

## Perspectives to Global Social Development



Edited by  
Mikko Perkiö

***PERSPECTIVES TO GLOBAL SOCIAL DEVELOPMENT***



**GLOBAL SOCIAL WORK**

FINLAND

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## Preface



This book concerns human well-being in the global context but focuses on the economically less developed regions known as the Global South. As global problems cross geographic and academic borders, scholarly diversity is an asset in catching the polymorphic nature of global social development. 15 writers representing 10 disciplines have contributed to this book. Integrating social science and development studies is at the heart of this multidisciplinary book. Today, social development is a widely used concept but the term itself demands conceptual clarification.

I would like to thank the International School of Social Sciences at the University of Tampere and the network of Universities in Partnership for International Development (UniPID) for financing the lecture series this volume is based on. A student-centred pedagogy was carried out on the course. As a result, we publish the best student questions at the end of each article.

On a practical level, social development offers an extended human security approach to global development to be considered alongside the more dominant discourses of security politics and trade. I am grateful to the Ministry for Foreign Affairs of Finland for financing this book in order to inform the public of development issues. In addition to distributing copies to libraries, copies of the book are also allocated to state level decision makers and civil society actors as it could prove beneficial in planning and implementing development policies. Any individual interested in the book will receive a free copy (while stocks last) by contacting Global Social Work Finland ([www.uta.fi/laitokset/sostyo/gst/](http://www.uta.fi/laitokset/sostyo/gst/)) To reach scholars world-wide, an electronic version on the web is also available. I am grateful to the two publishers of the book, the Tampere University Press and Global Social Work Finland. I would also like to thank all the scholars who contributed to this book, Seija Veneskoski for the technical advice, and last but not least Johanna Muukkonen for her committed work in proof-reading the texts.

*Mikko Perkiö*



Mikko Perkiö



## ***Introduction: Conceptualizing Social Development***

The book enriches the understanding of well-being in the global context by creating a multidisciplinary bridge between social science and development research. A wide sociological approach is applied here to industrially developing countries and global concerns. Development discourse in this book focuses on everyday life rather than just economic or political structures. **Social development** is a cross-disciplinary approach which analyses the processes that build a more equal and 'social' society.

This introduction is twofold. First, it presents three ways of understanding **global social policy**, those of **welfare regime**, **governance** and **social development**. Through these three frameworks of global social policy we can capture the distinctive nature of social development. Secondly, it introduces the articles of this volume in the conceptual frameworks presented in figures 1 and 2.

### THEORIZING GLOBAL SOCIAL DEVELOPMENT

Globalization is broadening, deepening and speeding up world-wide interconnectedness (Held et al. 1999). The greatly accelerated rise of globality has been occurring since the middle of the twentieth century

(Scholte 2005, 85–120). Even though we live in an era of intensive globalization which calls for analysis on a global scale, this book focuses on the Global South as Africa, Central and Latin America, and most of Asia are collectively known.

International comparisons between industrialized countries have a longer history than global social policy as a research perspective, as this is only a decade old. We can distinguish three large frameworks within this field. First, **welfare regime** theory has been extended from the industrial world to also include the developing regions (Gough 2004; Wood & Gough 2006). The work builds on the well known welfare regime theory of *The Three worlds of welfare capitalism* by Gøsta Esping-Andersen (1990). In contemporary understanding welfare regime is a general level institutional matrix of market, state and family forms, which generates welfare outcomes. Geof Wood and Ian Gough introduce three meta-welfare regimes covering the whole globe: They are the welfare state regimes of the OECD-world, various informal security regimes typical to Asia and Latin America and insecurity regimes characterizing much of Africa.

Globalization is closely linked to **governance** which is the second framework of global social policy presented here. Jan Aart Scholte (2005, 185–223) captures the major shift from statism to polycentrism taking place in contemporary governance.

This means there are other power actors besides states. Today regulation takes place at the local as well as the supra state level. David Held (2005) saw two contrasting ways of governing the world. One has been the Washington Consensus agenda with its security doctrine including marginal ‘safety net’ social security. The other has been the social democratic agenda with its human security doctrine. Global (also local) social policy is formulated in relation to these doctrines.

*Global Social Policy and Governance* (Deacon 2007) concentrates on the global institutions that shape social policies and social conditions world-wide. These institutions promote various different policies. The International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organization (WTO) are more conservative while the International Labour Organization (ILO) and some of the other United Nations (UN) agencies are more socially

oriented (Deacon 2007, 13–23). Bottom up -theories, for example Paolo Freire's classic *Pedagogy of the Oppressed* (1972), are needed to counter-balance top-down views that are often characteristic of governance theories.

The third framework is **social development**. This approach focuses on institutions, structures, processes and policies that affect living environments, opportunities and security. *Social Policy for Development* by Anthony Hall and James Midgley (2004) defines social policy in a broad sense as encompassing “any planned or concreted action that affects people's lives and livelihood”. It discusses the focal policy fields, (for example, education, social security and health) and the contexts (rural, urban and development co-operation) that are shaping the formation of well-being. Tim Allen's and Alan Thomas's (edited 2000) *Poverty and Development into the 21<sup>st</sup> Century* covers the central issues of well-being and development. The volume combines explanations “in terms of livelihood and social relations on the one hand and large-scale structural changes on the other”.

Social development is an especially useful view to social policy, particularly in industrially developing countries. James Midgley (1995, see Hall & Midgley 2004, xiv) defines social development as “a process of planned social change designed to improve the welfare of the population as a whole in conjunction with economic development”. Ronald Wiman sees social policy as an instrument to promote social development and equity. This view has much in common with the broad social development concept that will be formulated at the end of this introduction.

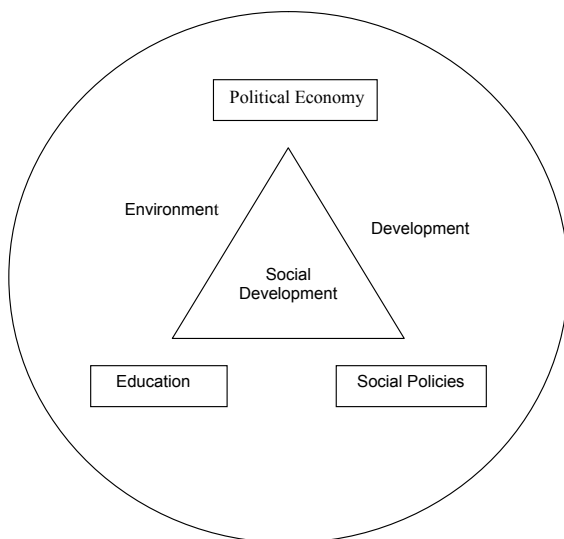
Within international institutions social development has been used in diverse ways. The World Bank (2005) defines social development as *transforming institutions* in order to enhance social outcomes. The World Bank's recent *The New Frontiers of Social Policy Series*, edited by Anis A. Dani, highlights the role of institutions in promoting social justice in the Global South. However, it is important to bear in mind that the weakest countries have hardly any modern social institutions and structures to be transformed. These structures need to be built before they can be changed. The building process calls for different priorities, mindsets and skills. The imperative of education might be among the most effective tools for the process.

So far, the commonly used term *human development* is a clearer concept than most of the current formulations of social development. But its weakness is that it excludes most institutions and structures creating the development outcomes. Including these would be an asset for the concept of social development. In other words, the concept of human development does not separate resources from outcomes regarding the development process, which would be beneficial.

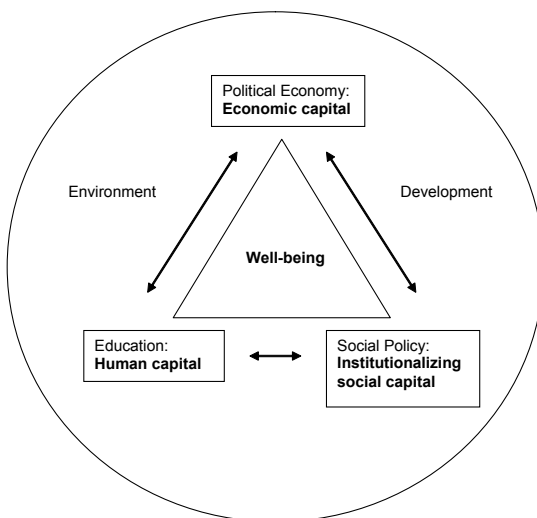
The United Nations Development Program (UNDP) has a widely used way of measuring human development (see UNDP 2008). The Human Development Index (HDI) annually ranks countries according to their development performance. The HDI is a measure composed of income, educational achievements and life expectancy on a national level. In addition to discussing human development, Jouko Kajanoja presents a broad spectrum of measures related to social development. An important extension to Kajanoja's account here is that of child survival as a superior measure of well-being (see Bardy & Kaya & Beckfield 2007; Lindstrand et al. 2006, 99-105). Low rates of child mortality prove that the well-being of all citizens is taken care of. Thus, all measurements of social development should consider including child survival (i.e. infant mortality) into the core of their design as it is highly comparable between countries and within countries.

Social development can be posed to the context of development studies. Hall and Midgley (2004, 44) present various strategic approaches to development, among which social development is one of "the most useful for dealing with the challenge of poverty and inequality today". Other frameworks are modernization, developmentalist state planning, various people-centred approaches and neo-liberalism. Marja-Liisa Swantz reviews the concept of development by analysing some of the frameworks mentioned above. She debates the contrasting ideas of economic and technological development in relation to social and human development.

The perspectives presented in figure 1 are broad concepts that have constructive power for social development. The content areas in this formulation include both institution and policy aspects which partly intertwine. The environment and development are framing concepts, while political economy, education and social policy are practical



**Figure 1.** Perspectives to social development.



**Figure 2.** Modeling the accumulation of well-being.

concepts affecting social development. It is to be noted here that in figures 1 and 2 social policy is defined in the narrower sense meaning the diverse sector policies promoting well-being, as in contrast to the large frameworks of global social policy.

Well-being replaces social development (see Kajanoja) in figure 2 which presents the accumulative macro processes of capital formation in relation to the content areas of figure 1. The idea of capital accumulation owes intellectual debt to Pierre Bourdieu's (1986) theory on the different forms of capital as interchangeable resources in social life. Farrington et al. (1999) apply various forms of capital as livelihood assets in their model of sustainable livelihoods (cited in Hall & Midgley 2004, 99–100). The accumulation processes of well-being are interactive. Separating drivers and goals is important for social development theory. Here well-being is a goal while the economy, education and social policy are means to achieve it.

## CONTENT OF THE BOOK

*The Environment* is a constitutional factor in figures 1 and 2. The Environment is often an excluded element in social theory, but here it is tied to human action. Yrjö Haila highlights the interdependency between humans and nature. Discussions on the nature and consequences of global warming show that even modest scenarios may cause serious social changes (for an extensive analysis on climate change, see UNDP 2008). This book includes articles that address all the major elements of the environment. Heini Vihemäki's and Anja Nygren's texts deal with natural resources and biodiversity conservation, while Yrjö Haila touches on climate change and Tapio Katko concentrates on water.

Haila's idea of the interdependency between humans and nature resembles Jared Diamond's (1997) idea of human-environment interconnection. Diamond's award-winning human history demonstrates how human success is an outcome of the human-environment relation. There are ultimate factors to the human power capacity, such as plant and animal domestication that are behind more obvious



proximate factors, such as technology. Certain people utilizing “guns, germs and steel” have been able to govern the populations of a less fortunate environmental relation. So, Diamond’s theory (1997 in brief, 85–92) works as a complete stepping stone of global history for this book.

Vihemäki discusses Political Ecology as a framework for exploring the complex relationships between social development and environmental change. Political Ecology is a multidisciplinary research field which explores social and political aspects of environmental problems, knowledge and the efforts to control the use of natural resources. Political Ecology has provided alternative and context-sensitive explanations of the causes and effects of environmental changes, such as deforestation, questioning the simplistic Neo-Malthusian models. It has highlighted the often unequal social and economic outcomes of environmental changes and efforts to control the environment or ‘natural resources’. The challenge for many political ecologists is how to successfully combine social scientific and natural scientific methods and data to produce knowledge that can help foster ecologically and socially sustainable development.

Nygren analyses social and environmental certification schemes. She shows how environmental, economic and social aspects are closely embedded in the globalized market economy. The environmental issues Nygren investigates are located in political economy and their targets are environmental equity and social justice. In addition to the framework of political economy, the article is also related to the approach of political ecology. Fair Trade, as one example of certification schemes, shows how economic goals can not be separated from social ones. The environmental certification schemes are a welcomed, although complicated addition to traditional environmental governance.

Katko investigates water, an immediate prerequisite of human existence. He defines water as a resource, service and good. Water has enormous power in social development as clean water and sanitation are among the first factors to effect health. Katko lays out the present problems, future threats and some guidelines for improved water supply and sanitation services and water management.

*Development* is another framing concept in the social development theory presented in figure 1. Development here refers to three dimensions, those of spatial, temporal and critical. Spatially, social science should broaden its scope to also include industrially developing countries and global concerns. By integrating development studies and social science, fields such as global social policy and sociology of development would flourish. Temporally, historical comparisons can show improvements, stagnations and regressions. The case history of Finland found in this volume brings to the forefront the multidimensionality of social development. Critically, as development calls for improvement valid and simple methods for measuring social development would be welcomed as discussed here by Jouko Kajanoja.

Instead of measuring social development, Swantz calls for the need for 'true development' – the growth of people – which is not easily measured. She highlights the definite distinction between development as 'development aid and cooperation' and development as social change. The latter makes it possible to comprehend social change not only through western concepts and history.

Marja-Liisa Swantz and Juhani Koponen write about development from different angles. Swantz determines development as co-operation between partners that should treat each other as equals. In contrast, Koponen talks about 'aid' as the core of development policy. Behind the policy he sees 'developmentalism', a system based on the belief of the beneficiality of 'development' and the power of development intervention. He calls for a better understanding of both aid itself, and for the diverse contexts in which aid takes place. What both articles have in common is the concern for the persisting imbalances of power between the South and the North.

Much development has taken place beyond organized international development policy. This, among other things, is revealed in the 200 year case history of Finland. When Pertti Haapala investigates Finland's social history as a developmental case he means modernization which is one way to define development. Haapala shows that Finland progressed simultaneously in many modernization processes among which economic success was only one part of a whole. Land reforms, education, population policy and social policy were all social, as well as economic means. Highlighting the role of

education, Haapala's text is linked to the other articles on education in the volume. Additionally, Finland's case shows how development is a cocktail of self-made and external elements, an example of which is the presence of Russia as a neighbour of Finland.

Finland's case history can be read in a parallel way to recent success stories in social development. The welfare formula of Finland, the strong public sector and its commitment to diversity of public policies promoting social goods, still works. The edited volume by Dharam Ghai (2000) presents these recent success stories in social development, namely Chile, China, Costa Rica, Kerala, Sri Lanka and Vietnam. This heterogeneous group of cases bears resemblance to Finland's case as they promote comprehensive public policies targeted for the social good. The comparison of Finland and Kerala is also illustrative in this respect (Ross 2006).

Moving to the practical concepts of the theory – political economy, education and social policy – presented in figures 1 and 2. Kajanoja presents a broad spectrum of measures related to social development. He criticises equating development with monetary measures such as the gross domestic product (GDP). There is an ongoing debate challenging 'the growth consensus' that assumes economic growth as the single key source of well-being in less-developed countries (LDCs). Issues such as education, urbanisation and fertility have been shown to be even more important than the growth of the economy for well-being in LDCs (Bardy & Kaya & Beckfield 2007).

Economy is a social and historical construction (Teivainen 2001, 1). *Political economy*, as a classic form of economics has been keen on conditions of capital accumulation in addition to how capital is used and distributed. There are numerous forms of capital linked to production (see Scholte 2005, 161–177). They form a total that is here called economic capital. More recent economics and social science has broadened the use of 'capital' towards new areas. Human capital and social capital are frameworks that focus on certain immaterial factors, such as learning, skills, social networks, institutions and norms that are beneficial for production and well-being (see OECD 2001).

Scholte (2005) gives a conceptual framework for the political economy by separating the processes and normative outcomes of globalization. Eero Palmujoki and Ari-Veikko Anttiroiko discuss how economic policy makes a difference both at the local level and the global level. Palmujoki approaches economic globalization by contrasting cases from two different countries, while Anttiroiko analyses the essence of sub-state governance in the contemporary world.

Teivo Teivainen's *Enter Economism, Exit Politics* (2001) offers a focal account of the political economy on a global level. It reveals the large governance strategy of the IMF, the central world agency of the Washington agenda. The doctrine aimed at separating the economical and political spheres. In the politics of "economism" the issues defined in the economic sphere are out of the reach of politics. This means that the doctrine tried to diminish the role of democracy which usually contributes positively to social development. The structural adjustment programmes of the IMF strongly affected social development and democracy in the South and in the transition countries because social policies and education as publicly funded services were questioned. The current international economic crises reshapes the lines between market and politics.

Palmujoki shows how trade rules play a role in the international economy. Trade rules, as a system of world trade have an overall effect on the economy and the production of well-being. Trade rules are the incarnation of a world trade system that so far has favoured the industrial countries and their block more than the developing economies. Palmujoki compares Mozambique and Vietnam. The economic growth of these countries had contrasting outcomes for social development mainly due to the role of the government in controlling economic liberalization. "Trade increases economic growth but not all kinds of growth reduce poverty", concludes Palmujoki. This outcome is in line with the findings of Bardy et al. (2007) on economic growth. Growth on its own cannot explain well-being in the poor South.

The importance of sub-state actors has increased (Scholte 2005, 203–206). Anttiroiko investigates local strategies in the global economy. According to Anttiroiko, organized local entities such as cities and municipalities have a double role: one as a dynamic player attracting

interest and investment, another as an institutional environment promoting solidarity and sustainability. Cities specialize according to their capabilities. Some Southern cities could focus on tourism but the cities with large informal parts, slums (see Myllylä in this volume) may attract poor locals from rural areas rather than tourists.

*Education* and literacy, examined by Tuomas Takala and Mikko Perkiö, are typical issues in human capital accumulation. Broadly, education can be seen as a kind of cultural policy of modernization that is beneficial for well-being and the economy. The economic importance of human capital was recognized over 40 years ago. Additionally, the 'knowledge society' discourse has for long been dominant in the North, yet basic education still accounts for only 1 per cent of international aid spending (Hall & Midgley 2004, 262). This figure has risen slightly now that budget support has become a more common form of development aid. There are many reasons why the rich countries should allocate more development aid to the educational sector in the poor countries.

The relation between social capital and *social policy* is a more complex one. Social capital can be seen as a "point of departure" in linking social policy and development (see Fine 2004). Social capital has been a theory on norms and networks in building trust and has not paid much attention to formal institutions, such as state structures or commitments. Formal welfare institutions, such as social policy, seem to affect social capital in a positive rather than in a negative way (Kumlin & Rothstein 2005). This is in line with the welfare regime theory of the Global South calling for formal rights instead of various clientelist security arrangements (Wood & Gough 2006). With a great deal of caution social capital is reformulated in figure 2. Institutionalized social capital is equal to comprehensive social policy which is beneficial to well-being.

Gender equality has been an increasingly focal theme in Western social policy for decades. Despite this, gender is a late-comer among social policy issues. In development studies gender became part of the agenda in the 1970s. It goes without saying that gender is a matter of justice and equality. International organizations have one after another realized that gender equality is a multiple social good, in addition to an economic asset. The World Bank (2001) produced a notable

global report *Engendering Development* to analyze and boost gender issues. The comparison of Finland and Kerala, a socially advanced southern sub-state of India, shows that by focusing on gender equity and literacy outstanding social development can be achieved regardless of the economic standing of a country (Ross 2006).

In this volume Paula Määttä examines the gender dimensions of employment. The article is mainly based on her doctoral study on the ILO's principle of equal pay for women and men, and its implementation in a selected group of countries. Gender is also a relevant aspect in education and literacy which both have close links to the labour market. Takala and Perkiö write on the benefits of educating girls. Despite being an effective tool for social development, the education of girls is a sensitive issue in some countries as education may lead to changes in gender roles or in fertility patterns.

The rural-urban dimension forms an essential axis with which to approach development (see Hall & Midgley 2004, 87–141). Myllylä writes about the dark side of urbanization, the slums. Slightly over half of the world's population lives in urban areas and a considerable amount of them inhabit slums. Most of the slum inhabitants are young people. In contrast to the enormous challenges that the slums posit, Myllylä also raises some positive aspects emerging from the slums. Even though urbanization is the global trend, agriculture is still the main way of making a living in the South. Nygren, writing on the possibilities of Fair Trade deals with agriculture and the ways it can provide sustainable incomes to producers in an environmentally friendly way.

Despite covering a wide range of topics this book lacks the central and relevant area of health (see Hall & Midgley 2004, 168-204). Annually, almost 10 million children die of mainly treatable health related causes. Many significant health problems in the South could be eliminated with fairly modest financial resources. One key indicator of well-being, low child mortality is partly caused by health policies such as vaccination programmes and functioning health services, including appropriate medicines. Safe water and nutritious food are of primary importance for good health. All the factors mentioned above are related to poverty. Socio-economic determinants such as

poverty, gender and education are important factors in promoting health. (See Lindstrand et al. 2006.)

## THE DEFINITION OF SOCIAL DEVELOPMENT

Finally, let us review James Midgley's (1995, see Hall & Midgley 2004, xiv) definition of social development as "*a process of planned social change designed to improve the welfare of the population as a whole in conjunction with economic development*". On the basis of this multidisciplinary collection of articles, the definition of social development is to be reformed in the following way. The role of the environment and the awareness of that role have increased. Today ecology structures well-being alongside the economy and politics. **Social development** can be defined as an **outcome of the social processes improving well-being in the contexts of political economy and political ecology**.

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# ***I DEVELOPMENT***



Marja-Liisa Swantz



## ***What is Development?***

As the first director of the Institute for Development Studies in the University of Helsinki I was invited to give the opening lecture on the lecture series this book is based on. The topic of the lecture was “What is Development?” I have been engaged in development for 55 years, given hundreds of lectures and written books and papers, yet to answer what development is, continually challenges me. There is no simple answer, since development as a concept is one of contradictions. After a brief discussion on the concept and reference to the ethno- and Eurocentric ways development has been understood I briefly relate the beginnings of Development Studies in Finland.

President Julius Nyerere of Tanzania had a poignant definition of development.

*A country, village, or community, cannot be developed, it can only develop itself. For real development means growth of people. ... If real development is to take place the people have to be involved. ... Knowledge does not only come out of books. ... We would be fools if we allowed the development or our economies to destroy the human and social values, which African societies have built up over centuries. (Nyerere 1968.)*

Tanzanian development did not happen as the Father of the Nation had ideally formulated it. In practice, the technical and political development denied people agency, and the recognition of their voices

and rationality. In Tanzania, as elsewhere, modern technological and economic development has governed people with arrogance. Instead of having the sense that they are included in the planning and in implementation they become objects or they are conceived only as labor or as customers.

In this lecture series, the concept of development is related to social change as part of an intended, planned development. We are not concerned here with the huge advances in the field of technology and science, even if we recognize that economic and technological development is today the precondition for a country to be called developed. In all the developing countries there are visible signs of technological development with high rise buildings but the wealth accrues unevenly to upper sectors of society. Social and human development does not accompany the signs of wealth, special efforts are required to overcome the impersonal, asocial and anticommunity forces in development.

I was introduced to the concept of development as a teacher for the first generation of women teachers on Mount Kilimanjaro under British colonial rule, which had the task of preparing the Trust Territory of Tanganyika for independence under the UN. The planned development started in the 1940s with a huge groundnut scheme, which was to provide food oil for Britain and eventually to be run by the independent country. The scheme turned out to be a total failure. The colonial government initiated other development projects for the benefit of the people, such as water projects and contouring fields for prevention of erosion, but they raised resistance, at times uprisings. Gus Liebenow (1971) provides a striking description of vain development efforts among the Makonde in southern Tanzania.

Development did not start with the colonizers nor is it in one direction only. We read that in 1421 the Chinese fleet of ships sailed through the seas of the world and left marks everywhere of their advanced development. In 1793 the Emperor of China Ch'ien Lung treated with inferiority the King of England George III, who had sent his mission to offer British products in exchange of Chinese inventions. The Emperor treated the delegation with contempt knowing they had come for the silk, tea and porcelain of the Empire. (Worsley

1973, 2.) Development is not a movement only from the West to the rest of the world. This is a lesson, which the Western countries have had to learn.

Edward Said's (1978) critique on the Western formulation of Orientalism was an attack on such narrow definitions of human development, which ignore the cultural achievements of other continents. The pyramids, the Taj Mahal and Buddhist temple structures demonstrate advanced building technologies and are constant reminders of past glories. However, the Western sense of superiority is eroding today as the Eastern and Southern countries demonstrate their technological and scientific capabilities.

The inability to build on existing knowledge has slowed the development. In contrast to this, in Africa scholars and even the World Bank have recently shown interest in indigenous knowledge. Stephen Marglin and Frederique Apffel-Marglin, visiting scholars in WIDER in the 1980s, edited two books *Dominating Knowledge* (1990) and *Decolonizing Knowledge* (1996). The books built on the concepts *episteme* and *techne*, signifying two knowledge systems. In their research in Orissa in India, they discovered the loss of knowledge and skill, when Britain's industrial manufacturing led to the collapse of the highly developed profession of weaving. Tariq Banuri (1990, 87) in turn pointed out that the asymmetry between the impersonal and personal forms of understanding implicit in Western social theories has legitimated impersonality as a valued aspect in Western culture.

Based on my study of the Tanzanian fisheries I described the glaring rejection of the knowledge of the fishermen (Swantz & Tripp 1996, 43-66). A graduating fishing officer explained the difference between the technology of the artisan fishermen and the knowledge he learned in the training centre: "What we learn is such high technology that it has nothing to do with ordinary fishermen." He was trained to be an extension officer in the fishing villages.

Development studies are essentially based on theoretical or practical research on development. The word development takes on different shades of meaning in different languages. The Swahili *maendeleo* means continuation. The Finnish word *kehitys* does not differentiate

evolution from development. The anthropological theories of social or culture change, whether evolution, diffusion, acculturation or culture contact theories, stayed away from planned development.

The first lectures on development studies at Helsinki University in 1971 dealt with the history of the concept. Development theories were different from mere social change and evolution. Social scientists debated how long intentional development had been pursued in world societies. Robert Nisbet's book on *Social Change and History* (1969) traced development to the early antiquity. He conceptualizes the idea of development as a metaphor of growth throughout the different historical periods. J. B. Bury's *The Idea of Progress* (1960, originally 1920) identified social development with the concept of progress through three periods of scientific and technological development. It started with Francis Bacon through to The Enlightenment in the 18<sup>th</sup> century and came to the idea of progress in the 19<sup>th</sup> century. For Bury development was characterized with the freedom of thought, with the undoing of the concept of finality and any reference to the religious destinies of mankind.

Gunnar Myrdal dealt with the concept of development in *Asian Drama: An Inquiry into the Poverty of Nations* (1968). He defined development as "a movement upwards of the whole social system" and added, "I believe this is the only logical definition that holds up." Yet he had many additions to make to the concept, which besides economic factors also consisted of non-economic ones, such as collective consumption, education and health services, division of power in society, extending to institutions and attitudes, even external influences and politics... The additions indicate that what first appeared to be a simple concept, required elaboration, until the definition diffused into numerous other concepts and the definition lost its meaning. We can concede that the concept of development is as ambiguous as the concept of culture; both have been given hundreds of definitions.

The modernization theories such as Walt Whitman Rostow's (1953) stages of development or theories based on psychological achievement as in *The Achieving Society* (1961) by David MacClelland raised the opposition of the Latin American scholars studying in the United States. Students in Helsinki University gathered a



group called Inter Cont and they read Andre Gunder Frank (1969) and learned of the dependency theory and Walter Rodney's *How Europe Underdeveloped Africa* (1972), which gave new content to the concept of underdevelopment. The world was not divided into developed or non-developed countries; the division was between the dominating countries and countries culturally and economically exploited.

Both anthropology and development studies plunged into the Marxist historical materialist theories, which were at pains to fit the pre-capitalist community-based societies into their framework. Most developing countries still face the difficulties of trying to boost their economies and get their products to the global market. The industrialized world is giving pittance in aid to developing countries while it continues to deny their products freedom from customs duties. It pushes down the prices of certain imported goods and shuts its eyes to the overt exploitation of labour in producing the cheap goods in countries to which the industry is transferred. Fair Trade tries in a small way to challenge the big companies in getting such products as bananas, coffee or tea to the market with fair production prices.

The translation of Development studies to Finnish as *kehitystutkimus* became problematic as the term was thought to mean individual personality development. To avoid confusion the development studies institute became *Kehityksmaainstituutti* and later the longer *Kehityksmaatutkimuksen laitos*, while the English name remained the Institute of Development Studies (IDS), not referring specifically to developing countries, as the Finnish name inappropriately indicates.

