

---

## Editorial

---

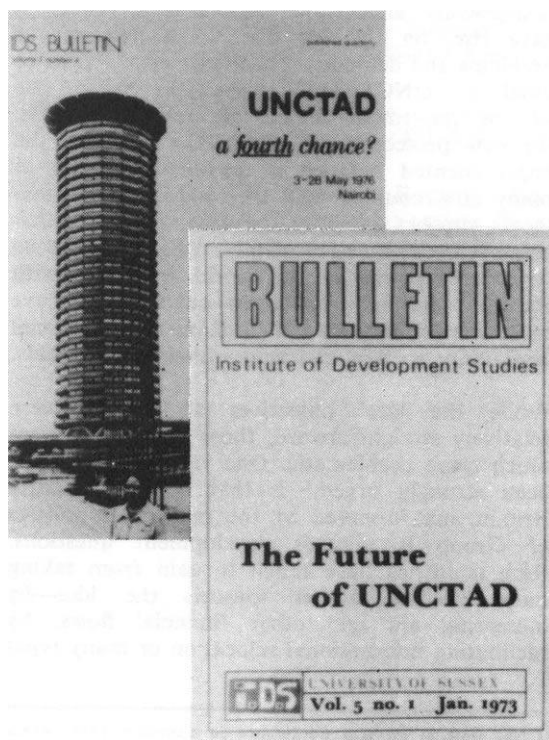
UNCTAD Conferences have aroused scepticism in previous editors of the *IDS Bulletin*. The issue devoted to UNCTAD III begins with the words 'Those who still entertained fond hopes that UNCTAD, in its present form, could help bring about a more equitable distribution of income among the world's nations should have few remaining illusions after the third Conference in Santiago' (*IDS Bulletin* 1973: 1). Three years later, in the run-up to the fourth Conference, the editorial began with a spoof dictionary definition of UNCTAD as 'a gathering at which hostility is veiled by expression of high-minded sentiment, and constructive action thwarted by passage of elusive resolutions' (*IDS Bulletin* 1976: 2). How pleasant it would be to strike a more optimistic note in this, the third issue to concentrate on an UNCTAD assembly. And how encouraging, both for the Idcs and for those of us in the industrialised world whose work assumes the feasibility of negotiated change in the international economy.

Alas, the proceedings of the fifth UNCTAD Conference held in Manila from 7 May to 1 June 1979, only reinforce the scepticism. Naturally, it is possible to find some crumbs of hope. Indeed it is important to identify such minor achievements if only to set the record straight; one of the major problems with full-frontal economic diplomacy in the UNCTAD mould is that the media pick up the conflicts and ignore compromises on the sound journalistic principle that 'good news is no news'.

The articles in this *Bulletin* take up the challenge of presenting a balanced appraisal of the events at Manila. Nonetheless, their overall tenor is of gloom. The Idcs' tactics were poor. Worse, the new splits among them may be less easily cemented than has been possible in the past since they arise from major differences of interest. But if the Idcs' performance was bad, the dcs' was worse. UNCTAD Conferences are surely predicated, despite their aura of confrontation, on the willingness of dcs to concede international reforms that can be shown to be in their own interests. It may be naive to expect them voluntarily to accept changes that favour the Idcs at their expense. But surely at a time of what Green calls 'the rising new international

economic disorder' it should be especially possible to identify, and secure agreement on, a handful of changes that really are mutually beneficial? Apparently not.

Why were the achievements of UNCTAD V so disappointing? Some commentators blame the Idcs for wasting the first half of the Conference on internal wrangling. Others lay responsibility for the slow start on the dcs which should have responded to the Arusha programme of the Group of 77 (UNCTAD (1) 1979). A third group accuses the UNCTAD Secretariat of so mishandling the agenda that it lacked focus. It is important to assess the validity of these claims since they have very different implications for the future. If the root problem was poor Idc tactics or a weak agenda, then an improvement in either might produce better results. But dc intransigence would suggest a less hopeful future. The articles in this *Bulletin* address all three propo-



sitions and provide the reader with sufficient information to make a tentative judgement.

What were the prospects for UNCTAD V? Early in 1979, they did not appear bright, but neither did they seem totally gloomy. UNCTAD IV in May 1976 had set a useful precedent with a different atmosphere from that of earlier conferences; at that stage, the oil crisis had visibly shifted the world balance of power, while the Seventh Special Session of the General Assembly had engendered an atmosphere of consensus which the dcs were reluctant to jeopardise, particularly in view of progress at the concurrent CIEC talks in Paris. UNCTAD IV had thus been able to break new ground on the Common Fund, external debt, and the transfer of technology. Although progress since 1976 on these topics had been very slow, as UNCTAD V approached at least some donors had adjusted the terms of past loans to the least developed countries and there seemed every chance that an agreement would be reached on the Common Fund, as indeed it was in March 1979.

