
One Year After Brandt

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What action have governments taken on the Brandt Report one year after its publication? The answer is rather little. An improvement in the volume and the terms of lending by the international financial institutions through measures suggested in the Brandt Report has been taking place both at the World Bank and the IMF. An international Cocoa Agreement was finally signed last November. Most rich country governments, apart from Britain, have increased their aid, or plan to do so. But otherwise, governments have generally been feeble in their actions, despite the extensive press and public interest in a number of Northern countries, notably Britain.

Lack of political will is, to a certain extent, a cause of the absence of progress; but in many ways it is only a reflection of a deeper reason for the North-South stalemate. This is the failure on the part of the North to comprehend, first, its stake in the development of the South and, second, the dynamics of the North-South relationship.

The Stake of the North in the South

The tendency in the North to think of the South, or at least of those Southern countries which are not already of major economic importance, as troublesome dependencies remains as strong as ever. The poorer developing countries are seen as marginal actors who want to get a 'free ride' in the world economy by a combination of psychological pressure on the North and exploitation of the leverage possessed by their more powerful colleagues in the South, particularly OPEC.

This failure to understand the enormous economic potential of the less wealthy developing countries, both as markets and as suppliers of raw materials and cheap manufactures, is compounded by two further misconceptions. The first is to see existing international economic and financial arrangements as essentially healthy and adequate. Many of those who hold this view ascribe the very real danger of default by some major developing countries entirely to poor domestic management on their part, despite falling prices for many of their exports on the world market and continuously rising oil prices. Similarly, the tendency of current re-cycling mechanisms to channel the overwhelming proportion of the world's financial surpluses to less than 30 developing countries is regarded as an inevitable consequence of 'prudent banking practices',

rather than as a phenomenon which is amenable to externally-assisted change.

The next misconception is to pin the blame for the world's economic malaise on OPEC—which is therefore held to be duty-bound to pick up the pieces. In fact, OPEC is not the sole cause of global economic stagnation. Growth in the West had been slowing down for some time before the first major increase in the price of oil in 1973-74; and, in the period since then, the industrialised democracies have shown that by their still immense consumption of oil, combined with competitive bidding for supplies in times of temporary shortage, they have contributed greatly to the rise in its price. But important though this point is, it is not the dominant reason why apportioning blame to OPEC is an exercise in futility for the West. The dominant reason is, in fact, that OPEC is simply refusing either to bear sole responsibility for the fate of the non-oil developing countries or to make an unreciprocated pledge to supply the consumers with reliable deliveries of oil at predictable prices—the West's two main demands of them. The question which therefore faces the industrialised countries is how to provide the major oil producers with incentives which will *induce* them both to re-cycle their surpluses to the developing countries where they are most urgently needed, and to assure the delivery of adequate quantities of oil to permit the recovery of the world economy.

For example, the OPEC countries might be induced to place more of their funds in the international financial institutions for re-cycling to the non-oil developing world if they were given more equitable powers of decision-making within them, and if more effective mechanisms for co-financing between these institutions and official holders of OPEC funds could be devised. Neither of these methods would be costly to the industrialised countries; yet too little has been done to explore their potential. Failure to do more to find a home for OPEC funds in the non-oil Third World may intensify internal pressures on OPEC leaders to put a stop to the source of these surpluses—namely, current levels of oil production. There is therefore an inescapable link between the efficacy of the re-cycling process and the energy security of the industrialised countries—a fact which they still do not fully appreciate.

This catalogue of misunderstanding and ignorance contributes to the slogan that major initiatives to

develop the South cannot be taken in the 'current economic climate', and that we had therefore better 'put our own house in order' before tackling the problems of others. Such a view is, of course, unlikely to lead to more than minor alterations to existing mechanisms of economic management; but we shall not escape from our economic malaise until governments recognise that escape *depends* on fundamental changes to international economic arrangements, such as those enumerated in the Brandt Report, and is not merely a prerequisite for undertaking them.

Unfortunately, the *strategic* importance of the development of the South has been no more clearly understood in the North than has its economic rationale. For example, the diplomatic settlement in Zimbabwe has been followed up only by the most parsimonious financial support. Yet the Zimbabwean economy remains precarious; white emigration is in danger of accelerating; and the political rivalries which are facilitated by disappointed economic expectations are intensifying. A major effort by the West to support the economic development of Zimbabwe would greatly enhance the influence and appeal of Western ideology in Southern Africa as a whole—not least in the Marxist countries of Mozambique and Angola. If such an effort were combined with new initiatives to facilitate economic co-operation between black Southern African states, it could do a great deal to free them from dependence on South Africa. That, in turn, would be a key step in the process of isolating and removing apartheid.

In the Caribbean, too, the stability of a vital region and the influence of the West are dependent on the provision of sustained economic assistance. The emergence of a government in Jamaica which is sympathetic to the interests and economic principles of the West provides Britain with a major strategic and political opportunity. Failure to respond to it would both damage the stability of Jamaica itself and demoralise the forces of moderation which are struggling to succeed in the region.

