nature

Poor press losing argument

True to form, last month's meeting of UNCTAD was another failure. The rhetoric of the new economic order made developing countries miss an opportunity to win the only prize worth having.

THIS year's meeting of the United Nations Conference on Trade and Development (UNCTAD) has, after all, been a sad disappointment. The statement put out at the closing session in Belgrade last Saturday, from which the United States "dissociated" itself and about which Britain, Japan and West Germany expressed "reservations" (diplomatic code for the same thing), amounts to a repetition of the now familiar demand by developing countries for what is called a new economic order — more credit for countries in financial difficulties, guaranteed prices for commodities produced by developing countries and a general commitment by the rich nations to share their wealth more equitably than at present. Both kinds of governments at the meeting in Belgrade seem to have missed the opportunities that seemed apparent just four weeks ago (see *Nature* 16 June, p.560).

What has gone wrong? There is one overriding cause of the failure at Belgrade — the insistence of the developing countries on an agenda broader than the delegations from the industrialized countries were willing or even competent to discuss. While there may be something to be said for discussions between the rich and poor nations on these general questions, such as that held at Cancun in Mexico two years ago, UNCTAD is not the place for them. Moreover, by choosing to follow such a broad agenda, the developing countries have diverted attention from what should have been their chief concern — to put a stop to the steady encroachment of protectionism in trade on their own freedom to work and pay their way out of trouble.

The circumstances are well known. The world recession that began in 1973 has decreased the export earnings of the oil-importing states precisely when their import bills were by the same token increased. The appendix to the Brandt Commission's report published earlier this year estimated that the trade deficits of the oil-importing states amounted in 1981 to $88,000 million — a huge sum only partly offset by official aid and by loans from international lending institutions such as the International Monetary Fund. The result is that the poorest states are now saddled with an accumulated debt of $85,000 million to the commercial banking system, an amount that would certainly have been much larger if more credit had been available but whose cost has been made more onerous as industrialized nations have used high interest rates as a weapon in their struggle against inflation. It is forgivable that the developing countries should think this problem would go away if there were more credit available (and the resources of the International Monetary Fund will be increased by a half some time next year). But no amount of extra credit could be more than a stop-gap — a device for increasing still further what the poor countries owe and must in due course repay.

This is why the immediate but also the long-term need is that the poor nations of the world should be enabled by their own efforts to earn more by their exports. And that is why removal of restraints on the trade of the developing countries should have dominated the proceedings at Belgrade. With a little ingenuity, indeed, the developing states should have been able to shame their richer partners into more intelligent policies. The way in which most rich countries support their domestic agriculture by subsidies to farmers and by tariffs, quotas or the flat prohibition of imports is a scandal — and a cause of needlessly high prices to their own taxpayers. So is the common practice of protecting manufacturing industries by means of tariffs on simple manufactures (but not on the commodities from which they are made): it prevents developing countries from making their own way in the world by adding value to their primary commodities, selling cloth and not just cotton, for example.

In these and other ways, the rich nations of the world restrain the volume of international trade, help to postpone the return of prosperity and in the process create especially cruel burdens for the developing countries. Delegations from the poor countries at the Belgrade meeting would have been on firmer ground if they had argued the folly of this mindless protectionism. They might have pointed to last week's little irony — the announcement by the United States Government of a complaint to the General Agreement on Tariffs and Trade (GATT) that Japan is breaking the rules on agricultural imports coinciding with various congressmen's complaint that Japan's decision to end next April a voluntary quota on exports of automobiles to the United States is a "second Pearl Harbor" (Congressman John Dingle). Nobody pretends that automobiles are at the top of the list of the poor nations' frustrated exports, but all steps that artificially reduce the volume of international trade must ultimately hurt them.

But how can the rich nations be persuaded to abandon protection when their own domestic problems, unemployment for example, are more serious than for many years? The conventional wisdom in places as different as Washington, Brussels and Tokyo is that prosperity must first return. The flaw in that argument is that trade protection is a short-term way of saving jobs in industries which are no longer competitive and which must be paid for not merely in the higher prices consumers pay for domestically produced goods but in the inhibition of industrial change that it engenders. In the long run, now-rich countries will be as much harmed by perpetuating an outdated division of labour between themselves and the poor countries of the world as will be the developing world itself. This is what the group of 77 should have been saying in Belgrade. To have made the argument effectively, it would have had to acknowledge that rich governments would have to increase domestic expenditure on the consequences of more rapid change — and that more liberal trade will not help those among its own members that so mismanage their affairs that they have nothing to export. To have failed to make the argument is a sorry loss of an opportunity that may not recur for many months. □

Keeping hands clean

Academics should complain less and worry more about rules against conflicts of interest.

NEXT week, the California Fair Political Practices Commission will once again take up the question of financial disclosure requirements for University of California faculty. It is now a little over a year since the commission reversed its long-standing policy of exempting the university from the state's political reform act and demanded that, like other state employees, professors should disclose their personal financial stakes in official decisions, particularly their links with the corporate sponsors of their research. The year's experience now to hand shows that the system is working; it also shows that the concern that led to the new system was not exaggerated. Unfortunately, that message has yet to sink in

0028-0836/83/270001-02$01.00