

After Nairobi: an Appraisal of UNCTAD IV

Samir Amin*

During the whole month of May 1976 the representatives of 120 Third World states once again vainly tried to obtain from the developed countries a few modest concessions concerning raw materials' prices, the conditions of access to the markets for manufactured products, the terms for repayment of foreign debt and the modalities for the transfer of technology. The global rejection of these extremely timid demands, barely concealed by the last-minute voting of anodyne 'compromise' resolutions, repeats the failure of the three previous conferences of Geneva (1964), New Delhi (1968) and Santiago (1972). It clearly expresses the West's intention of accepting nothing which can translate into reality the principles of a 'new international economic order', which were first boycotted and then accepted in the inoffensive form of a 'Charter'—a catalogue of pious hopes.

Having obtained political independence, the Third World is now launched in a fight for economic independence which, as seen by the vast majority of the states, involves the transformation of the international economic order and, first and foremost, the transfer of the control of natural resources from multinational firms to the states and a substantial increase in the prices of raw materials. Are these goals realistic, and under what conditions can they be achieved?

It would seem to be self-evident that, as prices apparently result from the 'laws of the market', it is necessary to influence the conditions of the market. It has long been known that a producer's organization, by controlling supply, can substantially raise prices and incomes. Thus, in the developed countries the monopolies which control production and distribution hold both ends of the chain: by imposing the price they want on the consumers and by dictating their conditions to the suppliers of raw materials. Moreover, more than a third of world trade now represents internal 'exchanges' within the multinational firm, and the book-keeping 'prices' of these exchanges are fixed in direct relation to the global strategy of maximizing the profits of such firms. If the monopolies in the developed countries can thus determine price rises for manufactured products without 'consulting' the developing consumer countries, why should the latter have to 'negotiate' in order to raise their own prices? Cannot they obtain that result by organizing themselves into producers' associations?

The results recorded by OPEC have stimulated awareness of these possibilities. True, the structure of the system is such that OPEC has been operating under particularly favourable conditions; zero substitution in the short and medium term, zero elasticity of demand, monopolization of oil exports by a limited number of countries, and so on. Besides this, the producer countries have been able to exploit the current economic situation, the conflicts of interest between the United States, Europe and Japan, and to combine their economic and financial strategy with political objectives.

The fact remains that similar results—though probably with more difficulty—can be obtained by the same means in other sectors. The idea of a 'solidarity fund', for the purpose of supporting the producers' associations engaged in the price war, which was put forward at the meeting of the 77 held in Dakar in February 1975, falls within this strategy. However, the producers' associations are in danger of being confronted with 'retaliatory measures' and various other pressures aimed at whittling away their impact. Many Third World countries whose public finance and balance of payments are too vulnerable cannot resist these pressures without foreign financial help. Such a solidarity fund can only be financed by the developing countries, for you cannot expect those whose interests are opposed to your own to support you in combating them! This fund should therefore be financed by payments from countries which have already obtained a substantial rise in their prices, first and foremost the OPEC countries. This formula is the only one which really corresponds to a programme of solidarity in action; an ex-

*Director, African Institute for Economic Development and Planning, Dakar, Senegal.

tension of political solidarity to the struggle for economic independence.

It is true that the contributions of the OPEC countries to aid are already large (1.9% of the GDP of these countries in 1974) and far higher than those of the countries of the 'North' (0.3% of their GDP). But so far the OPEC countries have been replacing the northern countries without changing the nature of the 'aid' process, which is rightly criticized.

It is precisely this type of solidarity fund and producers' associations that the North wishes to prevent by all possible means. For this strategy not only ensures a general rise in prices, but also a price stabilization by means of efficient indexing, and constitutes the basis for a real control of natural resources. The latter implies more than mere nationalization, which is only a basic pre-condition and which, nowadays, has become 'acceptable'. It implies regulating the exploitation of resources no longer merely to meet the demand of the developed countries, but especially to ensure the future needs of the Third World. But this objective can only be attained by means of a global policy decided upon by all the producers' associations; and incidentally that is also the best way of having any influence on prices. Despite all the speeches expressing concern about natural resources, the West pays no attention to the legitimate desire of the Third World to control their own resources and prefers to continue its lucrative plunder. This obviously is the aim of the proposal for an International Resources Bank put forward by Kissinger in Nairobi.

Between the Dakar declaration and the Nairobi resolutions, the idea of a solidarity fund has been gradually eroded, to be replaced by the innocuous suggestion of a stabilization fund to be jointly financed by both the producers and the consumers. The ideological groundwork for this clever substitution was prepared around the theme 'negotiation without confrontation'. The Manila declaration launched the 77 on this dubious path, while the UNCTAD Secretariat had prepared a modest 'integrated programme' in this connexion. It is obvious that a stabilization fund without any control on output by the association will either go quickly bankrupt or at best will 'stabilize' around a falling trend in the comparative real incomes of the producers: to put it briefly it will 'stabilize' super-exploitation and poverty!