The Dynamics of North-South Relations

The lack of understanding in the West of its economic and strategic interests in the development of the Third World is only one reason for the stalemate in the North-South dialogue. A second and equally important reason is the misunderstandings, on the part of both North and South, of each other's motives in the dialogue.

For the South, the concentration of the North on 'basic human needs' and the eradication of 'absolute poverty' is widely seen as a cynical ploy to deny them

maturity and status as actors in the international system. Many developing countries suspect that by focusing on these themes the North wants to stymie their industrial development and the economic and political power which this would bring. However, this impression, though understandable, is flawed as a generalisation of Northern motives.

The North, on the other hand, finds the demands of the South for major action on a very wide range of issues unrealistic as an immediate goal. This is not unjustified. But in its concentration on the 'basic human needs' approach the North makes two fundamental mistakes about the objectives of the South. The first is to underestimate the intense desire of most Southern leaders for status and participation in the international economic system, as well as for financial and technical assistance from it. The second is to dismiss the unity of the South in the Group of 77 as 'artificial' and 'unsustainable'. The demonstrable fact that the unity of the South has survived, despite the rapidly growing divergence in the economic interests and power of its members in recent years, should be enough to dispel such a misconception. Unity is maintained in a fragile but nevertheless durable state by a potent combination of factors; first, the psychological wounds inflicted by colonialism; second, the common desire for status and participation in the international economic system—already referred to—which even the wealthiest oil producers feel they do not adequately possess; and third, the belief on the part of the non-oil developing countries that they have less to gain from an independent negotiating posture or from a bargaining alliance with the West than they can derive from solidarity with the OPEC countries—*despite* the damage which the policies of the latter have inflicted on their economies. Moreover, the unity of the South most definitely transcends the cosy circuit of official negotiations within the UN and other international bodies.

These realities have important consequences for the bargaining posture of the North. The first is that it is fruitless to try to divide the South by selectively co-opting its more influential members into international economic arrangements which are basically designed by the North. This does not mean that negotiations between a restricted number of participants are impossible or undesirable. On the contrary, they are essential if major progress in the North-South dialogue is to be made. But the North must make it clear that its aim would not be to divide the South but rather to help to create a series of arrangements which could form a much-needed starting point for negotiations in the global fora. This, indeed, should be the aim of the North-South Summit which is scheduled for this summer.

Second, the developing countries will need to be given more status and influence within the international financial institutions. This would probably induce the wealthy oil-producing countries to deposit a greater proportion of their surplus assets in these institutions as well as to assume greater responsibility for underwriting their loans. The result would therefore be to enhance their credit-worthiness, particularly as the major surplus countries of OPEC are as interested as the North in maintaining high standards of banking. Although such a redistribution of power within the international institutions would need to be undertaken gradually in order to maintain the confidence of the North, there is therefore no justification for the obstinate opposition of the North to any progress on this front.

Third, it is essential that the North should now take the diplomatic offensive in the Dialogue by presenting the South with an interim package of measures which goes some way to meeting its legitimate aspirations. If the industrialised countries remain defensive in their approach, there will be little hope of moderating and narrowing the demands of the South. Nor will the prospects be good for achieving closer co-operation with OPEC over the urgent issues of oil pricing and supply, debt management and the re-cycling of their surplus assets to the developing world.

The priorities which any such Western initiative needs to have were outlined in the Emergency Programme of the Brandt Report. I have developed them in a 14-point memorandum which I sent to all the Heads of State or Government before the Summit of the Western Seven last June¹. The Institute of Development Studies itself has played an invaluable role in helping to define

¹See *The Times*. 19 June 1980.

the imperatives for action and the means by which progress may best be achieved.

All the issues that I have raised here—the economic and strategic interests of the West in the development of the South; the misunderstandings between North and South about their interests and motives in the Dialogue; and the need for a Northern diplomatic offensive—will not necessarily be acted upon, even if they are understood by the world's major leaders. What is also needed is a forum which is capable of breaking the vicious circle of stalemate, disillusionment, hostility and continued stalemate which has taken such a firm hold on the North-South Dialogue.

The traditional negotiating fora will not achieve this. Attitudes in them are too entrenched and too permeated with suspicions, and the problems involved are too complex to be tackled by their cumbersome and inflexible procedures. This is why it is now necessary to make a start with the concept and machinery of summits to deal with the most urgent of the common problems facing North and South. The purpose of the Summit would not be to substitute for the role of negotiations in the international organisations. This would be neither desirable or possible. Its role would rather be to give greater impetus and direction to them—and in particular to the forthcoming Global Negotiations. To stage a successful summit, or series of summits, on North-South issues will involve great difficulties of a psychological and political nature. But the world's major leaders must rise above the immediate constraints. Then it may at last be possible to break through the petty formalism of the present negotiating fora and set both the rich nations and the poor on a path of greater prosperity and peace.