

---

## Extracts from Parliamentary Debates on the Brandt Report in the House of Commons

---

*The scale of deprivation of millions of people deserves to be, and, if there is justice in the world, will be, the principal preoccupation of men of good will throughout the world . . .*

*With bland understatement the Brandt Commission report points out on page 49:*

*Few people in the North have any detailed conception of the extent of poverty in the Third World or of the forms that it takes.*

*I add, sadly, that too few of those who do seem to care. . . .*

*Although in the North we face genuine economic problems, such as inflation or a static standard of living, we are rich and fortunate by comparison with those who endure a combination of malnutrition, illiteracy, disease and low income, which is the daily reality for too much of the Third World.*

**Christopher Brocklebank-Fowler**

28 March 1980

cols 1843-45

*The report, after all, is the beatification of the begging bowl. We are pauperising some of these countries—bringing them to mendicancy . . . [The] real service that we can render to these countries is to get them to understand that in the end it all depends on them . . . [It] is teaching them the lesson that we learnt—the lesson . . . in Samuel Smiles and many other excellent writers. A very good form of overseas aid would be to send them a whole lot of copies of Samuel Smiles' admirable book.*

**Sir Ronald Bell**

16 June 1980

cols 1265-66

*[Aid] is to fall from £790 mn last year to £779 mn in the new financial year and to £680 mn in 1982-83. The Brandt document talks about the need for the rich countries of the world to divert more aid to underdeveloped countries, while the Government plan a 14 per cent cut in expenditure in the next few years . . . What are the same Government proposing to spend on defence? We find that this year, at constant 1979 prices, there will be an expenditure of £7,720 mn. Next year that will rise to £7,997 mn. In the following year it will be £8,240 mn, and in the year after that to £8,490 mn. That brings us to 1984—shades of George Orwell—when we shall spend £8,740 mn. Therefore,*

*defence expenditure is to be increased at a rate of 3 per cent in real terms at a time when there is a cutback in overseas aid.*

**Ioan Evans**

28 March 1980

col 1887

*[The Lord Privy Seal] said that our own aid performance compared reasonably well with others. Of course I accept that, but that is not the point. The point of the whole report is the need for a substantial increase in effort to meet phenomenally difficult new problems. We cannot escape the whole argument by congratulating ourselves on a relatively good performance in the past.*

**Peter Shore**

16 June 1980

col 1167

*The report calls for a concentration on aid to the poorest, and the Government have abandoned that concept. The report calls for greater access to technology and training, but the Government, by their increase in the fees for overseas students, have barred many developing countries from such access. The report calls for greater access to markets, but even in my own party there is a growing demand for protectionism. Not only are we not going as far as the report wants; in many respects the Government's policy is going in the opposite direction . . . [It is] important to realise that those of us who support the report are calling for a reversal of Government policies and of their concept of the aid and development programme.*

**Tom McNally**

16 June 1980

col 1276

*I have argued elsewhere for a new Marshall plan to meet the problems that we are discussing. In 1947, in an act of unprecedented generosity and political wisdom—it was not just materialism—the United States gave away 2.5 per cent of her gross national product over a period of five years to put a war-weary and physically shattered Europe back on its feet, and was rewarded in due course not only by the recovery of Europe and tremendous expansion in its productive capacity but in terms of her own economy as well.*

*[It has been] argued that the Americans were simply helping people who has possessed an infrastructure*

*and who knew how to run Western business and operate Western industries but had gone through a period of misfortune and collapse. True, but I still argue that there are some developing countries where, if resources were made available, results could be achieved in a relatively short time. There are not many examples, but they exist. Taiwan is an example of a country that, following a massive injection of American aid, was ultimately able to cope on its own and is now one of the great trading countries of the world.*

**Sir Bernard Braine**

16 June 1980  
cols 1235-36

*[One] must ask how it is that in the past five years the West has failed to see that North-South interests are indeed mutual; has again and again failed to respond to sensible initiatives such as the establishment of a common fund to give greater stability to raw material producers; to be more bold with the creation of new facilities in the IMF and the World Bank; and above all, has failed to stimulate its own economies and to transfer resources on a progressive scale to the non-oil countries of the Third World. Indeed, the failure is all the more remarkable because in 1974—as I well recall, being then the Secretary of State for Trade—when the OECD collectively discussed the new situation that was affecting the world economy, it was absolutely clear to all that the deflation of demand in the North was the wrong strategy for the North to pursue.*

