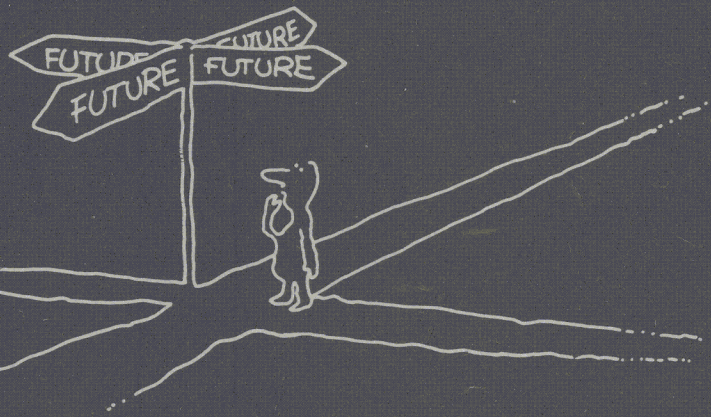


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INTERFUTURES

Summary and comments by
JAMES F. DUNCAN



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'INTERFUTURES'

A Research Project on
The Future Development of
Advanced Industrial Societies in
Harmony with that of Developing Countries

A SUMMARY

OF THE PRINCIPAL FINDINGS

WITH COMMENTS

by

James F. Duncan
Chairman of the Commission for the Future

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The views expressed in this paper are those of the author and do not necessarily represent the views of the Commission for the Future.

1. INTRODUCTION

The final report of the 'Interfutures' project (1) of the OECD has recently been published. It is 424 pages long. The present paper briefly summarises the salient points and comments on the implications for New Zealand. Except where otherwise stated these comments are personal, although they often conform (where indicated) to C.F.F. thinking.

The report is based on research by an international team involving 70 permanent, advisory, or part-time people. The contents are neither forecasts nor predictions. An uncertain future is explored, partly by modelling methods, partly by normative procedures. Unfortunately the relationships between the two and between them and the conclusions are by no means clear. One is left with the impression that the modelling work has not been properly used, and that much of the discursive discussion is grounded in the present-day beliefs, rather than in properly tested visions of the future. Nevertheless, the report illuminates some areas of significance to New Zealand.

2. METHODOLOGY

The SARUM model (2) has been used to explore several scenarios. This model is one of the most flexible for studying interactions between countries on a world scale. It is primarily a resource and energy model. The scenarios which have been explored may be summarised as follows:

- A. No rapid change in values in developed countries. Free trade with increasing third world participation. Sustained economic growth in developed countries. Productivities in OECD countries converge.
- B_1, B_2, B_3 . Moderate growth in developed countries. In B_1 value changes cause a slowdown in growth rate. In B_2 and B_3 slowdown is due to structural changes. B_2 supposes convergence of productivities; B_3 assumes divergence.
- C. A possible North-South confrontation, slower growth in developed countries and no convergence in productivities.

D. Mounting protectionism. Zones of influence centred around USA, EEC, and Japan with associated developing countries. Trade and capital flows preferentially occurring between these zones. Slow growth and non-convergence of productivities.

The detailed results of these scenarios are not given so it is impossible to relate the conclusions directly to them. In addition, some of the comments and statements made by 'Interfutures' could clearly have been made without modelling support. Nevertheless, there is value in this report, in that it presents the considered opinion of people who have worked through and explored the matter in depth rather than the intuitive biased comment which often emerges without detailed thought in many future studies. In the next section, I have tried to pick out the more important aspects for New Zealand as reported, without comment on their validity. The views expressed in Section 3 are those of 'Interfutures'.

3. HIGHLIGHTS FROM REPORT

A running theme is the relationship between value changes in society and structural rigidity. There appears to be a sharp inter-generation contrast in value priorities which becomes most apparent when one generation is in the process of being replaced by the next. For instance in U.S.A., only 24% of people under 30 years gave priority to a 'materialistic society' (characterised by a powerful national defence, crime control, law and order, economic stability, growth in GDP and control of rising prices) whereas 17% preferred a 'post-materialistic' society (characterised by town improvement, nature conservancy, ideas of more value than money, freedom of speech, less impersonality, participation in work and living environment, and political participation). For those over 65 years the figures were respectively 7% and 40%.

