

THIRD WORLD QUARTERLY

JANUARY
1984

Vol. 6 No. 1
£3.00/\$5.00

Barry Munslow and Phil O'Keefe

Energy and the Southern African Regional Confrontation

Yusif A. Sayigh

Arab Economic Strategy in a Changing World Oil Market

Raymond A. Hinnebusch

Charisma, Revolution and State Formation: Qaddafi and Libya

Tony Hodges

The Western Sahara File

WESTERN EUROPE AND THE SOUTH

John Pinder

A Question of Political Economy

Chris Mackel/John Marsh/Brian Revell

The Common Agricultural Policy

Colin W. Lawson

The Future of East-South Trade After UNCTAD VI

Robert L. Rothstein

Is the North-South Dialogue Worth Saving?



North-South Dialogue

Clark Clifford/Javier Perez de Cuellar

Third World Foundation for Social and Economic Studies

THIRD WORLD FOUNDATION

for social and economic studies

Organisation

The Foundation, registered as a Charity in 1978 under the law of England and Wales, has its headquarters in London. The Trust Deed provides that the Foundation will not accept, directly or otherwise, any aid, grant or assistance from any government or official agency.

Objectives

To work for the intellectual, economic and social advancement of the people of the Third World through publications and research. To assist in the evolution of a fundamentally just and equitable relationship between the Third World and the developed countries. To create greater awareness of the causes of poverty in the Third World.

Settlor and Trustees

The Trust Deed is made between the Bank of Credit and Commerce International of 39 Boulevard Royal, Luxembourg (Settlor) and the Trustees who exercise their powers in accordance with the provisions of the Trust Deed.

Advisory Committee

The work of the Foundation is guided by a committee consisting of: Dr Ali Attiga, Secretary-General, OAPEC; HE Mr Bernard G Chidzero, Minister of Finance, Economic Planning and Development, Zimbabwe; HE Mr K K S Dadzie, Ghanaian Ambassador, London; Mr E V Iglesias, Executive Secretary, Economic Commission for Latin America; HE Mr Amir Jamal, Minister for Finance, Tanzania; Dr Raul Prebisch, former Secretary-General, UNCTAD; HE Mr S S Ramphal, Secretary-General, Commonwealth Secretariat; Dr Abdus Salam, Director, International Centre for Theoretical Physics; Professor A K Sen, All Souls College, Oxford; and Dr K Soedjatmoko, Rector, UN University.

Mr Altaf Gauhar, is the Secretary-General of the Foundation.

Mr Azim Husain, is the Principal Adviser of the Foundation.

Membership

Membership of the Foundation is open to individuals and institutions. An annual membership fee of £12.00 or US \$24.00 is payable by individuals and £25.00 or US \$50.00 by institutions. Members receive the current volume of *Third World Quarterly* free of cost and other publications at special membership rates.

Third World Foundation
New Zealand House
80 Haymarket, London SW1Y 4TS
Telephone 01-930 8411
Telex 8814201 Trimed G
Cables Foundation SW1



**A
UNIQUE
BLEND OF
SCHOLARSHIP
AND OPINION**

**A
UNIQUE
BLEND OF
SCHOLARSHIP
AND OPINION**

**A
UNIQUE
BLEND OF
SCHOLARSHIP
AND OPINION**

THIRD WORLD QUARTERLY

- I wish to take out a subscription for ☐ 1 year ☐ 2 years ☐ 3 years.
- I would like bound back issues for ☐ 1979 ☐ 1980 ☐ 1981 ☐ 1982 ☐ 1983

• Please send
☐ Additional information on back issues.

☐ Details of other publications.
☐ Further information about Third World Quarterly

• I enclose cheque for
 (Cheques to Third World Foundation)

Name _____ Organisation _____

Address _____

When completed return this card with remittance to **Third World Foundation**, Circulation Department, 13th Floor, New Zealand House, 80 Haymarket, London SW1Y 4TS, England J84

Subscription Rates

	1 year	2 years	3 years
Institutions	£15/\$30	£28/\$56	£40/\$80
Individuals	£10/\$20	£18/\$36	£26/\$52
Students (proof required)	£8/\$16	£14/\$28	£20/\$40

(Institutional subscriptions start January of each year.)