The Institute of Development Studies became involved in development research. The first large research project funded by the Academy of Finland was Development and Culture (1975-79), referred to as *Jipemoyo*, "take heart". It was carried out under the Ministry of Culture and Youth of Tanzania in the Bagamoyo District by an interdisciplinary group of Tanzanian and Finnish researchers and villagers. The method used was participatory research, which later developed into Participatory Action Research. The multidisciplinary group of researchers consisted of two anthropologists, an ethnologist, sociologist, geographer, theologian and a historian. Other group members

were Tanzanian advisors, assistants and students. The funding was not tied to the Finnish development cooperation as is the case with most of the later projects. The dependence on the Ministry's funds has later affected the formulation of development research. Jipemoyo research produced five doctoral dissertations. Two researchers of the project became professors and two of the doctors that graduated from the project still hold senior academic posts.

The second large development project conducted under the IDS was on Finnish Technological Cooperation, TECO. It took place in Tanzania and in Zambia. My concluding book *Transfer of Technology as an Intercultural Process* (1989) showed that the societal conditions of countries in Europe had made the technical innovations possible on a continuing basis. Many attempts to introduce industrial projects elsewhere failed in the long run, for instance in Egypt industry started after Napoleon's invasion and in Zanzibar on the initiative of the Sultan. In these cases the social situation was not geared to new technology nor had they the needed educational basis, which would have facilitated the industrial development. The TECO research made it evident that development cannot be transferred; it has to develop in the social conditions of each place. For enduring results the human and social factors, essential in any technical development, have to be grasped by those engaged in developing rather than merely transferring technology.

It has been taken for granted that development studies are based on research in developing countries. The concept of development has been related to countries, which are not considered modernized and in which the GNP is low, nowadays referred to as poor countries. The statistical measures have been based on the GDP using people living on less than a dollar a day as a measure for poverty, which as a measure would require a critical treatment.

An attempt has been made to mitigate the superiority of the West or North by creating the concept of partnership. To truly make space for the other side and to be willing to learn is a painfully difficult process. The recognition of mutuality has been achieved in the Participatory Action Research by treating the former informants as research partners.

What then is development? It would be true development, if human, social, spiritual and cultural values were at the heart of international exchange and they would have an impact on both partners. We need to broaden our concept of development to take human and social development as the basic concept even when studies of development deal with economic and technical advances.

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## Questions

How can a country keep the balance between the development of its people and the nation, while keeping its original culture and knowledge? (Mavis Shum Wai Man)

Could you name one successful example of development that was based on human and social values, and another that was unsatisfactory due to Western arrogance? (Pinja Lehtonen)

Development should work in both directions. So should Western countries review their approach towards others? (Charles Pénaud)

Could cooperation in development import some of the humane values back to Western civilization? (Jukka-Pekka Siltala)

Is true development, defined by Swantz, possible in the present free market framework? (Heidi Nikula)

What kinds of practices in development co-operation are most effective from the local people's point of view? (Nina Tähkäaho)

Juhani Koponen



## **Development Aid at the Heart of Development Policy**

'Has most ... development aid worked, or failed?  
The honest answer is that we still don't know'  
– Roger Riddell, *Does Foreign Aid Really Work?*  
2007, p. 254

There is much discussion nowadays about development policy and less about development aid. I believe aid still lies at the heart of development policy and I will concentrate on it. Development policy consists of interventions to promote the economic development and welfare of poorer countries and aid is primary among them. I do not apologize for the use of the term aid, instead of development co-operation, because I think aid is a more honest notion: it does not try to hide the unequal power relations that underlay any development 'co-operation' exercise.

I argue that aid must be approached from at least three different angles. It can be seen as (a) transfer of resources from richer to poorer countries, that is, from state to state, international action, part of international politics and economy; (b) planned project and programme practices, that is, a well-meaning, rationalistic developmentalist intervention; and (c) an unplanned process of social negotiation and struggle. My main argument is that aid is a Janus-faced phenomenon: one side benevolent, the other ugly.

## AID AS TRANSFER OF RESOURCES: THE EMERGENCE OF DEVELOPMENTALISM

According to the statistics of the Development Assistance Committee (DAC) of the OECD, the volume of aid from its members has grown since 2001 until recently and has now reached a little over 100 billion USD annually. As an international transfer of resources, that sounds like a large sum. There are problems and omissions in that figure but let us consider it as a starting point and proceed to the question of how much it is in fact.

Although depending on what you compare it with, the aid funds pale in comparison with other global resource flows. The OECD countries subsidize their own agriculture with a sum that is more than twice their aid budget. Foreign direct investment to developing countries is three times as much as aid. Even Third World people working abroad send home more than twice the amount in remittances of what aid funds are. Most shockingly, military expenditure constitutes more than ten times the resources that are devoted to aid – more than 1,300 billion USD in 2007.

Also compared with economic resources of the donor nations the aid funds are rather modest. They now represent 0.28 % of their combined GNI. Only five countries have reached the normative target of 0.7 %: Sweden, Norway and Denmark of the Nordic countries, the Netherlands and tiny Luxemburg. The trend has stagnated recently, and the European Union is facing difficulties in reaching its commitments of 0.51 % by 2010 and 0.7 % by 2015.

Surely the rich countries would be able to put in more if they wished, but the other side of the coin is: why do they put in any? I think it is self-evident that those countries that give aid to others do it because they think it is somehow in their own interest to do so. The question is why they conceive their interest in this way and not in some other way that would not involve aid-giving.

I suggest that one of the forces that have been influential in our international system is what I call developmentalism: the idea that development is good for all and it is in everybody's interests to promote it. This idea obliges a certain group of countries to give aid to another group. There is no compulsion to it but it is not entirely

voluntary either: certain norms have to be followed. Developmentalism assures that in our world, as it now is, development of poorer countries is in the long-term interest of the richer countries. That is why the latter need to support it.

Developmentalism is based on what I call the modern notion of development. Development is a word of multiple meanings but I think it has a core. Here too, it is understood to mean several things at once: at the same time as a normative goal, an actual social process leading towards that goal and an intentional intervention to make things work in that direction. When we say we 'do development', we intervene in a social process in a way that is supposed to lead to what we think of as 'development' in the normative sense – and it does not matter how we normatively understand development, whether we take it to be modernization, poverty reduction, or the good life.

This notion, conflating three different senses of development, is basically the same notion that colonialism introduced to Africa and Asia, that the Afro-Asian nationalists then took over and we still hold on to today. When I started to study colonialism in Africa, especially in Tanzania, I was struck how many of the colonial activities seemed to fit in with what has later been done in the name of development and what continues, in many respects, to be done: building schools and roads, introducing new methods of cultivation and new varieties of crops, etc.

There is one big difference, of course: the colonialists did not do this primarily for the good of the local people. Colonialism was basically an exploitative system. It was a core belief in colonial thinking that the whole world was, or could be made exploitable, could be made to service the interests of nineteenth-century Europe. But the problem was that in places like most of Africa, colonies had to be developed before they could be exploited. It was development for exploitation. (Koponen 1994.)

As we now know, development, either as an intervention or as a process, was not to remain a colonial project. The colonized took it over. As colonial development progressed, an increasing number of the colonized gained a stake in it and were also able to better shape it for their purposes. They argued that whatever colonial development there had been it remained badly unfinished. The Africans would



be able to do it better themselves. This provided the opportunity to de-link development from exploitation and turn it into 'developmentalism', to be elevated as the basis of the whole post-colonial international order.

Presently, intervention continues in the guise of aid (Koponen 2004). In recent years, there has been much discussion of a need of a broader development policy to support the development aspirations of the poorer countries and the necessity of the richer countries to bring some coherence into all their relevant policies from those of trade to migration so that these would not work at cross-purpose with each other and with aid. At the recipient's end, what is called policy dialogue has gained in importance. Yet aid is still needed to facilitate the dialogue to go in the direction desired by the donor. That is one of the basic reasons why aid is given.

#### AID AS RATIONALISTIC DEVELOPMENT INTERVENTION: FROM PROJECT TO PROGRAMMES

As a well-meaning, rationalistic developmentalist intervention, that is, as planned project and programme practices, aid is a multifarious phenomenon. It is conducted bilaterally and multilaterally, it goes through official and non-governmental channels, in financial and technical forms, as project and programme assistance. Recent trends include the rise of non-governmental organizations (NGOs) and the questioning of the results of project aid with a concomitant shift of more resources towards programme aid, especially budget support.

When the developmentalist complex was built up in the 1950s and 1960s it was based on state-to-state relationships. The main actors were either international organizations with state membership, or what are now called bilateral donors. NGOs were thin on the ground but there were some, delivering services and lobbying for their causes. Their proliferation and integration into the complex took place during the 1980s and 1990s with the global advent of free market policies. NGOs started to enjoy Official Development Assistance (ODA) funds and function as an alternative channel to

them. Now NGOs have become the third party to mediate in the donor-state recipient-state relationship. They are estimated to spend more than 20 billion USD annually, almost half of it coming from ODA (Riddell 2007, 48, 259). In the Nordic countries, by far the greatest part of their funds originate from ODA.

Development aid has consisted and in fact still predominantly consists of projects. They have come in all possible forms and sizes but perhaps one can say that their most important function has been gap-filling: undertaking limited tasks to cover tangible locally identified needs, such as building roads, digging wells, etc. This sounds fairly straightforward and indeed it appears from evaluations that most of the aid projects actually do accomplish what they set out to do, that is, roads are built and wells dug, and often roughly within the planned financial and time framework. Projects are also easy to understand and monitor.

In spite of all their positive qualities, projects have come into disrepute. What appear as their good sides to the donor may from the angle of the recipient be problems. Projects may be good in accomplishing certain carefully designed tasks, building roads and wells, but they have been found to be much less effective regarding the ways in which people behave, how roads and wells are used, and in bringing such beneficial economic or social effects that were hoped for. They are better suited to certain tasks than to others; commonly they are at their best in infrastructure. But in tasks that are politically and socially more complicated – like rural development – they work far less effectively. In fact, aid seems to be least effective in conditions where it is most needed, as in the African countryside.

Perhaps the biggest issue is that of sustainability. The projects themselves are not even meant to be sustainable in the sense that they would continue for ever: what is meant here is the sustainability of the *benefits*: after aid is finished, how long will the road be in a usable condition, or the wells work? Most factors affecting this are beyond the project framework and depend on the larger political and social environment. Projects are separate and isolated from their surroundings; they create islands of resource abundance and effectiveness in the sea of scarcity and underdevelopment. Their cost-effectiveness

leaves a lot to be desired as they often use a great deal of expensive expatriate technical assistance.

One way to counteract some of these tendencies has been the increasing tendency of transferring the implementation of projects to the recipient partners themselves who are better integrated into the local structures and also far cheaper. Another way has been a shift towards program aid that is mainly budget support and sector-wide approaches or programs. The shift has been expedited by findings in evaluations that the overall success of any interventions in bringing about longer-lasting changes is crucially dependent on the larger policy environment.

So the present catchwords are partnership, recipient ownership and donor harmonization. That is, donors are asked to get together, put their money in a common pool and allocate it to be used either as general budget support or earmarked to certain administrative sectors for the implementation of programs designed by the partners themselves, albeit in 'dialogue' with the donors. Much of the responsibility for implementation is transferred to the recipient administration, although some foreign personnel may be present.

This kind of support, especially general budget support is basically only given to such governments, which 'own', that is, in advance commit themselves to the 'good policies' the donors want them to pursue. Budget support is used as a means to influence the policies of the recipient, although no formal conditions are set beforehand. Everybody involved knows that certain macroeconomic conditions are non-negotiable. Although single donors tend to fade away, loose their separate identity, the donor community as a whole has at least as good, if not better means to influence the policies of the recipient than before.

These 'new aid modalities' are so new that the jury is still out on them. First evaluations have been cautiously positive but they also point out that at least the transaction costs do not seem to have been reduced in the way it was hoped. Apparently, it has taken quite of a lot of extra work and expenditure to introduce such modalities. These are also controversial modalities on the donor side, and not everyone believes in them, as is evident from the discussions surrounding the Finnish official Development Policy Statement of 2007.

## AID AS SOCIAL NEGOTIATION AND COMPETITION: WHO BENEFITS

My third perspective on aid is that of social negotiation, competition and struggle. Here, the stated purposes and developmentalist rationalisations do not count. Aid resources are seen to be available for the well-placed; and in the last analysis, the question is who gains access to them and how: who benefits from on-going negotiations and competition which takes place on both sides, those of the donor and the recipient.

Corruption has been given immense public attention lately and it is obvious that some corruption is often linked to aid. Little is known of the details and they must vary from case to case. But the aid system also allows and even encourages many perfectly legal resource transactions which can be seen as corruptive: access to good jobs with high salaries, topping up of salaries, project cars and other hardware. Yet we have extremely little reliable, documented data on these.

What can be said is that not even the intended beneficiaries – the developmentalist targets – have always been among the poorest and aid clearly benefits many other groups as well, often more than the supposed beneficiaries. Obvious actual ‘secondary’ beneficiaries include the recipient governments, especially their executive parts which have been strengthened at the expense of the other state organs. It is also clear that aid feeds many mediators on both sides, and it employs much of the best personnel in recipient countries.

Thus I see aid as a fundamentally ambiguous and internally conflicting matter, something that has a dual nature. It has its developmentalist side: it *is* a well-meaning and a rationalistically plannable development intervention. Without such a notion there would be no funds for aid at all, and I think their presence is an internationalist achievement that has to be guarded. Yet developmentalism is not charity, and there are other, more immediately self-interested motivations and considerations also involved. Both parts belong together. Receiving aid can be a mixed blessing, as is evident from the growing amount of indigenous criticism of aid in many poorer aid-dependent countries.

In research literature, there are highly conflicting views on the potentialities of aid (among the most recent ones, cf. Easterly’s cyni-

cism with Sachs' optimism). For me, one of the major problems in aid discourse has been that aid has suffered expectations that have been all too high. It should have been learnt by now, although it has escaped from economists like Jeffrey Sachs, that over optimism breeds frustration. Aid can never be a solution on its own. At best, it can be part of the solution: it can have a role in maintaining the basic structures, and in creating space for innovations during the search for a workable policy. In order to make the best use of aid we must understand both how aid itself works and how its context works, and the factor to keep in mind is the fundamental insecurity referred to at the beginning of this paper: we still know very little of the actual effects and impacts of aid.

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## Questions

Has the relationship between the North and the South really changed from colonial times? (Mia O'Neill)

Should Western countries know more about the basic structures of developing countries in order to help them better? (Laura Peräsalo)

Is present-day developmentalism totally delinked from exploitation? (Taru Oulasvirta)

What are the motivations of Western countries for giving development aid today? (Kati Pynnönen)

Given that “development” is such a “slippery” word, what are the differences (if any) between the colonial development of resources to be exploited and the development efforts made today? (Daniel Wolf)

If we think of development as an intervention, how can we make sure that the people who receive the aid are actually listened to during the process? (Karoliina Tuukkanen)

Pertti Haapala



## ***Modernisation of Finland 1800–2000***

### WHAT IS DEVELOPMENT IN HISTORY?

This article deals with social development using the history of Finland as a case, an example or a metaphor. The point is to look at how societies change in the course of time, what kind of alternatives there might have been, and what kind of factors explain that we have come to what we have now.

How to combine a broad picture of global or general development and one regional case? This should not be a problem, if we think that global history is always local history, too. Local and global histories are components of a single process. Otherwise we would not understand global or local development. Also the history of Finland is an outcome of international connections – though we have a tendency and a tradition to see national history as the development of a nation.

For a historian development is a concept which tries to explain social change towards a defined direction. The term was used in the past already more than 100 years ago. People have believed in it and they have tried to “develop” their societies. The current meaning of development became commonly known in the 1960s. Today the concept is used by us to describe and understand current changes.

The historian’s task is to see development in a historical context. All social changes are made by men, and action always includes a



motivation, which in turn, is based on how one thinks about society and change: what is possible, what is not, what are the benefits or disadvantages, etc. On the other hand, social change is a very complex process, which also involves resources and the environment, i.e. factors men cannot choose. Today, more than ever, history is explained by changes in the natural environment, climate, world economy and demography, i.e. factors which are often outside the individual's power. Still, the world cannot be changed without individual goals and choices.

### FINLAND AS A MODEL OF MODERNISATION

Today Finland is called a developed society, which implies that it was not that before. Finland has followed a certain path of social development, and it looks like a good model even for other nations. That is not the stand taken here, but let us look at Finland as a society, which was a “developing country” 200 or 100 years ago, and how things then began to change. One must note, of course, that Finland is not an exception but has followed the same pattern of social change as most developed societies of today. What is different, however, is that Finland has never been at the core of Europe but at the periphery, and it is not a great power, but a small society.

As early as the 19th century people were talking about “modernising” things, their lives and society. It is evident that during the 19th century people in Finland internalised the idea of modernisation, i.e. the need to change society towards modernity. From that point on modernisation has been at the core of social debates, it has been defended and opposed. It has been credited for all progress – and it has been accused of causing new social and moral problems.

What is the content of modernisation? Without theorizing the issue, a list of historical phenomena which in Finland have been understood and promoted as tools of modernization is given on the following page.

- Economic growth, i.e. national wealth, as the goal of the national economic policy
- Industrialisation and re-industrialisation
- Land reforms
- Population policy
- Education and science policy
- Social planning
- Individualisation

For the most part modernisation has been legislation and other reforms by the authorities aiming at improving the material life of the citizens. But besides these institutional factors one must emphasize that perhaps the most radical changes have taken place in our minds, i.e. in the ways people think of the world, the society and of their personal role as a member of a community (take for example gender roles, parent-child-relationship, religion etc.). It is difficult to analyse things such as changes in world-views, but it is self-evident that they are crucial elements of social change. One important and far-reaching phenomenon might be covered by the term individualisation. Without that there is no idea of liberty or a demand for democracy or equality.

The ideal type of modern society is a rational society of rational individuals, an ideal image of our own society. Modern society is future-oriented and relies on rational planning, which may be called “planning optimism”. The system requires a good combination of regulation and individual activity. The citizens must feel the society to be fair; they must have equal rights, reasonable opportunities, etc. That is what we call democracy today. The Finnish model of modern society tries to combine strong institutions with individual rights and equality.

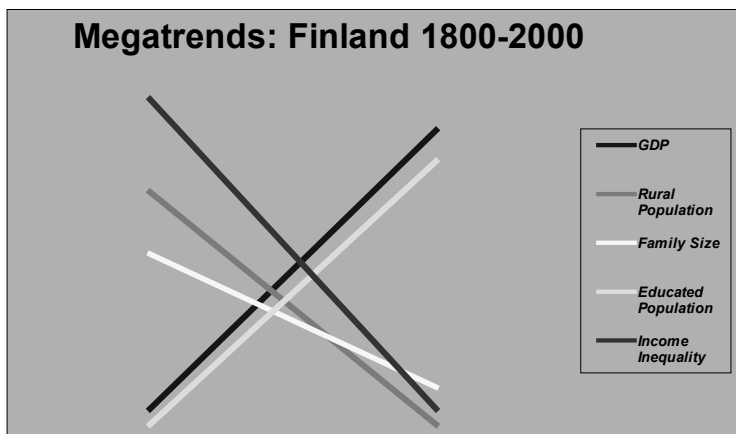
## FINLAND AS A “DEVELOPING COUNTRY”

At the beginning of the 19th century, 200 years ago, the Finnish society was fully agrarian and in a poverty trap. It was a typical “developing country” which can be demonstrated by the following facts:

- low productivity of agriculture, seed/harvest ratio 2–5
- no large scale industry and few artisans, no big cities
- high fertility and mortality rates
- low standard of living; poor diet
- low literacy rate
- autocratic administration, “rank society”
- minimum social and career mobility
- a great deal of food was imported
- exports goods were raw materials: timber and tar
- no economic growth

In 1800 Finland was a European periphery and a Swedish colony. It was then among the poorest places in the whole world. This was witnessed by many foreigners including Thomas Malthus, who predicted that Finns would starve due to the extremely rapid population growth, which was the highest together with Ireland. Such was the “population explosion” of that time. So, it was no surprise that in 1867–1868 Finland experienced the last hunger and population crisis in Europe: 240.000 persons (15 % of the population) died of hunger and diseases, and agriculture and infrastructure collapsed. The main reason for the crisis was extremely harsh weather conditions, but the background reasons for the catastrophe were high population growth, dependence on grain imports, lack of reserves, lack of a health care system, poor communications, and the missing political will to organize help.

How and why did Finland succeed in escaping the poverty trap, hunger and disease? The answer lies in the variables presented in figure 1. The changes described here are really historical in the sense that nothing comparable had ever happened before and it seems to be difficult to repeat them. A short glance at the factors, which seem to be crucial in explaining the modernisation of Finland, follows.



**Figure 1.** Megatrends.

## ECONOMIC GROWTH AND STRUCTURAL CHANGE

In everyday life economic growth is seen as growth in industrial jobs, as better communications, growing markets, expansion of trade, increasing consumption, etc. But where does growth come from? It is an outcome of input and skills, which is how we use the resources we have. As technology improves, we are able to produce more products with less work and less costs. Today the national product per working hour is 15 times higher than 100 years ago. Even though we work fewer hours than before, the GDP in Finland is about ten times higher than 100 years ago.

Economic growth is a very simple formula, but it does not always work, nor does it work everywhere. In Finland there was only limited growth before 1850s, below 0,5 % annually. That was the reality for hundreds of years. The major reason for this was that non-mechanized agriculture employed over 80 % of the population. There were repeated efforts to improve the quality and productivity of farming, but markets for agricultural products were limited and farmers had

no resources for investments. At the end of the 19th century Finland imported close to 50 % of its grain.

In the latter half of the 19th century things began to change and a continuous economic growth started. The stimulus for growth came from industrialisation in two ways.

First, the demand for timber and tar was growing continuously in the 19th century, which brought money for farmers who owned most of the forests. That is how they were able to invest in dairy farming, when the consumption of milk and butter increased together with European urbanisation. Butter became another important export product. A new era for forestry began with paper mills at the end of the 19th century. Many of the investors were foreigners and technology was mostly imported.

Secondly, an inevitable explanation for successful industrialisation was the role of Russia. Almost all Finnish paper was exported to Russia. More traditional manufacturing industries (textiles and machinery) also started in the same way: with foreign resources and supported by the state through special privileges and investments. Finland is a fine example of how the state's economic policy created the conditions for growth by exploiting the opportunities of international markets. The Finland of the 19th century, Grand Duchy of Russia 1809–1917, was a kind of “special economic zone” in the Russian Empire, an experiment of organized capitalism.

The state and public opinion did not accept ruthless capitalism and in a small and bureaucratic society it was possible to oppose the power of money. That is why most companies adopted a patriarchal attitude to workers and provided them with housing, education etc. It was also the moral code of the time, and law, that workers had to be respected. Patriarchal capitalism was followed by a strong labour movement and state social policy by the end of the century. As severe problems were avoided and living conditions were improved, industrialisation was largely regarded as a road to prosperity, liberty and civilisation.

State regulation continued through the 20 century. It was not only negative regulation, but the state supported companies through legislation (tariffs) and subsidies. State-owned companies played a

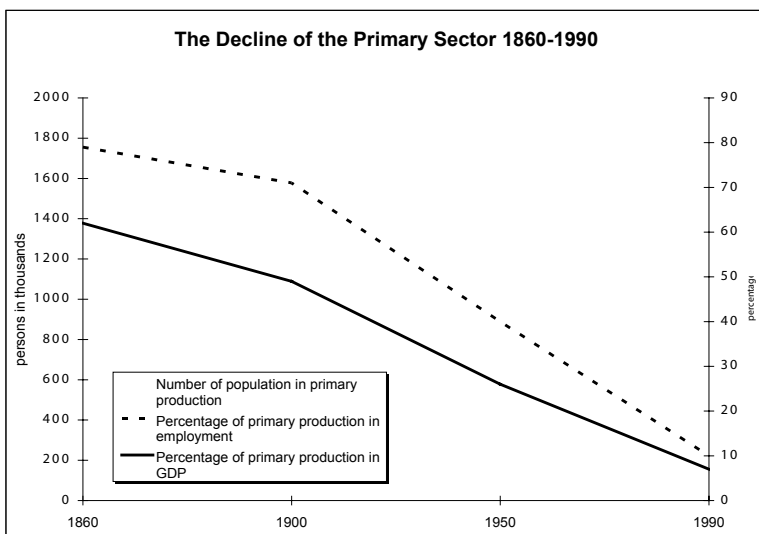
great role in the Finnish economy until the 1990s. They were strong in energy production, machinery, chemicals, forestry and communications.

The share of manufacturing in employment began to fall in the 1980s, but industrial output has nevertheless doubled since that. During the past two decades industrial policy in Finland has been reoriented towards high technology in the belief that this will provide new wealth. The state has openly supported high-tech enterprises by education, by research funding and by direct investments. Since 1997 electronics has been Finland's most important export commodity. It is worth noting that Nokia is not selling information technology but telephones. Though it is fashionable to talk about the information society, increasing productivity in manufacturing is still the backbone of the national economy.

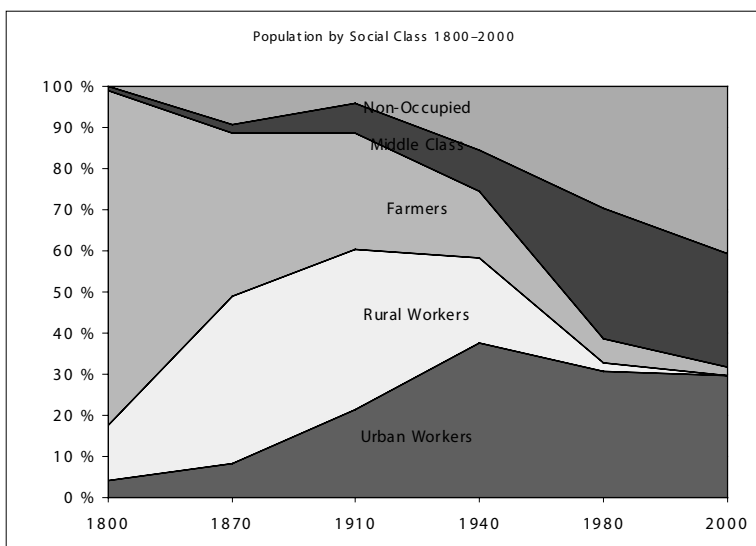
Another aspect of economic growth has been a change in occupational structure. Economic activity has shifted from less productive to more productive sectors and especially from agriculture to manufacturing and services. This change began in the 19th century but was slow until the mid-20th century; as late as the 1960s Finland was still a semi-agrarian country.

A significant fall in the agrarian population in the 20th century can be largely explained by the 'industrialization' of agriculture, i.e. the decline of agriculture seems to be a sign of prosperity. By regulating markets and prices since the 1920s the state secured the same income level for farmers as to the urban population. That became a law in 1968. By the early 1990s, when Finland began negotiations for European Union membership, Finnish agriculture was already so heavily supported and regulated that it may be called a state funded corporation. The process of 'rationalization' has accelerated since 1995. Today there are as many farms as 150 years ago.

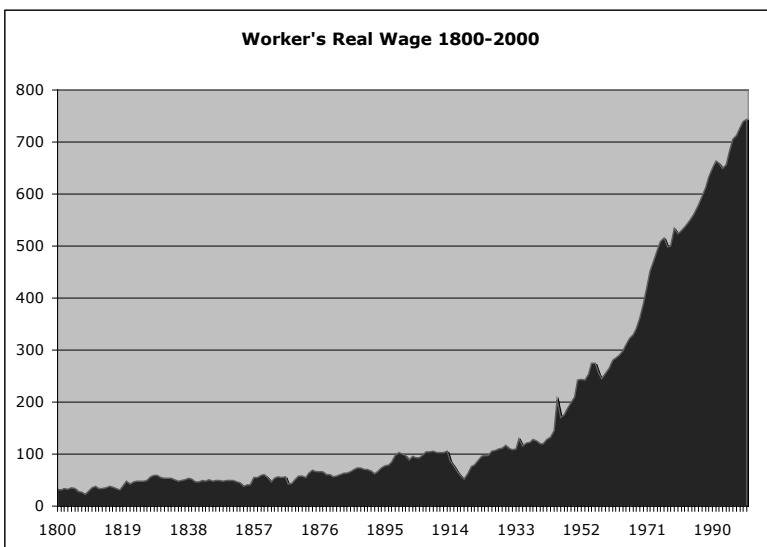
Another striking change in the employment structure has been the sharp rise in the service sector. In Finland this has been largely a result of the growth of the public sector, i.e. schools, social services and health care. The public sector is still very large in Finland and most middle class people work in the public sector, which makes it difficult to cut services.



**Figure 2.** Decline of agriculture.



**Figure 3.** Occupational structure.



**Figure 4.** Real wages 1800-2000.

#### FAVOURABLE POSITION IN THE WORLD ECONOMY

The economic success of Finland is not the achievement of the Finns alone. Finns have not been able to exploit other nations, but they have been in a favourable position in the international economy. Finland really has benefited from its connections to the world economy. Before industrialisation the coastal cities of Finland were rather prosperous but very small. The rest of the country was simply poor and disconnected from the rest of the world.

In the 19th century, during the so called first globalisation of the world economy 1860–1913, Finland had a double connection to the world-market. Finland was exporting raw materials to the west and industrial products to Russia. Finland imported raw materials from Russia and technology from the west. That game was possible because Finland had a special position in the Russian tariff system.