On the other hand there are substantial rigidities within developed countries arising either from the conscious achievement of legitimate social objectives, or from the involuntary accumulation of institutions, procedures and rules which in part at least are irrelevant and ineffective in achieving present day community aims. Institutionalism has increased in developed countries which is likely to impair their capacity for future adaptability to change. The developed countries will consequently be under increasing

pressure for structural adjustment to meet the problems arising from the redistribution of industrial activity throughout the world. This is an aspect of the North-South conflict in which New Zealand will be particularly involved. "Because of the huge size of its population and the immensity of its requirements, South Asia...represents a very specific challenge for the whole of North-South relations, probably until well beyond the end of the Century. The essential difficulty is how to ensure that the resource transfers which seem humanly necessary are effective in a context in which domestic factors predominate."

To meet this problem six guidelines are proposed:

- To restore economic growth and accept its validity as a legitimate goal,
- To accept the need to adapt to change,
- To reject conditions which encourage the existence of "growth outcasts", i.e. those excluded from the benefits of growth.
- To give temporary status to all measures designed to make structural adaptation socially tolerable,
- To be receptive to those likely to change the future,
- To contribute to building a system of international co-operation that will make the above more likely to succeed.

Specific comment by 'Interfutures' which relates to these major themes is now discussed in relation to the world, economic development, social aspects, technology and general policy.

(a) The World

The world is and will be basically unstable, a conclusion already reached by the Commission for the Future (3). The factors causing this instability in the future are as follows:

- i) A very great discrepancy between the population of different areas. In the year 2000 the different areas will have the following approximate percentages of world population -

North America	5
Japan	2
E.E.C.	4.5
Other European & OECD countries	3

Australia and New Zealand	0.5
U.S.S.R. and Eastern Europe	7
Latin America	9
South Asia	23
East and South East Asia	11
China	20
North Africa and Middle East	6
Int. Saharan Africa	9

By the year 2000 70% of the population of the Third World will be concentrated in only eight countries: China, India, Indonesia, Brazil, Bangladesh, Pakistan, Nigeria and Mexico. A similar distribution of population already exists but differences between countries are expected to accentuate with the passage of time.

- ii) These population trends will continue to cause very great differences between countries in GNP per capita.
- iii) Although the maintenance of food supply globally is feasible, (based on already adequate technology, and available and possible future land use) the distribution of food will be inequitable. The projected average food energy intake for non-OPEC developing countries, for instance, will be insufficient to ensure adequate nutrition for the poor if the present wide income disparities persist as is expected.
- iv) Even in the Third World there is growing differentiation. Some 30 very poor countries have per capita incomes of \$70-250US; 31 others \$250-650; and 27 others \$670-2700. A great variety of different strategies for internal development already exist in Third World countries and this diversity will increase.

Other features are likely to have a profound effect on the world. Foremost amongst these is the influence of China. Although "it cannot be considered a certainty that China will experience rapid economic development up until the end of the century...there is a strong chance that it will" (see also reference 3). China's foreign policy is thus likely to be aimed at economic growth at home and strengthening its position as a great power, notably in Asia. Meantime, "the gradual decline in the relative weight of the U.S.A. in the world economy will result in a steady decline in the power of that country to act as a regulator of the world economic system and the emergence of a multipolar world". At the same time "conflicts of interest

could increase amongst OECD countries in a number of fields (the monetary system, industrial redeployment, access to sources of energy, raw materials etc.)". All this means increasing self-assertiveness and diversity of interest in both underdeveloped and developed countries, and a changing pattern of power which must lead to increasing world instability, even though nations at the same time will be becoming more interdependent (see below).

