

# The 'collective self-reliance' setup

The fifth regular session of the United Nations Conference on Trade and Development (UNCTAD) opened on Monday, May 7 in Manila. Though the agenda for the three-week long conference sports a list of financial, trade and "institutional" questions, the issue is whether or not the Group of 77 developing sector nations will see their way clear to industrial development policies, or trap themselves in the "trade union of the poor" posture. In the absence of a forceful intervention by the French-Mexican axis to focus the issue of North-South economic and technological cooperation for development, there is every indication that the conference will consist in the type of embittered stand-off between the "haves" and the "have nots" that the British Foreign Office, through its Overseas Development Institute, and its American sympathizers in the U.S. State Department will complacently manipulate. Such a stand-off can only be in the direction of Third World resignation to what has become the new catch word among State Department LDC handlers—regional self-help and appropriate technologies.

The G-77 is not convening this conference from a standpoint of strength, politically or economically. The principal preconference events, ostensibly the basis for further work and deliberation in this session, reflect this. The so-called Arusha Declaration hammered out in Tanzania several months ago is a grab-bag of more or less strident demands and assertions. A vague call for "genuine and fundamental reform of the international monetary system" is combined with a commitment to "collective self-reliance"—a formula for trade war, enforced backwardness, and acceptance of credit cutoffs.

Further, this March the Common Fund for raw material commodity price stabilization was agreed to after four years of tortuous wrangling. Elements in the UNCTAD leadership imbued with British colonial practices had managed over four years to make the so-called Common Fund scheme the centerpiece of Third World economic deliberation. The admittedly vastly scaled down version that has been agreed to is modeled on Henry Kissinger's "International Resources Bank," an unadulterated ground-rent swindle in which Third World resources are mortgaged for private loans to prop up speculative prices in the basic commodities

markets. A potential monster in terms of economic policy, the Common Fund as it stands—with less than one sixth the capital demanded, and with no details as to financing or firm commitments as to commodity agreement participation—is a mouse in terms of Third World expectations.

Moreover, the OECD's deliberate snub in the General Agreement on Trade and Tariffs concluded last month on the issue of discrimination against Third World industrial exports set up the Third World for an impotent battle for a greater share of declining world trade. The "export credit guarantee facility" on the Manila agenda is a bad joke in this context. The UNCTAD secretariat has responded by pushing to the forefront its old demand to transform itself into an official Third World directorate paralleling the GATT and the International Monetary Fund, a kind of exclusive superagency executive administration for the developing sector.

## An OECD phalanx?

The U.S. State Department has, according to its spokesmen, worked very hard to make sure that the OECD countries present an united front at Manila. And, as a State Department source told this publication, the OECD is "solid" on the "institutional issue," shorthand for a defense of the World Bank-IMF against the New World Economic Order. This was reflected in discussions this week with individuals at the West German development and economics ministries, where in the absence of a personal initiative by West German Chancellor Helmut Schmidt, policy articulation reverts to Economics Minister Count Otto von Lambsdorff. "Existing organizations are just fine," development ministry officials responsible for UNCTAD affairs insisted, referring to the World Bank-IMF complex, "no new organizations are necessary." "Mexico and Venezuela don't need international agencies," an economics ministry spokesman stressed, after carefully stating the government's commitment to project financing for industrial development as to the various schemes to expand the use of SDRs that have been floated. "They go to the private markets, and they simply must accept the conditions."

Ostensibly aimed against the UNCTAD secretariat proposal to become a superagency and the call for a

plethora of "new institutions" to handle Third World debt, trade credits, monetary reform, etc. in the Arusha Declaration, the OECD broadside against "new organizations" is manifestly a preemptive response to the serious and viable proposals of, in particular, Mexican Finance Minister David Ibarra, who at the March IMF meeting called for the establishment of a multibillion dollar capital development fund for Third World industrialization.

