

# Human centred development

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■ The World Conference on Human Rights in Vienna broke new ground in its recognition of the 'right to development' and the meeting of basic economic and social needs as a fundamental human right. Thus, the Third World view of the inter-relatedness of political, economic and social rights was finally accepted.

However, while there was acceptance in principle that alleviation of extreme human poverty and deprivation is central to the meaningful exercise of political and civil rights, there was no agreement on providing the financial means for development to meet economic and social rights. In particular, achievement of the right to universal primary education, to adequate nutrition and health, to employment and minimum wages require substantial resources. For poor countries the necessary resources can only be obtained from fresh access to foreign capital and trade.

In comparison, the civil right not to be assaulted or arbitrarily arrested and the political right of free expression and democratic participation in community decisions do not require scarce resources. These are matters of good governance, which countries of the North fully endorsed at the Vienna conference while carefully limiting their responsibilities for providing additional official assistance for development.

With the end of the Cold War and the progressive globalization of trade and capital markets, developing countries are encouraged to look to private enterprise as the motor of development and the means for meeting their economic and social needs. The private sector generates 80-90 per cent of all innovation and capital. It is believed that by adoption of open market economies, the world stands on the threshold of redirecting resources, sharing technological advances and attaining levels of human prosperity never before imagined. However, realization of that potential requires major reorientation of past policies and priorities.

Entrepreneurship among private firms can lead the way to human betterment if an enabling framework is established by governments. Among these essential enabling pre-conditions for foreign direct investment and related transfer of technology are macro-

economic stability, reliable laws governing property rights and contracts, and a strengthening of basic infrastructure in human skills and facilitating institutions. This model of development demands the restructuring of policies and institutions to control inflation and encourage competitiveness at a cost of falling employment as a necessary economic therapy – with the promise of future prosperity.

To date, of the over 140 developing countries only 14 or 15 meet these pre-conditions and the lion's share of foreign direct capital is concentrated on even fewer of them. Most worrying from the standpoint of basic human rights is the high level of unemployment accompanying the dominant model of private sector development. Most of the advanced industrial nations are experiencing the highest levels of unemployment since the Great Depression of the 1930s. Unemployment and underemployment in the developing regions is even higher, estimated at some 750 million, and rising given the continuing increases in population.

Economic growth without comparable job creation is a phenomenon of our time, related in part to technologies which permit high productivity with lower labour inputs. Without sustainable incomes, the basic economic and social rights of hundreds of millions of the world's people cannot be realized. What can be said about the social and ethical orientation of private enterprise in these circumstances?

## **Business ethics**

In recent years corporate leaders have adopted guidelines concerning standards of business practices and responsibilities to their respective communities. For example, in terms of respect for the environment, extensive principles have been adopted by the International Business Council for Sustainable Development, by the World Industry Council and other groups.

More broadly, business leaders have been concerned with standards of fair practices in their dealing with each other and their communities. For example, the US Minnesota Center for Corporate Responsibility has adopted the following General Principles:

- First, stimulating economic growth through profitable undertakings is the particular contribution of business to the larger society;
- Second, business activity must be characterized by fairness, including equality of opportunity for all participants in the marketplace;
- Third, business activities must be characterized by honesty, truthfulness and promise keeping;

- Fourth, business activities must be characterized by special concern for the human dignity of the less powerful and disadvantaged; and
- Fifth, business activities must respect the environment.

These standards of ethical business behaviour have been adopted by the Caux Round Table, a Swiss-based organization founded in 1986 as a vehicle to help Europeans and the Japanese defuse growing trade tensions. And similar guidelines, known as the 'Kyosei Principles' have been outlined by the Chairman of Japan's Canon Corporation.

**A mix of market oriented and state-led policies in East Asian economies has led to rapid rates of economic growth: Hong Kong by night**

Underlying these and other standards of business conduct is an implicit assumption that the prosperity of business cannot be separated from the concerns and welfare of society in general.

While these declarations of intentions are praiseworthy, they are entirely voluntary and hortatory. Systematic reporting on their application is largely lacking. Most private firms place the efficiency of their operations well to the fore of social concerns, as is the accepted business ethos.

In fact, competition in the market-place is such that few firms are likely to take human rights standards seriously outside the framework of enforced public policy in favour of uniform application of social and environmental standards. Public spirited firms seek to cooperate with governments in the setting of such standards.

