economic structures which one-sidedly favour the industrialised countries, the second strategy proposes to deliberately use this room for manoeuvre and preferably to expand it in cooperation with other developing countries. This gives rise to

the idea of intensified South-South economic relations and partial, selective decoupling from the world market for a limited period of time. Before 1989, this sometimes represented an attempt to exploit the differences between East and West. The existing room for manoeuvre does not require a radical or revolutionary break with the system, so that a reform-oriented policy is deemed appropriate when entrusted to "progressive parties" and trade unions.

Cooperation with the Eastern Bloc, advocated by some supporters of the dependency theory, which would, however, also be accompanied by the risk of new forms of dependency (in some cases this actually happened – Cuba, for example) is now no longer possible given the radical reform processes underway in central and eastern Europe. Even advocates of a relationship such as this now see themselves challenged to look in greater depth at the question of how poverty and underdevelopment can be overcome effectively and in a way worthy of human dignity. To answer this question, it is essential to consider more closely the dependency theory view.

4 Merits of the dependency theory

The merits of dependency theory approaches lie in the fact that they present a comprehensive view of the problem of development and attempt to integrate political, economic and social aspects in an historical perspective. By stressing the cumulative interconnection of endogenous and exogenous factors which limit development, the one-sided view of the modernisation theory, which neglected conditions on the world market, is refuted as is the theory of imperialism which gives closer analysis only to the world market but not to internal structures. This applies at least to differentiated forms of the dependency theory,² which do not offer global theories for all "Third World" countries in Asia, Latin America and Africa but rather advocate context-related analyses of specific structures of dependency.

These dependency theory approaches show the extent of the problem area involved in a way that does greater justice to the comprehensive, integral problems of development than the neo-classical or Keynesian concepts which have held sway in developing countries for so long. Thus, for example, the dependency theory picks up problems which were the point of de-

² Fernando H. Cardoso/Enzo Faletto, *Abhängigkeit und Entwicklung in Lateinamerika*, Frankfurt 1976

parture for the emergence of classical political economy as expounded by the likes of Adam Smith and John Stuart Mill. The new political economy and "new institution" economic system analyse the historical roots and development of institutions and rules which determine affluence, in both political and economic terms. Modern economics is returning to the comprehensive problems posed by its founding fathers. Rules and institutions have a central function in regulating forms of mutual dependency and in avoiding one-sided dependency which is accompanied by the danger of "exploitation". Since in the "new institution" economic system investigations into the causes of dependency, asymmetrical relations etc. play an important rôle, the actual investigations themselves, but not, however, the method employed, are compatible with considerations on dependency theories.

5 Difficulties of the dependency theory

Every scientific research programme must face certain empirical phenomena which are not compatible with this theory. A theory should only be dropped, however, when, firstly, there are a great many phenomena which are no longer compatible with it, secondly where these can no longer be integrated in further development and marginal adjustments and, thirdly, where there is a plausible alternative theory available. The following may be said in the light of a study of the various characteristic features of the dependency theory taking these methodological considerations into account:

a) The term "dependency"

In an economic system marked by the division of labour, everyone is "dependent" on others since what a person produces himself must be wanted by others and since we are all reliant on the services of others. At an international level, mutual forms of economic dependency such as these not only have a positive effect on welfare, but also promote peace, as can be seen from the example of the EC. Purely self-sufficient economic systems are being dropped in order to overcome the extreme shortages caused by an economy based only to a small degree to the division of labour and thus to create greater freedom and room for manoeuvre. This transition to an economy based on the division of labour – in principle designed to extend freedom – leads to dependence on anonymous markets (or to asymmetrical forms of dependency on planning authorities in centrally administered

economies). Dependence within the meaning of the dependency theory does not, however, usually mean this mutual reliance on markets but rather a one-sided relationship characterised by considerable discrepancies in power. In long-term economic relationships which are on principle based on mutual dependence, relative advantages are enjoyed sometimes by one side, sometimes the other; such advantages may promote misuse and exploitation in respect of the other party. Thus, in 1973, western industrialised countries were much more dependent on Arab oil than they are today, a situation which was exploited at that time by OPEC. Defining the term "dependence" is difficult because of the need to find criteria on how to distinguish between one-sided and mutual dependency both at market level and, on a higher plane, for states. In practice, this means, for example, that if the level of foreign debt were used to determine "dependency", then the USA, as a country with the highest foreign debt in the world, would have to be classed as a dependent state.

It is also problematic to define dependency between countries on the basis of economic or political power and to conclude directly from it that a state of "underdevelopment" exists. There is, for example, a vast gulf in power between the USA and Canada, and also between the USA and Mexico; this does not explain, however, the different levels of development of Mexico and Canada. The Federal Republic of Germany's neighbours – such as Denmark, the Netherlands, Belgium, Luxembourg, Switzerland and Austria – are to a certain extent "dependent" on the German economy; their level of development, however, is just as high, sometimes higher.

Any attempt to characterise "dependency" is quickly faced with reservations such as these. This is why the following description has been proposed. A country's political and economic room for manoeuvre is classed as very low when, firstly, global economic developments (exchange rates, interest rates, prices for raw materials) have to be accepted without question, secondly where the rules and the institutions of the world economy cannot be actively influenced, thirdly, because of the lack of a counterforce (e.g. against protectionism on the part of industrial countries) where changes in internal structures are only possible in opposition to massive political, geostrategical or economic interests of other countries (superpowers, large neighbours etc.) and, fourthly and lastly, where cultural dependency arises as a result of the fact that consumer behaviour, the information media and education (education systems, school books) are geared towards western models.

b) Questions arising from the historical development

Elements of "dependency" such as these cannot, however, explain the development of the world economy in the last 500 years alone in the same way as has been attempted by the "world system approach" (I. Wallerstein, S. Amin). These concepts in fact throw up the following questions:

- Why is it that in western countries in the modern era Portugal, Spain, the Netherlands, France, Britain and the USA succeeded each other as leading power without any temporarily dominant power having been able to secure its position as leader in the long term, and this despite relative economic superiority? One fact of post-war development that leaves a particular impression is the drop in the USA's share of the global economic pie and world trade and the rise of the Federal Republic of Germany and, in particular, Japan. The world market is obviously an open system basically offering opportunities for all. Anyone may profit from an open system of global trade. The advantages enjoyed by one party need not be at the expense of others. Does it not depend on the extent to which a country is institutionally so bogged down with red tape that it is no longer able to react adequately to external challenges?
- How can the general dependency theory explain the collapse of socialism in eastern Europe given that the socialist countries had embarked on a path independent of the capitalist world market and the world economic institutions dominated by western countries? Did not perhaps the very fact of being at a distance from the world market play a part in socialism's demise? Why is it that those very countries who have embarked on the path of socialism are among the poorest in each relevant area?
- Why has there been a drastic deterioration in the economic importance of countries in Latin America whose per capita income in 1914 was at a par with that of many West European countries? Why have the past 35 years seen such differences in the development of countries in Asia who before then had reached a similar development level (India, South Korea)?
- Why have those very countries such as South Korea and Taiwan been economically successful (albeit with certain social and economic costs) despite the fact that, according to the standard version of the dependency theory, they did everything wrong, operating a development strategy geared towards the world market coupled with high levels of borrowing abroad?