Why, in these circumstances, has the North not subscribed wholly to the Manila proposals and those of the UNCTAD Secretariat? It certainly seems that the monopolies, whose rate of profit, seriously threatened by the crisis and worsened by the successful offensive of the oil producers, made a preliminary attempt to redress the situation by increasing the exploitation of the workers at the centre of the system through inflation and the policy of recession aimed at creating, once again, a reserve margin of unemployed. But this strategy requires first of all that the working class in the centres be brought to heel; otherwise it might well entail a radicalization of the struggles. Hence, meanwhile, the monopolies preferred to throw the whole weight of the crisis on to the periphery, i.e. to refuse any concession, even an extremely limited one. From this angle, the roles were distributed for the Nairobi conference according to a pre-arranged scenario. The Germans, who have hardly any public opinion other than a 'right-wing' one, repeated for weeks on end the ideological refrain praising the virtues of 'spontaneous' supply and demand (ignoring the existence of their monopolies). The Norwegians, on the other hand, supported the stabilization fund which the Third World decided to create, 'alone' if necessary, thus launching the major manoeuvre which was to lead to the final resolution. This resolution merely provides for the pursuit of negotiations by stages with a view to taking final decisions by the end of 1978 on the goals and modalities of operation of the fund. Even here the United States found it expedient to weaken the impact of these negotiations still further by expressing reservations.

The Third World hardly obtained more in the other areas. Tired of 'appealing' for 'aid' which is on the decline, the countries making up the group of 77 thought it more useful to try to obtain a reduction of the burden of their foreign debt. There again they only succeeded in having the item placed on the agenda of the Paris negotiation, which last April was in danger of not reopening. Yet if the balance of payments deficit of the non-oil producing countries of the Third World rose from 9 billion dollars

in 1972 to 35 in 1975 and 100 expected for 1980, the best way of reducing the burden is obviously to impose a rise in export prices. There is little likelihood of a reform of the international monetary system which could solve the problem by establishing a 'link' between the issue of special drawing rights (SDR) and 'development'.

With regard to the transfer of technology, when the draft imperative code of conduct which they submitted had been rejected, the 77 accepted a vague promise of a revision of the Paris convention on industrial property; just as they ultimately accepted no less vague promises concerning access to the markets of the rich countries for their exports of manufactured products, and the usual pious hopes concerning the 'control' of the multinationals and 'a special effort for the least developed countries'. True, in theory, export industrialization would relieve the social contradictions in the periphery. UNCTAD, taking up the goals defined at the UNIDO conference held in Lima in March 1975, drew up a list of thirty 'labour-intensive' manufactured products the output of which, if transferred to the periphery, could reduce the growth of unemployment estimated at 285 million people for the present Third World, and proposed a system of generalized preferences and a code limiting the non-tariff protections which the developed world uses and abuses so widely. But the fact is that the West is not ready at the moment to accept this 'redeployment', although it is highly 'profitable' (it would accentuate unequal exchange!), because large sectors of the working classes of the centres would also suffer from this and the monopolies must first of all reduce the risks on that side. The alternative—the strengthening of trade between Third World countries—is only acceptable on two conditions: first that the imperialist multinationals be eliminated from the project and second, that the rules of this internal division of labour in the periphery be different from those of pure capitalist profitability, which would accentuate the inequalities within the 77 to the detriment of the 'least developed'.

But is not the 'failure' of these negotiations actually a political victory, which may help the Third World to concentrate more on topics more appropriate both to its immediate and to its long-term interests? An opportunity is offered by the non-aligned summit of Colombo, scheduled for August 1976. Indeed, much can be obtained without negotiations, by unilateral decisions of the 77, strengthened by an organization which stresses their collective self-reliance. These possible victories would prepare the ground for more favourable terms in possible future negotiations.

As regards primary commodities for example, the setting up of producers' associations and of a supporting fund is not in contradiction with the possible creation of a stabilization fund. On the contrary, the former initiative would strengthen the effect of the latter. Furthermore, this kind of decision does not require a formal unanimity to begin to be effective; majority groups in certain fields can prime the pump and exert a considerable attraction. The non-aligned, the successors of the Arab-Asian group and then the Arab-Afro-Asian group in the previous stage of solidarity in the independence struggle, have already attracted to their banner some Latin American and Caribbean countries and have opened their ranks widely to the '77' (now 120).

As regards foreign debt, a decision of principle concerning the modalities of overall relief (conversion of the debt by instalments, according to the burden of the debt in terms of interest, maturity dates and its ratio to GDP and exports), would make possible collective negotiations and would have the advantage of limiting the attempts to divide the countries and reduce the particular pressures on some of them.

Naturally we are more cautious with respect to the access of industrial products to the markets of the North, which will depend on the good will of the multinationals and could hardly become effective except within a long-term strategy for a new unequal international division of labour controlled by the imperialistic monopolies. The same applies to 'access to technology', i.e. to a technology which is usually not adapted to the real needs of the peoples of the periphery and has a built-in bias towards domination by those who hold the monopoly of this technology. In this area, rather than chasing the ghost of a 'cheaper transfer', it would be better to have the courage to proclaim the two genuine principles of efficiency in this connexion. First, it is recommended that the purchase of 'developed' tech-

nologies be reduced as far as possible, and it is highly desirable to 'filch' them when it is possible and useful. Second, it is of fundamental importance to give priority to creating conditions for enhancing creativity with respect to technologies appropriate to the Third World.

These objectives, which lay stress on autonomy and self-reliance both in the national strategies and in that of the whole Third World community, are becoming more than ever feasible. A technical secretariat of the non-aligned, extended to the 77, could finalize these points. Again, this secretariat would not be 'competing' with UNCTAD (which is an international institution, i.e. a meeting place of the South and the North); it could, by strengthening the cohesion of the group of 77, help to provide more clear-cut prospects for the battle for a new, and less unfavourable, international economic order.