By 1979, however, the world economic climate had altered significantly for the worse, and it was realised that this deterioration would undoubtedly affect the Manila Conference. It gave rise, on the ldc side, to a new set of problems and demands. The topics expected to be aired at UNCTAD V were therefore: the adverse movement in the ldc terms of trade, the new protectionism among the dcs, and the unprecedented balance of payments deficits of many ldcs, coupled with the inadequacy of payments support facilities. In sum, it was anticipated that the keynote of UNCTAD V would be structural change in the world economy, with the ldcs wanting to get more out of it, to have more control over it, and to change international institutions so they can help advance these goals.

While the ldcs' objectives at Manila were relatively straightforward, those of the dcs were much more problematic. One viewpoint that has been strongly urged,<sup>1</sup> is that dcs, particularly Britain, are ill-served by the minimalist policies of Group B towards development questions. Rich countries have much to gain from taking more positive action towards the ldcs—by increasing aid and other financial flows, by facilitating international relocation of many types

of production, and by improving access for ldcs' exports of manufactures. Those arguing this proposition are able to draw on a substantial body of economic theory to justify their case; this has recently been reinforced by the report of the OECD Interfutures team which cites a series of critical mutual interests (OECD 1979). They deplore the dc lack of initiative, which they are at a loss to understand, except by analogy with the 'prisoners' dilemma', where inability to coordinate actions leads to a sub-optimal strategy being adopted.

The stock-in-trade defence against such views is simply to absorb and neutralise them. Of course the dcs, and Britain in particular, have much to gain from ldc economic development; government policies are designed to achieve this, *as far as normal domestic political pressures allow*. Hence, supporters of the UK record can point to debt relief accorded to the least developed countries at a 'cost' to the Exchequer up to the year 2000 of £900 mn, and to the fact that the Department of Trade has resisted protectionist demands to a marked degree. It is argued, furthermore, that this has taken place against the background of an increasing ldc share in world trade, with dc imports from non-oil ldcs growing at a faster rate than imports from any other group of countries. At the beginning of 1979, official spokesmen could be optimistic about the chances for increased aid as a proportion of GNP, despite the recession, since the Bonn Summit had recommended an increase in the transfer of resources and the UK Government of the day was committed to a rate of growth in aid over the next three years which was faster than the planned rate of increase in any other sector of public expenditure. Subsequent events, notably the change of Government in Britain, have shown such optimism to be unfounded, at least as far as Britain is concerned.

Charitable observers assumed that the reticence of officials in the UK in the period before UNCTAD V was simply a result of the uncertainty engendered by the forthcoming elections. Whatever the cause, it became increasingly clear that the British policy was to sit tight. It was freely admitted that Britain had a broad interest in the topics to be covered at Manila. But far from counselling initiative, the recognition of this wide span of interest seemed to urge caution. When asked about Britain's position on the Conference agenda, the typical official response was to guess at likely Group of 77 demands. This could be taken as an attempt to

---

<sup>1</sup> Not least at an IDS Conference in February 1979, which was one of a series of meetings in various countries sponsored by the UNCTAD Secretariat to articulate opinion before UNCTAD V.

side-step the question, but the truth of the matter is that it was very indicative. The Government's position, as evidenced by tactics at Manila, was one of passive (and often negative) response to Group of 77 initiatives.

Conferences can be classified into types, and unfortunately it became increasingly likely that Manila would develop into a type with little scope. The first is the focus conference, where a limited number of issues is raised and 'in principle' agreements are made which will be fleshed out in detailed negotiations subsequently. UNCTAD V lacked the early preparation which would have made this kind of joint concentration on selected issues possible. Second, there is the moderate conference, which reaches agreement on a number of small, tinkering reforms, to be finalised later. To be this, UNCTAD V would have needed a set of detailed position papers on each issue, and these did not exist. The Manila Conference was closer to a third type—high level seminars like the World Employment Conference or the World Population Conference. Such discussions can be useful, but this was not what many expected of an UNCTAD Conference, and certainly not what the Group of 77 wanted.

It is unlikely that, even with hindsight, UNCTAD V will come to be regarded as a landmark in the sense of a turning point in history. Nevertheless, any UNCTAD Conference, simply by virtue of the hullabaloo surrounding it, is a landmark in the sense of a conspicuous point against which to measure progress. The articles in this *Bulletin* help to measure that progress, and to suggest future directions for North and South alike.