- Is a decline in the terms of trade perceptible for all relevant products and every timescale? Are industrialised countries permitted to halt technical progress (glass fibres in place of copper cables) and introduce increased waste recycling since this reduces demand for raw materials and leads to a drop in prices?
- Is the apparently "unequal" exchange of numerous working hours in developing countries against only a few in industrialised countries based on the fact that in industrialised countries, considerably higher levels of previously done work is used in the form of a large capital stock than is the case in developing countries? Is this aspect not more important than possible bad price relations caused by discrepancies in competition?

The dependency theory, moreover, neglects one problem area of importance for the "Third World", namely the continued high population growth and the ecological problems the population development entails. The explosive nature of these issues has been underestimated. The significance of religious and cultural factors for economic development is also not given adequate attention.

What is more, the dependency theory often turns out to be useful for political rulers in "Third World" countries, as indeed critics among its own ranks accept. Rulers such as these can avoid introducing possible and necessary internal reforms, pointing apologetically to "world market conditions" and giving rise to the impression that their demand for a "new economic order" is designed to serve the interests of the population of their country and fails only on account of the industrialised countries. All this lack of definite clarity demonstrates why it has hardly been possible to develop any viable framework for action in respect of the approach. Nonetheless, they often show that changes in global economic conditions are urgently required for developing countries, but that these cannot have any sustained effect on reducing poverty without complementary internal reforms.

6 Improved global economic conditions for developing countries

Improvements in global economic conditions are essential, and have been called for in various documents of the Church's social teaching. Many of the measures mentioned below are aimed, in the final analysis, at overcoming the administrative shortcomings in the global economy to create conditions whereby market forces are in fact able to serve the common good. The following individual measures to reduce unequal dependency

and to ensure the successful integration of developing countries in the global economy seem urgent to achieve this end:

a) Imports of tropical agricultural products and mineral raw materials usually guarantee industrialised countries exemption from customs duty. However, increased customs duty (customs escalation), the processing level of which is rising, hold developing countries back in their attempt to extend the export structure and reduce fluctuations in their export yield. This could lead to a rise in stable value added components becoming part of export prices. Developing countries which export raw materials should be provided with improved information on developments on the international market (potential supply and demand). Further instruments to stabilise raw materials prices and export yield should be created (e.g. compensation payments, long-term agreements on raw materials) whereby, however, the experience gained with the many raw materials agreements that have failed have to be analysed in detail, along with the causes behind these failures.

b) The industrialised countries should openly expose their agricultural products to competition from developing countries and desist from aggravating the sales prospects for developing countries with highly subsidised agricultural exports.

The systematic export of agricultural surpluses to developing countries puts pressure on their own potential for agricultural development, and are thereby held back in their efforts to structure their agricultural sectors in a productive way. Neglect of the agricultural sector does not turn out to be an impediment to economic growth in the medium to long term alone, but also leads to the stabilisation of unequal dependencies (e.g. of food imports to which political conditions are often attached).

c) With regard to industrial goods in particular, with which developing countries could relatively easily become competitive on the markets of industrialised countries, there are considerable tariff-based and especially non-tariff barriers to trade. This is particularly true of textiles and clothing, areas which were of as central importance to the development path of industrialised countries as was the agricultural sector. It is also true of production areas such as shoes and leather articles, tonnage steel and the like. The removal of import barriers in these areas is therefore an urgent necessity.

d) The EC Single Market is of particular importance for developing countries. In view of the fact that World Bank statistics still consider countries

such as Portugal and Greece as developing countries, there is a risk that pressure from these countries, which view developing countries as their direct competitors, will result in less developed countries being kept at a distance from the Single Market.

Calls are being made in the interests of developing countries to ensure that the liberalisation to take place within the framework of the EC Single Market project is not compensated for by a raising of external barriers. Internal liberalisation rather should go hand in hand with external liberalisation, and binding rules should be laid down in the EC's system of foreign trade. The application of and compliance with these rules (e.g. in anti-dumping procedures) should be made verifiable before the courts by the EC Commission.

A liberal EC foreign trade policy would be made easier if the less advanced countries of the EC were given the opportunity of catching up and balancing the situation out on the basis of their own efforts. The hasty removal of the exchange rate buffer between the various developed countries of the EC by early currency union is detrimental to an opportunity such as this. Moreover, the relatively prosperous EC countries should invest material capital and human capital in less developed EC countries allowing them to speed up the process of structural change and come closer to the more developed countries.

e) Institutions should be created within the framework of GATT to prevent the emergence and exercise of private and government economic power to the detriment of foreign competitors (e.g. multinational firms, international cartels, state monopolies, such as in the transport sector, energy and telecommunications).

f) Possibilities for developing countries to deliver manufactured goods to industrialised countries should not be undermined by excessive protectionist measures to shield intellectual property. Access to industrialised countries' technical knowledge should be made easier by the transfer of know-how, nonetheless with the prerequisite that developing countries enter into international agreements and subject themselves to effective international control (Nonproliferation Treaty, protection of intellectual property etc.) in order to combat the abuse of technology imports for armaments production and warfare.

g) In their borrowing policy and policy in respect of the conditions attached, the IMF and the World Bank should not limit themselves to influencing macroeconomic factors, such as exchange rates, balance of payments, budget deficits, inflation rates etc, of countries with high levels of

debt. Social and ecological consequences should also be taken into account (e.g. cuts in the budget for health and education, increased unemployment, ousting of small business and, perhaps, forest overfelling); this would also be a reason to advocate the extension of adjustment measures as well as special programmes to absorb the shock of any consequences which may occur. Participation in these special programmes should go beyond the governments of "Third World" countries, which are often lacking in democratic legitimacy, to encompass organisations of those directly involved. Depending on the situation in each individual country, conditional full or part remission of debt is also useful.

7 Internal reforms required

Faulty macroeconomic developments are generally symptoms of administrative failings at both national and global level, and must therefore be given greater attention in the policies of the IMF and the World Bank. In this respect, the tabu must be lifted from administrative improvements proposed from external sources, such as the setting up of independent central banks, the demand for the levying of income tax, a reduction in armaments spending, a stop to imports of armament products, agricultural reforms, the decartelisation of firms, the privatisation of state-run companies etc. Any policy based solely on macroeconomic values is inappropriate unless it is accompanied by complementary administrative improvements, and is destined to fail since it does not remove the institutional causes of excessive debt. Institutional reforms of this kind must above all be aimed at relaxing the political, institutional and economic limitations which prevent the working people of developing countries from "also enjoying the fruit of their labour". Far-reaching administrative correction can then be combined with debt advantages and new borrowing facilities.

