

THE ROLE OF SECONDHAND EQUIPMENT
IN DEVELOPING NATIONS

by

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THE ROLE OF SECONDHAND EQUIPMENT IN DEVELOPING NATIONS

INTRODUCTION

The major purpose of this report is to examine in as much detail as possible the proposition that secondhand equipment from developed countries is in fact one source and type of capital goods that should be considered by developing nations in their selection of technology.

The major goal of this work is to provide a resource base in terms of:

- 1) a bibliography on the subject;
- 2) a synopsis of the information gained from a survey of the literature pertinent to the topic;
- 3) some recommendations on the topic garnered from a review and analysis of the research undertaken.

The research method employed in the study has been essentially a library survey of the literature. In addition, however, certain correspondence has been initiated by the author in an attempt to gain further information and opinion regarding the export and import of used equipment.

Information was sought from a variety of United States governmental agencies, professional associations, firms and volunteer agencies that have had (in one phase or another) experience in the transfer of secondhand equipment to developing nations. The correspondence was not initiated in the hope of gaining any statistical validation to support the utilization of secondhand equipment by developing countries. The purpose of the correspondence was, however, to give the report at the very least a

rudimentary feedback dimension. The analysis of the information received was to be compared and contrasted to the information obtained by the survey of the literature. Where possible this has been undertaken.

Needless to say, the report is not meant to be the last word on the topic. The report, however, does present "in one place" a discussion of the broad range of issues and factors affecting the transfer and subsequent utilization of secondhand equipment by developing countries.

CHAPTER I

A GENERAL OVERVIEW ON THE TRANSFER OF SECONDHAND EQUIPMENT FROM DEVELOPED NATIONS TO DEVELOPING NATIONS

THE PROBLEM

Economic development and an increase in the general prosperity are goals of all developing nations. A question that many national planners and development economists are faced with is what level or levels of technology can best contribute to the realization of these goals. The question is especially difficult in view of common constraints in developing countries: limited domestic capital, very limited foreign exchange, an unskilled labor force, and cultural factors of low incentive to achieve.¹ The role secondhand equipment can play in development is an important issue of the larger question of the level of technology desired and feasible in developing countries. It is to this latter question that the report directs itself. The question then simply stated is: What role can the transfer of secondhand equipment play in the development aspirations of developing countries?

PLANNING CONSIDERATIONS

Planning in its function as an aid to decision making can supply an important input in helping answer the above question. Perhaps the most

¹(There are several excellent sources that describe in detail the general characteristics of less developed countries. Hagen, for example, lists some fifteen such characteristics.)

Everett E. Hagen, The Economics of Development (Homewood, Illinois: Richard D. Irwin, Inc., 1968), pp. 15-25.