At the same time Finland was allowed to protect its domestic markets against western competition. There was a remarkable growth of domestic markets between 1890 and 1940 combined with urbanisation. Between the years of 1920–1940 independent Finland was a rather closed economy but survived well by exporting paper, now to the west, and by adopting western technology effectively, especially from Germany. Industrial infrastructure, roads, railroads, power stations and power lines, were built mainly by the state.

After World War II protectionism was continued until the 1960s. Then Finland gradually entered the European free market area and had special arrangements with GB, the USA and the Soviet Union. As in the 19th century, Finns were again exporting industrial products to Russia and importing raw materials, like oil, gas and metals. Bi-lateral trade with the Soviet Union was profitable and continued until the late 1980s. That saved Finland from the early crisis of de-industrialisation in the 1970s and 1980s.

An invisible factor that has favoured Finland throughout the two centuries has been the terms of trade, i.e. the prices of the exported goods have been rising and the prices of imported products have been falling relatively.

EU membership was opposed quite strongly in the 1990s, because national regulation of capitalism seemed to work rather well. In fact, the Finnish economy was deregulated quickly in the late 1980s. That was followed by a banking crisis, bubble economy and a deep depression in the early 1990s.

Luckily, in the midst of the depression 1991–1993, huge global markets opened for new information technology. Finland was in a position to benefit from the information revolution and the second globalisation. That was not only good luck, because signal technology had been developed in Finland actively since the 1960s and in the 1980s it was advanced enough to make mobile phone and information networks a market product. The Internet revolution also succeeded early in Finland because of the investments made by public institutions. In the early 1990s the government of Finland declared a program of the first *Democratic Information Society*, which aimed to secure easy access to the Internet for all and the development of electric communication systems in administration, schools, banking and business.

## ACCUMULATION OF KNOWLEDGE

It is easy to prove statistically that a higher education level of the population means higher productivity; educated people have better intellectual, social and technical resources to work with, to make innovations and calculate the benefits. But in 1915 a Finnish economist complained that Finland would never become an industrial society, because Finns had no “capitalist spirit”. Instead, people were slow in their movements, ignorant, stubborn and lazy. When the British said that “time is money” the Finns concluded that “God created the world but mentioned no hurry”. The economist was right when comparing Finland with countries like Britain, Germany or Sweden, which were far more developed in those days. But he did not foresee the future: he did not realise what it meant that children of all social classes went to school, it was compulsory, the university was expanding rapidly, including technical education, and there were many educational and scientific contacts to Europe and the USA.

And above all, there was an innovation which proved to be very important in the long run: female education. All girls went to school and in the 1910s the percentage of girls in secondary schools was higher in Finland than in any other country of that time. A remarkable number entered universities, too. Educated women played an important role in the education sector, as civil servants, as politicians and as cultural figures.

Finland was characterised by educational optimism since the late 19th century. Its roots were in nationalism: “as a small nation we can survive only through civilisation and education”. With the help of this idealism, education became the most promising channel for social mobility, too. Today educated people in Finland have the most equal social background, and they come from all social classes. This was due to public schools being open to everyone at all levels. As education has produced social mobility, it has been a key factor for social stability, too.

## DEMOGRAPHIC TRANSITION

Finland, a country of two million inhabitants, had a population problem and a poverty problem in the 19th century. Both were solved between 1880 and 1910 when 600.000 people left the countryside: half of them moved to Finnish cities and the rest to the USA and Russia. It was a crucial element, of course, that people had the chance to move and they were also willing and ready to do so. Cities and emigration promised them a better life. The same was repeated in the late 1960s when 300.000 Finns, mostly young rural people, moved to Sweden.

The fertility rate among the urban population began to fall rapidly between the years 1910–1920. People began family planning to secure a better life for themselves and for their children. This meant smaller families and in fact better resources for each person, the birth of the modern nuclear family. This was not merely a demographic or an economic change, but also a mental turn: people began to design their lives in a longer perspective. It was a kind of rationalization of the life-course. Before WWII the official population policy emphasised population growth, but a crucial element of that policy was the aim to improve public health. Healthy children, not large families, were the goal, and Finland soon took the lead in low infant mortality rates.

Along with the birth rate, mortality rates also declined and as early as the 1910s cities were a healthier environment than rural areas. The so called hygienic revolution, the fight against bacteria, was implemented in Finland rather effectively. Especially urban sanitation programs proved to be important. This required scientific knowledge, legislation, an active local authority and a positive attitude from the ordinary people.

Finland's demographic transition has an interesting analogy – or contradiction – with the current world: today there are many areas with high population growth, high fertility rates even in cities, and no chance for non-skilled workers to seek jobs abroad or to bring their families with them. This produces poverty, health problems, despair and social disturbance.

## POLITICAL STABILITY AND SOCIAL SECURITY

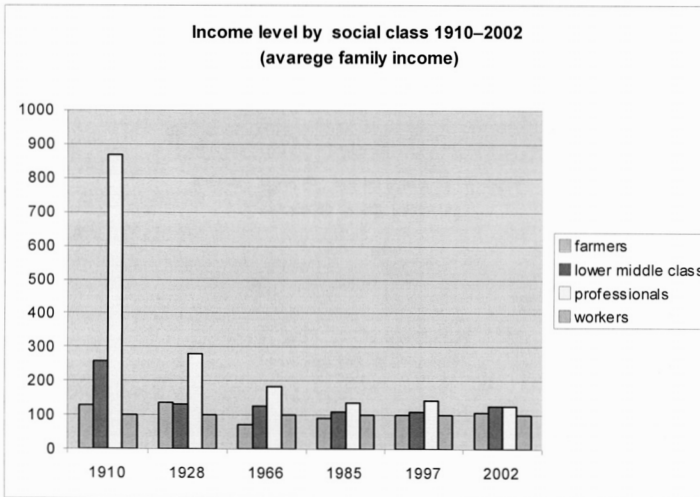
Political crises (the fear of Russification, Civil War in 1918, fascism and communism in the 1930s, Cold War) are often emphasized in Finnish history. But in fact Finnish society has been rather stable and extremely homogenous. Even under Russian rule (1809-1917) individual rights were not severely violated, instead a vivid and well organised civic society emerged. People gathered around two great ideas, nationalism and socialism. They both were programs of modernisation and equality and declared national unity. The Civil War in 1918 was an exceptional political crisis, but it ended in a compromise. In 1919 a great number of vital social reforms were introduced and in the early 1920s Finland was a far more democratic and equal society than before, and above all, the country could not be governed without political consensus. Finland was called a “republic of farmers and workers”.

The ideological and political foundations of the welfare state in Finland also go back to the 19th century. Nationalism was followed by the idea of national social policy. *Sozialpolitik* was adopted from Germany. The aim was to reinforce and secure the stability and the cohesion of the society with the help of social policy. The idea of social integration and national interest continued in the 20th century. In the 1960s Finland finally began to have material resources to build a modern *welfare state*, as it was called, following the Swedish model. The major political forces in that project were the left and the agrarian party. They agreed that all citizens, urban and rural, should enjoy equal services and benefits. In the 1980s when the conservatives joined the government the level of social benefits and income transfers were raised and extended to the middle class as a compensation for the high taxes. The *Finnish Model of the welfare state* was ready: everybody pays and everybody receives. This is expensive, of course, but it makes almost all citizens dependent on public expenditure and above all, it justifies the system.

## WELFARE STATE AND CLASSES

Economic growth has enabled a widespread redistribution of income organised by the state. Today public expenditure is more than half of the GDP in Finland. Every other euro goes to the state in one way or another, but all that money comes back, too, in public services. To put things in a really broad context, we may say that the welfare state represents a unique phase in history. For the first time ever wealth and equal distribution of income appear together in the same society. For the first time ever an extensive public sector is not being used as a tool of oppression or exploitation. Viewed through the eyes of a person living in the 19th century, the situation would seem strange indeed: capitalism and Utopian socialism have come together.

The central motivation behind the construction of the welfare state has been ideological, the promotion of security and equality. People saw the welfare state as an answer to the feeling of insecurity and inequality they had experienced generation after generation. Other, less noted factors have been the changes in economic, demographic and social conditions. Now when considering the future of the system, it is necessary to see these broader, structural, connections, too.



**Figure 5.** Income distribution.

Today Finland together with Sweden has the most even income distribution in the world. It is a result of strong state intervention, i.e. wage regulation, taxation policy and direct income transfers. It is fundamental for the class image of the society that most of the population are very close to each other in their standard of living – despite the constant cry of “the increasing gap between the rich and the poor” in public. Some comparative studies suggest that social mobility in Finland has been more common than anywhere else. This is partly explained by the structural change of the economy and the growth in the public sector, but education policy has played a decisive role in this social mixing.

But the system has also unintended results: close to 40 per cent of the adult population are not working today. This “new class” including retired people, students and the unemployed was created by the welfare state. It is great, of course, that the society is able to support so many people, but together with public services they make for quite a heavy economic load – especially for the generations that are smaller. Thus the maintenance of the welfare system requires constant economic growth. We may say that we are trapped in the search for growth, which can be quite a stress for the earth and certainly produces economic and social inequality globally.

#### AN OPEN LATE-COMER OR JUST GOOD LUCK?

Why did Finland succeed in modernisation and development – when compared with many other societies in a similar position? First, one has to remember that Finland has been a part of European and global development. Thus the question is about adaptation: how to adjust to a given environment (natural and social), how to survive with your neighbours, how to benefit from others, how to protect your own interests and culture, etc. A surprise or not, Finns and Finnish society have been very flexible, open to changes and new ideas. In politics flexibility has often been regarded as opportunism. In communication and the economy Finland has always been an open society, because it is too small to survive alone. It has been a dependent economy, but it has usually won in exchanges with others.

In technology Finland has been a latecomer, but also a willing student. The transfer of technology has been effective, as well as the implementation of innovations due to the small size of the country and well-organized administration. All this requires that there are people who know about the rest of the world, i.e. specialists educated abroad or at home, and they must enjoy public support. There is a saying that Finns, who have lived so long in the forests, are very keen of everything new. That is a stereotype, but it is true that in a small society one has to be open-minded and at the same time safeguard one's identity by emphasizing national uniformity.

### CONCLUSIONS: A MODEL FOR OTHERS?

History does not repeat itself but it may offer examples, analogies and comparisons for the evaluation of the possibilities in another place and time.

*In many ways the Finnish experience cannot be followed, because:*

- A similar economic growth by exploiting natural resources can hardly be repeated.
- A similar population development cannot be repeated; there is no open land to go to for the current world population.
- Similar patterns of thinking which encouraged people to change their lives cannot be repeated in the same way.

*In many ways the Finnish experience could be followed. It requires:*

- Severe social problems must be solved.
- Social power based on legislation and democracy is needed for that.
- Individual rights and equality must be supported.
- There must be investments in science and broad education.
- Individuals must feel the society to be fair.
- Similar patterns of thinking which encouraged people to change their lives may be repeated.

The experiences of development presented here, the case of Finland, are real and one should learn from reality. For instance the belief in education was something one just had to believe in, and it was only afterwards that we were able to see it was the right way. Similarly the belief in equality has been a decisive idea and factor in European modernisation – as well as the individual initiative to promote the common good.

The final lesson is that there is no historical model of development which could be followed by others, because the context is decisive. But history teaches us that there are several possible futures, and it is wise to consider this when making decisions today. We do not know the future, but we can analyse the conditions and factors of development in history. Today we are fully dependent on the man made infrastructure and social systems. That is a severe challenge – and an opportunity which did not exist 200 years ago.



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## Questions

How could we improve the well-being of people in the developing countries and at the same time minimize the damaging effects of modernization? (Annika Launiala)

Are there any common features between the development of industrialized countries and the situation today in the developing countries? (Laura Markkanen)

Protectionism and welfare state have played an important role in the history of Finland. Why does liberalism have a central presence now? How could these political approaches be used in the developing countries, especially in Africa? (Charles Pénaud)

What effects has the emergence of a national identity had on the developing countries? (Maija Repo)

What are the main differences between Finland's demographic transitions 100 years ago, and demographic transitions in the contemporary global South? (Hanna-Kaisa Simojoki)

What are the main differences between the terms "development" and "modernization"? (Marianne Tainio)

## ***II***

# ***SOCIAL POLICIES***



Ronald Wiman



## ***Challenges of Social Policy in the Development Context***

### INTRODUCTION

The word *social* is often used in several meanings. First, in the narrow sense, *social* may refer to a quality characteristic that emphasises equity and solidarity. Secondly, it is used to refer to social services that include “social sector services” such as health, education, social security etc. Confusingly in development discourse “social services” often also include water and sanitation and other public amenities. In the third, more general notion, social refers to *societal*, meaning applicability to all people in the community or society – often with reference to equity as an essential value of stable societies. In this article, *social* is written in italics when the narrow definition referring to *social* values is intended. Social Policy is written with capital initials when we discuss the policy domain or the discipline of Social Policy.

The dialogue on *social* policy in the development context has evolved from the narrow focus on *social* values, through the “social sector” and safety net focus, to social protection and finally to a more comprehensive approach to broader societal policies geared toward equity and solidarity. The comprehensive Social Policy – approach covers a much wider domain than the social sector services. It is also seen as a tool for reducing poverty through wider social/societal development rather than direct measures targeted at poverty or poor people. The approach encourages Social Policies that aim at creating

enabling environments for people themselves to become agents of action in their lives. Similarly, unlike in the traditional welfare state approach, the new approaches leave more room for a wider variety of collective agents and organizations in the advancement of *social* public policy goals.

## THE MULTIDIMENSIONALITY OF POVERTY

The international community has agreed that the reduction of overall poverty and eradication of extreme poverty are the central goals of development. Poverty is understood to be multidimensional as reflected in the OECD/DAC Guidelines for Poverty Reduction (2001). The multiple dimensions are also included to some extent in the *Millennium Development Goals (MDGs)* that were an outcome of the UN Millennium Summit, in 2000. On a global scale, it is believed that the first goal, the halving of income poverty between 1990 and 2015 will be reached. However, the recent food (price) crisis may change this positive forecast drastically. The other goals, universal primary education, gender equality, reduction of child and maternal mortality, stopping the spread of HIV/AIDS and malaria, as well as goals relating to the environment, such as access to clean water and improving the lives of slum dwellers will not be universally reached. Particularly Sub-Saharan Africa and Western Asia are lagging behind in all the MDGs.

What is alarming is that inequality has grown both within and between countries (United Nations 2005). Some people are included – others are excluded. Exclusion is one of the worst forms of inequity: About 1.2 billion people are excluded as they live in extreme poverty on less than 1 USD a day. An additional 1.6 billion live on 1–2 USD a day. Then, according to the Commission for Legal Empowerment of the Poor (2008), there are maybe 1,4 billion people who may earn over 2 USD a day but are *de facto* excluded because they have no access to legal protection to secure and improve their lives.

Economic growth is the remedy for income poverty – in principle. It reduces poverty providing that growth reaches the poor. This

seldom happens without additional public policy measures that enable the poor to participate in and benefit from growth. The mainstream economy does not always work for the poor. The bulk of working people in developing countries are not in the formal labor market or in formal business. They are own-account workers doing diverse jobs and small scale business or they do unpaid work for the family. They have no access to protection from exploitation or abuse; they have no access to social security in case of illness, disability, famine, and eventually, old age.

Pro-poor growth does not seem to emerge by the virtue of the invisible hand of the markets. Pro-poor growth (PPG) requires public policy interventions, a more *social* public policy that recognizes the equal rights and dignity of all people. That is the essence of the contract between a legitimate government and its citizens.

The other, “non-economic” MDGs that seem unreachable by 2015 depend on factors other than incomes only. Better health, better education, better housing etc. require people to have equal access to a number of basic services – be they public or private. Much evidence shows us that the poor do have less access to services and they pay more for such services as water and electricity. Services – even the public ones – do not work for poor people. For instance, in Nepal 46 % of the money budgeted for education benefits the richest fifth and only 11 % the poorest fifth (World Bank 2003). In many countries services fail everybody – except the rich who can escape the poor quality services by having access to generators for producing electricity, money for private exclusive health care, private expensive schools etc.

While the MDGs represent very essential issues they still view poverty and development from a rather narrow angle. They do not measure the institutional aspects that work against certain population groups.

People, families and communities face a world that does not offer the security, opportunity and power for them to manage their lives. Many institutions are disempowering people. The situation is worst in the so called fragile states where the governments do not have the ability – or the will – to secure prerequisites for a decent life for all members of the society. While the definition of fragility is a little loose it can be estimated

that some 14 % of all people and some 30 % of all poor people live in such fragile states with bad governance. Additionally, about a billion slum dwellers in mega cities of poor – and rich – countries can be said to live in fragile conditions, as well (Ruohomäki 2005). To sum up: globally about one out of four people live in fragile conditions.

## THE GOAL OF DEVELOPMENT

People, even the poorest of the poor, want to manage their lives and be agents of action in their own, and their family's future. Such an obvious assumption is relevant as development from a human perspective means improved opportunities to manage one's life. The enabling factors for managing the life course of oneself, the family and community, are *security* in the broad meaning, the *opportunity* to be educated, to participate in economic, social and cultural life, and *empowerment* to be able to have a voice and to be a full member of the community and society (*inclusion*).

The famous Nobel laureate economist Amartya Sen has crystallized the essence of development as freedom (Sen 1999). The United Nations Development Programme (UNDP), adopted Amartya Sen's conceptual framework during the late 1980s while designing its Human Development Approach that was coined to provide an alternative to the World Bank led economic "Growth First" -development paradigm of the 1980s. The UNDP characterizes development as the "widening of choices".

What would then constitute social development? One way to characterize social development is to consider development as *social* when the widening of choices is truly equitable for all. Social development can be said to be development for all. For such a vision to come true it would require something more than just social sector (education, health, social security and services) development – even though social sector services are essential for people's security, opportunity, empowerment and inclusion.

During the last 10 years or so, following the World Summit for Social Development in Copenhagen 1995, there has been a lively



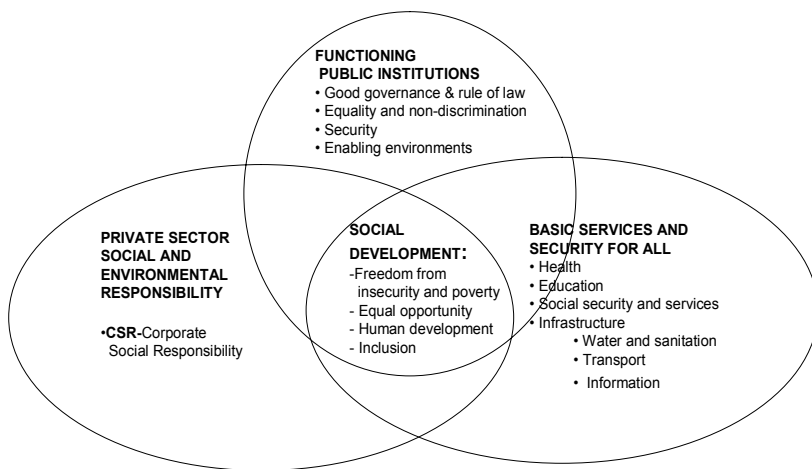
dialogue on the social dimension of sustainable development. The dialogue between various stakeholders has also been supported by the Finnish Government both financially and through participation in the dialogue between the UN, the World Bank, International Non-Governmental Organizations, developing countries and donor countries. As a result a more comprehensive approach to Social Policy has been emerging. (See Wiman & Voipio & Ylönen (2007.)

In 2005 the World Bank with the support of Finland, Norway, Sweden and the UK, organized a conference with a wide range of stakeholders in Arusha, Tanzania, entitled “New Frontiers of Social Policy”. The Arusha Statement widened the approach to Social Policy and development. It claimed that new essential elements of Social Policy in the development context are, for instance:

- Transforming people from objects to agents of action
- Fostering an enabling, responsive and accountable state
- Strengthening the capacity of the state to mobilize domestic revenues
- Emphasizing – also in the social sector – equitable access and outcomes
- Emphasizing *social* policy principles in a number of other sectors

A comprehensive approach to Social Policy can be summarized in the following way. The vision of social development is “a society for all”, where people have equitable prerequisites to enjoy security, develop themselves, to participate, to have a “voice” and to contribute to and benefit from development as full members of society (inclusion).

The requirements for people to be able to manage their lives and to achieve well-being, are (a) that public social institutions function adequately for all and without discrimination, (b) that everyone has equal access to basic services and security, and that (c) the private – and public – sector carry their social and environmental responsibility. These prerequisites need to materialize at all levels and for all population groups, in national policies, regions and communities. Again, the role of the government is crucial in advancing and enforcing the functioning of institutions and policies at all levels and regions.



**Figure 1.** The social dimension of sustainable development

Finland has “exported” the Nordic disabled people’s vision of “a society for all” fully understanding that a rich country’s systems as such will certainly be inappropriate in the developing country context. Rather, the slogan of “a society for all” reflects the universal civil, social, economic and cultural rights, and is therefore applicable to all countries (United Nations 1991). While such positive visions are useful as they show the direction and create inspiration for action, it is clear that they do not fully materialize anywhere. However the essence is clear when contrasted to the opposite visions. In many developing countries the wealthy have captured the state and societal services and the current situation is closer to “a society for the few”. In the global South, the demand for a society for all is even more justified than it ever was in the North. Governments that have been captured by small elites are a risk for their own populations as well as for the global community as a whole.

## EXAMPLES OF GOOD PRACTICE

There are encouraging examples of appropriate social technology for providing essential services and security in middle and low income settings. One size does not fit all but the principles are the same.

In the low income country context, the most essential step is to secure livelihoods for people through a broad-based, systematic, more equity-oriented *societal* policy ( See Ortiz 2007). Additionally, in the low and middle income context there is a need for the use of more specific, rather traditional *Social* Policy instruments in the sphere of Social Protection and Social Risk Management (SRM). Such instruments help people tackle social, economic and environment induced risks that threaten their livelihoods and, once materialized, may trap them in chronic poverty that will even be transmitted to the next generations.

A number of low and middle income countries, such as Tanzania, South Africa, Vietnam and many Latin American countries have realized the need for comprehensive Social Policies to respond to development challenges. There are also a number of countries that have started implementing specific Social Protection instruments.

The “precision instruments” of Social Policy have their limitations as they require more skilled and trained staff, more financial resources and administrative machinery. For instance, demands that aid should only be targeted at the poorest are difficult to meet in situations where exact information on incomes and assets are not available and there is not enough personnel in all corners of the country. Another problem with targeting the poorest is that “services for the poor tend to be poor services”, as stated by Amartya Sen.

However, the basic instruments of Social Policy also have their potential and place in low income settings. It is the duty of the legitimate public authorities to make them available at a level that is affordable. Not to do anything is plain bad governance. For instance, child protection services are necessary in any country to guarantee the realization of the rights of the child in case of abuse, divorce, adoption, child labour, loss of parent(s) due to e.g. AIDS, etc.

Social assistance in the form of cash transfers has been piloted recently in a number of countries as precision instruments for pov-

erty alleviation and other social goals. Here three types of interventions are presented as examples: the unconditional social allowance, conditional transfers and public works (Samson & Niekerk & Mac Quene 2006).

### Unconditional transfers

Non-contributory pensions are an example of unconditional transfers - the condition is just a certain age. In South Africa there are systems for social allowances to older people, people with disabilities and children under 14. About 10 million people are beneficiaries. For instance, the child support grant is about one USD per day bringing the child immediately over the one USD a day poverty line. The positive effects of these grants extend far beyond the expected reduction of income poverty. Children in households receiving social grants exhibit better weight-for height - indicators, are better fed and have higher school attendance than those in corresponding families that do not receive social grants. These families also show *higher* labor market participation rates – grants are not a disincentive to economic activity, quite the contrary. Namibia has a corresponding system of social benefits and there grandchildren are also among the ultimate beneficiaries of social pensions. A car equipped with a hi-tech cash point capable of using a biological identification system (optical finger print reader) dispensed the cash in remote areas as early as the mid-1990s.

### Conditional cash transfers

In Mexico there are systems of conditional cash transfers. Mexico's "Oportunidades" programme provides cash with the condition of regular health clinic visits and school attendance of children. The programme has three effects: income support for the poor, raising the awareness of the necessity to invest in present and future human capital (children's health and education) and making sure that the latter is also materializing. Similar programmes are in place in e.g.

Brazil, Ecuador, Honduras, Jamaica, Nicaragua and Bangladesh. Conditional transfers require a degree of administrative capacity and also the development of actual health and schooling services.

### Public works

In India poor rural households are guaranteed work for 100 days a year at minimum salary. The simple “targeting” method is self-selection: those participate who need the work and income. Public work - programmes are expensive to arrange and they provide meagre incomes. The overall benefits of public works derive for a large part from the outcomes such as improved infrastructure that benefit the whole community.

### A CONCLUDING COMMENT

The evolution of functioning systems of essential security and services take time and must build on the local historical and cultural context without compromising universal human rights such as gender equality. What is important is that the direction is right. A few general guidelines can be derived.

First, informal and arbitrary, often exploitative patron-client systems of arranging social security (e.g. informal high interest loan systems) aggravate poverty. Moving toward a rights-based and organized approach is a necessity. (See Wood & Gough 2006.) It has to take place using the functioning elements of the informal system as a base and by ensuring that those now relying on the informal system are not excluded. The approach needs to be comprehensive injecting a social and equity dimension to all policies and services. Donor countries are then in a position to facilitate this, if they wish. Basic supporting services need to be turned from care-taking towards empowering the recipient – “from safety nets to springboards”. Many actors can be involved rather than relying solely on the public sector. The business sector can also be a partner. As a minimum, basic labor and environ-

mental standards should be enforced effectively in all countries – also in the rich ones.

Each legitimate state has the ultimate responsibility for the realization of the basic rights of their citizens including economic, social and cultural rights. Aid should not replace government responsibility and government action. Development cooperation should recognize the necessity of the social, economic and ecological sustainability of development. Assistance needs to be directed at broadly building the capacity of the partner government based on comprehensive, equity-oriented Social Policies that involve all stakeholders, all resource sources and are designed to benefit all.

Whatever we might believe regarding the feasibility of Social Policies in the developing country context, the choice is truly between Social Policy and chaos. The ILO (2008) has calculated that most countries could afford basic social security for their people with a reasonable share of their national income. Thus the question is not whether low income countries can afford Social Policies, but whether they can afford to be without Social Policies. Another central question is: can the rich countries afford not to help the poor ones to develop appropriate Social Policies?

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## Questions

What kind of challenges does the social development point-of-view face in global development discourses? (Riikka Lätti)

Why are there no investments in social security and social services if those are needed for development? (Laura Neuvonen)

What is the connection between climate change and social policy? (Santtu Pyykkönen)

How could India's model be applied to Sub-Saharan insecurity regimes? (Saara Karlsson)

What are the main ways of empowering people in the developing countries? (Jukka-Pekka Siltala)

What would be the most appropriate field to start with if we had to choose from the variety of fields the international institutions could intervene in: protecting human rights, reduction of poverty, investments in economy and technology, building institutions, strengthening the governmental power, activation of people, building universal social services, strengthening social integration? (Joanna Chodun)



Jouko Kajanoja



## ***Measuring Social Development***

The stress in this article is on well-being or the fulfilment of human needs. Another way of expressing the same idea is that this article deals with the ‘good life’ and sustainable development. “Measuring social development” refers to the same idea as “measuring well-being”. We measure well-being because we want to be able to evaluate the success of social development and the ultimate measure of success is well-being. From this perspective it is logical to equalize “measuring social development” with “measuring well-being”.

### ARISTOTELIAN VIRTUES

There are two main approaches to understanding and assessing well-being. The first is known as the *Aristotelian* approach. Since the 1980s Aristotle has become popular again in philosophical debates about well-being and in the philosophy of ethics (MacIntyre 1981). The Aristotelian approach defines the virtues related to the content of life. The second is the *liberal or utilitarian* approach. It tries to avoid defining the content of life. Well-being is understood as the freedom of choice and hence the more resources the more well-being.

The Aristotelian approach has nine intentions (see e.g. Nussbaum 1993).

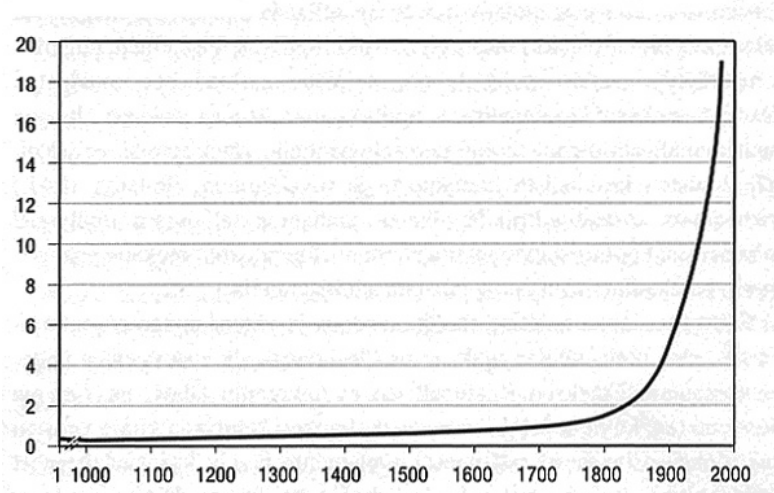
1. To live a long life. Not to die too early.
2. To have food, protection and love. To be safe.
3. To be in good health and to advance physical abilities. To physically fit.
4. To practise thinking, use the senses and imagination, to have a sense of humour and to utilize one's technical abilities. These were especially important in Aristotelian thought. He emphasized that we are happy when we test the limits of our abilities i.e. when all our abilities are in use.
5. To exercise desires and feelings. To take them to a higher level.
6. To have human relationships and to act in various communities. We are social animals. We do not know that we are human beings without contact with other human beings.
7. To take part in determining common goals and in planning the means to reach them. We would like to be subjects – and not only objects – in our society.
8. To be recognized as a dignified human individual and as a representative of one's cultural background. Our human value as such should be respected. Note how Aristoteles understood the importance of respecting the cultural origin of immigrants.
9. To live in a satisfying relation with nature. Aristoteles understood the ecological aspects of life.