Marc Williams begins with an overview of Group of 77 politics: how the Group functions, how it has developed, and how it fared at Manila. He fears that although the Group has weathered many storms in the past and has well-developed machinery for accommodating differences between members, the disputes that arose before and during UNCTAD V may be less amenable to traditional remedies. In the past, the 77 argued over the best means for redistributing dc wealth. Now, they are also arguing about distributing resources within the Third World. One test case will be the outcome of the dialogue on petroleum pricing and soft loans to ldc importers begun at Manila and continued at the Havana non-aligned summit. Stephany Griffith-Jones and Ann Weston examine what was actually achieved at Manila. Griffith-Jones considers financial issues, and describes the ldc's demands for inter-

national monetary reform and an increase in the transfer of official resources. She argues that existing trade adjustment mechanisms tend to discriminate against the development efforts of ldc's, and that the measures agreed at UNCTAD V will not produce a significant improvement. Weston points out that, of the 12 substantive items on the agenda, four dealt wholly with trade and a further five made detailed reference to it. She focuses on the dc and ldc positions on these trade issues, and describes how consensus was achieved or, more often, not achieved on each item.

The picture painted by Griffith-Jones and Weston is sombre in tone. In contrast, I. S. Chadha writes on one of the success stories, the Integrated Programme for Commodities. He takes issue with the sceptics who see little family resemblance between the sturdy baby born after a difficult labour in Nairobi, and the callow youth who made his appearance last March. The young man has hidden depths, according to Chadha, and should sire a healthy line of international commodity agreements. The perspective of Anthony Renouf, who examines UNCTAD's other bright spot, the Liner Code, is quite different. With victories like the Liner Code, he argues, who needs defeats! Many readers will want to disagree with his analysis, but they cannot ignore it.

Part II of the *Bulletin* looks to the future. Reginald Herbold Green<sup>2</sup> draws lessons from ldc tactics at UNCTAD V and applies them to negotiations in GATT. The ldc's have an uphill struggle, but that is all the more reason why their tactics should be well thought out. They have traditionally viewed GATT with mistrust, and have sought in UNCTAD a forum more sympathetic to their special needs. This may have been a correct approach in the 1960s, but in the much harsher international environment of the 1980s, the ldc's may well find that GATT affords a more substantial defence against the accelerating bandwagon of protectionism. Richard Jolly launches a broadside at the bandwagon itself. A massive transfer of resources from North to South could stimulate economic activity on both sides and remove the stimulus to protection. He examines a number of simulations of the effects of such a transfer; one estimate is that a transfer of an additional \$20 bn annually could create some 500,000 jobs in the industrial countries. The concept of a massive transfer of resources has received support from influential

<sup>2</sup> The editors would like to acknowledge Reginald Green's valuable help in editing this *Bulletin*.

quarters in the North, not least from the Chairman of the OECD's Development Assistance Committee.<sup>3</sup> Nonetheless, most Northern governments are still unpersuaded; a clear priority for the development lobby in the industrialised world is the task of persuading them.

In the meantime, the South should look to itself for a solution to its own problems. Or so Helen O'Neill and Vincent Cable argue. O'Neill examines the need for economic cooperation among Idcs (ECDC). One of the more positive achievements of UNCTAD V was a consensus resolution on ECDC which O'Neill applauds. The Idcs have much to gain by increasing collective self-reliance but, she warns, the very forces that restrict them to a dependent role in the world economy are likely to hinder attempts to use ECDC to break out of this dependency. Finally, Vincent Cable examines the history of regional integration in the Third World, which is somewhat dismal. However, his conclusions are far from dismal since he identifies a package of modest new measures which avoid the pitfalls of integration but which, taken together, could prove a powerful bond and enable the South to negotiate more effectively with the North.

The potential scapegoats for the failure at Manila are the Group of 77 with its poor tactics, the UNCTAD Secretariat and its weak agenda, and the intransigent dcs. The evidence of the

articles that follow certainly suggests that the dcs *were* intransigent. This conclusion may not cause much surprise among readers, but it should cause alarm. While the dcs remain intransigent the prospects for a significant improvement in future North-South bargaining sessions are poor. Yet pessimism should not lead to inertia. In the North the short-sightedness of governments should be the cue for renewed efforts to demonstrate areas of mutual advantage. Northern intransigence is a symptom of the failure to perceive the link between the Third World and domestic issues of employment, inflation and economic dynamism. In the South, there is a clear need for tactics to be re-examined and improved, and for Idcs to strengthen economic collaboration, both as an end in itself and to improve their bargaining position.

S. J.  
C. S.

### References

*IDS Bulletin*, 1973, 'Editorial: The Future of UNCTAD', vol. 5 no. 1, February  
—1976, 'Editorial', vol. 7 no. 4, May

OECD, 1979, *Facing the Future: Mastering the Probable, Managing the Unpredictable*, Paris  
—1979, *Developing Co-operation: 1979 Review*, Report of the Development Assistance Committee, Paris, forthcoming

UNCTAD (1) 1979, *Arusha Programme for Collective Self-Reliance and Framework for Negotiations*, (TD/236), Geneva, February

---

<sup>3</sup> See OECD (1979a), in which the Committee Chairman, Ambassador Lewis, advocates increased transfers to facilitate trade expansion, break the protectionist spiral, and unleash the dynamic forces of the market.