And to add to the problem "the overall figures for military expenditure are simply stupefying" - \$350 billion in 1976 for all nations, "an amount equivalent to the annual gross product of the poorest half of the world population". This inevitably reduces investment possibilities whether for industrial or social reasons in both the developed and the undeveloped countries. Further "the general dissemination of military power which began in the 1960's, and gathered pace in the 1970's may well have considerable political and military consequences for both the developed and the developing world in the 1980's and 1990's".

(b) Economic Development

The state of the international monetary system is considered highly unsatisfactory. "Sustained action by governments will be necessary to tighten up exchange rate discipline, improve countries' macro-economic management policies, and stipulate reserve currencies and conditions for creating international liquidity." The following policies to improve the situation (although some are undoubtedly controversial) are listed:

- (i) To help developing countries (to exploit their fossil resources, to introduce nuclear power, to develop new energy sources, etc).
- (ii) To facilitate OPEC investments abroad.
- (iii) To extend export-earnings stabilisation measures to all commodity exports (including lowering of trade barriers and investment in raw material exploration and recovery).
- (iv) To take account of the effect of price-fixing for agricultural products on underdeveloped countries. To set up grain buffer stocks and a system of compensatory insurance.
- (v) To work out positive structural adjustment policies for industry (including information exchange, lowering of trade barriers, avoidance of capital intensive enterprises in underdeveloped countries, codes of good behaviour for multinationals).

- (vi) To exchange scientific and technical information and provide training programmes.
- (vii) To increase aid by use of very flexible credit and other arrangements directed at satisfying basic needs.
- (viii) To promote new forms of regional co-operation, both governmental and non-governmental.

Multinationals are a vital force in developing North-South industrial interdependence. Some Korean, Brazilian and Mexican transnationals are appearing, and some funded by public capital will be set up. This is desirable in so far as a world economy which relies solely on governments as the active forces in international relations would lose much of its efficiency and flexibility. But it will necessitate the observance of a set of ground rules for good behaviour both by multinationals and governments. And underlying all this is the problem of establishing adequate international arbitration procedures and government guarantees. With multinational participation, the Third World might account for 24-26% of world industrial value added but there would be great differences between regions.

The effective demand for food in the Third World will increase by 3-4% annually. Grain imports by the year 2000 would be an average of 18% of consumption, for some countries 50%. "Depending on the additional area brought into cultivation or under irrigation yields will have to increase between 50% and 150% before the year 2000 if requirements [of food] are to be met. This could well prove difficult in some developing countries, not because of physical limits, but because of other resource or institutional constraints." A food deficit is thus almost unavoidable. It will stem from two groups of countries: OPEC countries with enough overseas exchange to pay for imports; and most South African and Asian countries without such resources. This problem is likely to be so complex and serious that continuing analysis of the situation is necessary to ensure that adequate international interdependence is established and sustenance provided. It is further suggested that "the Third World's food deficit should not have very much impact on developed societies". This statement implies in my view, a cynical disregard for the real needs of the world community which can only have adverse consequences if generally regarded as acceptable.

The functioning of international trade is discussed in conventional terms. Index linking and cartel formation are rejected as unlikely to assist

(although the effect on vested interests is one reason for doubting their practicality). On the other hand liberalisation of trade in primary products is considered to be more likely to favour poor developing countries than restrictive commodity agreements. Nevertheless constructive policies which improve market function (without losing the regulatory effect of markets) would be to the benefit of both North and South.

(c) Resources and Technology

The North-South interdependence takes many forms. Six aspects are energy, commodities, agriculture, industry, science and technology. The matter is complex and no clear cut conclusions are offered. Clearly energy is very important. The growth of underdeveloped countries will greatly depend on the availability and price of energy. In the event of a world energy crisis the situation in Third World countries with no energy resources will rapidly become 'dramatic' if they cannot borrow on preferential terms. The future production policies of OPEC countries will therefore profoundly influence many Third World countries. For the developed countries the policy implications are stated to be clear:

- They should adopt rational policies which make the world energy situation less critical.
- Developing countries should be helped, either directly or through international organisations, to exploit their fossil fuel resources and to obtain nuclear power when this level of consumption warrants it. [The global implications of the widespread use of nuclear power are not discussed.]
- Developing countries should be guaranteed a certain supply of oil (or the means to obtain it) in case of shortage.
- Developed countries should adopt a policy of co-operation with OPEC countries which would reduce the danger of sub-potential extraction.