*There is, unhappily, an explanation of this failure to act or to react that brings us face to face with the major division in political philosophy, not only in our own country but throughout most of the northern countries. It is the current obsession with inflation, and an appalling intellectual recidivism into the totally discredited economic doctrines of the 1930s. At the heart of the now dominant monetarist school of economic theory is the belief that Governments have not part to play in demand creation and that, on the contrary, any efforts that they make simply exacerbate the situation that those efforts are designed to remedy. Approximately 35 years ago, in the famous White Paper of the war-time coalition Government—whose author was generally reputed to be Joan Maynard Keynes—the following statement was made:*

*It was at one time believed that every trade depression would automatically bring its own corrective, since prices and wages would fall. The falling prices would bring about an increase in demand and employment would thus be restored. Experience has shown, however, that under modern conditions this process of self-regulation, if effective at all, is*

*likely to be extremely prolonged and to be accompanied with widespread distress, particularly in a complex industrial society like our own.*

*That is as true today as it was then.*

*Three years ago the present Secretary of State for Industry spoke for the newly dominant faction in the Conservative Party. In flat contradiction, he said:*

*Post-war conventional wisdom held that by raising demand the government could generate growth. But we have ruefully come to recognise that governments cannot generate growth. Though governments cannot generate growth, what they can do is obstruct spontaneous growth.*

*That is an abdication of responsibility and a rejection of the great postwar commitment. As the White Paper of 1944 states:*

*Government accepts as one of their primary aims and responsibilities the maintenance of the high and stable level of employment.*

*Monetarists cannot, therefore, accept the basic message of the Brandt Commission, namely, the basic mutuality of interest that arises from an abundance of surplus capacity in the North and desperate and unmet human needs in the South.*

*Together with deflation, there is serious cost-push inflation in the Western world. In Britain, the Government have done much of the pushing. At the same time, there is a clear lack of effective demand and, as a consequence, rapidly rising unemployment. Indeed, the Government appear to be so blind to those realities that they are deliberately planning a fall in output, not just this year, but, discounting North Sea oil, for four years ahead.*

*The effects will be felt not only in Britain, but in the world outside. Far from increasing the transfer of resources to the South, the fall in demand in this country will inevitably reduce still further the opportunities of Third World countries to sell to us. At the same time, our direct aid programme will be not increased, but cut by about 14 per cent by 1983-84.*

**Peter Shore**  
16 June 1980  
cols 1170-72

*[It] is my belief . . . that it is the cartelisation of oil production and oil prices that presents the single most important road-block to economic progress.*

*I say that for three reasons. First, in spite of the massive increase in expenditure and imports, including arms imports, the oil-producing countries, particularly those in the thinly-inhabited desert countries of the Middle East, are unable to turn their vastly increased*

revenues into effective demand for goods and services. Secondly, given the dependence of the North on imported oil, the North as a whole faced, and continues to face, a major balance of payments deficit—a situation that the North proceeded to 'rectify' by deflating internal demand. Thirdly, and still more seriously, oil price increases faced the great mass of Third World countries with a still more desperate situation. They have to pay for essential oil imports out of other revenues which do not grow at a corresponding pace.

The amounts involved by the increase in oil prices have been enormous. In a single year, 1974, the surplus of the OPEC countries leapt from, I believe, \$7 bn to \$60 bn. At the same time, the current balance of the OECD countries changed from a surplus of \$10 bn to a deficit of \$27 bn, while the non-oil developing countries plunged from a deficit of \$6 bn. to a deficit of \$24 bn. Over the five years 1974-78, even though the OPEC countries increased their imports, the OPEC surplus totalled close on \$200 bn. That is part of the size of the problem of recycling and the private backing of lending.