Back issues are available either singly (£3/\$5) or as bound volumes in dark green buckram cloth, embossed in gold (£15/\$30 each).

SUBSCRIPTION ORDER FORM

THIRD WORLD QUARTERLY

- I wish to take out a subscription for ☐ 1 year ☐ 2 years ☐ 3 years.
- I would like bound back issues for ☐ 1979 ☐ 1980 ☐ 1981 ☐ 1982 ☐ 1983

• Please send
☐ Additional information on back issues.

☐ Details of other publications.
☐ Further information about Third World Quarterly

• I enclose cheque for
 (Cheques to Third World Foundation)

Name _____ Organisation _____

Address _____

When completed return this card with remittance to **Third World Foundation**, Circulation Department, 13th Floor, New Zealand House, 80 Haymarket, London SW1Y 4TS, England J84

Subscription Rates

	1 year	2 years	3 years
Institutions	£15/\$30	£28/\$56	£40/\$80
Individuals	£10/\$20	£18/\$36	£26/\$52
Students (proof required)	£8/\$16	£14/\$28	£20/\$40

(Institutional subscriptions start January of each year.)

Back issues are available either singly (£3/\$5) or as bound volumes in dark green buckram cloth, embossed in gold (£15/\$30 each).

SUBSCRIPTION ORDER FORM

THIRD WORLD QUARTERLY

- I wish to take out a subscription for ☐ 1 year ☐ 2 years ☐ 3 years.
- I would like bound back issues for ☐ 1979 ☐ 1980 ☐ 1981 ☐ 1982 ☐ 1983

• Please send
☐ Additional information on back issues.

☐ Details of other publications.
☐ Further information about Third World Quarterly

• I enclose cheque for
 (Cheques to Third World Foundation)

Name _____ Organisation _____

Address _____

When completed return this card with remittance to **Third World Foundation**, Circulation Department, 13th Floor, New Zealand House, 80 Haymarket, London SW1Y 4TS, England J84

Subscription Rates

	1 year	2 years	3 years
Institutions	£15/\$30	£28/\$56	£40/\$80
Individuals	£10/\$20	£18/\$36	£26/\$52
Students (proof required)	£8/\$16	£14/\$28	£20/\$40

(Institutional subscriptions start January of each year.)

Back issues are available either singly (£3/\$5) or as bound volumes in dark green buckram cloth, embossed in gold (£15/\$30 each).

THIRD WORLD FOUNDATION

for social and economic studies, registered in 1978 as a charity under the law of England and Wales is dedicated to work for the intellectual, economic and social advancement of the people of the Third World through publications, research and open international debate.



New Zealand House
80 Haymarket
London SW1Y 4TS

MEMBERSHIP

Membership of the Third World Foundation is open to individuals and institutions. An annual membership fee of £25.00 or US\$50.00 is payable by institutions and £12.00 or US\$24.00 by individuals. Members receive the current volume of *Third World Quarterly* free of cost and other publications at special membership rates. Please tick the appropriate box and return this card with your cheque or postal order.

☐ Institution ☐ Individual

Name

Address

.....

.....

.....

THIRD WORLD QUARTERLY

A unique journal of Third World opinion on major contemporary issues published every January, April, July and October by the Third World Foundation for social and economic studies.



New Zealand House
80 Haymarket
London SW1Y 4TS

SUBSCRIPTION

Annual subscription rates covering four issues of *Third World Quarterly* are £15.00 or US\$30.00 for institutions and £10.00 or US\$20.00 for individuals with a special students' and pensioners' rate of £8.00 or US\$16.00. Please tick the appropriate box and return this card with your cheque or postal order.

☐ Institution ☐ Individual ☐ Student/Pensioner

Institutional subscriptions from January of each year only. Other subscribers please indicate commencement of cycle: Jan/Apr/Jly/Oct 19.....

Name

Address

.....

.....

.....

THIRD WORLD QUARTERLY

For public libraries, universities or other academic departments, research centres, corporate and all other multiple reader institutions.