In a world that is growing ever closer intertwined, it may be that there will be less and less unlimited national sovereignty. Every country is called upon to submit itself to common rules and institutions, since only common rules and institutions can help solve the global, international problems to be faced. This applies not only to respect for human rights but also to economic rules and institutions.

The fact that, in spite of the market conditions which obtain at the moment, a far-reaching process of differentiation has taken place among the individual countries or regions of the "Third World" means that, even in view of all the disadvantages present global economic structures bring with them, there is still a considerable degree of room for manoeuvre for independent structuring. This can also be seen in the considerable resources

hitherto used for luxury consumer goods for the upper classes, for the import of armament products and items designed to enhance national prestige, instead of for productive investments. The considerable extent of the internal and external flight of capital shows that it is not money that is lacking but reliable investment conditions. This is the cause of the "capital outflow" from developing countries combatted in the dependency theory.

The sensible use of the existing room for manoeuvre for the development of economic systems requires that the advantages of what are in principle liberal free market conditions are discovered for the individual country in question and used in a way that ensures the productive application of domestic resources (soil, raw materials, potential workforce), followed by an attempt to achieve the desired expansion of the country's own potential in line with the possibilities for adaptation. The success of a process such as this demands legally guaranteed freedom of action for domestic firms. A further essential element is the setting up of an effective education system to propagate and diffuse knowledge. The experiences gained in industrialised countries (various lobbies, e.g. in the agricultural sector) show that an unbiased analysis of the situation and corresponding programmes for action always meet with the resistance of certain interest groups (e.g. landowners, national entrepreneurs, workers threatened with wage reductions or with dismissal). Industrialised countries and international organisations should use political and moral pressure and economic incentives to create productive conditions which favour internal reform. The Churches are obliged to promote reforms of this kind by means of public relations work with society. Freedom of research and teaching, and freedom of public formation of opinion are essential elements of any attempt to exert influence on established interests which put a brake on development. The public formation of an informed opinion should also extend to groups on the margins of society who have hitherto remained unorganised (e.g. the poor rural population). Without the political participation of the poor and their organisation within the framework of constitutional and democratic structures, there can be no development more worthy of human dignity.

It must be possible to weigh up the social effects of economic development plans and the setting of major objectives together with their various advantages and disadvantages. This applies to all forms of development: for rural development in order inter alia to guarantee supply on the domestic market, for possible agricultural exports, for central objectives for industrialisation (with or without explicit direct investments), for regulating influxes of tourists and for developing relations in foreign trade (e.g. borrowing abroad) etc.

The liberal freedoms of free formation of opinion, democratic participation and entrepreneurial action have a direct positive effect only on a small part of society if measures are not taken at the same time to reduce social inequality. This includes in particular the setting in place of an effective system of social security which guarantees a minimum level of care even in the case of illness, unemployment and old age.

Above all, attempts must be made to find possible ways of cooperation with other developing countries in order to overcome the mistakes that have arisen up to now in South-South cooperation, mistakes which are attributed not only to the lack of relevant infrastructure, but which are also due to the fact that no agreement could be reached on joint gaining of advantages and on rules for dividing up the advantages enjoyed by some. It is rather the case that the developing countries have even themselves built up protectionist measures among each other.

These general considerations on the discussion engendered by the dependency theories are directly problem-oriented. The problems developing countries face are seen in fundamental violations of the basic rules of the social market economy, on the one hand at the level of the world economy, on the other hand at that of developing and industrialised countries themselves. It is possible to build up a list of criteria founded on these principles which offers an analysis of the specific understanding of regional problems and possible ways of solving them.

8 Consequences for African economies

a) The differentiated character of the African continent makes it difficult, if not impossible, to provide a general analysis of conditions for socio-economic development and derive recommendations from such an analysis which may be said to be valid across the board. There are, moreover, extremely great differences, as regards both provision with national resources, socio-economic and cultural structures and institutions, historical development and experience of colonial rule, and also the structure and function of present social and political systems. These latter in particular appear in fact to be giving ever greater cause for concern.

b) Almost all African countries are confronted with the following problems:

- food shortages;
- growing unemployment or underemployment;

- migration from rural areas and problem growth levels in metropolitan conurbations;
- increased pressure from the general public on agriculturally viable land;
- advancing desertification caused by pressure from the population and the use of obsolete agricultural techniques, extending to ecological catastrophies especially in semi-arid (near-desert) areas.

c) It cannot be denied here that the colonial past, the emphasis on monolithic cultures and the typical type of urbanisation must be seen as some of the causes of present plight. The situation on the world market and the agricultural and economic policy of the industrialised nations in this regard also play a fatal rôle. Nonetheless, it is in the interests of African countries themselves to minimise certain internal social and economic policy shortcomings since these intensify the unfavourable effects of the specific integration of African countries into the world system.

d) Key areas of the internal conditions are:

- political and economic systems;
- the state of agriculture;
- population growth;
- environmental destruction;
- rapid growth in metropolitan conurbations and the emergence of slum areas;
- shortcomings in economic, agricultural and social policy.

e) Social and political systems suffer in particular from difficulties in "nation-building", largely a result of the arbitrary drawing of borders in the colonial period. Tribal feuds prevent the creation of a true parliamentary democracy which, for its part, forms the basis for a social market economy. Social and political systems, dominated by "elites" which continue to follow the colonial mentality, considering the "state as booty", prevent or make difficult the development of an adequate legal awareness and limit to a minimum the room for manoeuvre for self-help. Pressure groups and interest formations for marginal groups are looked on from the very outset as subversive and are largely suppressed. The state of many African societies is characterised by the "simultaneity of the non-simultaneous". Cultural models in particular and social patterns of behaviour are no longer compatible with an environment of a constantly changing system. This is true in particular of the position of women who continue to suffer social discrimination in spite of the fact that they represent the most important factor in economic life. Population growth and the spread of AIDS are,

however paradoxical it may sound, connected not least with the social status of women.

f) The state of the agricultural sector is marked by collective property of the tribe, the village or the clan (in the mythology of forebears) managed individually by the family. The traditional technical form is that of shifting cultivation with fire clearing. It is under growing pressure from the population, which, because of quicker rotation, no longer allows any rest period for the soil and directly furthers the ecological collapse of the traditional agricultural system. Problematic here is the changed rôle of "chiefs" or "chefs de terre" who traditionally were responsible for the just allocation of plots of land, but today there are clear trends to be seen towards the emergence of "landlords".

g) There can be no doubt that the combination of excessive population growths, improper agricultural techniques, obsolete forms of agricultural structures and the "refeudalisation" now being observed in landowning is playing into the hands of environmental destruction. This is not only a question of better technologies, but also largely of institutional reforms and an integrated rural development which could reduce migration from rural areas by creating non-agricultural jobs there.