Aristoteles was a free man who could spend his time in the squares of Athens and take part in discussions with other free men without troubling himself with the daily necessities of life. Those were taken care of by women and slaves. The critics say that his way of life is reflected in his ethics. Some of his ethics have been criticised but we have to remember that times were different and he wrote in a different context. Now slaves have been replaced by machines which also help with the housework, as do men. But the most convincing defence of Aristotelian ethics, or most of them, are their relevance today. Many modern lists of the criteria of well-being produced by the scholars of well-being and many results of surveys on people's opinions bare amazing resemblance to Aristoteles's criteria.

## MARKETS AND GROSS DOMESTIC PRODUCT

The origin of the liberal or utilitarian way of understanding well-being was in the triumphal march of The Enlightenment and the markets during the 18<sup>th</sup> century. Greediness and egoism began to be accepted and respected as instruments for economic development (Smith 1981, orig. 1776). Before The Enlightenment greed was considered a vice, but during the 18<sup>th</sup> century it came to be seen as a virtue.

The markets became the principle around which society organized itself. There were markets before the 18<sup>th</sup> century but they were of a smaller scale. Markets began to be the leading principle guiding society. Since then the main task of the state has been to create appropriate opportunities for markets. The change had a remarkable influence on the way we understand well-being. It began to be associated with economic prosperity.



**Figure 1.** The growth of gross domestic product in western countries. 1000 US \$ per capita. 1990 prices. Source: The Economist 1999, Agnus Madison, International Monetary Fund.

Since the late 18<sup>th</sup> century the market economies of Western Europe have succeeded well in increasing production. Figure 1 shows how dramatically the gross domestic product (GDP) of western countries has grown. Now people in the rich countries live in affluent societies. They have an abundance of goods and services per capita. The dreams of people have come true. There is no need to worry about the material necessities of tomorrow. People are no longer forced to work hard to fulfil their basic needs. In the industrialized countries people have over ten times the prosperity per capita that they had two hundred years ago.

Economic success is measured by the GDP. It shows how many goods and services are produced when assessing production by market prices. The first calculations of the GDP were made surprisingly late in history – in the 1930s. It is still the main measure of a nation's success even if it has been increasingly criticised. It does not include factors such as distribution, level of equality, level of health or security, the environment, participation nor human rights etc.

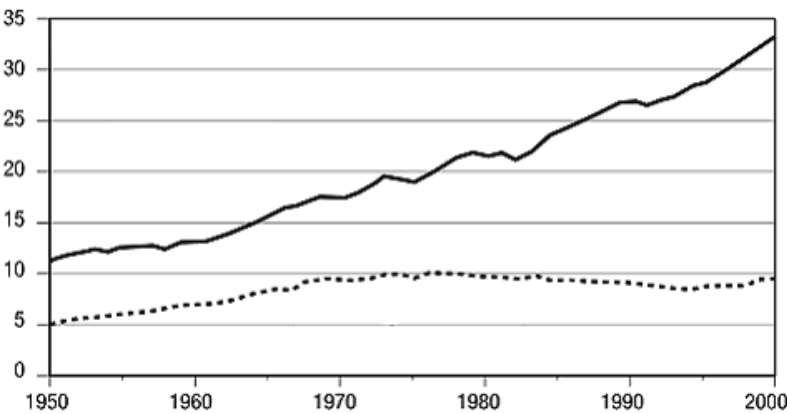
### ECONOMIC CRITICISM OF THE GDP

Efforts have been made to correct the deficiencies of the GDP. The most well-known is the US-based GPI, genuine progress indicator (Redefining Progress 2002). In the GPI the GDP is manipulated by the following factors:

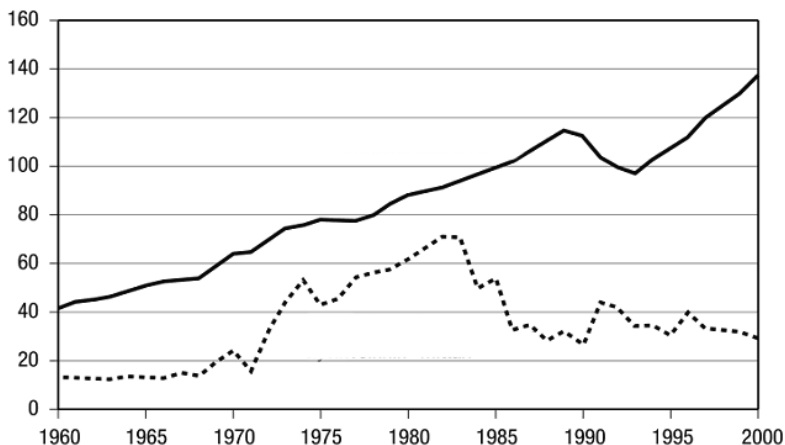
- diminishing the value of destroyed natural resources and the impairment of the environment
- diminishing the expenses created by criminal acts
- diminishing the costs of commuting and of the possible reduction of free time
- making a reduction if the increase of incomes only benefits a minority
- increasing the value of voluntary work and unpaid work in households (the value of unpaid work in households alone is almost a half of the value of the GDP in developed countries)
- increasing the value of the possible increase of free time
- etc.

The idea is to make common sense corrections to the GDP so that the result reflects the impression of the material well-being of a layman.

One note is worth mentioning. The value of destroyed natural resources is assessed to be rather high. Therefore, it could be argued to be overestimated, especially if one believes that technological development will solve the problems created by overconsumption of natural resources. Contrastingly, one could also argue that the value of ecological and global problems are not taken into account sufficiently enough.



**Figure 2.** Gross domestic product (upper graph) and genuine progress indicator (lower graph) in USA. 1000 US \$ per capita. 1990 prices.



**Figure 3.** Gross domestic product (upper graph) and Index of sustainable economic welfare (lower graph) in Finland. 1000 FIM per capita. 1995 prices.

Figure 2 shows that according to the GPI-calculations there has been a slight downward tendency in the USA since the 1970s while the GDP has nearly doubled. Figure 3 shows a calculation based on the same kind of corrections of the GDP. The origin of the figure is the doctoral thesis of Jukka Hoffren (2001). He calls it ISEW, the Index of Sustainable Economic Welfare. Hoffren's calculations with Finnish data show an even sharper discrepancy between the development of the GDP and of the ISEW than the comparison of the GDP- and the GPI-calculations in the USA during recent decades.

## FROM SOCIAL INDICATORS TO HUMAN POVERTY

The Genuine progress indicator and the index of sustainable economic welfare only make economic corrections to the GDP-calculations. Non-monetary corrections are not included. If we want to assess well-being, we should take into account factors such as security, health,

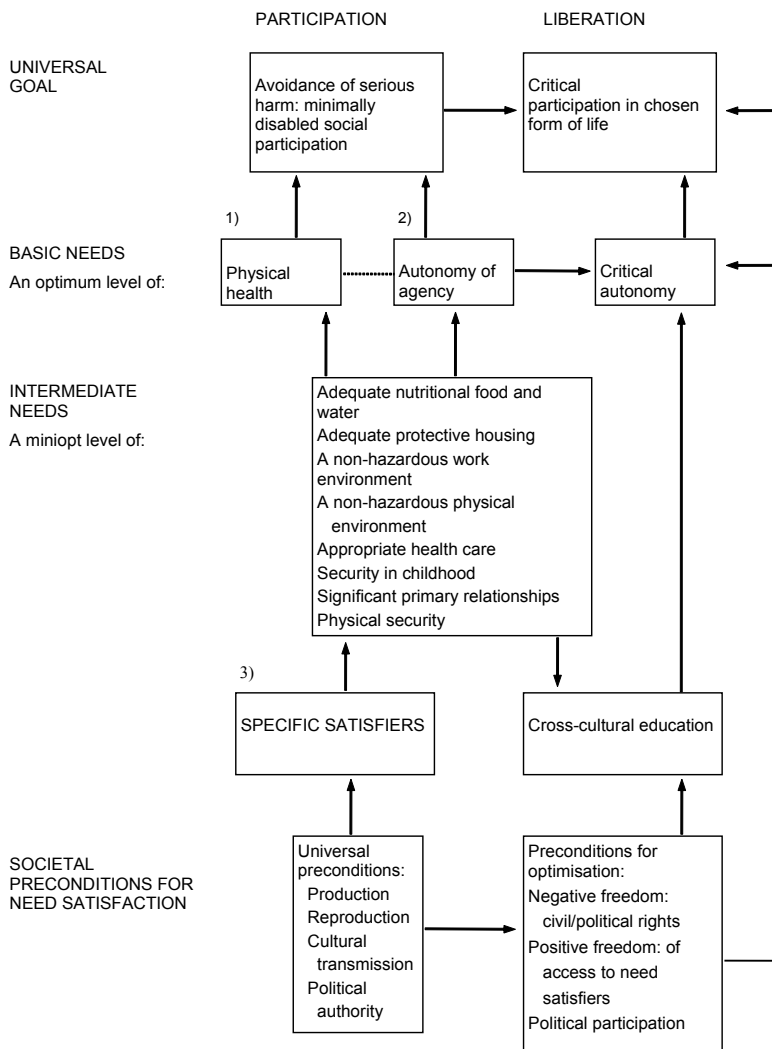
human rights, participation and many other phenomena which are not easily measured, or not possible to measure in monetary terms.

Since the 1950s attempts to include all the factors of well-being have been carried out. The results of these efforts are called social indicators. Between the years of 1960-1980 there was a boom in creating social indicators but it was followed by a backlash that lasted some two decades. However in the 2000s we are witnessing a new boom of social indicators.

*A Theory of Human Need* written by Len Doyal and Ian Gough (1991) is an outstanding summary of the development of social indicators. The main features of an ideal measurement proposed by Doyal and Gough are described in figures 4 and 5. They even collected comparative worldwide data of the indicators presented in figure 4. However, in some cases there were no data available or the data inadequately described the phenomena. But in any case, the state of the art description and the statistical data collected by the authors are respectable.

One by-product of social indicators is the human development index (HDI) created by the United Nations Development Programme (UNDP) and published annually since 1990. It consists of the life expectancy index, education index and GDP-index. The indicators chosen were strongly influenced by the availability of reliable statistics.

It was later supplemented by the human poverty index (HPI) which consists of (1) probability at birth of not surviving to age 60, (2) population lacking functional literacy skills, (3) long-term unemployment and (4) population below poverty line. Each of these measures makes up one quarter of the total measure. Sometimes the HPI is called the human deprivation index. At first the HPI was only calculated for rich countries, where the HDI was not selective enough. It became evident that the higher the share of deprived people, the lower the well-being of the people as a whole. The Nordic Countries and the Netherlands have shared the leading positions (least deprivation) in the HPI.



1) Operationally: mortality and morbidity.

2) Operationally: social obstacles to participation, cognitive deficiencies and mental disadvantages.

3) These are culturally differentiated. Other indicators are universal.

**Figure 4.** The theory in outline. Doyal & Gough: A Theory of Human Need. 1991, 170. Footnotes by Jouko Kajanoja.





tion the focus is on resources: the more resources the more freedom of choice. The specification of virtues i.e. the content of a good life is regarded as an intolerable regulation of life and as a restriction of freedom. According to liberal thinking a good life is based on individual values and these values should not be regulated. The role of society is to create opportunities for its citizens that enable them to have optimum resources for fulfilling their needs. The specification and regulation of the features of a good life will lead to stagnation. Sten Johansson (1979), one of the most prominent developers of social indicators, concluded in his theorising that the ultimate goal of social indicators is to provide resources for people and prevent bad conditions.

Some misguided steps were already taken. For example, Doyal and Gough defined the avoidance of restricted participation as the ultimate goal of their indicators. Accordingly, their view set human interaction and active membership in society as the purpose of human life. Many articles in *The Quality of Life* showed that, when we speak of resources, we must have some idea of the purposes for which these are to be used and so we must have some understanding what a good life is. Even the most neutral resource, money, is restricted in its use. We use it to buy commodities. However, an important part of our well-being is connected to unselfish and loyal interaction with other people. Money does not help in being genuine. "Money can't buy love".

If resources are included in measuring well-being, it means that the content of a good life is to some degree determined. The GDP and other measures of resources have an effect on how we view life. They are "smuggling" the values of a good life if the values contained in the resources are not discussed transparently. So we cannot avoid the specification of the content of life in measuring well-being. But there is a good reason to listen to liberals and utilitarians. The content of life should be specified in as universal a way as possible so that the specifications do not unnecessarily restrict divergent ways of life. (Kajanoja 2002.)

The other question raised by *The Quality of Life* was the problem of objective vs. subjective indicators. The GDP and social indicators had almost exclusively used objective indicators of living conditions.

The opinions of people were not measured. There are many justified reasons to supplement objective measures with subjective ones. For example, the European Foundation on Social Quality (Beck et al. 2001) points out in their profound study that loneliness of elderly people is a severe social problem in Europe and that it should be measured subjectively i.e. by taking into account the opinions of the elderly.

Happiness and satisfaction in life have lately been discussed increasingly. It is understandable as the people themselves are the best experts of their own well-being. We should rely on their personal views on happiness. This holds true especially regarding the questions on human interaction.

The most comprehensive questions included in the surveys are “Are you happy?” and a less hedonistic question “Are you satisfied with your life as a whole?”

As a conclusion of many surveys: the growth of the GDP adds to the satisfaction in life in developing countries but no longer does so in rich countries (Diener & Biswas-Diener 2002). In rich countries the basic needs are already satisfied.

There is a vital branch of well-being research (ISQOLS, International Society for Quality of Life Studies), which studies not only the happiness of people as a whole but examines subjective well-being in specific conditions, for instance, what effects do different diseases and different treatments have on well-being (Gullone & Cummins 2002).

## LATEST INDICATORS

The latest measures of well-being have included the two main lessons of *The Quality of Life*. The measures no longer stick to the measurement of resources or disregard the content of life. Neither do they stick to objective measures and disregard the subjective approach. A third lesson also seems to have been adopted. The measurements no longer summarise the outcome in one figure. For some purposes one figure might be suitable enough but if the intention is to create

political discussion and to contribute to the policy, then it is better not to summarise separate indicators into one figure.

One example of the latest measurements is the “European System of Social Indicators” (see [www.gesis.org](http://www.gesis.org)). It refers to six major dimensions. They are

➤ **Quality of Life**

1. Objective Living Conditions: This dimension concerns the living circumstances of individuals, such as working conditions, state of health or standard of living.
2. Subjective Well-Being: This dimension covers evaluations of life and living conditions by individual citizens. Examples are measures of satisfaction or happiness.

➤ **Social Cohesion**

1. Inequalities and Social Exclusion: This dimension refers to aspects of the distribution of welfare within a society such as regional disparities, equality of opportunities for women and men or other population groups.
2. Social Relations, Ties and Inclusion: This dimension concerns the social relations within a society or what has been denoted as ‘social capital’. The existence of informal networks, associations and organisations and the performance of societal institutions are issues addressed here.

➤ **Sustainability**

1. Preservation of Human Capital: Indicators related to this dimension focus on processes and measures that affect people’s skills, education and health.
2. Preservation of Natural Capital: This dimension concerns the current state as well as processes that improve or deteriorate the base of natural resources.

Another example of the latest measurements is UNICEF’s measurement of child well-being measured by UNICEF (see [http://www.unicef-irc.org/publications/pdf/rc7\\_eng.pdf](http://www.unicef-irc.org/publications/pdf/rc7_eng.pdf)). It consists of (1) material well-being, (2) health and security, (3) educational well-being,

(4) family and peer relationships, (5) behaviors and risks and (6) subjective well-being.

The main problem of measuring well-being is its poor connection to social theory. So, research on the processes producing the social circumstances are highly welcomed. In addition there is a need for a profound theoretical discussion on well-being. So far, the remarkable milestones have been *The Theory of Human Need* (Doyal & Gough 1991) and *The Quality of Life* (Nussbaum & Sen 1993). They were written a long time ago and leave fundamental questions open waiting for answers. One of these questions is how to measure structural violence in its many forms. Another question which is left unanswered is what methods and indicators are universal and would apply globally.

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## Questions

Should success, or development, be measured in social capital rather than in economic terms? (Henna Hahlanterä)

Could new tools to measure productivity and development be planned in a way that takes the specific cultural features and national resources of the developing countries into account? (Saara Karlsson)

What kind of new ways of measuring would we need or get if we asked the people in the South? (Tanja Vuontisvaara)

Were any experts from developing countries involved in making these indicators? (Ilona Tapanainen)

What would have to happen for the local community's voice to be heard in defining what is necessary for living a good life? (Lauri Heimo)

According to the theory of human needs by Doyal & Gough, the ultimate goal of human beings is participation, and poverty is the ultimate exclusion. Is this model applicable to the nation or country. Is it thus possible to think that poor countries are poor because they are excluded from the international community or they are given a rather passive role in it? (Hanna-Kaisa Simojoki)

Paula Määttä<sup>1</sup>



## ***Gender Equality and Employment***

### INTRODUCTION

Many countries have done much to encourage gender equality in employment, but much remains to be done before Goal 3 of the United Nations' Millennium Declaration can become a reality. One of the purposes of the Goal is to promote gender equality as a basic human right by giving women their fair share in employment, enjoying equality of opportunity and treatment with men. This issue is considered in this article by discussing the concept of gender and aspects of employment such as female and male participation in labour markets, gender-segregated labour markets and equal pay between women and men. Six countries, Ghana, India and Zambia, which are so called developing countries, and Australia, Canada and Finland, which are regarded as developed ones, are taken a closer perusal of in the article.

### WHAT IS GENDER?

Gender equality in employment relates to female and male employees and their status in employment in relation to each other. Gender refers to social relations between the sexes that are socially constructed,

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1. PhD Paula Määttä has worked in the area of gender equality in employment in several organisations in Finland and abroad.



while the concept of sex refers to biologically determined differences between men and women that are universal (Crompton 1999).

Gender relations are produced in complex, multibasis and multidimensional processes and change over time and place. According to Hirdman (1988; 1990), gender processes function at individual, symbolic and structural levels. At the individual level, gender is subjective, creating personal gender identities which can induce women to select “typical” female jobs and men to select “typical” male jobs conforming to socially accepted values and norms of being women or men. At the symbolic level, gender is embedded in cultural values, norms and ways of thinking creating meanings for gender relations which are not questioned in general and are regarded as given, natural and as a matter of course. Cultural values and norms can assign the role of breadwinner to men and the role of homemaker to women, for instance. At the structural level, gender is structured from models of the feminine and masculine which are found in different institutional structures in labour markets and in power relations in society. This is manifested, for instance, so that male-dominated occupations are valued higher and therefore paid higher compared to female-dominated occupations. (Hirdman 1988; 1990.)

## FEMALE AND MALE PARTICIPATION IN LABOUR MARKETS

During recent decades women’s participation in labour markets worldwide has grown substantially. The total female labour force, which is made up of both employed and unemployed women, was at 40 % in 2006. In contrast to this, slightly over half of males are employed in most parts of the world. This figure has remained more or less constant over the past decades. (ILO 2007.)

Labour force participation rates are categorised by main economic sectors: agriculture, industry and services. In 2005 agriculture, for the first time ever, was no longer the main economic sector of employment for women in the world. The service sector now provides most jobs for women. Out of the total number of employed women in 2006, 40 % worked in agriculture and 42 % in services. The comparable

male rates were 38 % in both of these categories. At the same time 24 % of men and 17 % of women worked in industry. (ILO 2007.)

In the three developed countries (Australia, Canada and Finland) the majority of women and men were employed in the service sector in 2000 – over 80 % of females and around 60 % of males. In contrast to this, employment in services remained much lower in the developing countries (Ghana, India and Zambia) the lowest rate being 17 % in Zambia and the highest 28 % in Ghana in 1990. In these countries, agriculture remained the main source of livelihood for female and male employees. (ILO 1998-2003.)

The expansion of the service sector is mainly due to increasing demands for public services – health care, day care, education, administration and social work. Moreover, global trade has increased the demand for knowledge-based services and for finance, insurance and personnel services. Within services, women are concentrated in areas traditionally associated with their gender roles, particularly in community and social services, while men dominate the better-paid jobs in financial and business services and real estate. (ILO 2007; Moghadam 1995.)

## GENDER-SEGREGATED LABOUR MARKETS

A characteristic common to labour markets in both developed and developing countries is that they are segregated by gender in a variety of forms. First, most occupations are segregated by gender so that most women work in female-dominated occupations and most men in male-dominated occupations. An occupation is dominated by one gender when at least 80 % of its employees consist of the same sex (Anker 1998). Occupations are also segregated so that more women work in lower positions and more men in higher positions. Over time, women have increased their share in lower managerial positions, even though they are seldom found in top positions. (ILO 2003; Chicha 2006).

In addition, women work as part-timers more often than men. The possibility to do part-time work has increased women's labour

force participation especially in Australia, where approximately 40 % of female employees were part-timers in 2000. Canada and Finland differed from Australia, as part-time work was not such a distinct feature in the employment of women in these two countries at the time. Most female part-timers live in households where there is another (usually male full-time) wage earner. Part-time work is heavily gendered, as male part-time employment constitutes merely a small share of the total male employment. (OECD 2002.)

In many developing countries gender segregation appears so that a majority of the workers in the informal sector are usually females. The informal sector is comprised of both self-employment in informal enterprises (i.e. small and/or unregistered) and wage employment in informal jobs (i.e. without secure contracts, worker benefits or social protection). For instance, in Ghana 86 % of females were estimated to have worked as self-employed in non-agriculture between 1980 and 1990, while the corresponding figure for males was 40 %, so considerably lower. In India 40 % of both women and men were self-employed in non-agriculture, while Zambia had a large gender gap: approximately 40 % of females and only 12 % of males were working as self-employed in non-agriculture between 1990 and 2000. The informal sector is an important part of the labour markets of developing countries, since the sector usually forms a larger share of the total employment than the formal sector does. (ILO 2002; UNRISD 2005.)

The move from low-paid self-employment into wage employment is an important step in fostering gender equality, as has been clearly shown by the International Labour Organisation (ILO). The poorer the country, the smaller the share of women in wage employment in the non-agricultural sector is. Overall, the share of female wage workers has increased over the past ten years. In 2006, 48 % of working women were in wage employment compared with 43 % ten years earlier. (ILO 2007.)

## EQUAL PAY FOR WOMEN AND MEN?

The principle of equal pay for women and men is a crucial issue concerning gender equality in employment. It has been an objective of the ILO since its foundation in 1919, and it has been specifically set out in its Equal Remuneration Convention No. 100 of 1951. According to the Convention, all men and women employees are entitled to equal pay for work of equal value without discrimination based on gender. Work of equal value covers jobs that are the same or different but equal in their value. Although, by February 2008 the Convention had been ratified by 164 countries, pay disparities have remained one of the most persistent forms of inequality between women and men. Women earn between 40–90 % of what men earn on average worldwide.

Between 1980 and 2000, the increasing tendency in the six countries of this article was to provide the formal right to equal pay for women and men, but there were differences in how the principle was applied. The principle of equal pay was gradually being applied to *work of equal value* in Australia, Canada and Finland, while in Ghana, India and Zambia; it was applied only to *the same or equal work*, not to *work of equal value*. This limitation is not in line with the understanding of the ILO principle of equal pay, because the interpretation of *the same or equal work* does not take into account the fact that many women and men work in gender-dominated occupations. So, often they do not perform the same work. Due to this, the value of a male-dominated occupation cannot be compared to a female-dominated occupation. Therefore, equal pay between occupations cannot be promoted. (Määttä 2008.)

Over these two-decades, more measures were introduced to give effect to the principle of equal pay in these six countries. The use of job evaluation increased, and new methods were introduced especially in the developed countries, while in the developing countries, job evaluation remained a rarely used measure. The main reasons for its rare use were the costs involved, the shortage of technical expertise and the unavailability of information on wages. In addition, small and medium sized establishments in any country were not usually obliged to conduct job evaluations. Also skills and attributes typical of

male-dominated occupations, such as strength, were more weighted in job evaluation methods than their counterparts in female-dominated occupations, such as nursing. (Määttä 2008.)

Pay adjustments were rarely used as a measure to reduce pay differences between the genders. Pay adjustments (for instance, in Australia and Finland) were often paid to all low-paid occupations, both male-dominated and female-dominated ones, instead of exclusively to women. Because of this, they did not necessarily reduce pay differences between women and men. As another method, Australia, Canada, and India established specific equal pay authorities, while Finland, Ghana and Zambia established authorities on equality in order to promote equal pay or gender equality in employment. (Määttä 2008.)

Overall, these measures were not sufficient and efficient enough to fully implement the obligations of the Convention. They were, however, important for raising awareness of the issues among labour market actors and for internalising the laws related to equal pay and gender equality into the interests and behaviour of labour market actors. (Määttä 2008.)

The role of worker and employer organisations in the implementation of equal pay changed in the six countries from 1980 to 2000 due to modifications in collective bargaining structures. At the time company/plant level bargaining increased and national/sectoral level bargaining decreased. Thus, individual employers attained greater power to set wages, while the role of the state and worker organisations diminished in wage policy. This trend further increased the employers' responsibility to apply equal pay. It further emphasized the role of legislation and its enforcement at the workplace level. Also the role of worker organisations as the supervisor of the interests and rights of employees and as the distributor of information on gender equality and equal pay became increasingly important. (Määttä 2008.)

## CONCLUSION

As gender equality is a universally accepted basic human right it should be considered as a basic element of societies representing justice and the well-being of all people. Injustice creates the unwell-being of people and is also an obstacle in forming enduring institutional structures of society. Because countries differ (culturally, politically, economically, etc.) the factors that create inequalities between women and men can also be different. It is important to discover these factors and make them visible in order to redress them and to achieve gender equality.

Overall, the status of women at work has improved, but gains have been slow and disparities remain significant. It is necessary to acknowledge the problems that arise out of gender-segregated labour markets as female and male employment stereotypes are still being reinforced. They may be perpetuated if restricted and inferior labour opportunities for women and underinvestment in women's education, training and experience continue. (ILO 2007.) In terms of equal pay, more binding policies and measures are needed. Legislation should take the form of equal pay for *work of equal value*, permitting job comparisons to be undertaken between different occupations as well as between different establishments and employers. The role of supervision and enforcement systems should also be strengthened and clarified so that faults in the implementation of equal pay could be disclosed and that pay discrimination cases would surface and could be processed. Therefore, gender inequality in employment remains an important labour market phenomenon which deserves increased attention from policy-makers and laypersons interested in equality – a core issue in the majority of countries around the world. (Määttä 2008.)

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## Questions

Why it is that women in top positions need to prove their capabilities when men seldom do? How could equality be set as a norm in everyday life? (Merja Kauranen)

Since the change in attitudes towards equal salaries is difficult to obtain in the legislative way, what could be done to improve the social attitudes of employers and employees on gender equality at work? (Kinga Kuczkowska)

What are the pros and cons of women's part-time work? (Riikka Lähti)

How good an understanding can we attain by looking at statistics and general principles of different international organisations? Is there not a need for a deeper understanding of the subjective realities and experiences of the people who live in an unequal situation? (Olli Ruokolainen)

What are the main reasons behind gender segregation at work and how could governments, employers as well as individuals in society help change this phenomenon in order to promote gender equality at work? (Mavis Shum Wai Man)

Why is a male engineer valued much higher than a female nurse in terms of salary? Is taking care of children and sick people somehow not as "good" as designing and building houses? (Sini Vartiainen)



Susanna Myllylä



## ***Slum Youth and Social Justice***

The current global urban population has reached 3,3 billion, which means that half of the globe's population now lives in cities, and it is estimated that by the next generation (in 2030) that number will rise to 5 billion. The growth of the urban population will take place especially in Africa and Asia, and instead of mega-cities, the smaller cities with less than 500,000 people will face rapid expansion. (UN-FPA 2007, 1–9.) The fact that these cities do not have sufficient governance structures to receive such a huge population increase is the fundamental problem behind the urban crisis that invokes the 'slum phenomenon'.

