

Too much fall-out from summit

Last week's summit meeting in Bonn was no more of a failure than its predecessors. These meetings do not settle issues, but have the virtue of putting them on the international agenda.

TAKE seven heads of government, each preoccupied with urgent domestic business, and throw them together for a couple of days with instructions to consider the world's urgent problems from the other fellow's point of view. It is a daunting assignment. Usually, after the event, the public relations people are hard pressed to conceal the disturbing truth that even world statesmen, as they are called, do not rise to the grand occasions. Their simplest trick is to make public the quarrels there will certainly have been on relatively minor issues, but at the same time to suggest that none of this can presage permanent disunity (which is usually correct). So what can the statesmen claim they have accomplished when they return to face their own electors? Prudently, they arrange that each among them has some cheerful souvenir to take home. On this occasion, there was lukewarm support for President François Mitterrand's plan that high technology should be used to help Africa feed itself, general approval almost indistinguishable from indifference for the British government's economic policies and muted acquiescence in US plans for star wars research. But the statesmen at Bonn failed to agree on the US demand that there should be a further round of talks next year on the liberalization of international trade and on the French demand that international monetary reform should be a precondition of such talks.

The temptation to blame the French for the failure at Bonn should be suppressed, if only because the French, and especially President Mitterrand, have consistently done their best to tackle other than immediate problems. Four years ago, at Fontainebleau, the cry was that technology should be made the instrument of renewed economic growth. This year, at Bonn, the plan was to rid Africa of famine by an engineered green revolution coupled, wherever appropriate, with the use of Earth resources satellites and the like. President Mitterrand is entirely right to believe that technology can work wonders, and would now be within his rights to be irritated that his fellow-statesmen do not share his vision. Where he goes wrong is to suggest that technology, admittedly a necessary part of the solution of these problems, is for that reason also sufficient. That is the illusion. While the climate and the soil of much of developing Africa are inimical to agriculture, the reasons why food production is inadequate have more to do with the willingness of African governments to sacrifice the prosperity of their peasant and farming populations to the interests of their urban voters than with the physical conditions under which crops must be grown. A summit of the seven will not put that to rights.

The French demand for monetary reform is similarly stronger on good intentions than on realism. Rapid currency fluctuations are unsettling, and bad for world trade (which may be true), so let us legislate against them. That seems to be the argument. It is a classic case of therapy by the removal of symptoms. But President Mitterrand is well placed to know that before fixed currency rates were finally abandoned in 1972, international financial crises happened just as often, but took a different form. The immediate cause of the troubles of the past few months is the large budget deficit of the federal government of the United States, and the way in which this is being financed (by borrowing from abroad rather than by printing domestically inflationary dollar bills). Since there is no way in which sovereign governments can be prevented by their trading partners from running budget

deficits or even, if they choose, from letting domestic inflation run riot, the only present basis for monetary reform is an agreement between the summit states to limit the effects of bad budgeting on the international money markets. If Mr. Mitterrand had been pressing for true reform along such lines, rather than for a return of the bad old days, the United States would probably still have disagreed with him, but then he would have had reason on his side.

The US demand for a further round of talks on international trade beneath the umbrella of the General Agreement on Tariffs and Trade (GATT) is a more complicated issue. That GATT should exist is a sign of grace. That the United States should have taken the initiative in pressing for an extension of the free-trade regime is decidedly another. Politically, it might have been easier for the US administration to give in to the recent demands in Congress for a greater measure of protection from imports from overseas. But the United States was asking last weekend for an extension of the rules governing international trade that would strike at the roots of many shaky institutions elsewhere. The proposal that the rules on free trade should be extended to agricultural produce might yet make a market for Texas beef in Japan, but would certainly spell trouble for the practice of the European Community of subsidizing farmers by means of artificially high prices for food in domestic markets, while retaining the right to dump the surplus on the international markets. (One of last weekend's little ironies is that, while Chancellor Helmut Kohl was seeking emollient ways of making the Bonn communique seem good, his agriculture minister had dug in his heels, on behalf of West German farmers, against a proposal that the price of European cereals should be reduced.) The truth is that, on free trade, the United States has reason on its side and should be helped to have its way.

Star wars, the other agenda item, is more of an embarrassment for all. Two years ago, when the Strategic Defense Initiative, as it was later called, took much of the US administration by surprise, most other governments were either sceptical (as in Western Europe) or hostile (the Soviet Union). With the passage of time, the administration seems to have calculated that doubters might be turned into supporters if they were offered participation, but the terms on which this will be possible are not clear. But most of the summit governments, and certainly their electors, would be happier if the whole scheme had never been thought of. Some of them will talk about participation in the hope that helping will give them influence, but are alarmed that star wars may jeopardize the missile talks under way at Geneva.

Agreement on that issue, like most of the others raised in Bonn, lies in the future. To next year's summit, perhaps? Many of the issues raised in Bonn cannot wait that long. The US deficit will either have been made to go away, or there will be a different set of economic problems with which to grapple. But President Mitterrand may find, by next year, that he has been luckier than he now thinks likely on monetary reform, given the way in which bankers have taken fright over recent developments. If star wars have confounded the Geneva negotiations, or if these have broken down for other reasons, there will be more urgent things to talk about, which only goes to show that these summits, whatever they fail to accomplish, have become a valuable agenda of our anxieties. □