h) From a development policy point of view, the economic policy of many countries has espoused the theory of imbalanced growth. Too great a level of trust has been placed by industrial and urban development in the so-called trickle-down effect. This is in part a result of the colonial tradition but also of development aid "in the early years". This led, among other things, to a swelling of metropolis areas which is actually the opposite of healthy urbanisation. A particular catastrophic effect in this area in particular has been the neglect of traditional agriculture. An especially detrimental rôle is played here by producer price policy for foodstuffs. Almost all governments have kept them artificially low in order to keep food prices as low as possible for the growing masses of urban poor in a kind of "social pacification strategy". A backlash effect of this policy has been the decline of traditional agriculture and increased urban migration. In this context, we must not forget the import policy for foodstuffs which in particular combines with undifferentiated aid to create deadly forms of competition leading to the displacement of the traditional agricultural sector.

i) It is not only a restructuring of world trade policy, described in greater detail in part 6 above, that is necessary, but also a basic restructuring of so-

cial and economic policy in African countries. The following considerations are important here:

- Adequate socio-economic development cannot be achieved without changes in the political and socio-cultural systems. What is required is a change of awareness in the "rulers" and the "people". Institutional changes are required, usually accompanied by decentralisation, codetermination and the promotion of self-help capabilities at all levels. A basic element is an effective guarantee of human rights via the legal order. There must, moreover, be democratisation in the political system by creating multi-party democracy.
- Any development strategy must analyse the interrelationship of constellations in and outside the system, and take account of the interdependencies between natural, socio-economic, demographic, cultural, technical and political factors in the specific context of the individual country concerned.
- The main responsibility for applying strategies of this kind must remain with the African countries and societies themselves, understood as a newly mature "Third World", even although the industrialised countries can certainly not be relieved of the responsibility they bear. It is intrinsically in the interests of these countries to grasp this responsibility particularly in view of the fact that the mutual "dependencies" will be on the increase in the emerging world society. Events of the past few years have shown, in particular in view of the ecological problems to be faced, that dependency of the "rich" on the "poor" in our "one world" is more and more being understood.

II The economic dependency of Africa in the international context: Statements on the study "The dependency theory as an approach to explain poverty and underdevelopment" from an African point of view

1 Statement of M. Pascal Kuate

It is not easy to add something to the document prepared and presented by German experts about the problems which are ruining the African economy and society. I nevertheless wish to present to you a few thoughts on this topic and the problems connected with economic dependence as one of the explanations for the underdevelopment of African countries. The thesis of economic dependence, frequently also referred to as "domination", "ex-

ploitation" or "blockage", was formulated in reaction to the thesis of "backwardness" as a cause or explanation of underdevelopment. The backwardness thesis represents a school of thought to which capitalist economists generally belong. Their leading thinkers include W.W. Rostow. It would therefore be appropriate to touch briefly on this thesis before proceeding to describe the current situation, analyze the causes and sketch a few of my own proposals for a solution.

In the early 1960s, most black African countries attained their political independence, often after long and bitter struggles. They were initially classified among the group of backward countries. After taking their destinies into their own hands, their most pressing concern was to solve economic and social development problems as rapidly and as well as possible.

Since nearly all these countries were former colonies of West European states, it was quite natural for them to turn to western development models. At that time, most studies about economic and social development formed a "rigid theoretical corpus". These were models which were meant to represent the reality of backward economies and enable concrete political measures to be taken to overcome underdevelopment.

Many studies about economic planning or the various policies required for each economic sector were also carried out under the aegis of international development organizations. All these studies were based mainly on the belief that economic development is a universal process, as long as certain obstacles are removed and preconditions are created for transferring growth from the advanced to the backward economies. This was in line with the unilinear concept of economic growth: monetary capital, western-tested technologies and international trade were expected to ensure the upswing of the backward economies. This was the primacy of the backwardness thesis.

The backwardness thesis is supported by a framework of studies which are already very old. According to this thesis, all countries are positioned along one and the same line of economic development and are all moving towards the same final goal, during which they pass through every one of five stages. W.W. Rostow has classified these stages as follows:

1st stage: the traditional society, which is marked by backward economic, intellectual, social and technological structures which restrain economic growth.

2nd stage: transitional phase; this represents the beginning of development in all spheres.

3rd stage: starting phase; the society succeeds in removing the obstacles and barriers which obstruct growth.

4th stage: maturing process or development phase; economic structures change rapidly and economic expansion outstrips population growth.

5th stage: period of mass consumption; final phase: either stagnation or a search for other limits.

According to this theory, all developed societies today have passed through these five phases, while the less developed ones have yet to do so. At present, they simply have a backlog. This is due to several reasons, of which the following may be emphasized:

1. Reasons related to natural factors such as the climate and the deleterious effects of any climatically related health problems on labour dynamics and capabilities.
2. Availability of natural resources, a shortage (and strangely enough, an over-abundance) of which may be a handicap.
3. Causes related to the population. John Stuart Mill, for instance, sees the underlying causes of underdevelopment mainly in psychological, social and institutional factors which hinder the activity and efforts of man, obstruct his progress etc.

It thus becomes evident that the backwardness thesis stresses shortages and limitations which can be found anywhere, but which do not amount to insurmountable obstacles.

This thesis does not seem to take into account that most developing countries and nearly all black African states are former colonies, and that all colonies – like all traditional societies, for that matter – directly or indirectly felt the repercussions of the industrial revolution in the West. At that time, Europe had already become a market with a strong demand for tropical products as well as an industrial power in search of greater markets for its own products. To meet this twofold need, Europe reoriented the economic structures of the societies which it had militarily subjected. From the second half of the 19th century onwards, these areas became increasingly important to world trade. In the early 1950s, however, it became increasingly clear that such a division was far from being a fortunate dispensation of providence, especially not for the “Third World”. The expansion of the export cultures hampered rather than promoted development.

Meanwhile, the controversy about the causes of underdevelopment expanded. After the 1960s, backward economy theories were used less frequently. Instead, radical theoreticians and socialist countries in general elaborated and supported theories about economies dominated, exploited or blocked by imperialist capitalism, or still dependent on it.

The origins of this explanatory approach lie in the older protests of the 19th and early 20th centuries against the negative human and social effects of the rise of capitalism. These negative repercussions were castigated by writers and thinkers like Proudhon, Karl Marx and Lenin. The Church pilloried and condemned them too, especially in encyclicals such as *Rerum novarum* by Pope Leo XIII.

Radical authors believe that the underdevelopment of the "Third World" countries is simply the outcome of their domination by world capitalism in the spheres of trade, income distribution, monetary flows, technology, culture and development mechanisms as a whole. They feel that the dominated, exploited and developmentally handicapped "Third World" can only find its "salvation" by breaking away from a world market dominated by capitalist forces, by building up economies with an exclusively national orientation and by turning towards socialism.

This dependence theory has already been analyzed in detail by our colleagues from Germany.