Slums can be simply defined as places that have high densities of people, low standards of housing and 'squalor' (UN-HABITAT 2003, 8). We are living in the real age of slums: currently 1 billion people, one third of the urban population, live in slums. In the Global South, the share of slum dwellers is as high as 43 per cent of the total population while in developed countries it is just six per cent. In the least developed countries of sub-Saharan Africa even 80 per cent live in poor housing conditions. (Ibid, vi.) The UN has estimated that without concrete and firm action, the number of the *slum population will double by 2030 to 2 billion slum residents* (Ibid, 1). However, the United Nations Millennium Declaration has a goal "*to improve the lives of at least 100 million slum dwellers by the year 2020*" (Target 11, Millennium Development Goal No. 7). The imbalance between

the alarming growth estimation and the modest goal related to social reforms raises many questions. How could awareness be improved in such a situation? And how could the governments and donors be encouraged to take action?

## URBAN DEMOGRAPHICS AND SOCIAL QUESTIONS IN THE SLUMS

Urban slums possess a multitude of socio-economic and environmental problems. The *urbanization of poverty* is still an underestimated problem: along with the urban population the number of the urban poor is also growing at a faster rate than the number of the rural poor. Also a related issue, *urban famine*, is becoming a more apparent problem within the slums.

Current urbanization differs from past urban development, especially in terms of the scale and pace of 'uncontrolled' urban growth. The main factor for this is the *natural population growth* in cities. Also *in-migration* to city slums continues because of certain 'push' and 'pull' factors. The push factors include diminishing rural livelihoods and poverty due to wars and other political conflicts, globalization and environmental questions. A remarkable pull factor is the traditional image of the city as a place of economic opportunities. In many contemporary cities of the Global South this image persists, but now it seems to be a false hope: unplanned urban growth generates migration without offering readiness to survive in the city (UNFPA 2007, 12). However, the rural unemployed seem to prefer the urban squalor of the cities, there they at least feel they have some hope of employment (The Economist 2007). The lack of decent livelihoods in the 'South' also effects the 'North'. This results in the migration from Africa to Europe. People, who cannot find a living in rural areas or urban slums, move to Europe, which in turn has adopted literally a fortress policy towards the migrants coming from e.g. North Africa.

Slums have become a dominant feature in Southern cities. For instance, in India almost all urban settlements face "the unpleasant scenario of slums" (Khurana 2005). According to the UN Expert Group, a *slum* is an area that combines the following characteristics to

various extents: inadequate access to safe water; inadequate access to sanitation and other infrastructure; poor structural quality of housing; overcrowding; and insecure residential status (UN-HABITAT 2003, 12). Slums are discussed in the framework of informal city versus formal city; unregistered living, having various types of informalities, such as self-employment and self-help-housing. Thereby slums function much as gap-fillers replacing the formal sector in housing, services and commercial activities. Slums are defined by economic, physical or social terms, and traditionally, slums are located in the decayed, historical core areas of cities. A slum is often used as an umbrella term for shanty towns (made of poor fabric) or squatter settlements (occupation and/or housing is illegal) (see UN-HABITAT 2003, 10–13, 79–92; Myllylä 2001a, 66–82). Not all slums are poor nor are they illegal. In some of the Latin American cities slums have gradually become part of the formal city.

#### POLICY RESPONSES: TO PREVENT, BULLDOZE OR FORMALIZE?

Slums have always been connected to social injustice, which seem to be an inherent feature of cities. *Sustainable development per se* cannot solve urban poverty if the root causes of social injustice – governance failures, economic-political power structures, the overall historical entailments – are not seriously deconstructed and tackled (see Myllylä & Kuvaja 2005). Urban crises in the Global South due to *governance failures* are concentrated in the smaller but rapidly growing cities. The *urban crises* consist of the lack of adequate facilities and other deficiencies in administration (institutional and legal); inadequate local government structures (corruption, bureaucracy); shortage of housing and jobs; failing infrastructure and services; severe urban environmental problems; and growth of the informal sector, urban poverty and overall urban inequality. (See e.g. Tostensen et al. 2001.)

A typical governmental urban development policy in the South could be described by the following approaches: 1) high rates of urban population growth are seen as deeply problematic; 2) no formulation of comprehensive policies for urban development; 3) colonial legacy

of urban containment has been accepted; 4) unresponsive or slowly reactive; and 5) international or bilateral donors are only concerned to a limited degree. (Tostensen et al. 2001; Milbert & Peat 2000.)

There are three contrasting discourses on how the slum question has been approached: 1) attempting to control or prevent urban immigration; 2) neglecting or bulldozing slums; and, 3) upgrading and formalizing slums with civil society organizations. First, how could urbanization be controlled or slowed down? This is a common but difficult question. Nevertheless, people's wide and intensive mobility has always been common in Africa and Asia; hence it might not be relevant to discuss the need of considerable restrictions of this mobility. Counter-urbanization measures have been planned for example in Egypt's new town development, in order to alleviate the growth of mega-city Cairo. However, this development has not quite succeeded since the Cairenes prefer to live in the proximity of the Nile River. Furthermore, some may even suggest that cities in general could start disseminating anti-urban propaganda in the rural areas. Could development cooperation be a useful tool in urban governance? Or does aid focus too much on rural problems? And should we discuss urban and rural development separately? Instead of dichotomies, we definitely need some kind of three-tier understanding of the dynamics between rural, peri-urban and urban development. But since natural population growth is a more important growth factor, intervening migration patterns may just be a secondary solution. Moreover, we should look at the societal causes behind population growth when searching for solutions to the slum phenomenon.

Sudden incidents can paralyze the city and slums with their poor inhabitants being particularly vulnerable to political corruption and conflicts. In Kenya, Nairobi's largest slum Kibera faced a sudden humanitarian urban crisis due to the political conflict after the presidential elections in 2007. Kibera's population size is unknown and estimations vary from 150,000 to even over one million people located on a land area of just 2,5 square kilometers. The government provides no basic services, no schools, no hospital, no clinics, no running water, and no lavatories. Thus its environmental services are very poor, half of the population has HIV/AIDS and the same proportion

is unemployed. Kibera is estimated to have tens of thousands of street children. As is the usual case, the underlying problem includes the unsolved land issue by the authorities who own the land area. Why does the government not bulldoze Kibera and rehouse everyone in multi-storey flats on the same site? The reason is that numerous people or urban actors benefit financially from the slums, providing the services the state or city does not offer, and also extracting the bribes typical in an illegal city. (See e.g. Stephens & Stair 2007; The Economist 2007.) In addition, the slums provide the cheap labor that enables the socio-economically 'divided city' to operate. The headquarters of the United Nations Human Settlements Program, UN-HABITAT, located in Nairobi, has a unique and direct view of the reality of the situation. Despite its location it has not been able to improve Kibera's poor living conditions.

Generally, urban 'facelift' and related bulldozer policies leave the poor without an alternative living place and livelihoods. Lack of official recognition – informality – is both a characteristic and a cause of inadequacy: if slums were officially better acknowledged by the city authorities, their problems would have to be tackled too. Slum dwellers say that they are used as vote pools for the politicians. Their importance is temporal and the politicians tend to forget them after the elections. The question then is how to make the slum-dwellers trust the authorities? How to claim urban citizenship?

While authorities have failed to respond to the slum and its youth question, numerous civic associations have stepped in. Some positive stories are represented by *Solar de Meninos de Luz*, which works with young single mothers and their children in three favelas of Rio de Janeiro in Brazil. The organization has arranged health and day care, vocational training and education for the young people in order to help them leave the chain of violence that often continues from generation to generation. But as many NGOs, it also suffers from the lack of sufficient resources. (Myllylä 2007.) In urban studies it is often stated that 'slum upgrading' needs the flexible and innovative cooperation of many stakeholders in creating sufficient political will. ASHA, a civic association from Delhi, has used this community-centered approach. At first, obtaining a street address of one's own was the most impor-

tant milestone for the people who had lived on the streets of Delhi for decades (Myllylä 2001a, 198–206; see also Myllylä 2001b).<sup>2</sup>

## YOUTH AND FUTURES OF SLUMS

The large *majority of the urban population are under the age of 25* and a new *caste of street children* seems to be evolving from the urban slums. They easily become involved in the local structures of violence, crime and abuse. This *youth factor* is far from recognized let alone tackled in the national policymaking or international development cooperation, and it still represents a minor field of urban research. How could we better help the masses of unregistered, ‘invisible children’ and to tackle the societal structures nurturing this problem?<sup>3</sup> And furthermore, how can the new slum generation become involved in urban wealth and overall social development (the *civic engagement* challenge)?

The Southern cities and their slum areas are easily attached exotic connotations: they are described as ‘urban jungles’ or ‘urban chaos’. However, the structure or the logic of the lived place of slums can easily remain unseen to the outsider. For instance, developing community services without the residents’ participation can easily lead to failures. The two prevailing views on slums in current literature and public attitudes are fairly contradictory. The first one emphasizes slums as places of despair or *misery*, as recipients of the cities’ externalities: location on abandoned and polluted lands; insecure tenure; poor environmental conditions and related diseases; economic insecurity and unemployment; extreme poverty and famine; prostitution, crime, and drug abuse; HIV/AIDS; ethnic clashes and leadership based on violence and corruption; lack of identity and community. The other view attempts to look at slums more positively: various names and metaphors are used, for example, slums of *hope*; ‘hothouse’ or the

2. Various slum upgrading experiences and NGO/grassroots action have been analyzed in the journals of *Environment & Urbanization* and *Voluntas*.
3. It was only two decades ago that in Rio de Janeiro so called ‘extermination groups’, hired by the owners of luxury shops, cleared the city centres of street children. Between the years 1988–1990, a total of 4611 children were assassinated in Brazil (Brookes 1991).

social capital metaphor ('unleashing the human potential', UNFP 2007); 'wheels of the cities' metaphor; 'gap-filler' approach; and 'formalizing the informal' approach.

Music is often used to epitomize the desperate lives of the urban slum people of Africa:

In these hell-like slums, bewail *Mdlwembe*  
My brother, you know that, what you do unto  
others will be done unto you.  
Beware of the Zola boys,  
We do crime for the money.  
When men die, widows will be left behind.  
When we gangsters die, beers will be left behind.  
All the people of this world will be left to the  
graveyard.

The above lyrics in the song *Mdlwembe* ('a problem child' in Zulu) is by the famous kwaito<sup>4</sup> music artist Zola. The song seems to give some support to the perpetration of crime in the townships but then it ends in a different view; the ultimate result of the widespread crime among the youth is the "disappearance of good people of the world". (See Mhlambi 2004.) Zola himself grew up in Soweto, in the slum called Zola; despite starting his career as a juvenile criminal he managed to turn his life around entirely. Besides now being a famous artist he also runs humanitarian projects targeted at the youth, which makes him a role model for slum children. Zola's case provides an answer to the often posed, perplexing question; is it possible to avoid 'slum destiny' – it seems that without external help it needs a miracle. He says: "Kwaito kids are made from hunger, abuse, no father, violence and guns. Now as adults we must change the game for the better. Now we must change everything we are made from."<sup>5</sup> In his hit song

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4. According to Steingo (2005) the word *kwaito* has evolved to encompass an entire youth culture and helped in social integration: it is the form of a collection of fragmented ideologies of young black South Africans after Apartheid who have been looking for ways forward.

5. <http://www.ghettoruff.co.za/>, 11.5.2008.

*Ghetto Fabulous* some optimism shines through<sup>6</sup>. However, kwaito has been much debated as to whether it merely glamorizes slum criminals or whether it attempts to improve the position of the youth. As Mudede (2004) reminds us, hiphop and rap were actually born in the slums that are basically the same from the USA to Africa. The concerns of urbanized African rappers<sup>7</sup> correspond directly with the concerns of early American hiphop artists. “Rap songs highlighted ‘inna city pressure’ (corrupt law enforcement, extreme poverty ... etc.) and now offer the tools and technologies ... with which Africans can express their present experiences in the ever-expanding slums of Senegal. The world is fast becoming the Bronx.” (Mudede 2004.) In the same vein, knowing our own Western history of urban dynamics and slums better may enhance our understanding on today’s slums in the South to some extent. But moreover, we should be aware of the early impacts of colonialism to regional developments and of the ambiguous legacy of developmentalism and modernization in the Global South.

Radio stations can be a powerful tool in disseminating information from local to global levels. The African youth radio stations address their concerns of slum development and social injustice. The radio<sup>8</sup> presenters would like to see the youth as an asset for the continent:

I feel the reason why the world is still fighting certain things like HIV/AIDS, drug abuse and crime especially where young people are concerned is because discussions continue to happen ABOUT young people and not WITH them. And that’s dangerous especially in a continent like Africa where young people are the bulk of the population... (Lee Kasumba, YFM youth radio station, South Africa.)

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6. “Even if you have the worst problems, never give up because you will always be *Ghetto Fabulous*”. This refers to the style of nouveau riche people who have grown up in the ghetto or urban areas; “to be ‘Hood’ (ghetto) yet drive a Mercedes and be fabulous” (<http://www.urbandictionary.com>).

7. *African Underground*: Vol. 1, Hip-Hop Senegal.

8. Baobabconnections is a non-profit internet-based, global media project ([baobabconnections.org](http://baobabconnections.org)).



Urban society is like a building with a fire on the 1st floor. Those living on the 10th floor have no idea. We live on the 1st floor, we know exactly what problems youth are facing. We just have to explain it to the 10th floor.

(Xuman radio presenter / rapper, Pee Froiss, Senegal.)

So where to start – how to prioritize needs and actions when tackling the slum question? How to benefit from the human potential among the young slum generation and what are the novel means that the youth could be worked *for* and *with*?<sup>9</sup> How could they be better connected to the city (and not only by their Nokias)? In general, urban development needs a holistic and integrated approach and so far top-down policies have not worked well in Southern cities. The basic tasks – offering secure residential status, infrastructure and services – belong to the city authorities' responsibilities. One important way is to take advantage of the social capital, collective action potential in the slum neighborhoods. Civic associations, and researchers to some extent, could be useful 'facilitators' when communities with their youth define their needs and solutions, whether it is about improving their human (e.g. health programs), financial (e.g. micro-credit), or natural capital (e.g. eco-jobs). Sports associations are often useful tools in community development; promoting non-formal education, social integration, crime reduction and good health – all which are important when considering the youth living in slums<sup>10</sup>. In addition, various 'young leaders' programs have been useful in many instances, including the possibility for university education, so young lawyers can help their own communities to articulate and defend their needs. These approaches are necessary, in order to avoid, for instance, culturally inappropriate solutions by donors. Here in the Global North we need a development policy reassessment how the youth could be seen as a cross-cutting issue – so that this invisible young slum generation

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9. On participation of young people in the community development process in slums, see e.g. Driskell, D. (2002) *Creating Better Cities with Children and Youth - A Manual for Participation*. The Growing Up in Cities Project. UNESCO.

10. See sports associations in Kenya's slum areas: [http://www.streetfootballworld.org/index\\_html/en](http://www.streetfootballworld.org/index_html/en) (29.9.2008)

is not lost in the midst of the immense urbanization statistics as well as the rhetoric of the Millennium Development Goals.

## DISCUSSION

It is obvious that the 'slum phenomenon' has come to be a global level question along with urbanization. However, this urban crisis is still beyond our perception and understanding. As a result, there is a lack of its widespread international recognition and action: slums as a 'silent catastrophe', like famine, have to compete with numerous other global concerns. In the midst of climate change, bio-fuels or food-price debates, and the media directing our attention to sudden natural catastrophes such as the tropical storm in Burma or the devastating earthquake in China, both in 2008, the slum question remains the last issue on the global agenda. On the other hand, when slums are linked, especially by the media, with the possible threats to Western societies – mass migration, increasing political unrest leading to terrorism, or even to contagious epidemics – it may finally capture the attention of policymakers. But then the attention is not based on social justice, but rather on the selfish concerns of the West.

From an action research point of view, many questions can be posed. For instance, what is the evolving urban culture of 'mega-slums' – how to approach this new social scientific phenomenon? How to study the 'invisible' and illegal – how to grasp and understand the 'slum mentality' or 'slum ethos'? What kind of informal coping mechanisms have people found? What are the social dynamics of the community (or neighborhood) and the role of the youth: who could be the key persons for development? To conclude, urban research methodologies ought to be further developed. The fundamental question is how we can perceive slums and their potential social capital in a positive light yet without glamorization.

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## Questions

Should humanitarian intervention be taken to its limits in helping those who live in slums? (Sharon Michelle Atubo)

It sounds as if the current development politics and discussions are not up-to-date. Where is the problem? (Suvi Kilpeläinen)

Would the older urban research classics, regarding our own 'slums', help us to understand the situation in the 'South'? (Tobias Petruzelka)

How essential is it to detect how a slum area is structured? How important is it to tailor individual sustainable solutions for each slum? (Rasmus Rantala)

Is it better to support living and livelihoods in the rural areas or to help create better futures in the slums? (Pauliina Savola)

How can slum communities use their social capital, and is it a relevant resource when they are attempting to improve and gain other forms of capital? (Hanna-Kaisa Simojoki)

***III***  
***EDUCATION***



Tuomas Takala



## ***Roles of Education in Social Development***

### INTRODUCTION

This examination of education as a component of social development needs to begin with a conceptual question. It is often taken for granted, particularly in non-academic writing and speech, that education is “good in itself”. Conceptually, this reflects the view that being more educated is inherently better than being less educated, both at the individual level and in populations at large. In such a view, education is akin to health – it is commonly held that health is better than sickness. Notably, the tenet that education as such has an intrinsic value disregards the questions concerning the content of education – although in a more concrete analysis most people would not accept that e.g. building xenophobic attitudes in schools represents a positive value.

The alternative view is that education should not be seen as having an intrinsic value, but only an instrumental one: i.e. education has a value insofar as it is a means to promote other goals of social development (e.g. health). In this respect, the contribution of education is bound to be quite variable in different contexts and also importantly dependent on the content and quality of education and its relevance vis-à-vis the socio-cultural context. This creates the need for research on the actual contribution of education to social development.

## THE CONCEPT OF EDUCATION AS A HUMAN RIGHT

When education is referred to as a “human right”, this is usually operationalized as the provision of primary education, which is compulsory and free of charge, for all children. This definition was first laid down in the Universal Declaration of Human Rights, adopted by the United Nations in 1948. It has subsequently been endorsed in numerous international treaties and other documents, e.g. the Convention on the Rights of the Child (1989) and the documents of the international Education for All conferences (1990 and 2000). Some critical analysis has been published on the rationale behind the education as a human right –notion, raising e.g. the question that if primary education is a right, how is it then also regarded as something that should be made compulsory? Or should parents, or perhaps children themselves, also have the right to refuse, or drop out of, the kind of education that is provided? (Bray 1986). In reality, it is noteworthy that while 95 % of the countries of the world have passed compulsory education laws, much fewer countries have provided a legal guarantee of primary education free of charge (UNESCO 2007, 24–25).

An additional critical point towards the human rights discourse is that in this discourse “education” has tended to become synonymous with literacy and formal schooling: if a person is not literate/ has not attended school, s/he has been denied one of the basic human rights. A consequence of such a view is that non-literate cultural traditions and their modes of education are devalued – extreme expressions of this are references to illiteracy as “ignorance”.

## EDUCATION AS A MEANS TO PROMOTE SOCIAL DEVELOPMENT

“Education is the single most vital element in combating poverty, empowering women, promoting human rights and democracy, protecting the environment and controlling population growth” (...) “Basic education is a proven weapon against poverty, opening up access to knowledge and skills and helping to break down barriers that



exclude poor and marginalized people from political and economic life” (Hall & Midgley 2004, 153).

Quotations with similar content and tone could easily be found from a large number of recent documents that deal with issues of education and development. They demonstrate a remarkable belief in the potential of education, often linked with lack of attention to the institutional and structural factors in society that either facilitate or block the potential effects of education. Around the belief in education as a socio-economic panacea a global political consensus has been built – who could be against provision of more education? This consensus could not be sustained if the complexity of the issues was made explicit by reference to the structural and institutional factors in the broader social context of education (e.g. land ownership, gender biases in legislation) (Takala 1998). Of course it is still possible to argue that education has an empowering potential, to put in motion political processes which then will transform the existing conditions in the larger society. This argument would of course need to be qualified by examining the question: what kind of education can have such potential?

### Effects of education via economic growth

Education can influence social development indirectly by contributing to economic growth, which in turn creates resources for social development through increased taxation and/or private incomes) The relationship between the level of formal education and economic growth has been an enormously popular research topic since the 1960s (see e.g. Chabbott & Ramirez 2000). Much of this research has been simplistic in its assumptions. For example, a comparison of Ghana and South Korea, which were at the same income level in the early 1960s, has led to the claim that if Ghana had spent as much on education as South Korea, Ghana would also have enjoyed rapid economic growth. More recent studies have found a correlation between country-level learning achievement (in mathematics, science and language) and economic growth rates (Hanushek & Wössmann 2007).

Studies that seek to establish a connection between the level of education and economic growth have a common limitation. They disregard other preconditions of economic growth (physical infrastructure, markets, legislation, economic policies of government), in the absence of which education alone cannot generate growth (Palmer et al. 2007). Taken as a whole, the quantitative expansion of the education systems of the countries of Sub-Saharan Africa during their post-independence period is more dramatic than anywhere else in history, but the economic performance of the region has been dismal. In recent decades many African countries have coupled medium-to-high rates of educational expansion with zero or even negative rates of economic growth (e.g. Tanzania, Zimbabwe). On the other hand, some countries with abundant natural resources (oil, minerals) to export have been able to sustain economic growth even with a low educational level of their population.

### Direct effects of formal education on social development

The effects of education are not necessarily attributable to explicit teaching of knowledge and skills, although this is the most easily visible chain of influence. Research has shown that formal education also has significant effects through the “hidden curriculum”, i.e. the school as an institution – a symbol of modernity – exerts a modernizing influence on the pupils and even on the surrounding communities, regardless of what is being taught and learnt in the school. In this perspective it becomes understandable that formal education can have significant effects even in conditions, quite frequently found in developing countries and particularly in Sub-Saharan Africa, where the language of instruction is poorly understood by the pupils.

The effects of formal education which have been well established by research include health and demographic changes. Improved hygiene, nutrition and treatment of illness at home lead to declining child mortality, better health and higher life-expectancy. Such effects have been found to be particularly linked to the educational level of women (LeVine et al. 2001; Schultz 2002). Outstanding examples of achievements among developing countries are Cuba and the state

of Kerala in Southern India, which have a much higher educational level than most other developing countries and on the health-related indicators have reached the level of the OECD-countries.

Research results regarding the education-fertility linkage have often been reported in the form of: an increase of  $x$  % in the educational level of the female population has the effect of reducing the fertility rate by  $y$  per cent. Such messages have, with good reason, been criticized as reflecting an instrumental view of the education of girls and women. More sophisticated research has shown that the effect of education on fertility is not linear (e.g. Palmer et al. 2007, 56–57). At very low initial levels of education, some additional years of schooling may rather lead to an increase in fertility – which together with the concomitant decline in child mortality will then raise the rate of population growth. On this issue, the effects of education are dependent on the cultural context and power-relationships within families: e.g. is female employment outside home preferred to housewifery, what is the significance of the number of children as culturally dominant symbols of femininity and masculinity?

A more problematic question is the possible effect of education on democratic citizenship, where again several other influencing factors come into play. If the content of education is not pro-democracy, it is certainly not automatic that as the educational level of the population increases over time, the more educated people will rise up to demand and create a democratic political system.

In the countries severely affected by HIV/AIDS, it is also evident that, independently from its other effects, primary schooling has come to serve an important “social protection” function, to compensate for the loss of parents and the more general weakening of social bonds due to HIV/AIDS. In some of these countries, the proportion of orphans among children of primary school age could in the foreseeable future be as high as one-third! (Bennell et al. 2002.)

## ROLE OF BASIC / POST-BASIC EDUCATION IN SOCIAL DEVELOPMENT

Most of the research evidence concerns the role of primary education in contributing to the above-mentioned objectives – “the common good” – which has facilitated the building of the global political consensus concerning the universalization of primary education. However, as regards the effects of education mentioned in the previous section, there are also findings showing that while primary schooling “prepares the ground”, post-primary education may have a decisive effect on whether e.g. the health messages transmitted in school or the ABC of democratic citizenship are truly understood and whether the individual feels empowered to put the newly acquired knowledge into practice (Rihani 2006, 27–28, 36). The average length of schooling is thus important, and expansion of post-primary education – of good quality – is severely constrained by economic realities in most developing countries.

At the post-primary levels of the education system competing interests become more obvious than at primary level. Instead of the “common good”, we must pose the question “whose social development?” For instance, the growth of female enrollment at secondary and tertiary levels can be seen as a powerful contributor to the empowerment of women in general, or alternatively as a trend which primarily has beneficial effects for the more educated groups within society. Likewise, university education can be conceived either as a system which privileges a minority of the population, or which has a “developmental mission” vis-à-vis the larger society. These different perspectives lead to quite different conclusions regarding what is desirable educational policy.

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## Questions

Can we say that bad education is better than none? In situations where the educational conditions are poor would it be better to let children work? (Kinga Kuczkowska)

Emigrants often send money to their relatives in their home countries and this can have a crucial role in these countries. Do these donations encourage or discourage the educational progress? (Pirita Mattola)

Schooling stresses so-called Western values and skills because these are the ones that matter in global competition. How do we create an education system that is both educational about the world we currently live in without ignoring the importance of local culture, knowledge and skills? (Pauliina Savola)

Usually the first priority in schools is to teach a person to read, count, write and so on. In the case of people struggling in poverty, is it still the main priority or do they need some other essential skills for survival that would shift the priorities? (Jelena Stupaka)

In societies where people live relying on traditional values, going to school might even be considered harmful to the traditional way of living. If education could be better integrated to the local culture and not be seen as Westernization or something different and scary, would the attitudes of parents towards school change? (Nina Tähkäaho)

How do African societies survive the impact of the HIV/AIDS epidemic? Who can teach the children (and adults) in a situation where both parents and teachers are dying?  
(Tanja Vuontisvaara)

Mikko Perkiö



## ***Literacy in Social Development***

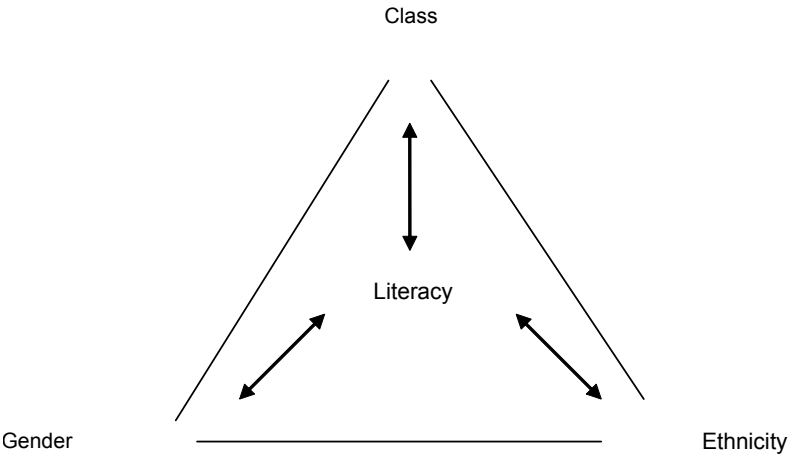
### INTRODUCTION

*“In less than two centuries, the nature and social functions of literacy have changed dramatically from a means of understanding religious precepts and selecting military recruits to an essential building block of information processing and worker productivity; from a specialized tool of merchants, administrators and professionals to a vital instrument for cultural intercourse and global commerce (...) to a basis of linking individuals and families to public institutions and international networks.”*  
(Unesco. Education for All Global Monitoring Report. Literacy for Life. 2006, 212)

Literacy – the ability to read, write and compute – is a crucial innovation in human history<sup>1</sup>. Literacy has been an important factor in the making of modern society and again in the making of the information society during the last decades. This article discusses literacy in relation to the three major issues of conflicting interests in global social policy (see figure 1). Those are ethnicity, class and

1. It is to be noted that historically the influence of literacy was only made possible by other major inventions such as the printing press, the emergence of both mass schooling and mass markets for books and papers. Printing technologies were invented in China and Korea in the late 9<sup>th</sup> century, but even more influential was Gutenberg's printing press in the heart of Europe at the turn of the 16<sup>th</sup> century.

gender (Deacon 2007, 13–23). Firstly, the article deals with the role of literacy in *nation making* and the closely related issue of *language politics*, introduced in the separate chapters. Secondly, the text asks can *social class* be based on literacy in the globalized economy. The third section analyses *gender equality* and briefly introduces answers to the question how and why female literacy makes such a difference on the demographics and the well-being of communities. Finally, I argue how these core issues of sociological literacy research closely relate to the debate on *citizenship* in the contemporary world.



**Figure 1.** Struggles of global social policy (Deacon 2007, 21), literacy and the arrows added by Perkiö

LITERACY AS A PART OF NATION-BUILDING

The transition from largely illiterate to predominantly literate societies occurred earliest in Northern and Western Europe and North America starting from the 18<sup>th</sup> century but occurred mainly in the 19<sup>th</sup> century in those areas. During the 20<sup>th</sup> century literacy-rates have increased in Southern and Eastern Europe rather rapidly and



in other regions with varying rapidity. (Unesco 2006, 190–193.) In the modernization of Western societies<sup>2</sup> literacy was connected to nation building. According to Gellner's (1983) functional perspective, literacy played a part in the construction of nation states. To be effective a modernizing society needed to build a nation, for which a shared language and literacy were needed. Anderson connects literacy to the emergence of 'print-capitalism' that was a central part of the modernization process. Print capitalism was the interactive process of print, mass media and national (printing) languages. The masses, now speaking the standardized languages of their respective nations, became the customers that made print capitalism possible. (Anderson 1983.) Thus the creation of European nation states reduced lingual diversity due to the standardization of national languages.