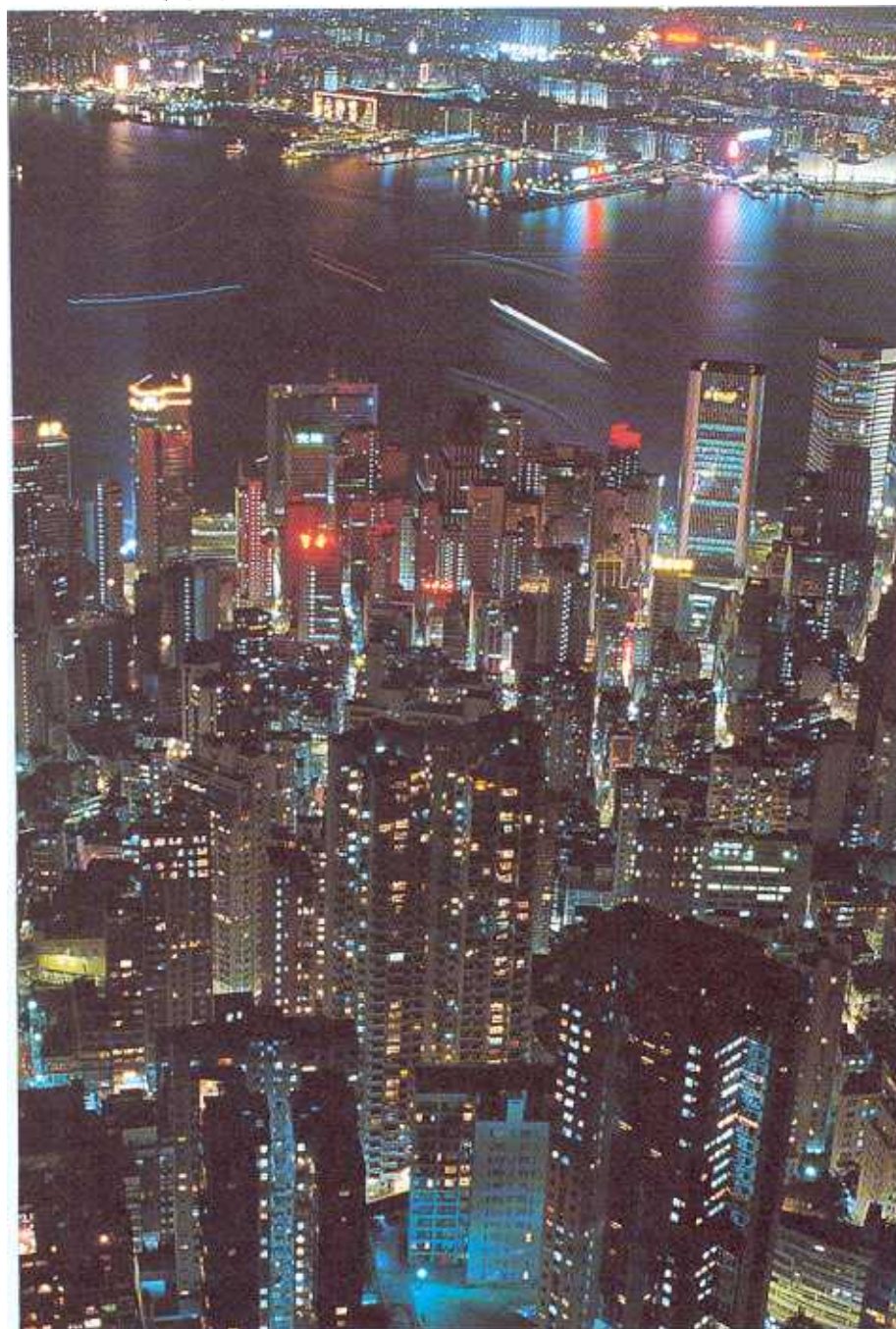
#### Partnerships

An outstanding example of the partnership between government and private enterprise in meeting social and economic objectives has been the experience of East Asia. While pursuing a mix of market-oriented and state-led policies, the East Asian economies (China, Indonesia, Japan, Malaysia, Thailand and the Four Tigers: Hong Kong, the Republic of Korea, Singapore and Taiwan) share certain common characteristics. They have all achieved high rates of economic growth in large measure by enabling policies for private enterprise while, at the same time, pursuing the principle of shared growth to assure that as the economy expanded all groups would benefit.

In each case East Asian governments introduced mechanisms that drastically increased opportunities for the poor of their countries to benefit from growth. These mechanisms varied from economy to economy but included education in all of them, land reform in several, support for small and medium size industries for most, as well as government provision of such basic amenities as housing and health services.