We can safely say that, whatever form of domination may be practiced, whether it is old or new, it too presents no insurmountable barrier to people who act in a spirit of solidarity and have the will to cooperate and alter their destinies. After all, history consists of such confrontations, which did not always leave the weaker side dominated by the stronger – as for instance when the Romans encountered the Greeks in ancient times. Horace describes the meeting of the two cultures in Book II, Verse 156 of his collected letters, which I would liked to cite here: "Vanquished Greece tamed its wild conqueror and brought the arts to rustic Latium."

The dependence thesis appears to have been more of an ideological bludgeon with which to belabour the capitalist system than a genuine instrument for effective economic and social development. In view of control over the government apparatus by certain social groups and in view of the scant change in the plight of the innumerable poor in urban and rural areas, even in countries which call themselves independent or profess to socialism, we should ask ourselves some questions about the radicalism of the changes which have been announced or implemented.

Although the countries of black Africa today present a much more complex, multi-layered picture than current theses suggest, the following generalizations may be registered: these countries are poor, and their problems have become even more complex and even more serious during the past thirty years or so.

Regardless of the development model (capitalism or socialism) which they inherited or applied, the result in economic and social terms is always the same: failure!

We can, indeed we must investigate the underlying causes of this universal failure before we can consider possible solutions aimed at giving these countries a brighter future.

It is not our intention to present a detailed list of the underlying causes of the problems of the African continent here. However, we do believe that the following circumstances can be identified as contributory causes:

1. the economic and social development of Africa in contact with the West;
2. direct or indirect accomplices in the West and in Africa;
3. the creation of a world in which less and less room is left for God.

Point 1: There is some similarity and even a certain measure of identity between the respective schematic portrayals of the development of economic growth by W.W. Rostow (capitalist system) and Karl Marx (socialist system). Whereas W.W. Rostow describes the final stage as "mass consumption", Karl Marx uses the slogan "to each according to his needs". In each case, a consumer society would be the final stage. This, i.e. the complete satisfaction of all human economic needs, is the normal development of every economy.

In the West, the consumer society is based on a complete, powerful, dynamic and efficient production system: every capable person finds employment in production and has quite a high social status. The functions and the political, educational and economic decisions of society are guided by the quest for efficiency and quality.

By contrast, we in Africa sought to develop a consumer society along western lines as quickly as possible. We were supported in this by consumer attitudes, the media, the goals and effects of marketing in the West and by our own strong consumer preference for imported products.

Yet the African consumer society differs from its western counterpart in that it is not yet based on a powerful, dynamic and efficient production system. But creating a consumer society without building an adequate production base means once more producing a nation of hungry beggars.

Thus the problem of distributing ever-diminishing resources, which are not replenished by production, invariably triggers conflicts and aggravates the tribalism which the politicians frequently use as a convenient excuse to conceal our economic difficulties.

Our education system, which accepts more and more children whose needs can hardly be attended to, is searching for its own identity. It is frequently accused of failing to adapt, of providing insufficiently professional tuition and of simply training pupils to be unemployed. Yet how can a training system give young people a sound vocational training without having at least a rough idea of the quality standards demanded by the production system,

for the simple reason that such a system is practically non-existent here? How can you devise vocational qualifications for a largely consumptive economic system? As it is, even our engineers are unemployed because the education and training system has to rely on demand from the production system in order to set its own standards of quality and efficiency.

Point 2: Many leaders and important decision-makers in Africa owe their rise to power and high political or other offices, often against the will of their African peoples, to backing from certain leaders in the West. The people of these western democracies have only rarely demonstrated their rejection and disapproval of this, even though they themselves have the power to control and check all government actions. Newspapers and books report that many of our leaders not only possess enormous wealth, presumably diverted from state funds, but also transfer these hoards to the West for safekeeping. In fact, these funds are guarded by the very same countries which monitor and investigate the sources of even the most negligible sums deposited by their own leaders.

Point 3: The socialist system openly professed its atheism. But for all its liberalism, the now triumphant capitalist system is in danger of achieving the same result – the creation of a world without God – through its perverse and dangerous repercussions and its materialism. Why do our churches in the West attract fewer people than the most minor football game or folk music concert, even on major religious holidays? Why do they attract mainly older people and so few youngsters, who often prefer to seek “happiness” and “salvation” in alcohol and drugs?

The capitalist system cannot completely deny responsibility for the growth of these phenomena. Churches may be fuller and attract more young people in Africa, but where is our spiritual elan reflected in hard facts and in our personal surroundings? Indeed, our Christian businessmen, officials and leaders have often been worse than the others.

These seem to me to be some of the causes of the problems or the situation in black Africa. I cannot discuss possible solutions in detail here, but I would like to stress three points:

1. Renewal or transformation of an economic system which leads to material over-abundance and creates frustration in individuals and society alike, as we can clearly see from suicides by youngsters, alcohol and drug problems, divorces, the emergence of sects, violence etc.

2. Development of an economy which can simultaneously satisfy all economic and non-economic needs, such as social, emotional and spiritual needs.
3. Creation of a world which, besides being more prosperous, would offer above all more humanity and solidarity and a closer orientation towards God. (For we may never forget that the devil is active and willing to use any weapon and any means to achieve his ends: divisions created by tribalism, racism, discrimination, disparity between poor and rich, black and white, etc. Thus, the task of those who serve Christ must be to search for justice, truth, solidarity and unity, especially in the economic and social spheres, so that the economy may serve the people – for man is the work of God.)

I believe that the Church should take up these problems.

Pascal Kuate teaches business administration at the University of Yaoundé (II) and at the Institut Catholique de Yaoundé (Catholic University for Central Africa).

2 Statement of M. Robert Nantchouang

This contribution is a reply to the exposition of my German colleagues about the dependence theory as an approach towards explaining poverty and underdevelopment.

It should by no means be seen as a criticism, but rather as an identification of some more factors to explain dependence and its immediate result – poverty. It describes some of the experiences of a Cameroonian which show the extent to which Africans themselves are responsible for their poverty problem.

The industrial countries should not be held entirely responsible for poverty in the developing countries. I disagree with the simplistic explanation that underdevelopment in the “Third World” is a direct, unmistakable consequence of the developed state of the “First World”. We are confronted today with two correlative phenomena: the economic situation of the industrial countries keeps improving (in volume terms), while the situation of the developing countries, or at least in most of them, is deteriorating, particularly in sub-Saharan Africa. This negative correlation does not necessarily imply a causal connection.

While it is certainly true that the developed state of the industrial countries has negative (as well as positive) effects on the developing countries, this

does not fully explain the growing poverty in these countries. If the problem were to be seen in the light of a negative connection, one might easily be tempted to call for an end to growth in the industrial countries. But nobody wants any country to become impoverished, whatever category (developed or not developed) it may belong to.

As an African, I would rather prefer to emphasize the share of responsibility which the poorer countries must bear. The initially mentioned exposition has already mentioned this, but I owe it to myself to repeat it loudly and clearly. Once we have started by questioning ourselves, we can go on to ask what responsibility the others have; we can then jointly try to look for a solution which meets our mutual interests. In questioning ourselves, we should first acknowledge the fact that the industrial countries have already stated their mea culpa for the poverty in our countries. This symposium here is proof of this.