In England during the 18<sup>th</sup> and 19<sup>th</sup> century various institutions began to increasingly facilitate literary communication. As literacy diffused to the lower socio-economic strata the publishing of newspapers, periodicals and books multiplied. Literacy was the one ability that enabled a growing number of people to participate in public discussions. (Mann 1993, 36–39, 104–105.) Literacy<sup>3</sup> and standardized national languages have been key elements in the consolidation of national units.

It is to be noted here how the nation state is a contradictory entity. Those who are included in the nation-state are acknowledged as equals in the name of citizenship (see Marshall 1950). In contrast non-citizens do not benefit from the nation-state. There will be a further discussion on the relation between literacy and social citizenship at the end of this article.

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2. Collins and Blot (2003, 67–98) discuss in detail the roles of literacy as part of the nation building process in Europe and North America.

3. The most significant factors influencing the spread of literacy worldwide over the past two centuries have been the establishing of schools and the increasing enrolment rates. Two other educational means are general adult learning policies and mass literacy campaigns, the latter are often targeted at promoting nation-building. (Unesco 2006, 194–198.) The literary environment also makes a difference for example regarding the number of books at home or in the classroom, and whether electronic and communication media are available? (Ibid, 207–211.)

## LANGUAGE POLITICS AND MINORITIES

There are over 6000 languages in the world in less than 200 countries. So, multilingual countries are the rule, monolingual countries the exception. For example, in Asia there are 2000 languages. Out of these only 45 are official languages in 30 Asian countries. Most languages are not official and almost all schooling is carried out in the official languages. So, a person from a minority language group does not receive schooling in his/her mother tongue.<sup>4</sup> Education in the mother tongue increases the speed of learning so the provision of it is essential. The central issue is how multilingualism can be integrated into formal schools and adult learning programmes (Unesco 2005; 2006, 204; 2007).

China has pursued a single-language policy based on Mandarin in direct contrast to India which has 19 official languages. These language policies form different challenges for developing multilingual education. In addition to literacy in the community language, literacy in the wider community language is also often required. This frequently means acquiring the official language. (Unesco 2006, 202–205.) Cultural rights related to small languages – be they oral<sup>5</sup> or written – are highly important in addition to being highly political. Collins and Blot (2003, 99–154) analyze literacy in the contexts of colonialism and the cultural repression faced by the indigenous people of North America. Such historical accounts stress that the politics of literacy may be either repressive or liberating. Often to promote literacy, is to promote modernization and social change. But, could there be well-being and happiness beyond the modern way of life? The discussion on the value of oral cultures is connected to that question (see Collins & Blot 2003, 46–65; Street 2001).

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4. In Sub-Saharan Africa, where the situation is worst, only 13 % of populations receive teaching in their mother tongue. (UNDP Human Development Report 2004, 34)
  5. The majority of the world's over 6000 languages are spoken but not written (Unesco 2006, 201). A community of a certain oral language may develop orthography for their spoken language without major problems (see Unesco 2005, 29–33).

## SOCIAL CLASS

The classic class theories since Marx stress inequality of economic standing such as ownership of land and property as the basis of social classes. More recent theories of economics have broadened the picture of inequality with the concepts of human capital and social capital. These theories explain inequality with immaterial factors such as education, skills, social networks and norms. Literacy is an element of human capital (OECD & Statistics Canada 2000, 61). It also works as social capital (see e.g. Ross 2006). Literacy is related to human and social divisions within societies in addition to such divisions between countries (OECD & Statistics Canada 2000; Unesco 2006, 167–179).

The literacy-rate<sup>6</sup>, the two-dimensional measure of literacy, varies greatly across countries in some cases being as low as about 20 % of the population. Often the following over-optimistic figure is presented: 82 % of the world's total population is considered literate. More seldom is the very modest criteria of being literate uttered aloud: 'a person is literate who can with understanding both read and write a short simple statement on his/her everyday life' (Unesco 2006). So, more sophisticated measures than the two-dimensional literacy-rate are needed to form a realistic picture of literacy in the world.

Adult literacy comparisons show remarkable differences in literacy proficiency between the 20 industrialized countries and in many of these countries literacy proficiency is weak<sup>7</sup> (OECD & Statistics Canada 2000). Firstly, as an implication of the OECD -study it is estimated that *literacy proficiency is very poor in the 'South'*. Secondly, the national literacy proficiencies go hand in hand with the countries' human development index measured by the United Nations Devel-

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6. Street criticizes such quantitative views on literacy as presented here for being technical and not sensitive to the social context. Socio-culturally oriented 'New Literacy Studies' -movement has focused on documenting, for example, the value of oral cultures and the richness of their communication practices. (See Street 2001; Unesco 2006, 205–206.)

7. In some Eastern European countries almost 70 %, and in Chile even more than 80 % of adults, remain at the lowest levels of 1–2 on the 5-point scale while in the US, the UK and Canada over 40 % received similar low results. The Nordic countries had the best literacy proficiency. In Sweden less than one out of four read at the low levels of 1-2/5. (OECD & Statistics Canada 2000, 16–18.)

opment Programme. Due to the lack of standardized information there is a demand for the global evaluation of literacy proficiency. Unesco's *Literacy Assessment and Monitoring Programme* (LAMP) aims to evaluate world literacy by a method similar to the OECD literacy study (see Unesco 2006, 185–186).

There is a strong relation between economic success and literacy (see Unesco 2006, 143–145). In the evolving global information society new class divisions are formed on the basis of productivity that derives increasingly from human capital and social capital. Literacy as a set of key skills of the information economy determines the role of a society or an individual in the chain of production on the global level. Roughly, the more demanding the work, the higher the quality of literacy required.

The semantics of literacy reflect social chance. While most people in the poor countries of the 'South' have rudimentary literacy skills if they are literate, the meaning of literacy in the 'North' is reshaped in the context of the information society. Media literacy reflects the increased role of the media in the everyday lives of people. In the 'North' people are faced with an ever increasing amount of information and require more information processing tools. Digital literacy, Internet literacy and computer literacy each set a distinct map of literacy with which to navigate in the information society (Bawden 2001). In the global South these new literacies are to be promoted simultaneously along side the 'old' literacy.

For developing regions poor literacy forms a challenging context in which to build the information society. How can low literacy proficiency and electronic communication, in which text management skills are often needed, be connected in a fruitful way? As audio-visual media takes over globally, abilities to utilize modern media differ greatly between the 'South' and the 'North'. Do oral culture, rudimentary literacy and the lack of media literacy put people at risk of a one-sided dependency on such media messages and governance that pursue alien goals and not necessarily those of the community? Or will new text based communication modes such as SMS and e-mails work as concrete reasons for people of the South to learn literacy skills (see Unesco 2006, 178)?

## GENDER EQUALITY

Female literacy is a general modernizing tool because has an effect on demographics and well-being, administration-citizen dialog and on power relations within households. The comparison of Finland and Kerala, a socially advanced southern sub-state of India, show that by focusing on gender equity and literacy remarkable social development can be achieved regardless of the economic standing of a country (Ross 2006). That is why so many education and literacy programmes and campaigns are often targeted at females.

Schooling and literacy empower women. New knowledge, models and aspirations affect the reproductive, child-rearing and health patterns in multiple ways. Literacy is advantageous as it is a general “academic language” that helps women in contact with all modern things such as modern services and administration. (LeVine & LeVine & Schnell 2001.)

Women’s improved literacy skills give them better control over modernizing life. (LeVine et al. 2001). Empowered subjectivity of females leads to positive health and demographic outcomes. In multiple studies female literacy is associated with lower reproduction rates in addition to lower child and maternal mortality rates. Smaller families and fewer orphans are signs of better child welfare.

Already attending literacy classes may be path-breaking for women as it happens outside the home. With improved self-confidence based on newly acquired skills women may challenge male-centred practices. The empowerment of women often leads to a more equal standing, for example, on economic issues but it also brings tension to gender relations within the household and on the community level. Change towards gender equality is often gradual. (See Unesco 2006, 138–143.)

## CONCLUSION: LITERACY AND SOCIAL CITIZENSHIP

Literacy research is a broad discipline. This article has introduced a few central themes on how literacy connects to social development. Literacy has been crucial in the modern era along side the emergence of citizenship<sup>8</sup> that is referred to here in a broad sense, not only in the status of a citizen as a passport holder. By the general membership category of citizenship people have used the state to pursue their needs, and to formulate and to protect their *civil, political and social* rights as citizenship brings a certain fundamental degree of equality (Marshall 1950). It is to be noted that before the emergence of citizenship the role of ordinary people was often characterized by subservience or even by slavery.

A common identity of citizen functions as a 'class equalizer' within nation states. So, from a social development perspective the Western experiences regarding nation states have been positive. The more the state responds to the needs of its people of all social classes, the more justified it becomes to talk of *social citizenship*. Here, literacy – as the code of codes – arms people with such means of communication and understanding that it is easier first to formulate the notion of citizenship, and then to enlarge the content of it. But a nation state is much more problematic for the outsiders.

In the contemporary multicultural world fair language politics are essential in enlarging social citizenship. Indigenous people, language minorities and migrant communities constitute remarkable challenges for national and international policies of learning and literacy. There are hundreds of millions of people speaking a language at home that is not the official language of the country they are living in. Multilingual policies would provide people the opportunity of being literate in the language that constitutes their cultural identity. In addition to the lingual minorities gender is another equality matter pertaining to literacy. Female literacy has a great effect on positive demographics and the well-being of the community, for example, on child health.

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8. In more traditional circumstances social institution could be the equivalent concept of social citizenship.

The world literacy-rate, cited earlier as 82 %, actually hides enormous differences of the world's *literacy proficiency* which would be a better concept with which to measure global literacy. With more precise data we would be in a better position to answer the question, how the poor literacy proficiencies are obstacles for people “to be properly employable and enjoy full and effective moral citizenship” as Gellner (1983, 34) sets the benefits of literacy.

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## Questions

Do basic literacy skills really make any difference to a mother living in a rural village in a developing country? (Annika Launiala)

What significance do small, unofficial and only spoken languages have in development? (Kirsi-Marja Lonkila)

How does literacy affect the forming of a nation? (Jenni Raninen)

Is the norm of literacy just a way of spreading the modern system throughout the world? (Olli Ruokolainen)

How to compare the effects of mass communication, communication technology and literacy in the making of social citizenship? (Saara Simonen)

If literacy and a common language are so important for the existence of modern states, why are there no more monolingual countries in our modern world? (Christian Dittmann)



***IV***  
***POLITICAL ECONOMY***



Eero Palmujoki



## ***Trade Rules and Development<sup>1</sup>***

### INTRODUCTION

There are two opposite interpretations on the participation of developing countries in world trade under the prevailing international trade rules: First, developing countries benefit from the common trade rules and trade is necessary for economic growth; this in turn is a precondition for poverty alleviation. The second interpretation considers the present trade rules and the international division of labour as unfair to developing countries because international trade does not provide any benefits for the poor. These two interpretations are not, however, uniform approaches.

The first interpretation contains both neo-liberal and state-centric approaches. In the neo-liberal approach the trade rules are seen merely as instruments to free international trade which give full advantage to global market forces with the minimum involvement of governments in order to allocate economic forces in the most efficient way. The state-centric approach derives from the fact that the main body of international trade legislation rests on the concept of sovereignty, and this provides national governments enough opportunities to decide on their economic development.

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1. The article is based on the study carried out by Jarmo Eronen, Eero Palmujoki and Pekka Virtanen (Eronen et al. 2007).

The second interpretation carries two viewpoints: First, trade could benefit the poor countries if the trade rules were different. The second opinion argues that in the present global economic order the participation of developing countries in world trade both weaken their political power and impede their economic and social development.

The argument of this article does not rest on a single view but it argues that trade rules threaten different developing countries differently. In general, the article discusses the relationship between trade, trade rules, and pro-poor growth in developing countries.

## THE TRADING PRINCIPLES AND THE DEVELOPING COUNTRIES

The WTO trading principles are the hybrid of three different origins. The first part of the principles was formed during the GATT (the General Agreement on Trade and Tariffs) trade negotiation rounds 1947–1979, the second part consists of the principles that represented the concerns of developing countries in the UNCTAD (the United Nations Conference on Trade and Development) during the 1960s and the 1970s and the third – the new trade issues adopted during the last GATT negotiations (the Uruguay Round) 1986–1994.

The post-Second World War GATT negotiations were held by leading developed countries and developing countries played a minor role. Therefore it comes as no surprise that the trading principles reflected the interests of the developed countries. The starting point of the negotiations was *reciprocity* which meant that the negotiating countries should make reciprocal measures and concessions in order to achieve a multilateral trade agreement. The overall goal was to reduce the general customs level, but in practice the negotiations resulted in the codification of how exports and imports should be treated. This was largely due to the many rounds of trade negotiations. Hence the most important principle of the codification came to be the *most favoured nation* principle (MFN) which meant that the importing country should treat all exporting countries similarly. In order to prevent the members from creating other than customs

barriers, the GATT process introduced the principle of *transparency* that assumes that the trade barriers are transparent. The GATT process favoured tariffs and import taxes over non-tariff trade barriers to trade (NTB). The NTBs are, for example, complicated standards, anti-dumping measures, state subsidies, import licences, quota shares and unfair customs procedures.

The general situation of the developing countries was different to the developed countries. Even the starting point for the negotiations, reciprocity, was contested, as these countries had experienced several decades or centuries of colonial rule under which their economies were developed to serve the needs of the mother countries. The developing countries argued that in order to create a more equal economic order the starting point for the trade relationship with developed countries should be *non-reciprocity* instead of reciprocity. This claim of non-reciprocity was evident among “the group of 77” (developing countries) at the United Nations Conference on Trade and Development. Most of the trading principles advocated by the developing countries followed the principle of non-reciprocity. In contrast to the MFN-principle of the GATT, the developing countries prefer the principle of *preferential treatment*. Accordingly, the developed countries should lower their customs level on imports from the developing countries in order to facilitate the market access of their products. Similarly, the developing countries argued for concessions and waivers in order to adapt to the requirements of global trade. Along these principles, the developing countries would be allowed longer transition periods for implementing new agreements, such as tariff reductions and new customs procedures. (Rothstein 1979; Srinivasan 1998.)

Owing to these different principles and the contrasting interests of the developed and developing countries, the GATT processes and the multilateral trade agreements were only seen as favourable to the developed countries. This fact was even more emphasised by the exclusion of the agriculture and textile sectors from the negotiations.

However, during the 1980s several Third World countries managed to develop export oriented production sectors mainly in labour intensive textile industries and in agriculture. Those countries, mainly Southeast Asian and Latin American emerging economies, had strong interests: first to incorporate agriculture and textile in multilateral

trade negotiations, and secondly to establish trade rules and the system that can monitor and control the compliance of these rules. These countries allied in the Uruguay Round (1986–1994) with some developed countries that had particular interest in trade of agricultural products.

The divide between the developing countries was very clear. Subsequent developments have increased different interests and identities. The attempt of emerging countries to include agriculture and textile into the negotiations were successful owing to a bargaining situation which appeared when the developed countries, led by the USA, wished to bring new trading issues into the negotiations. Therefore, as a result of the Uruguay Round which also meant the emergence of the WTO, new trading principles were accepted: the General Agreement of Trade in Services (GATS) included the principle of *national treatment* (NT) and the intellectual property rights (TRIPS) made *property rights* a part of the trading principles. In order to create comprehensive global trade organisations, the WTO agreement included the principle of preferential treatment for the least developed countries (LDCs). (Page 2002; Ford 2003; Singh 2006.)

Thus the WTO included both the old GATT principles, the UNCTAD principles for the LDCs and the new principles of the NT and property rights. National treatment is particularly interesting as it is partially contradictory with the earlier principle of MFN. Where the MFN supposes that the importing country should treat exporting countries equally, NT supposes that the WTO member should treat all the exporting products, foreign companies, domestic products and domestic companies equally. Where the MFN allowed governments plenty of sovereignty, the NT principle makes clear limitations to it.

The emerging countries supported the WTO system and the permanent trade rules because of their interests in global trade. The economies of these countries were developing rapidly and had a high economic growth particularly in labour intensive export sectors. For them, the dispute settlement mechanism (DSM) was crucial as it had already been effective during the GATT system and has been further developed in the WTO. The MFN and transparency principles were very important when these emerging developing countries appealed



to the DSM against different kinds of protective measures taken by developed countries against the cheap export products of the emerging countries.

These principles offer far less advantages to the LDCs owing to their weak participation in world trade at the turn of the millennium. Three issues suggest this. First, in many LDCs the production sector is so underdeveloped that these countries have nothing to offer to world markets. Second, in the LDCs there are competitive agricultural products for exportation, but these products are so heavily subsidised in the developed countries that the competition would not be fair and there would be no real possibilities for production and trade. Finally, the liberalization of textile products meant that many of the sub-Saharan LDCs lost their markets in the developed countries for more effective Asian producers. Thus they had to give up on emerging industrialisation that would have been possible with the separate preferential trade agreements in European protected markets.

#### TRADE PRINCIPLES, INTERNATIONAL TRADE AND POVERTY REDUCTION

The following discussion examines the relationship between the trade rules, economic growth, and poverty alleviation in two developing countries, Mozambique and Vietnam. These two countries have many similarities but also differences. These affinities and divergences shed light on how trade rules have different effects for these two countries.

Mozambique and Vietnam started to adopt the global trade rules in similar conditions. Both countries were one-party socialist states. During the 1980s the economies stagnated in both countries. In Mozambique the stagnation was due to civil war while in Vietnam involvement in the Cambodian situation burdened its economy. Equally the mechanistic implementation of the Soviet style centralised socialist economies turned out to be disasters in these two agricultural countries. According to economic indicators both countries belonged to the least developed countries category, although Vietnam

was never included in the LDC owing to its ranking in the human development index.

Similarly, the consequent economic reforms in the late 1980s and 1990s created high economic growth in both countries during the 1990s and 2000s. The content of the economic reforms was the same – economic liberalization through privatization and market economy.

However, the differences were significant, although these issues are frequently overlooked in purely economic analysis. There are three main differences between these countries. First, the size, population, and geographic differences play significant roles in subsequent economic development. Second, the institutional, social and cultural factors that refer to the general integrity of the state differed significantly. Finally, the implementation of the economic reforms suggests different consequences particularly for poverty reduction. The implementation of economic reforms also created different interests in global trade rules.

In Mozambique the economic situation forced the government to seek economic support from foreign donors, starting with the socialist countries in the late 1980s. The failure to attain aid from the socialist bloc due to its own difficulties, Mozambique turned to multilateral financial institutions, namely the IMF and the World Bank. The economic aid provided by these institutions included conditions, the most important of which was rapid economic and political liberalization. Economic liberalization as part of structural adjustment programmes contained the agriculture (plantations), industry, and service sector. The results of privatization have been diverse. The privatisation of the service sector included both modest success (urban water services) and total failure (railways). Similarly, the privatisation of industry produced mixed results. The textile and footwear industry, which was expected to have major prospects for growth, stagnated as did some of the other manufacturing sectors so that the industrial labour force declined by nearly 60 percent from 1997 to 2003. The decline of the textile industry was speeded up by the result of the GATT Uruguay Round to liberalise textile trade which meant that Mozambique lost its markets in Europe to the emerging Asian countries. (Eronen et al. 2007, 132–134.)

The main industrial sector where major growth has taken place is metallurgy which is not, however, labour intensive. Foreign direct investments (FDI) played the central role in the development of the metallurgical sector from the late 1990s and during the 2000s. FDIs particularly took advantage of the LDC status of Mozambique in the WTO which allowed preferential trade treatment between Mozambique and the developed countries (mainly with the EU). Preferential treatment meant that those foreign companies which invested new production plants (particularly Mozal's aluminium smelter) in Mozambique were granted a lower customs level than if they operated in their mother countries.

The influence of these investments to the growth of exports and GDP is high, but in contrast, the effects to poverty reduction are low. A recent study shows how poverty has even increased in the Southern part of the country in general and in the Maputo Province in particular where the major foreign companies have established their plants. Economic growth that has reduced the absolute poverty took place in other regions in the country and this impact to poverty reduction is based merely on the increased production of agriculture, the sector that currently does not play a noteworthy part in Mozambique's foreign trade. (Ibid., 156–166.)

In Vietnam the implementation of economic liberalisation and integration into the world economy took place under the strict control of the government. The multilateral economic institutions did not play as central a role as they did in Mozambique's economic and political reforms. When the Soviet aid ended in the late 1980s and early 1990s Vietnam started its economic liberalisation. In the beginning the emphases of Vietnam's reforms were on agriculture (de-collectivisation) and the liberalisation of small scale family merchandise. Agricultural reform turned Vietnam from rice importer to rice exporter. These reforms were followed by legitimising private property, liberalisation of foreign trade and partial liberalisation of foreign investments. The last of these first meant the emergence of joint ventures in labour intensive industrial sectors, but later also in other sectors such as food processing, services and oil production. In contrast to Mozambique, FDIs have reduced poverty particularly in and around main cities. In addition to this, in Vietnam more females

have been employed in the textile and footwear industries. Vietnam's political and economic integration into the Southeast Asian regional system was the first step in its integration into the world economic system.

Vietnam left its application to the WTO in 1995 and was accepted as a member 12 years later. Its particular interests were in the MFN, transparency and dispute settlement system which was considered an important instrument to secure Vietnam's market access in the developed countries.

During the accession process to the WTO Vietnam liberalized its trade which boosted its agricultural exports and managed to lure FDIs into labour intensive industrial sectors. Therefore the increasing foreign trade has been a successful part of poverty reduction in the country. (Ibid., 79–96.)

The general conclusion suggests the following: Trade increases economic growth but this growth does not necessarily reduce poverty. It is also a fact that trade rules threaten the emerging countries and LDCs differently. The main differences between Vietnam and Mozambique have been in the way of controlling liberalisation. Vietnam was able to direct FDIs to labour intensive sectors, such as textile, footwear and furniture industries. In addition to this, its stable institutional structure and the quality of primary education have been important assets. In Mozambique the WTO rules have had a different affect. On the one hand, the WTO textile agreement stagnated the textile exports while on the other hand the WTO LDC rules have attracted the capital intensive metallurgical sector to enter Mozambique which was not beneficial to poor people at large. Therefore, the total effects of the trade rules on poverty reduction in Mozambique can be seen as negative rather than positive.

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## QUESTIONS

Are we preventing the economic growth of the least developed countries by desperately supporting our own unprofitable agriculture? (Taru Oulasvirta)

Is keeping up Finnish agriculture production and supporting developing countries a contradiction? (Veera Kaleva)

In order to make the position of the least developed countries (LDC) better in the world trade, the agriculture and textile sectors of LDCs need some protection. How can we make these changes in practice so that the LDCs would have a better position in the world trade system? (Ilona Tapanainen)

Why are social and economic development seen as separate processes and not as a single process? (Heta Pasi)

Is free trade the best solution for social development, or only for economic development? (Petri Rautavuo)

What kind of economic activities are “pro-poor”? Does economic growth without an increase in employment decrease poverty at all? (Hanna-Kaisa Simojoki)

Ari-Veikko Anttiroiko



## ***Local Strategies in a Global Economy***

### INTRODUCTION

Globalisation is about the macrostructuration of the world order. It is a process in which exchange and interactive relations and orientation bases are becoming global. Globalisation is a boundary-eroding process in the sense that it crumbles institutional boundaries of territorial communities and increases interdependency on a global scale.

The essence of globalisation in the contemporary world has a strong neoliberal tone as it revolves around the promotion of a global free-market economy, supported by influential Western nation states such as the USA, institutions of global economic governance – especially the World Trade Organisation (WTO) and the International Monetary Fund (IMF) – and think tanks such as the OECD.

Corporate agenda seems to have become an in-built element in public governance, which implies that governments rely more and more on competitiveness policy with an aim to promote accumulation of capital. In addition to this, most public organisations rely increasingly on business-like mindsets and practices. This New Public Management (NPM) inspired trend has its implications also on local governance and local welfare and development policies.

The objective of this paper is to conceptualise the global-local dialectic from the point of view of strategic adjustment needs of territorial communities. Special attention is paid to local policy responses for globalisation and general aspects of local adjustment strategies.

## GLOBAL CHALLENGES TO URBAN GOVERNANCE

One of the apparent features of current practices of local governance is an increased interest in global trends in economy. As factors of production and other values are increasingly exchanged on a macro-regional and global scale, this creates both pressures and opportunities also to local communities to attract values from the global space of flows. Attraction factors associated with production include everything from traditional *'hard' factors of production*, such as natural resources, labour and capital, to *'soft' factors* such as knowledge, know-how, creativity and entrepreneurship. Two main consumption-related sets of attraction factors are *factors of consumption by business* such as innovation milieu, business services, fairs and logistics and *factors of consumption by consumers* manifested in shopping, sports, cultural events and tourism. The strategic challenge at the local level is to determine how and in what areas to increase the attractiveness of a local community vis-à-vis global flows of values. (Cf. Savitch & Kantor 2003.)

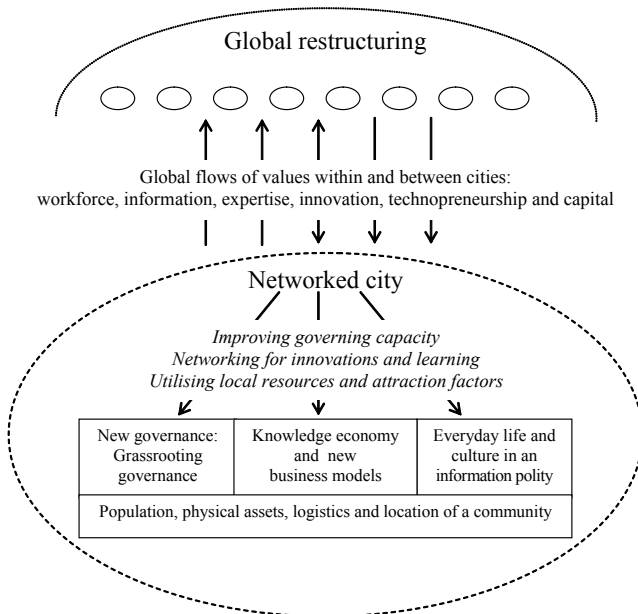
Local governments are more concerned with global economic development than they have ever been before. In a way, they are becoming developmental 'local states' or networked cities with their main task being the adjustment of local communities to the conditions of a global economy. The standard action has for a long time been to create favourable conditions for firms in the growth sectors. This does not mean that the sole focus is on attracting footloose industries and influencing firms' location decisions, but these are at the very core of conventional local economic development policy in the age of globalisation. New innovative approaches to local development policy widen this perspective to the cost-effective utilisation of soft factors of production as well as to the range of consumption-related attraction factors. Another general trend in development policy design and implementation is to rely on inclusiveness, networking and partnership, sustainability and the idea of smart growth.

It goes without saying that besides overall increases in the efficiency in the utilisation of scarce resources, such global competition of territorial communities causes a range of side-effects too. Castells (1999) claims that the networks of instrumental exchanges selectively



switch on and off individuals, groups, regions, and even countries, according to their relevance in fulfilling the goals processed in the networks. This leads to a fundamental social tension between universal instrumentalism guided by corporate interests and historically rooted identities of people and their communities.

Disparities among cities are huge. Most local communities especially in developing countries do not have assets, know-how and attraction factors that would make it possible for them to utilise global flows of values or to link them to the global knowledge-based economy. Even many global cities are characterised, not only by economic success, but by their volatile and cyclical economic structure, extreme wealth concentration, social and spatial polarisation, and fiscal distress, sometimes referred to as a ‘dual city’ phenomenon. This means that the market-oriented policies should be counterbalanced by both local welfarism and global solidarity.



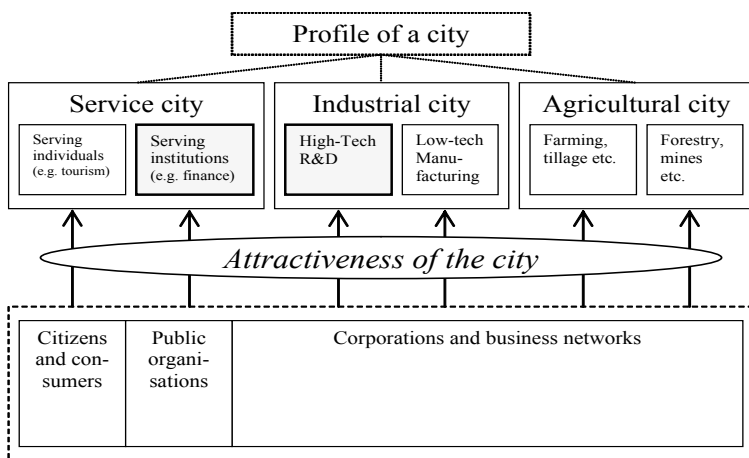
**Figure 1.** Networked city attracting the values from the space of flows. (Cf. Kasvio & Anttiroiko 2005.)