Protection and development of humanity's common heritage will make co-operation between all countries ultimately inevitable. "Energy is a perfect case in point. If consuming and producing countries do not assume their responsibilities and heed the international repercussions of their policies, they may curb growth and plunge the world into a recession.

Generally there are very great regional differences in the distribution of resources, especially minerals. Usually, the countries which have reserves

are not those which have high consumption. Access may therefore be more important than availability. This is true for EEC, and Japan for most minerals. "Overall, from the point of view of resources, North America is in a favourable position, Japan in a very bad position....The USSR has abundant resources."

In general "different countries are seeking more and more control over their own natural resources." This deep-seated attitude is the cause of two major problems:

- Discriminatory practices restrict access by some countries to raw materials. To overcome this, international agreements for raw material development are suggested. These would lay down the commitments that countries would agree to respect in their mining legislation and the rules which must be subscribed to by operators.
- Economic and political difficulties lead to insufficient investment in some countries, resulting in shortages and price increases in excess of the long term trend.

A high regional concentration of reserves, and a high dependence of OECD countries on supplies from Eastern countries, developing countries or South Africa occurs with some minerals. Most strikingly platinum, chromium, manganese, and vanadium occur predominantly in USSR and South Africa. Except for the last, interruption of supply would cause serious problems for OECD countries. Platinum (more than two-thirds from South Africa) and palladium (likewise from USSR) have no adequate substitutes. "Thus, the uneven distribution of reserves creates a political risk of discrimination...". For such reasons (which do not concern physical shortage) the developed countries will have to keep "a permanent watch on the situation in [this] sensitive area of mineral raw materials".

Exploitation of natural resources requires technology. Paramount in the next quarter century will be the electronics industry. This will be the main focus around which the productive structures of the advanced industrial societies will be reorganised. Three subsectors traditionally make up the electronics industry: basic components; capital goods for industry, services and government; and household appliances and equipment. It is in the capital goods sector that the electronics industry will have its greatest impact. Automated control equipment will allow the attainment of objectives

substantially beyond the traditional techniques of mechanisation, namely

- increases in productivity
- improved and more consistent quality of goods
- mastery of increasingly complex operations
- transformation of working environment and conditions
- greater flexibility in the international siting of industrial activities.

The annual growth rate for capital goods is 5.4% pa in Scenario A and 4.6% pa in Scenario B2. However Third World countries will have difficulty in setting up autonomous capital goods industries. The electronics industry will be cornered by USA, Western Europe and Japan. The report asserts, perhaps with wishful thinking, that the demand for capital goods will increase faster than gross domestic product and those industries contributing most (electrical and mechanical engineering, chemicals, energy, metals) are likely to have an overall growth rate higher than the average for industry as a whole. The electronics industry during 1965-75 grew at 10% pa.

Other technologically based industries are discussed in detail of which the following are illustrative:

- Automotive industry: a change in the world wide distribution of activities and a fall in the share of markets in traditionally producing countries.
- Chemical industry: demand growing slowly overall with rising costs but including Third World countries.
- Shipbuilding: slow growth with Japan remaining foremost but Eastern Europe, some Third World countries and possibly USA increasing their share. At present the shipbuilding industry is involved in a structural crisis which will require profound changes over the next decade.
- Iron and steel: Low growth rates, and a smaller share in world consumption for developed countries.

The available technologies produced "in developed countries are the outcome of long efforts to economise that scarce and costly factor, labour, at the expense of that relatively abundant factor, capital or equipment". But it is total input of labour and capital which provides a comparative advantage so the mix which is most appropriate depends on circumstances.