There are indications that the Peruvian delegation may provide another kind of foil for World Bank-IMF reassertion with a flashy monetary proposal along the lines of their intervention in the recent Economic Commission of Latin America (ECLA) meeting. There they called for a "Latin American Monetary Fund" greased with "Arab capital"—shades of Henry Kissinger's petrodollar recycling schemes—and motivated this gambit with strident attacks on the IMF—in the form of demands that the IMF apply its conditionality strictures to the dollar sector, not just the Third World. Peru, as this journal has reported, is now being administered by the IMF and New York bankers bent on making that country a model of "free market" economics.

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State Department sources have emphasized their anxiety that solid, practical discussion of the economic policy content implied in their defense of the IMF will be sidetracked by the "institutional issue." Besides formal celebration of the establishment of the Common Fund, the U.S. delegation is intent on promoting the "self-help" prescription for developing sector suicide contained in the Arusha document, what the State Department is now hyping as "ECDC"—"economic cooperation among developing countries" or "horizontal cooperation."

The corollary of the "appropriate technologies" doctrine which Secretary of State Cyrus Vance announced as official U.S. policy a month ago, the "ECDC" scheme is aimed at severing the essential North-South economic development dynamic.

In his opening speech U.N. Secretary General Kurt Waldheim added an emphatic call for increased Third World self-help to the ritual invocation of continuing advanced sector foreign aid.

It is unclear as of this writing whether Mexico and France, in particular, will break open the contrived faceoff between the OECD and G-77, or decide instead to devote their energies to a more propitious forum for international follow through on Mexican President Lopez Portillo's call for a "producer-consumer" energy conference. The Portillo program for a complete revamping of world energy production, distribution and consumption is acknowledged by Portillo himself and the Mexican government to be the kernel of a genuine New World Economic Order of North-South-

East-West collaboration for world peace and development. Mexico has otherwise demonstrated what it means by Portillo's statement that "energy is the patrimony of humanity" in its insistence that its own oil resources will be devoted exclusively to facilitating the country's planned industrial and technological development.

That Mexico may play an important role at the UNCTAD meeting was hinted in a recent editorial in the Mexican daily *El Nacional*. "Our country proposes a new world order," *El Nacional* stated, "not limited simply to the economic area but encompassing all the collateral elements, for example, industrialization, by which the different countries will develop. . . ." President Lopez Portillo has, *El Nacional* emphasizes, appointed a delegation chief for this important gathering who, "with precise instructions, will once more launch a battle in pursuit of the affinity between developing and developed countries."

The Portillo energy proposal, which was first presented by Lopez Portillo while visiting the Soviet Union a year ago, has since been endorsed by the European Economic Community, by France—in the context of French President Giscard's high-profile trip to Mexico in February—and most recently by Czechoslovakia. Both the Saudi Arabian and Iraqi governments have made parallel proposals in the past month, and it is known that French officials are in active discussions with oil producing nations on the proposal.

Lopez Portillo has announced that he will formally present the energy conference proposal to the September U.N. General Assembly session, and also at a world oil conference next fall in Bucharest. As *Le Monde* noted recently, both Mexico and France are in a unique position to deal with the energy issue in the very basic way that Mexico conceives it—as a focal point for world economic development and war-avoidance policy implementation—because while Mexico is a major oil producer it is not a member of OPEC, and while France is a major oil consumer it is not a member of the OPEC-busting International Energy Agency. It is interesting to note that Philippines President Ferdinand Marcos, in his opening speech to the UNCTAD gathering, dropped the prepared section containing an attack on high oil prices—a move probably meant to deny the floor to the Mexican proposals.

What role France will play at Manila is only dimly hinted in a recent interview in *Le Figaro* with French delegation head Finance Minister René Monory. "The will to favor an Euro-Arab-African rapprochement, expressed by the President of the Republic," Monory told Alain Vernay, "is a symbol [of our approach]. One would thus see the collaboration of those who have the technology, those who have the dollars without the technology and those who only have poverty."

—Susan Cohen