The best chances of success in this kind of competition are for those communities which have some unique assets, be they natural resources, location advantages or intangible assets. Yet, their relative success is, more than anything, based on a local transformative capacity. The urban community with capability of adjusting local economic, political and socio-cultural structures and processes to contextual changes can be called *a networked city*, as illustrated in Figure 1.

### CITY PROFILES AND SPECIALISATION

The strategic adjustment of an urban community to globalisation requires an assessment of how global flows of values match the strengths and opportunities of the community in question. Some communities have strengths simply in natural resources or location, whereas others provide favourable conditions for low-tech manufacturing due to industrial tradition and availability of energy, raw materials, and labour force. Yet the most desired city profile is a concentration of high value-adding activities such as high-tech production, research and development (R&D), producer services, knowledge-intensive business services (KIBS), and financial services (see Castells & Hall 1994). The different profiles of cities are schematised in Figure 2.

As cities are at different levels of development, the scope and nature of their strategic actions differ inherently from each other. Most of the cities in developing countries have the possibility to develop agriculture, low-tech manufacturing or tourism, whereas many cities in the developed world have possibilities to focus on high value-adding activities, ranging from high-tech industries to business services. In the contemporary world, such high-rank cities need to pay attention not so much to the raw materials which dominated the agricultural mode of development, nor to the energy sources and efficiency gains that were decisive factors in the age of industrialisation, but to the quality of knowledge which has become a crucial source of surplus. The logic of development in our age can be characterised as the informational mode of development. (Castells 1999.)



**Figure 2.** City profiles.

## LEARNING FROM THE CASE OF OSAKA

Success in global competition is not easy to realise. Let us take an example. Osaka City and Osaka Prefecture introduced several large-scale business site and technopole development projects in the 1980s and 1990s, such as Tsuda Science Hills (as a part of Kansai Science City), Rinku Town and Technoport Osaka. This development was designed by the politico-administrative establishment of the Osaka area in order to claim their share of anticipated growth boosted by the internationalisation of business and high-tech development.

The large-scale business site development projects of Osaka appeared to be failures if assessed from the viewpoint of short-term outcomes. A failure here means that business sites did not attract firms as expected, which left behind many unbuilt lots and empty office spaces and led Osaka City and Osaka Prefecture to severe financial difficulties. One of the reasons for the failure was the bad timing: the bursting of the bubble economy in the early 1990s was evidently one reason for the failure. Yet, this was neither the only

nor the most important cause. Rather, investments were based on a too rosy growth image, they were too speculative, and they focussed too much on real estate development, neglecting business support services, university-industry-government linkages, and the key elements of innovation milieu in general. (See Kamo 2000.)

What we may learn from the case of Osaka is that if the site is intended to attract high-tech and knowledge-intensive activities and multinational companies in particular, such projects should not be based on a conventional property-oriented business park concept, for it is not attractive enough from the point of view of leading IT firms. Osaka seemed to become trapped, for it was not able to provide cheap labour as for example many Chinese cities, but it also failed to develop a well-functioning innovation milieu à la Silicon Valley, Cambridge, or the city of Oulu, resulting in a weak position in the global competition of high-tech centres. (See Anttiroiko 2004; Castells & Hall 1994.) A more general lesson to be learned is that development policies and their implementation must be in line with the values that the city wishes to attract. For example, attracting tourists, heavy industries or advanced business services have all completely different requirements.

On the basis of their advanced services and high value adding activities cities assume different positions in the global exchange of values. Based on their role in the global economy, cities are positioned in the global urban hierarchy. For example, cities like London, New York and Tokyo have generally been considered to be at the highest rank of global cities (Sassen 2001). Due to Osaka's problem in creating connections to a networked world its position today is lower than many of its Asian rivals, such as Hong Kong, Singapore or Seoul (Beaverstock et al. 1999).

## LOCAL POLICY RESPONSES TO GLOBALISATION

Local responses to globalisation are not only matters of adjustment strategies of individual local governments. There are also collective efforts of local governments and their associations to take their agenda

into account in wider governance and policy fields. At the core of the global urban agenda are issues like democracy, sustainability, development, and solidarity. A corner stone in this discourse was the United Nations Conference on Human Settlements in 1996 in Istanbul, Turkey (Habitat II) (see Borja & Castells 1997). The UN Habitat II conference was also the site where the representatives of regional associations of local governments throughout the world started to intensify their co-operation. This resulted in the establishment of a new global network, which eventually became a worldwide advocate and voice for democratic local governments, the Union of Cities and Local Governments (UCLG).

Another sign of this change is a more active role of sub-national governments in the international arena, sometimes referred to as “municipal foreign policy”. This activity area includes sanctions against companies which did business with certain African or Asian countries with authoritarian or military regimes. Other examples of municipal foreign policy are the cases in which some US city and county councils explicitly condemned US intervention in Iraq. Moreover, some cities have enacted mandatory policies to curtail greenhouse emissions and also have applied other policy lines in the spirit of sustainable development. In Europe, cities are lobbying in Brussels, making them an essential part of a multi-level governance system of the European Union. There are a lot of similar cases that illustrate the emergence of the higher profile of local and regional governments on the macro-regional and global scene (Kresl & Fry 2005).

At the practical level, international activities of sub-national governments have been institutionalised in such forms as formal supranational entities (e.g. The Committee of Regions as the EU institution) and intergovernmental entities (e.g. The Congress of Local and Regional Authorities of Europe of the Council of Europe). In addition to these there are global, regional and national associations of local governments, such as the UCLG at the global level, the Council of European Municipalities and Regions (CEMR) and the Assembly of European Regions (AER) at the regional level in Europe, and The Association of Finnish Local and Regional Authorities as an example of a national association. Lastly, there are contractual and informal collaborations in the form of specialised associations,

sister-city relationships and development networks, such as Eurocities, The International Council for Local Environmental Initiatives (ICLEI), European Hospital and Healthcare Federation (HOPE), World Technopolis Association (WTA), Global Cities Dialogue and the like.

These kinds of arrangements are designed to give local governments a voice in the field of regional and global governance. Institutionalised bodies are formed to represent local government interests and perspectives on a high-level political agenda, whereas more informal alliances and networks are set up to promote strategic interests and development policies of individual local communities in a competitive environment.

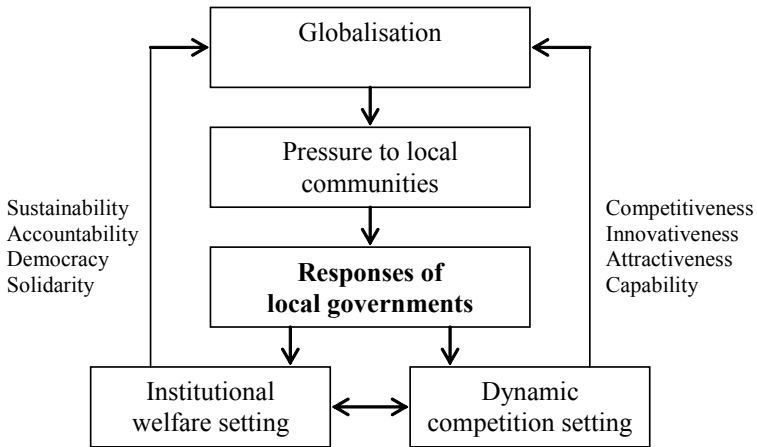
## CONCLUSION

Local communities are under pressure to adjust to global trends and developments in order to be able to benefit from the global flows of values. In this process the role of a democratically elected local government is essential, as it serves as the voice of the local community. Local government is so far the weakest political institution in the field of global governance, but its role is gradually becoming more important due to its role as the key player in local governance and as the mediator between the global context and local conditions.

Local response to globalisation has two paradigmatic forms and environments:

- (a) competitive development-oriented responses in a *dynamic* environment of economic competition by which cities attract values of global flows, and
- (b) collaborative welfare-oriented responses in an *institutionalised* environment, which are needed to promote solidarity and sustainability from the local to the global level as a joint effort of local governments and other public entities and sometimes also in partnership with private sector actors.

The above mentioned dual arena scheme is illustrated in Figure 3.



**Figure 3.** Dynamic and institutional sides of local strategies.

What is essential in this dual policy scheme is to find a global balance between competition-oriented urban development policy and welfare-oriented urban policy, in order to avoid the problems of polarisation, inequality and extreme poverty, which are a likely result from a one-sided accumulation-intensive and market-oriented urban policy.

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## QUESTIONS

Is it possible for cities in developing countries to achieve a level of development that appeals to foreign investors? (Laura Markkanen)

What could be done to reduce inequality and other negative side effects related to globalization? (Karmen Saul)

The text divides strategies of facing globalization into two different classes: institutional strategies that try to govern the effects of globalization, and dynamic strategies that take advantage of globalization. Are these strategies in opposition with each other? (Toni Ahvenainen)

If a city like Osaka cannot compete in the game, how can a poor city in Sub-Saharan Africa ever attract investors and companies? (Pia Aaltonen)

What can local governments do to stop this process of concentration in big cities and to support a more balanced growth, and attract people and investments to smaller and more peripheral areas? (Joanna Choduń)

What kind of effects could the networking of local communities have on globalization? Is networking the way to create space for alternative local strategies? (Anna Jahkola)



**V**  
***ENVIRONMENT***



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## ***The Mutual Interdependence of Humanity and the Rest of Nature***

### INTRODUCTION

It may sound preposterous to use the term “mutual interdependence” when referring to the relationship between humanity and the rest of nature. Is it not the case that humanity depends on nature, but nature exists all by itself, independently of humanity’s activity on Earth? The issue deserves closer thought. It is, of course, the case that humanity is a late-comer on the earthly scene. We humans showed up at a well-prepared table. Our existence on Earth depends on the biosphere which originated all by itself and has evolved to its current state over a time span of almost four billion years, without the slightest human contribution.

However, the story has another side. Humanity’s influence on Earth has dramatically increased in scope and intensified in effect during the past few millennia. This has been possible thanks to the amazingly successful human modification of the Earth’s ecological systems. Human material success, thus far, has been spectacular, whichever quantitative measure we use to characterize it: the size of the total human population, the volume of the economy, or the diversification of material production offer themselves as criteria.<sup>1</sup>

1. Beinbocker (2006) provides estimates of the number of *stock keeping units* (which is a measure used by retailers to count the number of types of products sold by their stores) used in the material life of the Yanomamö tribe of the Amazon Basin and New York City: the former amounts to several hundreds, or at the most thousands, the latter amounts to ten thousand millions (10 000 000 000).

Two sobering qualifications are needed at this point, however. Firstly, the explosive increase in human material wealth is a very recent phenomenon, post-dating what is known as the industrial revolution, that is, the mid-18<sup>th</sup> century, by and large (for a classic overview, see Landes 1969). The economy has grown ever since at a relatively stable rate and has enabled an enormous increase in the level of social welfare worldwide. However, two and a half centuries is a very short time; it is anybody's guess how long stable economic growth can continue into the future. Secondly, the increase in human material wealth has been accompanied by a massive deterioration of the very ecology that humanity has successfully exploited. In other words, whether the human success has a sustainable basis requires serious attention.

Let us begin from the basics: Human sustenance is tied to the biosphere, the thin layer on the surface of the Earth inhabited and modified by life (Smil 2002). Life has molded the conditions on Earth suitable for life. To make a long story short: the biosphere is maintained by a constant flow of enormous amounts of energy from an external source, the sun. The solar source of energy is, for all practical perspectives, inexhaustible. However, the amount of energy available to humanity is far from unlimited. The basic reason for this is that usable energy is a qualitatively specified concept. The intensive radiation coming from the sun has to be transformed into useful forms. The biosphere performs this operation as a planetary energy transformer. Humanity has been able to tap into flows and transformations of energy that occur in the rest of nature in any case, as well as to harness such sources that remain ordinarily unused (fossil fuels, nuclear fission). In this process, ecological processes have become modified by all sorts of unexpected side effects. Humanity has become a transforming force on Earth on a geological scale.<sup>2</sup>

Environmental problems are global in two different senses: On the one hand, local detrimental practices are conducted in a similar way all over the planet, and the result is the global deterioration of ecological conditions. Soil erosion, pollution of lakes and rivers,

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2. Georg Perkins Marsh (1864) was an early pioneer who noticed the planetary consequences of human action. For a comprehensive review of the energy scene, see Smil (2008).

and destruction of original habitats proceed in this way. On the other hand, problems such as climate change and pollution of the oceans are truly global: the consequences of human actions taken in different parts of the world add up and contribute to the same phenomenon.

The influence of humanity on the biosphere can best be demonstrated with an estimate of the proportion of the primary productivity of the Earth's ecological systems that are channeled through human-modified systems. Smil (2002, 240–41) reviews recent estimates which put the proportion of the global terrestrial net primary production “appropriated” by humans at somewhere between 25 % and 40 %. The figures are coarse estimates but they give a feel of the intensity of human ecological influence. The main lesson is our complete, overarching dependence on the biosphere. The systems we have modified and depend upon are, in turn, dependent upon us. A garden is a garden only under the condition that it is subject to constant human intervention. This is the meaning of mutual interdependence.<sup>3</sup> The fragility versus robustness of this interdependence defines the degrees of freedom for global social development.

#### THE DYNAMICS OF ECOLOGICAL INTERDEPENDENCE: AN ECO-SOCIAL PERSPECTIVE

I adopt an eco-social perspective to elaborate upon the position of humans in the ecological networks of the biosphere. Briefly put, the eco-social perspective means that nature is present in human affairs throughout (Haila & Dyke 2006). This is an ontological claim. The presence of nature is expressed as shared dynamics between human sustenance and ecological processes in the rest of nature. In other words, it is not simply the case that ecology sets “external constraints” or “limits” on the sustenance of human societies, rather, human societies and the rest of the natural world are woven together. Ecol-

3. The argument that the rest of nature would fare much better if humanity disappeared from the scene is correct, of course, but it is beside the point from the human point of view.

ogy is internalized within the human society, in a similar fashion as physiology is internalized within the human organism.

More specifically, an eco-social perspective focuses on the practices through which humanity is enmeshed in the dynamics of the natural world. To specify this aspect, I briefly take up four ecological principles which clarify the nature of the interdependencies.

### **Ecology means the transformations of energy and the global biogeochemical cycling of materials**

The transformation of solar energy into organic form happens through organic metabolism. To sustain itself, organic metabolism has to be insulated from its immediate environment. In other words, the energy-transforming mechanisms of life are necessarily “entital”, they take the shape of self-generating and self-sustaining entities. Organisms are such basic entities. Organisms come in a huge variety of shapes and sizes. Plants are the most important ‘autotrophs’ which acquire their energy from inorganic sources, a majority of the others are ‘heterotrophs’ which depend on the primary production of plants. Organic metabolism consists of two stages: *biosynthesis*, the production of organic compounds, and *biodegradation*, the using up of such compounds. This dual process drives the cycling of necessary nutrients between inorganic and organic reservoirs, which gives rise to local ecosystems and global material flows (“biogeochemical cycles”). Micro-organisms have a decisive role in the global cycling of materials (microbiologist Lynn Margulis has consistently defended this view since the 1970s, see Margulis & Sagan 1997).<sup>4</sup>

Human modification of ecosystems has two basic aims: to increase net primary production by modifying growing conditions (tillage, water, nutrients, removal of weeds and pests, and so on), and to channel the primary production to edible or otherwise valuable products. The origin of agriculture some ten millennia ago (“the Neolithic Revolution”) marked enormous intensification in this regard. Eventually, agricultural practical experience became organized into

4. For a more detailed presentation of these processes, see Smil (2002, Ch. 3 and Ch. 5, respectively).



a science during the first half of the 19<sup>th</sup> century, with its origins in agricultural chemistry and systematic experimentation. Then followed mechanization and industrial agriculture with the systematic breeding of new varieties and intensive use of chemical fertilizers and pest and weed control. The use of biotechnology is the latest step in this process.

Industrial scale agriculture results in monoculture. It is obvious on general grounds – as has been noted numerous times – that the industrialized monoculture produced by modern agriculture is not sustainable, and specific problems are accumulating all over the world, but on the level of overall statistics the story still resembles a success.

### Ecological interactions create networks of mutually interacting entities

Energy is mediated through ecosystems by interactions among different types of organisms. The interactions are non-linear, i.e., they are based on multiple pathways of mutual influence. A particular consequence is that the interactions, in a sense, “curve upon themselves,” as in predator-prey interactions: when a species of prey increases in numbers, its predators start to increase, too, but eventually the predators eat up most of the prey and the predator population crashes. A new cycle begins. In other words, ecological interactions do not take place in a homogeneous space, rather, they create spatial differentiation and temporal cycles. Different species have qualitatively specified roles in such differentiation. Particular species often function as sort of “organizing centres” within the web of relationships in which they are enmeshed.

Symbiosis, the mutually advantageous interaction between two or more species among one another, is a particularly important form of ecological interaction between different species. Symbiosis is an extremely important process in the biosphere. For instance, about 90 % of all plants depend on a symbiotic relationship with fungi – the so-called mycorrhizae (Smil 2002). The enormously diverse bacterial communities inhabiting the alimentary canals of multicellular animals, including humans, offer another pertinent example.

As a consequence of the nature of ecological interactions, the *environment* becomes an integral and qualitatively specified part of these systems of interactions. In other words, the environment of any specified ecological interaction also becomes qualitatively specified. Biological diversity on the level of both species and ecosystem types is a reflection of such specificity. A major implication for human sustenance is that the qualitative specificity of the ecological entities that humans are interacting with and integrated into has to be respected and cherished. Numerous human societies have collapsed in the past. These tragedies have no single overarching explanation, but increasing uniformity of the relations with the environment has been an important contributing factor (Diamond 2005).

### Ecological systems do not have one single optimal state

Optimizing – the devising of systems that function in the best possible way according to a particular criterion – has become an enormously important idea in the modern world (see Ekeland 2006 for a masterly overview). Optimizing has been successfully pursued in technology where the performance of a particular system can often be assessed against an unambiguous criterion – the efficiency of energy conversion in a combustion engine, say. However, as Ekeland (2006) points out, biological evolution cannot give rise to optimal systems because the possible standards of optimality shift as a consequence of evolutionary change itself. This conclusion is analogously valid for ecological systems which are undergoing constant change as a consequence of non-linear interactions.

The principle of optimizing has been commonly applied in the management of biological resources such as forests, range lands and fish stocks. However, these are complex ecological systems not amenable to any single criterion. Hence, resource management aiming solely at technical optimality is bound to fail (Walker & Salt 2006). Resource management needs to be sensitive to local conditions and spatial and temporal variability.

## Being alive requires awareness of environmental conditions

All organisms live in conditions that they cannot control. Hence, organisms need to keep track of unpredictable variation and surprises in the environments they live in. This is particularly important for mobile organisms from bacteria to large animals which continuously come across novel conditions as a consequence of their own movement (Llinas 2001). Also plants, although sessile, “behave”. For instance, plants “choose” which way to grow their roots and turn their leaves: “plants possess numerous senses which allow them to constantly monitor their environment and respond to it” (Scott 2008, 208). In other words, all organisms need constant real-time awareness of their environment, in order to form fast “pre-images” – or reasonable expectations – of situations that are potentially threatening.

By implication, humanity needs to maintain collective awareness of the eco-social environment – or the state of the eco-social world undergoing change – analogously to what organisms achieve in their extant environments. Global monitoring systems made possible by satellite based remote sensing have greatly increased human capacity in doing this. For instance, our knowledge of the Earth’s climate system is critically dependent on the data provided by satellites. However, the use of this information as regards the biosphere is not yet as efficient as is required (see Smil 2002 for an interesting discussion).

## Intermediary summary: interdependence and viability

From an evolutionary perspective, it is clear what it means to say that life is a self-organized system: there were no external, ready-made blueprints that would have dictated the shape of the biosphere. Life has been enormously adaptable; the main indication of its adaptability being that it has created suitable conditions for life on Earth. Life is interdependence all the way through. The complex and intricate interdependencies have made life robust and resistant against external disturbances on Earth.

We humans have to thank these intricate interdependencies for the origin and sustenance of our biological species. The meaning of

the term 'viability' is obvious in the case of individual organisms, including humans. From an eco-social perspective, we should also consider the viability of human sustenance practices. Increasing uniformity and loss of qualitative specificity in the interactions of human societies with their environment – and the concomitant loss of biological diversity – are the main harmful trends.

### CAN THE FUTURE BE RADICALLY DIFFERENT FROM THE PAST: THE CLIMATE SYSTEM

The climate of the Earth functions essentially as an energy transfer mechanism that evens out differences in temperature between equatorial and polar regions. Such stabilization of the conditions across the surface of the whole planet is an essential precondition for the evolution of a biosphere (Smil 2002). Locally, climate is expressed as weather. There is no shortage of good introductions to the working of the climate system of the Earth; we need not go into detail in this context.

The climate of the Earth has remained remarkably stable over the last ten thousand years or so, that is, over the time during which human culture reached its current state. From a geological perspective, such stability is exceptional and not likely to last for long. The last two million years have been characterized by large fluctuations, called the Ice Age, with recurring continental glaciers in the northern parts of the continents. We are now living in an interglacial period which, geophysically speaking is approaching its end, and a new ice age should be on its way. In fact, there is some evidence that human influence has already postponed the onset of the next glacial period (Ruddiman 2005).

The Intergovernmental Panel for Climate Change (IPCC) published its newest review of the trends in global climate in 2007 (IPCC 2007). It is ever more certain that human influence, through the pumping of carbon dioxide and other greenhouse gases into the atmosphere, has triggered a warming up of the atmosphere. The potential consequences have been reviewed many times for instance

in the reports of the IPCC; in the following I present only a concise list (modified from Smil 2002): intensification of the global water cycle, with shifts in precipitation and aridity; more common and more intensive extreme weather events such as heavy rains and heat waves; the rise in sea level as a consequence of thermal expansion of sea water and the melting of glaciers in Greenland and the Antarctic; shortage of fresh water as a consequence of the melting of mountain glaciers; shifts of biogeographic patterns and ecosystemic boundaries; and the poleward extension of tropical diseases including malaria.

In other words, the era of the stable climate which has created the weather patterns human sustenance systems have adapted to is with all likelihood over. The consequences for global social development are potentially disastrous: unstable weather conditions reduce harvests; the rising sea level, with an additional contribution of extreme weather events, threatens human populations in coastal low-lands; and the shortage of fresh water will aggravate social unrest in densely populated regions such as the slopes of the Himalayas (large chunks of Pakistan, India and China), parts of Africa, and regions bordering upon the Andes in Latin America.

#### THE BURDEN OF THE HUMAN HISTORICAL SUCCESS, AND WHAT TO DO ABOUT IT

There is no reason to doubt that the environmental conditions of human sustenance are going to change drastically in the near future. However, it is very difficult to understand what it requires to properly prepare for the changes. There are several reasons for such difficulties. First of all, we are subject to an ideological blindness caused by a postulate of self-flattery (Dyke 2006): an obstinate belief that we are not going to come across problems that we cannot solve. Secondly, our political and economic institutions and the ways of thought they support are not up to the task of preparing for a future more distant than a few years at most.<sup>5</sup> Thirdly, and in some sense

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5. The trust among economists that economic growth will continue in the future at a similar rate as during the past two and a half centuries is a typical example.

most importantly, as the human success has been a practical matter it has become ingrained in our attitudes and ways of life. Learned habits die hard.

Whether this obstinate blindness can be cured remains to be seen. We can state with confidence, however, that this would require fundamental re-evaluation in all domains of our action and thought. In this context it is only possible to name briefly the following three:

First of all, we have to take the biospheric dependence of humanity seriously. Unfortunately, our knowledge of critical aspects of this dependence is still deficient. As Smil (2002) points out, we have gained a relatively good general understanding of the global “big picture”, but regional and local aspects of the integration of human sustenance with ecological processes – that is, eco-social dependencies – are less well understood. Science is indispensable for clarifying this area, of course, but research should be brought closer to human practices than a dogmatic idea of “basic research” normally allows.

Secondly, in the political and economic domains international agreements are naturally indispensable. Agreements tie national governments to concerted action and pave the way for such international solidarity that is required to alleviate the consequences of future environmental catastrophes. In addition, governments have many possibilities to support environmentally friendly activities among all social actors within their jurisdictions.

Thirdly, the *action space* of citizens, and particularly groups of citizens, needs to be broadened. The term action space refers to the existing range of alternatives for citizens and citizen groups to make choices, perform experiments in the social organization of actions and in this way produce new societal innovations which governments and big business are reluctant and unable to produce, for instance, through different types of co-operative initiatives. The support of the civil society more generally creates public space and strengthens democracy from below.

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## Questions

How could ordinary people or researchers convince governments to take greater steps towards changing the situation? (Elli Kankaanpää)

To what extent are the current trends and beliefs in unlimited growth, or even sustainable growth, sustainable in terms of what the ecological system can take? (Pauliina Savola)

Does the economic way of thinking oversimplify the relation between humanity and nature? (Henna Hahlaterä)

What are the roles of civil society and social movements today in preventing climate change? (Emilia Autio)

How does the concept of interdependence affect the situation of the developing countries? (Marianne Tainio)

When did or when will the times come when the entire human race will have to start paying off their debt to the natural environment (unless it is already too late)? (Joanna Choduń)



Heini Vihemäki



## ***Political Ecology***

### INTRODUCTION

Global environmental changes, such as climate change or biodiversity loss, have considerable effects on the preconditions of social development. However, different social groups and societies face such environmental changes from varying positions. In addition to the global changes, there are serious local environmental problems, which continue to shape the livelihoods of many poor people in the 'South'. The disproportionate causes and effects of environmental changes have recently become more widely recognised along with the spreading awareness of human-induced climate change. Yet, in much of the mainstream social scientific research on environmental issues, including environmental sociology and environmental economics, limited attention has been paid to the relationship between the 'South' (or conventionally the developing countries) and the 'North' in relation to environmental changes.

Political Ecology is one of the research approaches, which has recognized the need to address unequal relationships among diverse regions, societies and actors in relation to various environmental changes and their outcomes (e.g. Bryant & Bailey 1997). Political ecologists have stressed that environmental problems cannot be understood in isolation from the political and economic processes that generate or contribute to such problems (Bryant & Bailey 1997). Political Ecol-

ogy (PE) is a rather young and growing research field, with different approaches and topics of inquiry. The field is characterised by an attempt to combine different methodologies and include multiple scales in the analysis of the problems (e.g. Paulson et al. 2003; Neumann 2005). Some studies of PE have also explored the power aspects of environmental knowledge (e.g. Fairhead & Leach 1998).

In this article, I will first give a brief overview of Political Ecology, describing its history and certain common principles. Then, I will shortly address different approaches within Political Ecology. This will be followed by some of the arguments put forward by political ecologists working on deforestation and biodiversity conservation. Lastly, I will discuss some of the critiques of and challenges facing PE.

## ROOTS AND PRINCIPLES

Political ecology has evolved from different fields of science, including micro and macro level approaches to the study of society-environment linkages. It has been applied and developed in a wide range of disciplines, such as geography, anthropology, and biology (Paulson et al. 2003). Some political ecologists have also analysed the ecological attributes of environmental change. However, often, they have focused on the social and political dimensions of the environment.

Historically, PE evolved as a research field in the 1970s (Bryant & Bailey 1997) and became more widely known in the 1980s. PE built on earlier efforts to connect culture and the environment in anthropology and geography (Paulson et al. 2003). In addition, it grew partly as a critique to the Neo-Malthusian thinking on environmental degradation, influential in the 1960s and 1970s. Neo-Malthusians tended to produce simplified models of people-environment relationships, stressing poverty or population pressure as the main causes of environmental problems (Neumann 2005, 26–27).

PE took insights from various fields, including Ecological Anthropology<sup>1</sup>. Ecological anthropologists were interested in the dy-

1. Ecological Anthropology is sometimes used in an over-lapping way with Cultural Ecology (e.g. Bryant & Bailey 1997), which has also affected the development of PE.

namism and relationships between communities and their natural environment. However, political ecologists came to criticise such micro-level approaches for over-looking the connections between the local and the political-economic forces operating on a large scale (Bryant & Bailey 1997). Another research tradition underlying PE was Peasant Studies, which explored the strategies used by rural people (peasants) in contestations over the control of natural resources in the developing world. The third influential area was Marxist Political Economy that was interested in the processes of surplus production and appropriation. Additionally, it analysed the role of state in advancing the private sector's interests in relation to natural resources (e.g. Neumann 2005, 33).

This background was evident in one of the famous definitions of PE, by Blaikie and Brookfield. In *Land Degradation and Society* (1987, cited in Neumann 2005, 5), they defined PE as follows: "Political ecology combines the concern of ecology and broadly defined political economy. Together this encompasses the constantly shifting dialectics between society and land-based resources, and also within classes and groups within the society itself". Despite the broad definition, one of its strengths was its way of combining ecological and social scientific information.

The early works studied the impact of (social) marginalization, land tenure and production pressure on environmental changes (Paulson et al. 2003). Analysis often started from the micro-level and proceeded to upper levels, such as national policies or global market relations. Yet, the early works often failed to explore how the environment is negotiated and affected through different arenas, such as the household, the community or the state (Paulson et al. 2003, 210). According to the critics, the early works gave excessive explanatory power to social structures.