Nonetheless "there can be no question of citing the advantage of using more labour intensive techniques as a pretext for reverting to techniques that are obsolete...". Consequently a relatively small volume of employment will in future be generated by industrialisation. This leads to inequality of income distribution (as between for instance the industrial and the agricultural sectors) unless positive steps are taken to avoid it. Such a picture must, however, be qualified as follows:

- The possibilities of capital substitution are by no means the same in every sector.
- Developing countries differ widely in respect of their manpower, and skill levels, so that the degree to which capital substitution for labour is feasible is widely variable.
- Even apart from this, there are enormous differences between countries (e.g. culture, politics, resources, markets).

Nonetheless, there is still reason to believe that "the present direction of world industrialisation is tending towards a wastage of both capital and labour," in the following ways:

- a wastage of capital in the form of over equipment of production facilities.
- a wastage of labour through insufficient job creation.

(d) Social Aspects

'Interfutures' points out that the restructuring discussed above raises questions of values. This is already evident in industrialised societies which are "increasingly seeking objectives that are not expressed in terms of national income growth or distribution of money incomes.

Nevertheless, there will remain two fundamental questions:

- What tradeoffs must be made?
- How are the objectives to be pursued effectively?

The first needs a continuing public debate so that the citizens of democratic societies may be made aware of possibilities. The second raises the problems of institutional and structural change referred to earlier.

An important social consideration is the demographic trend. Although fertility will continue to fluctuate, the ageing of developed societies is now general. "Contrary to a widely-held opinion, the greatest service which developed societies can render humanity is not to enter an era of declining

population whilst enclosing themselves in their relative well-being. This would be a paltry contribution to the slowing down of the global population explosion. They should have a slightly increasing population to prevent a rapid decline in their proportion of young persons, the creators of new responses, i.e. this low growth rate is required to enhance the adaptability of the social structure rather than the production structure."

"Hence it may be argued that an active government policy in favour of a higher birthrate would be desirable in many developed countries."

Female participation in the workforce will continue to grow in OECD countries at least until 1990 as will the size of the workforce. But there will be a progressive slowdown in the growth of the labour force. For New Zealand this is quoted as 0.87% pa for 1975/90 and 1.14% pa 1990/2000 compared to Australia 1.61, 1.17; UK 0.52, 0.36; Germany -0.20, -0.83. Nevertheless, it is suggested that "preference must consequently be given to reversible measures to absorb underemployment in the 1980's".

(e) General Policy Conclusions

A number of general policies for OECD countries emerge of which the following are the most important:

- There is a need for long term global strategies aimed at bringing about change in the relations between advanced industrial societies and the developing countries.
- To do this the developed countries need sustained recovery of investment, structural readjustment, management of overall demand, liberalisation of trade, massive increase in financial flow towards developing countries and adoption of vigorous energy policies.
- Flexibility is needed to meet the intensifying industrial competition between developed countries which will become keener especially if East European and some Third World countries come on to the world market.
- Mutual interdependence between countries, already a fact of life, should be further encouraged. It already involves armaments, migration, environment, resource use, industry, agriculture, trade and the monetary and economic system.
- The developed countries will have to harmonise their respective policies in agriculture more than in other sectors and take account

of the repercussions on Third World countries, perhaps in sales arrangements to them on favourable terms.

- Various kinds of breakdown may occur, such as energy supplies, sociopolitical instability in Third World countries, a decline in democracy or a weakening of the State in developed countries and the spread of protectionism. Governments have a responsibility to prepare for and manage these possibilities should they occur.

A set of final recommendations is made, some setting general guidelines, others more specific. They relate to four critical issues:

- the energy transition,
- the search by developed countries for national policies adapted to the new context,
- common efforts for the development of the Third World,
- new forms of international co-operation.

The action required by developed and by underdeveloped countries is somewhat different. In industrialised countries there should be

- better co-ordination of counter cyclical policies,
- dissociation of incomes policy from the fluctuation of the labour market,
- identification of the factors underlying structural change,
- better ways of improving the efficiency of the Welfare State,
- better ways by which enterprises can change to new activities,
- new methods of effecting redistribution of responsibilities between central regional and local levels.