Oil prices have not, of course, remained static. Year by year they have increased. In the past year alone, they have again doubled. I am told that in 1980 oil prices will be about 15 times greater than they were in 1973. The surplus of the OPEC countries is now estimated . . . to be running at some \$130 bn a year.

This year the threat to the world economy is even more grave than it has been in the past four or five years. The borrowing limits . . . of many Third World countries have already been surpassed. Recycling, mainly through private Western banks, is beginning to dry up. Brazil and the Philippines are just two countries, by no means the least prosperous in the developing world, that have been unable to obtain private finance during this year.

The IMF, as recent bitter disputes with Tanzania, Turkey and Jamaica have made plain, is not geared, in spite of certain additional facilities, to lending policies that will cope with a long-term situation of balance of payment deficit. Indeed, there are today many countries whose total export earnings are being absorbed by essential minimum oil imports plus the servicing of accumulated debt. It is small wonder, then, that the Bank of International Settlements in its annual report this month . . . speaks of the industrial world facing a long period of 'painfully slow growth'.

It is my view that the world is moving from recession to slump. That is the urgency of this debate and the urgency of the response that we and others must make. If I am right, the political consequences cannot

be calculated, but they will certainly be serious. Mounting unemployment in the countries of the North, the plain evidence of the capacity to produce wealth but the inability to organise effective demand for the goods produced, will not in our generation and time be accepted with resignation or stoicism. There will be demands, ever more clamant, for action, and if democratic governments cannot or will not act there will be a loss of confidence in democratic institutions themselves. At the same time, protectionism and economic nationalism will be powerfully reinforced, with all the damaging consequences that that will entail for international relations.

**Peter Shore**  
16 June 1980  
cols 1168-69

It is no use saying that the countries of the South should never have got into debt. Look at the size of our national debt from our national investment. Every country has a similar problem. The countries of the South could not foresee, any more than we could, the constant increase in oil prices or the enormous height of interest rates today. There is no point in apportioning the blame. The problem must be dealt with. The question is, how to do it.

The big problem is the . . . mostly medium-developed countries, some of which are big in area, population and output. For example, Brazil has a total indebtedness of more than 50 bn American dollars. Last year, the cost of its oil, because of increased prices, and the cost of servicing its debt, because of increased interest rates, were more than the value of the whole of its exports put together. What could Brazil do, except incur further indebtedness, which it did?

This year, if Brazil is to meet the further increase in the price of oil and the high interest rates it will have to increase its exports from 14 bn dollars last year to 20 bn dollars this year. How is that country to increase its exports by 50 per cent in one year? We know the problem of trying to increase our exports by 5 per cent or 6 per cent in a year. If Brazil has falling commodity prices for coffee and cocoa, the problem is made that much more difficult. . .

The commercial banks, certainly Wall Street and the major banks in the City, have concluded that they cannot go further with recycling. The proportion of recycling in the developing world is as much as the banks can carry. That produces the problem of recycling the growing surpluses of OPEC.

The even greater problem is that if developing countries are forced to default the Western banking system will be in danger. That is another direct connection between

*North and South. We cannot say of the developing countries 'Leave them to themselves. it does not matter what happens'. because the banking system is integral to the survival of the Western world.*

*A few of us can still remember what happened following the collapse of the Kredit Anstalt, at the beginning of the 1930s, and its impact on the rest of the banking system. It was followed by the Wall Street collapse, the years of unemployment, the rise of Hitler and the Second World War. If those countries are allowed to default, the Western banking system and Western society will suffer.*

*It is not a question of taking action over the next 10 or 20 years. We are talking about 1980 and the first three months of 1981. Action is required urgently. The banks realise that. Of course, they will not discuss it. The chairmen of banks in Wall Street or in the City do not discuss such matters properly. They go on saying that it will be handled all right. If they do otherwise, they will increase the difficulties. However, we ought to know what the problems are, and so ought governments. Action must be taken within a year, up to Easter 1981.*

*That is the last of the major problems, but it is our problem as well as that of others. When I read the comment that 'They have their problems and we have ours' which appeared in The Sunday Times, I considered that nothing could be more devastating than for a British official to make such a remark.*