East Asian wealth sharing measures have differed from the typical redistributive income transfers and subsidies of other developing economies in that they have provided incentives for increased personal upward mobility. The result has been that the East Asian economies have gone much further than other developing regions in greatly decreasing income disparities, reducing poverty levels and achieving economic and social rights in human terms.

At the same time, most of the East Asian governments have walked a narrow line of encouraging economic freedom for private



We assert the transcendental importance of the World Conference on Human Rights. The government and people of Panama urge all participants to spare no effort to achieve its purpose and objectives.

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enterprise while curtailing political freedom. Their approach has been highly authoritarian and in some countries outright dictatorial. The East Asian experience has led to a philosophy of human rights which holds that economic and social rights must precede civil and political rights, and that economic progress and equity provide an essential basis for the later achievement of political rights.

This view is widely disputed in Western countries which strongly believe that political rights not only should precede economic rights but that civil protection of the individual and democratic means of participation are essential to economic progress.

The debate over these differing philosophies concerning the relation of political and economic rights to development progress is by no means settled. There are varying interpretations in different regions of the world. Generally, Latin American governments place a much higher priority on political rights over economic rights and equity. The countries of Eastern Europe and the former Soviet Union are struggling to stabilize living standards as they transform their economies and seek to achieve more democratic processes. The situation in Africa is indeterminate, given its political instability and widespread civil conflicts.

What clearly emerges from the East Asian experience is the importance of partnership

between the public and private enterprise sectors for advancing the human right to development.

#### **Essential features of human centred development**

Human centred development is a means for enlarging people's capabilities in terms of skills, productivity and inventiveness. This necessarily implies an empowerment which allows them to participate actively in their own development. Development in these terms is something that is done by people rather than for or to them. And it is this essential of people's participation which defines the right to development in both its economic and political aspects.

*Redirecting the structure of incentives:* As noted above in the review of the East Asian development experience, the structure of economic incentives – and supporting allocation of public services – to open opportunities for private endeavours is exceedingly important. The result is that individuals and families study more, work harder and invest more, often in small and medium enterprises.

*Encouraging small enterprises:* In most developing countries the future growth of employment will originate in the private sector and much of this will be concentrated in small scale enterprises for both equity and efficiency. The future of employment lies not

**The countries of Eastern Europe and the former Soviet Union are struggling to stabilize living standards as they transform their economies and seek to achieve more democratic processes. A factory pollutes the air in Copșa Mică, Romania**



HEDI BRADKERT/PHOTOS

Future employment will often be in household enterprises and small private firms and cooperatives. A Bolivian weaver at work



only with large firms and state monopolies but with household enterprises, small privately owned firms and cooperatives in the urban and rural areas. Consequently, preferential credit and support services help to ensure that the potential of small enterprises is realized.

*Improving access to credit:* Human centred development should seek to improve access to credit markets, not by subsidies or anti-usury laws, but by increasing the supply of credit channelled through the informal credit markets and by changing the means by which informal sector borrowers may become more credit worthy. Often women in developing countries have particular difficulties in obtaining loans for small scale economic activities. Women have sought to overcome this discrimination by forming cooperative arrangements, including rotating savings and credit associations. In other cases, special banks have been formed which combine small loans with technical assistance, the loans being secured by a group of borrowers.

*Making space for grassroots participatory development:* Since current structural adjustment programs, even with a 'human face' adaption, are failing to reach the poor in many developing countries, it is important to draw on the various experiences of participatory community development enterprises in which the poor organize themselves, often with little or no public assistance. In a number of cases these self-mobilization efforts of the poor, assisted by dedicated external animators, have wrought extraordinarily transformation in people's self-

confidence, levels of human development, and to some degree economic well-being.

Both governments and the formal private enterprise sector should leave space for these micro-enterprise initiatives in social mobilization, rural development, small scale industry and growth in human resources. Such grassroots initiatives can provide an important complement to national development.

### **Conclusion**

Human development evolves from basic and universal rights as affirmed in the Universal Declaration of Human Rights. As we have seen these rights are of two types:

- those that relate to basic human well-being such as the right to food, shelter, livelihood and economic security of family and person; and
- those which protect people from misuse and abuse, including the right to freedom of expression and association and the right to redress of grievances and due process.

The private enterprise sector has a major role to play in realization of human rights, particularly in the economic and social sphere. The contribution of private enterprise, in both the formal and informal sectors, is most effective in partnership with public policies which open opportunities for human centred development, in which people meaningfully participate in social, economic, and political life in order to secure a quality of life which is protective of the environment and consistent with their aspirations.