The development of the Third World might be facilitated by

- the creation of long term credit facilities by developed countries,
- the establishment of a Foundation to manage a proportion of official aid and to make it more effective,
- development of a policy for industrial development and technological transfer,
- action concerning commodities and raw materials to stabilise prices, export earnings, investment and eliminate discriminatory access.

4. IMPLICATIONS FOR NEW ZEALAND

Before commencing this section I repeat that the findings of 'Interfutures' do not seem from the text to bear much relation to the modelling, which could have been done and/or presented much better. The usefulness of the model cannot be established from this report and therefore CFF work already started using the SARUM model will need to explore this feature in some depth.

Nevertheless if we address ourselves to the considered opinions of the authors, and we accept their validity, then certain features are of great significance to New Zealand. In what follows I give my personal views of the implications of the report for New Zealand. But it is important to remember that CFF work on these topics has not yet been fully developed and therefore the conclusions which emerge from that work and indeed my own view based on other reading may be different.

Little attempt is made here to justify the implications drawn from 'Interfutures'. Papers on the economic and the present day political implications of CFF publications, which will be published shortly, cover some of the same ground in more detail.

The overall conclusion is that New Zealand in common with other Western Nations needs to develop a flexible approach to meet its challenges. This involves examining the rigidities of our institutions to determine whether they can best meet our future needs (be they internal or international). Whether they should be changed or not will be determined by our value judgements. There is abundant evidence that there are a wide diversity of values within Western Society (and incidentally from CFF work within New Zealand (4,5)). This is not to say that change should be instituted for its own sake, but rather this should follow whenever it becomes clear that the institution is not achieving the purpose for which it is set up, either because values are changing or because the structure of the institution is inadequate. It is suggested that New Zealand could accept the six economic growth and change management guidelines suggested by 'Interfutures' (see page 3).

(a) The World

As already concluded by CFF (3) the world is unstable, partly because of gross differences between countries in population and resources, and partly

because of the changing influence of USSR, USA, China and other countries. It would be sensible for New Zealand, therefore, to consider what action it should take to protect itself against such instability, especially a major conflict. Possible action is discussed elsewhere (3). But along with other OECD countries, New Zealand is exhorted to assist in developing an adequate food supply for the underdeveloped countries, in reducing their birthrate, and in reducing the world level of armaments expenditure. This implies a more active participation by New Zealand in overseas bodies and organisations to impress them with the need for action to ameliorate the danger of conflict.

(b) Economic Development

Action is necessary by New Zealand to encourage the development of an adequate international monetary system, together with sustained action to improve our own economic performance. Both of these contribute to world stability, especially if some of our growth is used as aid for joint venture development projects in under-developed countries. Amongst measures which New Zealand might adopt internationally are:

- lowering of trade barriers for certain commodities to under-developed countries. This could, however, conflict with our own desire to be self-sufficient and to maintain employment for New Zealanders.
- investment in exploration for raw materials and recovery in under-developed countries.
- setting up foodstocks (especially grain) as buffers against extreme local food shortages.
- having special prices for agricultural produce for under-developed countries and special loadings for imports from such countries.
- developing new forms of regional co-operation, especially in the exchange of scientific, technical and other information.
- establishing an international code of good behaviour for governments and multinational companies in dealings with underdeveloped countries.

Very little is said about the way New Zealand might improve her own economic performance in the long term beyond a general exhortation to do so to all OECD countries.

(c) Resources and Technology

Non-availability of minerals is not likely to be serious for New Zealand. Supplies are adequate in most minerals. Phosphate is our most important mineral import, supply of which is assured well into the next century (6). According to 'Interfutures' the supplies of platinum, chromium, manganese and vanadium need watching, not so much because of shortages of supply but because the supply is controlled by a limited number of countries which might form a cartel. Manganese is likely to be available in the long term from undersea mining by U.S. interests (7), a development about which we should keep ourselves informed.