**Edward Heath**  
16 June 1980  
cols 1184-85

*There is an immediate need to recycle surpluses into programme lending . . .*

*Do we need a new institution? The right hon Member for Sidcup [Mr Heath] thought not. He would prefer to rely on the existing institutions of the World Bank and the IMF. I have always opposed new institutions. There are plenty of international institutions. However, this is not a job for the World Bank. According to its articles, it cannot undertake such work. That leaves the IMF. The right hon Gentleman seemed to argue that we should reform the IMF so that it could take on this new job. I do not think that the IMF is capable at this moment of that degree of radical reform.*

*I say nothing now that I have not told directors of the IMF. A number of the developing countries—not only Tanzania and Jamaica but Turkey, Portugal, Peru and Ghana—have run into deep crisis because of shortage*

*of foreign exchange caused because they had to face increased oil prices. They were oil-dependent countries that had to buy oil: they had nothing else. They had to face the consequences of our inflation, because they were also dependent on importing our manufactured goods and had to face a period of a general decline in the prices of the basic commodities on which they relied for their foreign exchange earnings. So they were in trouble.*

*The IMF formula is universally applied both to developed and developing countries. It was applied to us. But there is an important difference. A minister of one developing country described the IMF formula as a fourwheeled chariot. It is 'Devalue, deal with your money supply, cut wages and cut public expenditure'. When the IMF told Britain 'Cut public expenditure', whatever the agonies we went through, it was saying 'Cut the rate of growth of your public expenditure'. But when one tells a developing country 'Cut public expenditure', one is giving it a prescription for nil or negative growth, because only public expenditure can finance the infrastructure needed for economic development.*

*There is no profit in building schools and educating children; no profit in hospitals and health services, in the basic infrastructure that is necessary for development. The IMF has consistently failed or refused—I am not sure which—to understand this.*

*I do not think that, with the best will in the world, the IMF will be capable of enough reform in its attitudes to be able to do the new job that needs to be done. Therefore, my predilection is to say, despite my dislike of new institutions, that the IMF cannot do this job, that somebody must, and that therefore we may need a new sort of bridging institution—not one with a massive bureaucracy and the rest, but a new technique that can enable the job to be done.*

**Dame Judith Hart**  
16 June 1980  
cols 1290-92

*We must persuade the OPEC countries to recycle through institutions, and we must make those institutions acceptable to them. We both want two things: we want guarantees of oil production to the end of the century and we want predictions of oil prices to the end of the century to enable us to know with what we have to cope. The OPEC countries want a means of finding investment now that they cannot recycle through commercial banks, and they want a means of getting reasonable guarantees of that investment when it is made. They have lost 25 per cent, in dollars, in five*

years and they do not want to go through that experience again.

*I do not know what evidence there is that the OPEC countries would not welcome a substitution account as a way of getting rid of some of the dollars. My evidence is that they would welcome such a course. It would be possible to arrange for them to have a packet of currencies that would spread the risk.*

*Another proposal is for the OPEC countries to invest in bonds that could be used by the international organisations for investment. They could be indexed bonds, which would give the OPEC countries the security that they want. There would be an outcry from everybody else in the world, who would say 'Why should they have the privilege of indexed bonds while we do not?'. These are problems that have to be faced if we want to influence OPEC policy. If we do not, let us stand aside, and let the depression come and the collapse that will follow it. If we are to deal with OPEC we must be prepared to use imagination and to meet its needs to a large extent.*

*We both need two things, and that is where the dialogue should start. . . .*

*With great respect, it is not enough to say that the European Community stands ready to carry on a dialogue. That is a negative approach. We need the Seven to indicate that in specific ways they are prepared to talk to OPEC and to overcome the enormous scepticism and cynicism in the rest of the South about the North, and to show them that the North is prepared to do business. If the Seven indicate that willingness, they may get a response from OPEC. We can make it easier for them to meet their problems.*

*We must recognise that OPEC will require action that will have an effect on the non-oil developing world. This is where we come to the other part of the package. It is similar to the transnational arrangement. There will have to be some help with commodities and some extra access for industrial goods. OPEC needs the political support of the rest of the developing world. It requires the votes of those countries in the United Nations, especially on the Arab-Israeli dispute. Unless it can maintain that position it will not do a deal with us. If we are to be realistic, we must accept those elements.*