Allow me to draw the attention of the industrial countries to three examples of how they can help us in an effective manner.

a) The agricultural problem

In my own country, Cameroon, the state has consciously or unconsciously driven farmers out of the market. It did so by annually fixing the purchase price for the main export cultures, coffee and cocoa. Its motive was to protect farmers against downward price fluctuations for their products. The state retained the difference between the world market prices of these products and the prices it offered the farmers, and this difference had to be deposited in a fund from which any price drop could be evened out. By the time the price actually fell, this retained difference had meanwhile been used for other budgetary purposes. The state had allowed itself to be blinded by that "golden shower" of revenues from agricultural production. The farmers had been demoted to wage-earners who had to produce more in order to earn more. They had not been able to participate in market mechanisms, which they certainly would have found complicated, but which would have given them an early warning of market trends for their products. These signals would have enabled them to diversify their production.

The severe price drop for farm products now puts both the state and the farmers in a parlous position. The former can no longer meet its obligation to compensate for the price decline and the latter have put all their investments into growing coffee and cocoa. Farmers are now expected to switch production to other crops for which they have made no preparations. They will do so in the long run, but their situation will be serious until then.

b) The use of international organizations

The responsible authorities in the developing countries must first try to solve their problems internally. These internal efforts are then complemented by foreign aid, which remains important. One example is the use of International Monetary Fund (IMF) aid. The spectrum of therapies which this organization proposes to countries applying for aid includes local currency devaluations. It justifies this by identifying a number of problems, such as the consumption of luxury goods which the German report mentions in points 2 and 7. When a country applying for aid devalues its currency, these luxury goods become more expensive and consumption of them is discouraged. The IMF seems to be saying to these countries: stop consuming these luxury goods in your own interests. They do not need the IMF to tell them that. Another stated reason why a country should devalue its currency is the positive effect on its exports. As the previously mentioned exposition stresses, there is relatively little price elasticity in the demand of the industrial countries for most mineral and agricultural raw materials. In less technical terms, this means that western consumers of these products hardly react to the lowered price. Expressed in figures, a 1% price drop results in a consumption increase of less than 1%. In the case of a price decline (a frequent cause of the problems which necessitate restructuring), it is practically impossible to compensate for the revenue loss by a volume increase. The West could defend itself in connection with the poverty problems of developing countries by telling them, 'why don't you also consume these products?'.

c) The problem of compiling statistics

In 1985, I was approached by the AFCA, a research institute funded mainly by foreign capital, to take part as an advisor in a study on the employment situation in the public and semi-public sectors of Cameroon. I thought at first that this was a problem which required complicated mathematical models. In actual fact, the requirement was to present figures about these two sectors. I was taken aback to realize that the authorities had thus far made do without these figures. How could an employment policy be devised without referring to exact figures about the number of employed? Yet the planning ministry which had commissioned this study had a team of officials who were highly qualified to present such figures and were being trained at great expense. The study was therefore compiled by a number of experts and myself, signed by the AFCA and accepted by the ministry. And so the Cameroon government had hired foreign experts.

They had then farmed out the work to local experts and finally handed it over to the government, complete with a foreign rubber-stamp.

This experience illustrates the scant confidence we have in our own ability to solve our problems. How can the West help us here? When a country applies for technical support, it would be helpful if the following questions were asked:

- What bottlenecks do you have?
- Have you no own experts who can at least partly solve the problem for which you seek our assistance?

Robert Nantchouang is Professor of Statistics at the Institut de Statistique (ISSEA) in Yaoundé and teaches macroeconomics and macroeconomic accounting at the Institut Catholique in Yaoundé.

III Results of the detailed discussion

There were comprehensive discussions about the fundamental paper (cf. I) and three complementing statements from an African perspective (cf. II). After brief introductions by experts, five specific themes were then discussed in detail. These were: terms of trade problems, agricultural policy, debts, the role of transnational companies and population development. The following report summarizes the highlights and results of the discussion.

1 Discussion of the study "The dependency theory as an approach to explain poverty and underdevelopment"

*introduced by Franz Furger (Münster), Pascal Kuate and Robert Nantchouang (Yaoundé) and Obiora Ike (Enugu/Nigeria)*³

Participants agreed by and large with the presented portrayal of problems. They particularly emphasized the following aspects: Firstly, development is vitally influenced by culture too and is closely related to educational questions. Man himself, more than any systemic pressures, must be seen as the agent of development. Purely economic development theories neglect this dimension. Secondly, it is just as vital for Africans as for Europeans to seize the initiative in their own development, meaning that e.g.

³ The statement by Obiora Ike was delivered without written notes and therefore could not be reproduced here.

governments and church leaderships should consult indigenous experts first instead of relegating them to a backseat role by listening to foreign (white) experts. Thirdly, many African problems are primarily caused by local national leaders, who often pursue policies which not only contradict Christian values but also break the rules of sound government, as for instance when political decisions are taken for the personal benefit of the leaders rather than for the general welfare of their country. Fourthly, it is necessary to reorient African economies from consumption to production. This means, for instance, that higher education too must be directed more strongly towards production-side activities, which in turn must attain greater social prestige than, for instance, administrative activities. Fifthly, state-regulated markets in African countries frequently hamper efficient economic performance because wrongly fixed prices convey false market information to the producers. Economic bureaucracy then nips all private initiative in the bud.

Furthermore, the Church has a particularly important role to play in connection with the internal transformation of African states, especially in connection with the replacement of dictatorial regimes with democratic structures. The Church too must support such processes, which seek to secure greater respect for human rights, democratize society and rejuvenate economies by replacing bureaucratic control and favouritism with free market principles. Instead of frequently undermining these processes for the sake of their particular short-term interests, the industrial countries too should support them via their foreign trade and aid practices, the modalities of their technical cooperation and their diplomacy. Here too, the Church is called upon to demonstrate its solidarity by denouncing such selfish practices in the developed countries.

2 Terms of trade

introduced by Joachim Wiemeyer (Münster) and Pascal Kuate (Yaoundé)

Declining raw material prices have a special impact on African national economies. The three main reasons for this are: The EC (since October 1993: European Union – EU) limits potential sales and depresses the world market prices of agricultural products which compete with the EC's own internal production, in walling off its own markets and in competing in non-EC "third" markets with aggressive dumping prices (e.g. beef, sugar). In the case of agricultural raw materials which for climatic reasons are mostly produced and exported only by developing countries, competition is further aggravated by newcomers entering the market from other parts

of the world (e.g. cocoa producer Malaysia). Traditional suppliers are ousted by new, more efficient rivals when they continue to behave like slow-moving monopolists and do not constantly pursue technical progress, do not continually introduce cheaper production methods and do not steadily improve the efficiency of their marketing structures. Finally, mineral raw material producers face stagnating or even falling prices because of technical progress, growing environmental consciousness in industrial countries (e.g. higher recycling quotas) and substitution processes. From the perspective of African economies, overcoming these circumstances therefore requires the EC market to be opened for all agricultural products. Internally, the EC would then have to accept all the necessary structural changes and apply social policy measures to cushion the impact of the professional groups most directly affected.