More recently, many political ecologists have concentrated the analysis at some level, such as local, and then broadened their scope of analysis. Paulson and Gezon (2004, 2) suggest that PE explores how 'extra-local' political economic processes shape, and are themselves shaped by local forces. Furthermore, they remind us that the power of local actors to engage with globally powerful environmental discourses should also be recognized.

In order to arrive at a more comprehensive and context-sensitive understanding of environmental changes and politics, many political ecologists also address the historical dimension of the environment and resource use. For instance, researchers have shown that the colonial states' efforts to control access to natural resources often led to the marginalisation of local actors (Bryant & Bailey 1997, 39-40). Eventually, many scholars have been motivated to carry out research for the 'common good' such as creating recommendations, solving problems or empowering the marginalised groups. (e.g. Paulson et al. 2003).

## BRANCHES OF POLITICAL ECOLOGY

As the different origins and fields of science imply, PE is not a single theory but has several 'branches' or approaches within it (Bryant & Bailey 1997). Some of them are shortly addressed here. The actor-oriented approach stresses the need to explore the interests, characteristics and actions of different types of social actors. It seeks to understand political-ecological conflicts as an outcome of the interactions of actors who have different aims and interests in relation to the environment and different strategies of action (ibid).

Other scholars, such as Peet and Watts (1996), have adopted ideas and concepts from post-structuralism and discourse theory. In post-structural PE, the emphasis is on the politics of meaning and the construction of knowledge. These researchers argue that dominant discourses or ways of framing the environment and problems, at the policy level as well as in science can have profound effects on the environment as well as on access to resources by different social groups (e.g. Neumann 2005).

Another branch has focused on regional environmental changes, seeking to explain the actual changes in the environment or ecosystems within the chosen level of analysis, such as landscape (Bryant & Bailey 1997). The regional approach is often integrated with Political Economy, focusing on how environmental changes are related to political and economic structures. It is also important to note that often these different perspectives are interconnected in practice.

## DEFORESTATION IN WEST AFRICA

James Fairhead and Melissa Leach (1998) analyzed the problem of deforestation in their famous book *Reframing deforestation*, which can be viewed as an example of the regional and post-structural approaches. The research concerned the extent, processes and causes of deforestation in West Africa, but questioned the normal explanations given in the dominant knowledge used by experts, international organizations and governments.

The general belief amongst global level organizations was that West African countries had very rapid deforestation at the end of the 20th century. According to the FAO (the Food and Agricultural Organization of the UN), the Ivory Coast had the highest rate of deforestation in the region in the 1980s. However, *Reframing Deforestation* suggested that the extent of deforestation had been over-estimated in the region, the actual deforestation being only one third of the earlier estimations. The authors argued that some of the deforestation implied in the mainstream discourse had never happened, and some of it had occurred earlier than assumed. In addition, they stated that much of the area covered by forests at the time of the study had previously been utilized by humans. This shows the dynamic nature of people-forest relationships and questions the earlier one-sided accounts of the role of the local population in relation to forest degradation.

As a result, Fairhead and Leach (1998) recommended that forest policies should be reconsidered and formed in a way that does not create or maintain unrealistic images. Furthermore, they required that environmental policies should be more respectful towards different forms of local knowledge and practices. Other researchers have also suggested that environmental policies based on 'unreconstructed science' – not set in its social and political ramifications – may have disadvantageous effects on land users and the environment, especially in the developing world (Forsyth 2003, 3–4).

## POLITICS OF BIODIVERSITY CONSERVATION

During the 1980s concerns over the loss of biodiversity gained growing importance in environmental debates. The demand for protecting biodiversity, however, poses many challenges to social development because most biologically diverse ecosystems are situated in the global South. In PE, conservation of biodiversity, forest or wildlife is often seen as an effort to control people and their access to the environment.

Roderic Neumann's (1998) historical study on nature conservation, or in current terminology biodiversity conservation, in Tanzania gives a good example of the post-structural and historical elements in PE. During the colonial period and much of the post-colonial period, a common approach to nature conservation in much of Africa was the so-called fortress conservation -approach. Local people were largely excluded from the protected areas in this model. The establishment of parks and reserves displaced African meanings of the environment and restricted access to the land (Neumann 1998). This was also the case in Arusha National Park in Tanzania, where the Meru farmers were no longer allowed to use their customary areas.

In his analysis, Neumann (1998) partly drew from the idea of moral economy: the community members are assumed to have relationships of solidarity to each other. This is due to the fact that in subsistence agriculture, the farmers sometimes need to rely on other farmers in order to make their living. Neumann argues that this solidarity was also reflected in the farmers' resistance towards the conservation authorities and the rules. For instance, the village leaders might not inform the authorities of the identity of the people who had breached the rules.

Other researchers (and practitioners) have also been critical of the 'fortress model' to conservation, because of its social and political impacts. Since the 1980s, there has been a shift towards more participatory or people-oriented approaches to conservation of ecosystems, and different 'bottom-up' models have been implemented. However, critical studies have shown that so-called participatory models, which are based on local control of the resources, are not necessarily any more democratic or beneficial to all groups within the community.

Local decision-making structures can in the worst cases be controlled by government officials or local elites.

Yet, others have argued that the problems may be due to improper implementation (e.g. Brechin et al. 2002). In their view, participatory approaches could in fact provide better, more sustainable, solutions to biodiversity conservation if they were better designed and practiced. For instance, the power relationships within communities could be targeted as part of the efforts (ibid).

### SOURCES OF CRITIQUE AND CHALLENGES AHEAD

As illustrated by the examples and approaches, PE is a broad, multi-disciplinary research field, which explores social and political aspects of environmental problems, knowledge and the control of natural resources. In addition, scholars working in the field analyze the environmental changes in connection to social, economic and political changes. To some degree, PE has also been successful in building bridges between social scientific and natural scientific approaches to the study of the environment.

Nevertheless, PE has been accused of paying limited attention to actual ecological changes (see discussion in Neumann 2005). In a related critique, Forsyth (2003), suggests that 'ecology' has been poorly defined in most PE studies. He argues that previous works have either considered ecology in line with mainstream environmental science, or they have not adequately separated it from politics in their explanations.

Moreover, some researchers have pointed out that PE has lacked an explicit conceptual synthesis of power (e.g. Paulson et al. 2003), or even that far too little attention has been paid to politics (Peet & Watts 1996). Different research projects in PE have conceptualised power from rather different angles. This may pose methodological challenges for new scholars in the field, as PE does not provide any 'blue-prints' for methodological choices.

Despite such challenges, which partly originate from the broadness of PE, one of its strengths is that it has offered alternative and

context-sensitive explanations to environmental problems. Political ecologists have questioned the dominant discourse on the environment and thus widened our explanatory models. In addition, political ecologists have highlighted how knowledge on the environment is not neutral, and it has implications for people and their environment.



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## Questions

How well have the facts provided by Political Ecology been recognized, and have they been taken into account in the 'real world'? (Emilia Autio)

How could we in practical terms conserve biodiversity (e.g. in the rainforests) and take the local context into account? (Pinja Lehtonen)

How are the actor and structure approaches emphasised in Political Ecology? (Kirsi-Marja Lonkila)

Which actors are most responsible for creating environmental problems? (Pirita Mantola)

Does Political Ecology offer a more informed, objective and relatively impartial solution to environmental issues? (Tobias Petruzelka)

What are the main areas of concern for Feminist Political Ecology? (Marianne Tainio)

Anja Nygren



## ***Environmental Certifications, Fair Trade and Social Justice***

### INTRODUCTION

Since the early 1990s, environmental and social certification initiatives have been emerging worldwide as promising market-based instruments for sustainable forms of agricultural and forest production and trade. Certification schemes have been promoted as significant attempts to formulate new, non-state approaches to environmental governance in a situation where traditional mechanisms of governmental regulation have been criticized as inadequate and too slow to address the myriad problems facing globalization (Bernstein & Cashore 2004).

There is, however, relatively little empirical evidence on whether the certification schemes provide instruments for more equitable and environmentally responsible agriculture and forestry. The main focus of this article will be on the benefits provided and the constraints set up by certification schemes for small farmers and community forestry operators in the global South. As will be shown during the following analysis, the livelihoods of rural communities in the South are mediated by their complicated engagement in the international circuits of agricultural and forest production and trade, and the schemes of certification involved.

The first section of the article analyzes the main characteristics of certification schemes as market-based instruments for sustainable agricultural and forest production and trade. The second section

provides a brief introduction to environmental certifications, with a special focus on community forestry certificates in the global South. The third section explores Fair Trade certification as a movement that aims to enhance the social conditions of agricultural production and trade by paying particular attention to social justice and labour rights. The main focus in this section will be on Fair Trade labelled coffee. The concluding section presents some of the main challenges included in certification schemes as market-based instruments of environmental governance and mechanisms that regulate the production systems and trade flows of agricultural and wood commodities.

## MAIN CHARACTERISTICS OF CERTIFICATION SCHEMES

The rise of certification initiatives has been promoted by increasing economic globalization and the prevailing neo-liberal policies. By using market acceptance rather than regulatory compliance as an enforcement mechanism, certification schemes have been considered more efficient and adequate forms of environmental governance than the conventional mechanisms of state control or corporate self-regulation. These third party-verified certification schemes have been called systems of 'governance without government', where authority is diffuse and located in the market-place, and where non-state actors have a crucial role in the implementation of the instruments of governance (Bernstein & Cashore 2004, 35–36). Certification schemes are assumed to operate according to a market-driven logic, based on the expectation that customers are willing to reward suppliers of certified goods with a price premium or an improved market access in exchange for the values that their enhanced practices have added to the products (Taylor 2005).

Another impetus for the proliferation of certification initiatives has been the rising environmental awareness and public advocacy on sustainable production and corporate social responsibility in the wake of globalization. Globalization together with policies of state deregulation has led to an increasing role of transnational corporations in global agribusiness and the wood products industry. At the

same time, the demand for environmental and social certified products is growing rapidly in certain niche markets. This demand has been largely fuelled by environmental activists who have put increasing pressure on global retailers of agricultural and wood commodities to commit to buying certified products and thus reinforcing their corporate image as environmentally and socially responsible actors. In this sense, certification initiatives have close links to diverse environmental, ethical, and social justice movements that search for new strategies to address the problems of environment degradation and social inequity in a globalized world (Barrientos & Dolan 2006; Fridell 2007).

Rather than considering certifications as simple market-based instruments, in this study certification schemes are conceptualized as complex institutions of governance that establish multifaceted rules for governing the production and trade of commodities in a global political economy. Within this framework, certifications become arenas of political struggle and negotiation between diverse actors, who try to shape the conditions under which certified goods are produced and the channels through which they are traded, albeit with differentiated access to control and power.

#### ENVIRONMENTAL CERTIFICATIONS: COMMUNITY FORESTRY CERTIFICATES IN THE SOUTH

Environmental certifications of forests have grown dramatically during the last 15 years, both in terms of the number of participants and the area of forests certified. By the end of 2006, about 275 million hectares of forests had been certified worldwide, representing 46 % of the global commercially productive forests. The two biggest forest certification schemes – the Programme for the Endorsement of Forest Certification Schemes (PEFC) and the Forest Stewardship Council (FSC) – together covered 97 % of all the certifications.

The task of promoting sustainable management of the world's forests through environmental certifications has, however, proved to be more complicated than initially envisioned. In 2006, 58 % of the

certified forests were situated in North America, 29 % were in Europe, while only 5.3 % were in Latin America, Asia and Africa (Nygren 2007, unpubl. database). These figures indicate that most of the growth in environmental certifications has occurred in the temperate and boreal forests of the North rather than in the Southern tropical forests that the certifications were initially intended to conserve.

Parallel to this trend, the majority of the certificates have been awarded to large industrial forestry operators in the North, while Southern community forestry enterprises, certified or non-certified, face serious challenges in securing sustainable forest management and enabling local livelihoods within the pressures of a consolidating forest industry. Until now, certification has reached less than 1 % of global community forests, despite the fact that an important motive for establishing the FSC certification scheme in particular was that it would benefit Southern forest-based communities (Klooster 2005).

Along with environmental certification, many of the Southern community forestry operators have gained access to environmentally sensitive timber and furniture markets, where a certificate of sustainable forest management is the requisite for entry. At the same time, certification has encouraged the recognition of local resource rights in the eyes of forest authorities. Because most of the certified community forestry operations are conducted with techniques of reduced impact logging, the ecological sustainability of forest management has also been improved. According to our study of certified community forestry operations in Honduras, the damage caused to surrounding vegetation has been diminished through reduced impact logging, although there are certain indications that the gaps made by reduced impact logging may be too small for the successful regeneration of shade intolerant species, such as mahogany (Kukkonen et al. 2008).

Environmental certifications have also enabled to decrease the operations of illegal logging. Through institutional capacity-building local forest managers have been empowered to address the problems of clandestine forestry and to put pressure on the forest authorities to defend their resource rights. Intensified networks with international NGOs, forest institutions and traders of certified products have encouraged community forestry managers to search for a more active

role in the allocation of forest resources and in the formulation of forest policies.

Nevertheless, the community forestry operators involved in certified forest management also face diverse constraints and challenges. Until now, certified community forestry operators have rarely earned any kind of price premium on their certified products despite the additional costs related to certification. In fact, many of these operators face great challenges to make their certified forestry activities economically feasible, as commercial forestry requires high capital investments and considerable forest resources to enable long-term, viable business operations. Many of the community forestry managers who conduct their logging operations in natural forests according to prevailing norms of forest management face serious competition from illegal loggers, as well as from plantation forestry operators.

Another constraint faced by certified community forestry managers is that the global standards for environmental certifications do not necessarily coincide with the prevailing socio-economic conditions of Southern producers. Limited attention has been paid to the diversity of local livelihood strategies where forest activities play an important, although often sporadic role, within the households' multi-task economic portfolios. As most of the certified forest products are targeted for global niche markets, it is also important to note that the consumers of certified products tend to have sophisticated demands and rapidly changing tastes. For many community forestry managers it is a great challenge to meet the quality requirements, economies of scale, and delivery schedules prevalent in such markets. The global markets for certified wood products are largely controlled by big transnational retailers, such as B&Q, IKEA, and Home Depot, with no easy access to Southern community forest managers (Taylor 2005). Under these conditions, the promotion of certification as a global standard for forest-based products can inadvertently erect an additional market barrier for small Southern timber and furniture producers.

## FAIR TRADE-CERTIFICATION: THE CASE OF COFFEE

In contrast to forestry, where two large certification schemes cover 97 % of all the certifications, in the case of agricultural commodities, a wide variety of environmental and social certification schemes flourish. In the case of coffee, for example, a dozen of certification initiatives, such as Fair Trade, Organic, Rainforest Alliance, Bird-Friendly, Shade-Grown, Utz Certified and Starbucks Certified, have proliferated in recent years (Muradian & Pelupessy 2005). Among these schemes, Fair Trade is the only initiative that is targeted solely to small-scale producers. Fair Trade also has the strongest standards for social justice among the major coffee certification schemes, with implicit aims to transform the conventional structures of global coffee production and trade (Raynolds et al. 2007).

The main benefits provided by Fair Trade-certification for small coffee producers and their organizations include the price premium granted especially during the periods of low market prices for coffee. Through its system of minimum prices, Fair Trade offers a certain kind of price guarantee in order to reduce the producers' vulnerability to price fluctuations. Through the Fair Trade premium for social development, various kinds of rural development projects, such as education and health care programmes, have been promoted in coffee growing communities. According to our study of Fair Trade coffee certifications in Nicaragua, Fair Trade has largely complied with prevailing national and international labour conventions, although its efforts to significantly enhance the workers' labour rights have remained limited (Valkila & Nygren 2008).

Other benefits provided by Fair Trade certification include institutional capacity-building of small coffee producers' associations. Through its attention to social justice and distributive rights and responsibilities, Fair Trade has struggled to empower poor coffee growers by establishing alternative trade networks between disadvantaged Southern producers and socially-conscious Northern consumers (Raynolds et al. 2007).

Despite considerable benefits, serious constraints besiege Fair Trade registered coffee producers. Although the global demand for Fair Trade labelled coffee is growing rapidly in specialty coffee seg-



ments, the entire sale of Fair Trade labelled coffee represents just about 1 % of the global coffee trade. Due to an oversupply of Fair Trade labelled coffee on the global market, Fair Trade has begun to expand its consumer base by selling an increasing amount of its coffee via mainstream market. This kind of mainstreaming may endanger Fair Trade's ability to act as an instrument that aims to transform the existing injustices in the global coffee business by offering an alternative trade network for marginalized coffee producers. Considering the increasing power of few large transnational retailers to regulate the rules of coffee production and trade in the mainstream markets, there is a risk that the role of Fair Trade as a challenger will be reduced when operating increasingly via mainstream channels (Taylor 2005; Valkila & Nygren 2008).

#### CONCLUSION: CHALLENGES INVOLVED IN CERTIFICATION SCHEMES

This article has analyzed the ways by which small Southern producers are tied into global circuits of agricultural and forest production and trade, and into the environmental and social certification schemes involved. One of the main challenges included in certification schemes as new mechanisms of environmental governance is that the role of these market-based instruments for promoting environmentally and socially sustainable forms of agriculture and forestry is not clear. Several researchers warn that certification schemes may easily duplicate the governmental rules and regulations, thus reinforcing the existing systems of control and authority (Klooster 2005; Ponte and Gibbon 2005). There are also limits to which degree these market-based instruments can replace the public forms of environmental governance, such as the task of law enforcement.

Institutionalization of certification schemes can weaken their opportunity to act as movements aiming to alter the conventional networks of global production and trade. This risk is evident especially in the case of environmental certifications of forests where certified products are sold mainly through mainstream markets. For

long-term promotion of sustainable agriculture and forestry, more accountable and fair production and processing systems need to be encouraged throughout the entire value chains, from the producers to the end consumers. Although certifications as such cannot resolve all the problems included in global structures of production and trade, at best they can provide an alternative worth considering for certain niche sectors.

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## Questions

In what way could these fairly traded goods be sold on the market as an incentive to consumers? (Elaine Larsen)

Are the different environmental certifications and fair trade systems just a smoke screen for multinational corporations and profit making? (Olli Ruokolainen)

How does Fair Trade affect the coffee producers left out? (Marianne Tainio)

Can the mainstreaming of Fair Trade also have positive effects? (Georges Hames)

If a big company develops its own fair trade mark, can these products be considered as genuine fair trade products? (Ilona Tapananinen)

What can be done to make the system fairer? (Florian Daniel)

Tapio S. Katko



## ***Water and Development***

### DEMAND, CHALLENGES AND JUSTIFICATION OF WATER SERVICES

It is estimated that more than one billion people in the “global village” lack access to safe drinking water and as many as 2,5 billion lack basic sanitation. This means that every day some 5,000 to 20,000 people, mainly children and women, die due to various water-related diseases. One can only imagine the headlines if such a catastrophe were to happen in one locality.

If the current trend continues, two thirds of the world’s population will be living with chronic water shortages and polluted water environments by the year 2050 (Cetron & Davies 2003). A recent poll in the US showed that 56 % of Americans are worried about clean water supplies running out during their lifetimes – a reminder that the challenge of clean water also concerns the more developed economies. Climate change will pose another challenge to water management.

Water is one of the key elements of several of the Millenium Development Goals (MDGs). Out of the eight MDGs goal number seven aims at halving the number of people without safe water and basic sanitation by 2015. As Borge Brende, the Norwegian Minister of the Environment, said, “Water is life, sanitation is dignity and housing is shelter”.

An issue of controversy is to what extent can and should traditional technologies be used and developed further. Such technologies include for instance small scale water treatment and rainwater harvesting. Another innovation is the so-called ventilated improved pit latrine (VIP) that became well known during the 1980s. Its simple superstructure and ventilation pipe can reduce the number of flies by 99 %.

Investment in water supply and sanitation can be justified by several economic and other benefits. Realisation of the water supply and sanitation related Millennium Development Goals would bring economic benefits from USD 3-34 per each dollar invested (Hutton & Haller 2004). Provision of water supply and sanitation services would also be helpful in promoting school attendance, tackling disease, eradicating hunger, and promoting gender equality. Water – if anything – is something that would benefit women and children, particularly in the developing world.

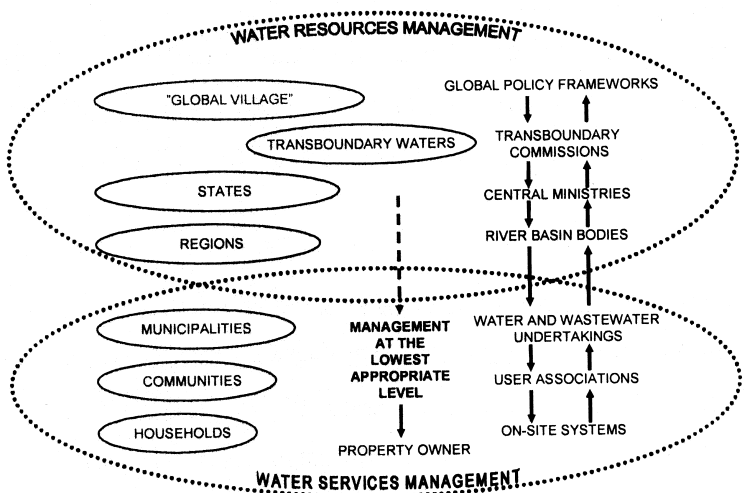
## WATER AS A RESOURCE, SERVICE AND GOOD

During the last decade Integrated Water Resources Management (IWRM) has become one of the basic water-related policies. However, the geographical perspective of IWRM is wide whereas the subsidiarity principle calls for water services management at the lowest appropriate level as pointed out in Fig. 1.

There are some 270 river basins in the world that are shared by two or more countries. Nearly 50 countries have 75 % or more of their total land area within a shared river basin. Thirty five to forty percent of the world's population lives in these basins. One might argue that more or less everybody lives downstream from someone else. The so-called Helsinki Rules from 1966 have been one of the corner stones of the international water law relating to shared river basins (Asheesh & Katko 2002). Recently groundwaters have also been included in transboundary water management.

While a lot of emphasis has been placed on IWRM, much less attention has been paid to water use. A study on ten regions and

countries with different natural and economic conditions clearly showed that water supply for urban and rural communities is the first priority, as stipulated in the water legislation of many countries (Katko & Rajala 2005). The task of water management is often to establish a proper balance between water quantity and quality as well as between water use priorities and their conflicts.



**Figure 1.** Relationship between water resources management and water services (Pietilä, 2006, 29).

As to water pollution control, even some modern European developed economies still have undeveloped systems – including the EU capital Brussels. In the case of developing economies such backwardness is not unusual since, for instance in Finland, a pioneer of water pollution control; it took some 75 years to build up enough social pressure to force the forest industry to introduce modern wastewater treatment. As early as 1909 a governmental committee noted the harm caused by forest industry wastewaters. After the Helsinki metropolitan area started to draw their water from Lake Päijänne, social pressure started

to build up. Another example is one of the richest industrial centres in Europe, Milan, which did not introduce modern wastewater treatment until 2004 (Juuti & Katko 2005, 117).

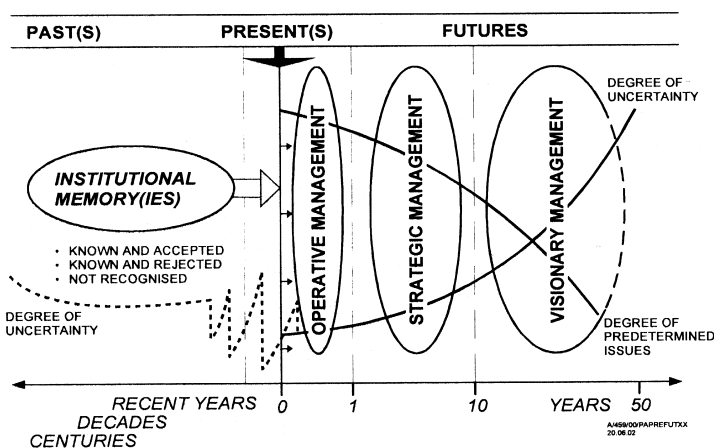
## PASTS AND FUTURES OF WATER

Water and its management are as old as the ancient cultures built by rivers which developed water systems for irrigation and settlements. The Romans were not necessarily forerunners but were able to build one of the largest systems of any ancient culture. The establishment of modern water and wastewater systems started in the early 19th century in England and soon expanded to Germany, France and the USA. In Finland the first rural water supply system was constructed in 1872 and the first urban water and wastewater system in Helsinki in 1876.

A special feature of water infrastructure is its long life span. History researchers are not necessarily willing to participate in contemporary discussions, and futures researchers may overemphasise the futures not necessarily being interested in the pasts. At the same time water utility managers are busy with their daily routines and to a large extent deal only with operative or opportunistic management. It is highly obvious that more strategic management over the next 5–10 years and even visionary thinking over the next 30–50 years are needed. Past decisions unavoidably affect available future options through path dependencies. Some of these decisions may be known and accepted or known and rejected, while some remain unrecognised (Fig. 2)

The relevance of understanding the history of water management can be illustrated by an example on water privatisation. In almost all western countries, except France, many privately-owned water systems were taken over by local governments in the middle and latter part of the nineteenth century. There were several serious reasons why the private companies were not able to meet the societies' needs. About a century later neoliberals reintroduced privatisation of water and sewage systems as a "new innovation" promoted particularly by international financial bodies and multinational companies (Hukka





**Figure 2.** Pasts, presents and futures of water infrastructure management (Kaivo-oja et al. 2004).

& Katko 2003). There was a lot of enthusiasm and sweet promises were made but now, a decade later, even the World Bank representatives publicly admit that the expected private financing was never realised (Annez 2006). From the viewpoint of citizens, societies and professional ethics the promises were unjustified.

All agree that access to water should be a basic human right. It is also obvious that the costs of producing water services have to be met one way or another. Free water services are not possible. Countries like the former Soviet Union and many developing economies tried that approach in the past but failed. It is obviously necessary that everybody pays for water, but not necessarily as much. Water is an economic good that is considered a public good, a social good, a club good or a common-pool resource depending on the system. However, we have to also remember the social, political, legal, environmental and technological dimensions.

## GLOBAL WATER POLICIES

Seppälä (2004, 83) points out the various emphases of water related policies over time. In the 1960s technical aspects were emphasised while social and community aspects came to the fore in the 1970s and 1980s. In the 1990s the focus shifted towards more economic utilization of water, followed by environmental aspects and private sector participation before the new millennium. Most recently emphasis shifted first to IWRM and then to water governance – even virtual water. Whatever the emphasis, we should try to acquire a holistic and systemic point of view and develop proper policies and strategies for meeting our goals.

One of the earliest global water efforts was the International Hydrological Decade 1965–1975 followed by the UNESCO coordinated IHP program. After the International Drinking Water Supply and Sanitation Decade 1981–1990, various types of international processes and mega conferences became regular occurrences. They include Global Water Partnership, World Water Vision, Global Water Forums (Japan 2003, Mexico 2006, Turkey 2009) and the Committee for Sustainable Development (CSD). Furthermore, international conferences and symposia are held in increasing numbers. The International Water Decade 2005–15 as well as the International Year of Sanitation 2008 are currently under way. In spite of criticism, such mega conferences do raise public awareness and involve world leaders and governments thus hopefully promoting the necessity of improving water governance for our futures. They are also justified by the current discussion on climate change – more a water than an energy issue.

As for Finland, several international water-related comparisons have won the country very high recognition. For instance, the Water Quality Index, the Water Poverty Index, the Transparency Index, the Environmental Sustainability Index as well as the “name, shame and fame” index rank Finland among the best in the world. Yet, the top placement in the Water Poverty Index is not the result of the relatively high availability of water but the particularly high quality of water management. Considering these high recognitions, one might expect Finland to be more active in the international forum – as it was in

the 1970s and '80s. In many bigger countries, such as the US, it is common to have inter-, multi- and transdisciplinary water-related programmes in universities while such a tradition in water research is just beginning in Finland.

### CONCLUDING REMARKS

The following conclusions can be drawn based on the above:

- (i) There is a huge need of improved water supply and sanitation services and better water resources management in the global village;
- (ii) All possible options for various needs and conditions should be explored when developing water management;
- (iii) Water supply and sanitation must have first priority in water use;
- (iv) History has major relevance for managing water in the futures;
- (v) From a historical perspective previous and more recent privatisation of water services have failed, but the private sector nevertheless plays an important role as the supplier of goods and services;
- (vi) There is a definite need for more inter-, multi- and transdisciplinary research on water management;
- (vii) The fundamental role of citizens in water management should not be forgotten.

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## Questions

Why are poor quality water supply and sanitation not getting more publicity? (Suvi Kilpeläinen)

Are we going to see “water wars” resembling the “oil wars” of the past? (Olli Jylhä)

What are the differences between political ecology and environmentalism? (Arpine Martirosyan)

What role can education play in improving WSS? (Georges Hames)

Can water bring nations together and give rise to global responsibility in the future? (Taru Oulasvirta)

What is the major obstacle to access to clean water in developing countries? (Annika Launiala)