*As for the other aspects of food and energy, a great deal can be done at comparatively little expense. Indeed, if we can overcome the reluctance of OPEC to negotiate with us, I believe that it will share with us in the expense of dealing with food and energy. That will help both North and South to find alternative*

*resources for both and to develop food production. Both courses of action are urgently necessary.*

*The first package must be to deal with the OPEC surpluses jointly and to show the OPEC countries that we shall make institutional changes. We could even set up a fresh part of the International Monetary Fund on which we could have the same sort of representation as we have on the International Fund for Agricultural Development, which is one-third North, one-third OPEC and one-third non-oil developing countries. That they regard as a proper balance of power. Let us develop that in whatever way we want for expenditure on new energy exploration and on new food production. We shall then be able to make a start on dealing with the problems.*

*I know that there is cynicism about dealing with the problems in this way. They are global problems, and they can be dealt with only by producing global solutions. No country can deal with the problems on its own. No country is able to deal with the recession on its own. Europe cannot deal with it on its own, and neither can the United States. That is the hard fact of life. Therefore, there must be agreement and action. The quicker we get that, the sooner we shall be able to deal with the problem.*

**Edward Heath**  
16 June 1980  
cols 1186-88

*We are told that we are the most hard line country and that, had it not been for us, even the Americans at Venice might have taken a different line. Germany, which is supposed to be the third hard line country, proposes to increase its aid by 8 per cent a year—double the rate of increase for its other public expenditure programmes. Where does that leave us? I shall not be content, and this country should not be content, if Britain, with its Commonwealth background, its involvement in internationalism and its great achievements in the past on the world scene is to be laughed out of court as the most hard line, the least understanding and the least prepared country to co-operate in initiatives which are in its own interest and in the interests of the world.*

**Dame Judith Hart**  
12 December 1980  
col 1922

*There are arguments for and against [import controls]. I do not want to develop them now. However, there is absolutely no argument whatever for imposing import controls on the poor countries of the world.*

**Eric Deekins**  
16 June 1980  
col 1812

*Brandt rightly warned that [an open trade policy] will be increasingly difficult in a recession and in a world of rapid technological change.*

*We must be cautious in our trade policy. I do not believe that the GATT covers the problem of a major advanced technological industry being implanted in a developing country when that industry is as advanced as any industry in the developed world. The textile and shoe industries employ about 1 million people, who cannot simply be written off. The adjustment must be planned.*

**Tom McNally**  
28 March 1980  
cols 1882-83

*I do not like protectionism, but there is a problem in that respect. The trade unions of the free world have a good record in terms of the liberalisation of trade and development—and tribute to that effect is paid in the Brandt Report—but they are genuinely concerned when they witness substantial losses of markets and employment in their own countries while working conditions and wages in the many countries of the developing world are held down by the exploitation of unorganised and weak labour forces, particularly when those abuses are practised by the same trade unionists' employers in the Western world.*

*There is a particularly bad example of that in international shipping. The growth of flags of convenience is a supreme example of unfair labour standards being practised; is a permissive attitude towards international standards of safety, a degradation, in too many cases, of proper working conditions, and a denial of the right to belong to a trade union and to organise collectively.*

*Those are matters to which the Government should turn their attention, because we are a major shipping nation. Instead, the Government deny that we have any desire to stop the growth of flags of convenience or are indifferent to that threat. The fact is that this represents a major threat to us, as well as to standards in the developing world.*

*It is not only trade unions that are concerned about unfair health and safety standards affecting those working in the developing world. The companies that play by the rules and seek to establish and encourage social progress are also being treated unfairly because of the bad practices, since they have to face unfair competition. The complacency of the Government in such matters is mind boggling.*