Mechanisms to stabilize earnings (including e.g. the STABEX and SYSMIN systems established under the Lomé Agreement as well as IMF compensation payments) can certainly shore up a country's hard currency revenues and even out market fluctuations in the short term. But they are of no use against long-term negative market trends. Instead, such trends require African economies to be restructured in favour of more broadly based exports to reduce their foreign trade exposure to market trends for only one or a few raw materials (90 % of black Africa's exports still relate to raw materials). This self-evidently requires the industrial countries to cease their frequent protectionist reactions and open their markets.

However, faced with the trade barriers erected by the industrial countries, the removal of which has been urged insistently, African economies also need to move much more strongly towards intensifying trade with neighbouring states, whose technological requirements are less stringent than those of industrial countries. The planned progress towards an African common market by 2025 is therefore very slow indeed.

3 Agricultural policy

introduced by Herbert Kötter (Giessen)

While the foreign trade aspects of the farm sector were previously discussed under "terms of trade", its internal economic significance and its ecological dimension are being treated separately because it still plays a dominant role in African economies. The majority of the population continues to live in rural areas. Therefore, rural development is a focally important aspect of national and international development policy, especially in terms of securing high rural employment, creating income-earning

opportunities both in and outside agriculture and safeguarding natural resources.

The organization of the farm sector (e.g. land ownership and marketing structures) thus has a particularly important bearing on a country's balanced economic development, on preserving natural basic requirements of life and on limiting internal migratory movements, especially because of urban-rural disparities. An inappropriate rural development policy leads to migratory movements which transform part of rural poverty into urban poverty. Along with the faulty agricultural policies of the industrial countries and their consequences for the developing countries, a major cause of these migrations lies in their own internal agricultural policies, particularly the policy of paying low, state-regulated prices to farmers. Governments pursue such low-price policies in order to pacify urban masses by providing them with cheap foodstuffs, but they ruin their country's own agriculture and food production by doing so.

It is necessary instead to raise the producer prices of the farmers to make it worthwhile for them to raise production beyond the subsistence level for sale on markets. Rather than ensuring a supply of cheap foodstuffs all over urban regions, justified social concerns should be met by providing only poverty-stricken urban target groups with food at reduced prices (e.g. via coupons).

Furthermore, in reorganizing agricultural and rural development policies, special consideration should be given to the role of women in agriculture by increasing their participation in decision-making and marketing processes. Since women are responsible for 60–80% of farm work, their social role must be adapted more closely to their actual economic status.

However, such rural development policies can only succeed if they are not prescribed in an authoritarian or paternalistic way by governments or external aid organizations, but are based instead on active participation by the rural population, for instance by establishing self-help organizations, which can take very many different forms.

4 Debt problems

introduced by Hans-Rimbert Hemmer (Giessen)

While incurring external debt can expand a country's scope for economic action in the initial phase because it can import so many more goods, the debt has to be serviced in the second phase. This means that more goods must be exported than would be required without the debt burden. A country's ability to export more depends very much on the purpose of the loans

it obtained in the first phase. A rapid return transfer of borrowed capital by ruling elites in the form of capital flight to the richer countries or procurements of arms or luxury items does not facilitate higher exports in the second phase. By contrast, capital goods purchases enhance a country's productive potential and therefore also enable it to increase exports sufficiently to cover debt service payments.

In African economies, another consequence of inappropriately used loans is that they widen the internal prosperity gap between power elites and the poverty-ridden majority of the population because the ruling caste gets the benefits, leaving the broad masses to bear the burden of debt servicing. It is therefore necessary for developing countries to evolve political and social structures which will ensure that loans can only be used for economically sound development purposes. This can be achieved by, for instance, combatting corruption in political and administrative circles.

The restructuring programmes of the IMF and World Bank correctly aim to restore a country's payment capability both by reducing imports and internal consumption and by boosting exports as much as possible. However, this kind of restructuring policy will always have negative consequences for a country if reduced imports of capital goods, coupled with a decline in the formation of "human capital" (basic training, qualification of specialists etc.), result in long-term curbs on the national production potential. To avoid this, the German government – due to political pressure, especially from Church-affiliated circles – has released African economies from a major share of debts in the form of government development loans. Coupled with the fact that all future foreign aid to the poorest countries will be in the form of non-repayable grants rather than loans, new indebtedness has been ruled out for the future. The current German economic recession makes it anything but easy to steer this far-sighted policy through day-to-day politics. Mobilizing public consent through appropriate consciousness-raising is therefore becoming an important task of social ethics which particularly concerns the churches in Europe.

5 Transnational companies

introduced by Paul Becher (Bonn) and Gerhard Kruip (Würzburg)

In an increasingly interlocking global economy, multinational corporations play an important role. Internal transfers within transnational companies already account for 20% to 30% of world trade. These foreign corporations can certainly benefit developing countries through the capital and know-how imports they generate, the well-paid and qualified jobs they

create, their potential for increasing national exports etc. However, their presence becomes problematical whenever foreign companies – especially under authoritarian or corrupt regimes – ignore even minimal labour and social standards and pay scant heed to ecological concerns. Moreover, because most well-paid senior executive jobs are reserved for foreigners and a large share of profits are transferred back to foreign countries either openly or clandestinely (via internally fixed exchange rates, license fees etc.), the benefits for “Third World” host countries and thus the development effects are often small.

Worldwide ethical standards should therefore be created by formulating international codes of behaviour for transnational companies as a behavioural yardstick for public opinion in the industrial countries where these companies are based. Public opinion can and should thus be mobilized accordingly at the home bases of parent companies, especially by church groups as well as trade unions. At the same time, there is an urgent need to demand and foster the formation of free public opinion and political democratization in developing countries so as to expose and thus limit misuse of power and corruption.

6 Population growth

introduced by Bernhard Fraling (Würzburg) and Jean Wakam (Yaoundé)

Many African countries are among the states with the world's highest population growth rates. This high population growth makes it increasingly difficult for some states to feed their entire population, create jobs for all and sufficiently expand their state infrastructure (e.g. schools, health centres). In most African states south of the Sahara, economic growth has lagged behind population growth in the past few decades. Per capita incomes have declined.

In addition, obsolete forms of agriculture (which were environmentally compatible when population density was low) can no longer be maintained when the population expands rapidly. Thus, for instance, the fallow periods required by shifting slash-and-burn cultivation can no longer be observed, the livestock herds of nomadic farmers become too large for available water supplies and the natural regeneration of savannah vegetation is jeopardized. Living standards cannot be raised and the basic natural requirements of life cannot be safeguarded without curbing population growth rates.