The policy proposals for the development of energy resources for developed countries conform with New Zealand's action towards creating energy self-sufficiency. But co-operation with OPEC countries is also recommended. And New Zealand has a responsibility to assist underdeveloped countries (a) in developing their own energy resources and (b) in exporting to them any excess New Zealand energy at favourable rates. This raises ethical considerations as to whether it is more proper to behave in this way, or to use excess energy for our own economic gain directly and provide financial assistance. In making this judgement as to the degree of aid we provide in this and other ways we must remember that self-interest alone is always self-defeating in the long run; and that philanthropy, generosity and understanding will lead to good will, co-operation and ultimately benefit for New Zealand. In any case, if world conflict is to be avoided, co-operation between all countries is inevitable according to 'Interfutures'.

New Zealand will not have any indigenous production of basic electronics, such as microprocessors. Nor will it be profitable for New Zealand to enter the large scale markets for computer and microprocessor applications. But there will be numerous opportunities for development of microprocessor control units for small scale production runs, for the knowledge industry and elsewhere, together with programme writing and other software production.

There is little point in New Zealand developing extensive automotive, chemical, shipbuilding and iron and steel industries for which world growth is likely to be slow. But activity designed to satisfy the local and a small overseas market, or in special custombuilt lines (e.g. alcohol- or electric-cars) would have some advantage in creating jobs and saving or earning some overseas exchange.

Finally in this section there is a need for New Zealand to examine closely whether technological developments are not leading to a situation where it is wasting both capital and labour; and whether in consequence some redeployment of both resources are not necessary to achieve the maximum economic growth possible consistent with the maintenance of employment and other objectives which contribute to social harmony.

(d) Social Aspects

The over-riding theme of this complex area is the need to establish adequate national goals based on values for which public debate shows there to be wide agreement. In the social field, the Social Development Council has already listed the main goals. But there is a need to clarify priorities and to relate these to other goals, such as economic, environmental and technological. It is basically this exercise which presently occupies CFF even though the diversity of opinion makes any general understanding of this problem difficult to achieve. But the implication for New Zealand is quite clear, namely that unless the value-base is made more explicit, decisions about tradeoffs, or how our objectives are to be adequately pursued will at best be confused and at worst disastrous. Part of the problem is to make the possibilities and tradeoffs starkly clear. But this is not enough. Our base for deciding between them also needs to be clear. I expect that as CFF work proceeds this feature will become more important and explicit.

In specific areas, there are social implications such as the need of New Zealanders to reconsider

- their population and birthrate policies,
- the redeployment of the workforce equitably and fairly,
- the development of an adequate multicultural society,
- the development of adequate means of supporting children and the family.

Only the first is mentioned explicitly in 'Interfutures'.

(e) General Policy Considerations

With the overall objective of developing a mutually dependent world with fair treatment of underdeveloped countries, a number of measures are proposed, most of which New Zealand is already trying to do for her own

benefit, e.g. recovery of investment, structural readjustment, management of demand, energy development. But a special plea is again made for a 'massive' increase in financial flow towards developing countries, including a rationalisation of agricultural production patterns. In New Zealand's case this would involve a consideration of whether production of luxury foods (meat, fruit etc) is best suited to contribute to world stability. In view of the fact that these are the agricultural products we grow best and that grain is not easy to grow in New Zealand it would appear that a better way to contribute to underdeveloped countries would be in providing our expertise [in agriculture, energy, forestry, education, engineering, medicine or whatever] where appropriate in those countries.

The final general recommendations are of special importance to New Zealand (see page 14). They all relate to the need to re-examine sacred cows to determine their efficiency and value. Specifically these are: adequate counter cyclical policies; dissociation of incomes policy from the labour market; and management of structural change.

5. CONCLUSION

It is reassuring to recognise much of the New Zealand conventional wisdom in 'Interfutures' even if it does not appear to be based firmly on modelling studies. But some of the comments and suggestions go a long way past what New Zealand has considered necessary. If 'Interfutures' has done no more than alert us to the nature of the world in which we live it has been valuable. But some of it should give us pause for thought and make us realise that there are real world problems to be solved in which task New Zealand can help. Indeed it is in her interests to do so, for unless they are adequately tackled we run the risk of major world instability in which, one way or another, New Zealand can only suffer.

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