**Clinton Davis**  
12 December 1980  
cols 1983-84

*The Lomé convention seems to be a clear example of the way in which we frequently have dual standards. In effect, the Lomé convention states that we should seek a means of stabilising prices, especially in raw materials and commodities generally. It has STABEX, and it has at long last accepted that it should have the rather inadequate scheme known as MINEX. However, there is a real fear in my mind that we might give the impression to the countries with which we deal that our only interest in trying to stabilise commodity prices is a personal one. I am concerned that we should seem to be saying to Third World countries 'As we are already fairly well developed, and as we have a continuing need for your materials, when it suits us we shall give you support so that we can import your raw materials. However, when you begin to develop to the point where you are exporting semi-manufactured or manufactured goods, our response will be one of horror. We shall close the barriers and ensure that you do not have full access to our markets'.*

**Gwyneth Dunwoody**  
28 March 1980  
col 1856

*There are some who are impatient of calls for Britain to take a lead. . . . I wish to put on record the strong view of the Liberal Party that we not only have a duty to take a lead but are in a unique position from which to do so. The elements are well-known to the House and I shall not dwell on them, but our unique colonial tradition, long Commonwealth experience, good and bad, the fact that we are unique among developed countries in having a huge store of indigenous oil, our enormous dependence on world trade, as evidenced by the supremacy of the City of London in many areas, and our constant need to find new markets all put us in a unique position as regards responsibility for leadership.*

*What worries me about the official British attitude is the constantly expressed fear that if the IMF is restructured—not, of course, put under the control of the United Nations on an inappropriate one-country-one-vote basis—to reflect the changing balance of wealth in the world and if the World Bank is enabled to take a more relaxed view of its responsibilities, it would all be wildly inflationary.*

*I was impressed that just before his unfortunate death the late Lord Armstrong, chairman of the Midland Bank, strongly denied that, and said that there was no reason why a skilfully managed substantial increase in special drawing rights or the allocation of SDRs specifically for development purposes should be inflationary. My limited investigations show that we are the only major power taking the negative line that*

*the whole problem has to be approached with plodding caution at a hopelessly slow pace, because of the fears of inflation.*

*If that view is still the position of the Government, I hope that the Minister will explain the reasoning behind it. Do the Government feel, for example, that in the relatively underdeveloped world in the South there is a risk of immensely powerful trade unions claiming a monopoly position and taking advantage of new wealth to extract unjustified wage rises? That would be an extraordinary picture of labour in the developing world, but those who take the inflationary view so seriously must account for what I believe is a largely unjustified fear.*

*I am sure that many of our fellow citizens accept that we should be among the last countries to be cutting aid, taking a parochial view, pleading poverty and adopting a static approach. After all, we owe an enormous amount to the expansionary initiative of Marshall Aid. We go to extravagant trouble with our Common Market partners to protect our producers of raw materials, yet, having shored up our own agricultural interests with all sorts of special protection and arrangements, we still insist that most commodities from the developing world must be exposed to all the buffeting of unruly free market forces.*

*That is an unjustified position and I hope that the Government will put their house in order, so that we may cut a more respectable figure in the world and before long assume a position of leadership in world development.*

**Richard Wainwright**  
12 December 1980  
cols 1928-29

*Our problems are surely as of nothing compared with the problems faced by the developing world. The fact that it is suffering far worse than we are is a reflection of the world economic system in which there is an unequal power relationship between the developed and the developing world, between North and South. It is a relationship in which the Third World is largely a passive recipient of what the advanced countries decide to give. We and the other OECD countries bear that measure of responsibility here. We are living in a state of near economic colonialism, born of the fact that large sections of the developing world were once ruled by the West.*

*It is evidenced in the pattern of trading relationships that exists between the rich and the poor. The Third World trades overwhelmingly with the advanced countries—75 per cent of its trade is with OECD countries. But for the advanced countries trade with the Third World accounts for only a minor part of their total. Add to that the way in which the terms of trade have affected many raw materials and the producers of those raw materials, the volatility of the price of raw materials—copper has been referred to in the debate—the heavy unemployment that pervades the developed world and the effect that has on markets for the developing world, and bear in mind as well the oil crisis, and one begins to realise the appalling position of the developing countries and the failure of the world economic system to cope with the problem.*

**Guy Barnett**  
12 December 1980  
cols 1948-49