The magisterial pronouncements of the Church too have frequently called for “responsible parenthood”, noting that a large number of children is not

the aim as such. Instead, parents have a duty to decide on the number of their offspring, in consideration of their particular social circumstances: It must be possible to provide each child with the nutrition, education and training needed for a genuine chance in life.

Although the Church magisterium categorically opposes certain methods of birth control such as sterilization and especially abortion, ethically justifiable methods of family planning remain permissible. African participants pointed out in this connection that traditional societies were also familiar with ways and means of birth control, e.g. by setting a minimum age for marriage. However, such mechanisms were displaced by the social changes introduced in the colonial era (e.g. schools). In general, it is therefore felt to be necessary for ethical reasons to promote appropriate methods of responsible family planning which respect the freedom and dignity of man as well as unborn life.

7 Final remark

The general consensus of this exchange of opinions was that the fundamental concept of social market economics in the context of a democracy ruled by law opens up a useful economic policy perspective for African countries too. The principal responsibility of the industrial countries in this regard is to allow the principles of social market economics to become effective in the international economic arena too, instead of abandoning them (e.g. by resorting to all kinds of open or concealed protectionism) whenever they promise to benefit developing countries at the cost of economic strains at home (e.g. by necessitating economic restructuring). In its social pronouncements, the Church therefore faces the urgently needed task of developing an appropriate awareness in public opinion, especially in associations and political parties which regard themselves as Christian.

Summary: Franz Furger, Joachim Wiemeyer

IV Communiqué of the Yaoundé meeting

In order to continue their previous meetings and at the invitation of His Eminence Cardinal Tumi, Archbishop of Douala, and of His Excellency J. Zoa, Archbishop of Yaoundé, bishops coming from different countries of Africa and from Germany met from March 29 to 31, 1993 at the newly established Catholic University of Central Africa in Yaoundé. The under-

lying intention of this meeting was to give shape again to the universal unity of the Church in the fraternal dialogue between representatives of local churches rooted in different continents and cultures. The discussions were marked by the bishops' concern for international justice to which they feel especially committed in the light of the Gospel. They talked about the difficult economic and social reality of many African countries, the unequal distribution of goods between these countries and those of the Northern hemisphere as well as the different living conditions of the African and European peoples. They examined the causes of poverty and underdevelopment, the possibilities to overcome the existing great problems, and last but not least possible contributions of the Catholic Church and the bishops.

In view of the complexity of all these problems, the bishops need the scientific proficiency of competent persons. For this reason several African and German experts, especially in the field of economic and social sciences as well as of Christian social ethics, participated in the symposium. It was a great pleasure for all participants of this symposium to see that, despite of the manifold and different experiences, there was general agreement on essential questions.

- All participants agreed that there is no simple explanation of the causes of today's socio-economic difficulties in Africa since these problems can be attributed to quite a set of interwoven external and internal factors. Undesirable trends in the political, economic and social system of African countries are of decisive importance. On the other side, the repercussions of colonial dependence can be felt still today and the trade policy of European states frequently destroys the opportunities of African countries in the international market and thus their possibilities for development.
- All participants unanimously concluded that a market system of social responsibility might be a perspective for Africa, too, in order to resolve the urgent economic and social problems. However, the social market economy must not be understood to be a rigid system, but in Europe as well as in Africa it needs to be constantly developed and adjusted to the respective social and cultural conditions. A transformation of the economic system in African countries can only be initiated by themselves. It is the task of the rich countries of the Northern hemisphere, however, to encourage this process through supporting measures. This could be realized through an effective development cooperation, but also by stopping the discrimination against African countries in international trade, which today is caused especially by a policy of protectionism of the industrial nations.

- Concerning the social structure of many African countries, all participants – but especially the African participants of the symposium – underlined that a new setting of priorities with regard to state and private initiative is indispensable in order to overcome poverty and underdevelopment. More scope has to be left to economic and social efforts of the non-governmental sector; they need support and legal safeguarding by state institutions.

During the symposium detailed discussions were held on possible contributions of the churches to the struggle against poverty and underdevelopment. The participants stated that in the future it would be imperative for the churches to speak up vigorously for the above-mentioned findings in order to create a greater awareness for them within their own societies. The representatives of the German Church emphasized their obligation to use their influence to bring about the removal of the manifold obstacles which are mainly caused by the policy of the European Community and which are opposed to fair opportunities of African countries in the international market. The representatives of the African churches expressed their willingness to intensify their efforts to remedy grievances in their societies and to commit themselves to a system of liberty and justice. As recent past has shown, in times of radical change the Church can frequently play an essential role, also on the political level. An especially impressing event was the witness of those bishops attending who had presided the "Assemblées Nationales" of Gabon and Congo-Brazzaville. Moreover the representatives of the African churches considered it an important task to boost the self-confidence of the African people and societies and the trust in their own strength to change the difficult situation, requiring not least decisive efforts for an education inspired by Christian values. Finally the participants of the symposium pointed out their desire to give strong support to the endeavour of the poor for a comprehensive social participation. The representatives of the African churches will promote with all their strength self-help groups working in the economic and social field. The development cooperation of the Church between Germany and Africa is suited to support this work through its own contributions.

The symposium in Yaoundé was characterized by intensive discussions, which were held in a very limited period of time. Many issues were touched, but it was not possible to elaborate on every topic. Consequently the participants agreed that especially the complex questions of financial and monetary policy need to be treated in greater detail.

The symposium in Yaoundé could take but one little step. This step shows, however, that the churches are on their way – jointly on the way towards justice, a way which is shown to us by God's justice.

V Participants of the Yaoundé meeting

Archbishops and bishops

Christian Cardinal Tumi (Douala, Cameroon)
Jean Claude Bouchard (Pala, Chad)
Wenceslas Kalibushi (Nyundo, Rwanda)
Ernest Kombo (Owando, Congo)
Basile Engone Mve (Oyem, Gabon)
Jean Berchmans Nderere (Muyinga, Rwanda)
Jean Zoa (Yaoundé, Cameroon)

Walter Kasper (Rottenburg-Stuttgart, Germany)
Gerhard Dicke (Aachen, Germany)
Josef Homeyer (Hildesheim, Germany)
Franz Kamphaus (Limburg, Germany)

Experts

Henri Paul Boundio (Central African Republic)
Mathurin Doumbe (Cameroon)
Jean Paul Ezin (Benin)
Obiora Ike (Nigeria)
Pascal Kuate (Cameroon)
John Dovi Madjri (Burkina Faso)
Robert Nantchouang (Cameroon)
Jean Wakam (Cameroon)

Paul Becher (Germany)
Bernhard Fraling (Germany)
Franz Furger (Germany)
Hans-Rimbert Hemmer (Germany)
Norbert Herkenrath (Germany)
Herbert Kötter (Germany)
Gerhard Kruip (Germany)
Joachim Wiemeyer (Germany)

Central Office for International Church Affairs of the German Bishops' Conference

Hans-Gerd Angel
Ulrich Pöner