New Zealand House
80 Haymarket
London SW1Y 4TS

Recommendation

Urge Your Library to Subscribe

Attention: The Librarian

I consider *Third World Quarterly* to be a unique journal of analysis and comment on the problems and prospects of developing countries and wish to recommend it for acquisition by your institution (Subscription Rate: £15.00/\$30.00)

Signature

Name

Address

.....

.....

.....

Third World Quarterly is published quarterly by the Third World Foundation for Social and Economic Studies. London office: 13th Floor, New Zealand House, 80 The Haymarket, London SW1Y 4TS, England for US \$30 for institutions and US \$20 for individuals per annum. United States office: c/o SOUTH Publications Limited, Suite 319, Helmsley Building, 230 Park Avenue, New York, NY 10169. Application to mail at 2nd class postage rate is pending at New York, NY POSTMASTER, send address changes to South Publications Ltd, Helmsley Building, Suite 319, 230 Park Avenue, New York, NY 10169.



**BCCI HOLDINGS
(LUXEMBOURG) SA**
39 Boulevard Royal, Luxembourg

December 31
1982 US\$

Capital Funds US\$
640 million

Total Assets US\$
9,650 million

BCC Group now has Offices in 65 Countries

Subsidiaries

Bank of Credit & Commerce International S.A., Luxembourg.
Bank of Credit & Commerce International (Overseas) Ltd., Grand Cayman.
Bank of Credit & Commerce International (Lebanon) S.A.L., Beirut, Lebanon.
Bank of Credit & Commerce International (Swaziland) Ltd., Manzini, Swaziland.
Bank of Credit & Commerce Canada, Montreal, Canada.
Bank of Credit & Commerce (Zambia) Ltd., Lusaka, Zambia.
Bank of Credit & Commerce (Botswana) Ltd., Gaborone, Botswana.
Bank of Credit & Commerce Zimbabwe Ltd., Harare, Zimbabwe.
Bank of Credit & Commerce Cameroon S.A., Yaounde, Cameroon.
Hong Kong Metropolitan Bank Ltd., Hong Kong.
BCCI Finance International Ltd., Hong Kong.
Credit and Finance Corporation Ltd., Grand Cayman.
BCCI Finance International (Kenya) Ltd., Nairobi, Kenya.
Italfinance International S.p.A., Rome, Italy.
BCC Credit and Finance (Uruguay), Montevideo, Uruguay.
Banco de Descuento, Madrid, Spain.

Affiliates

Banco Mercantil, Bogota, Colombia.
Bank of Credit and Commerce (Emirates), Abu Dhabi, U.A.E.
Bank of Credit & Commerce International (Nigeria) Ltd., Kano, Nigeria.
Bank of Credit & Commerce (Misr) S.A.E., Cairo, Egypt.
Banque de Commerce et de Placements S.A., Geneva, Switzerland.
National Bank of Oman Ltd., (S.A.O.) Muscat, Sultanate of Oman.
Premier Bank Ltd., Accra, Ghana.
KIFCO - Kuwait International Finance Co., S.A.K., Safat, Kuwait.
BCC Finance & Securities Ltd., Bangkok, Thailand.
BCCI Leasing (Malaysia) Sdn Bhd, Kuala Lumpur, Malaysia.

Third World Quarterly

Editorial

- The US Recovers, the Third World Waits v

North-South Dialogue

- Clark Clifford 1
Javier Pérez de Cuellar 13

Articles

- Energy and the Southern African Regional Confrontation *Barry Munslow and Phil O'Keefe* 25
Arab Economic Strategy in a Changing World Oil Market *Yusif A Sayigh* 43
Charisma, Revolution and State Formation: Qaddafi and Libya *Raymond A Hinnebusch* 59
The Western Sahara File *Tony Hodges* 74

WESTERN EUROPE AND THE SOUTH

- A Question of Political Economy *John Pinder* 117

- The Common Agricultural Policy *Chris Mackel, John Marsh, Brian Revell* 131

- The Future of East-South trade after UNCTAD VI *Colin W Lawson* 145

- Is the North-South Dialogue Worth Saving? *Robert L Rothstein* 155

- North-South Monitor 183

- Book Reviews 203

- Recent Publications 257

Notes on Contributors

Barry Munslow is a lecturer in the Department of Political Theory and Institutions at the University of Liverpool and visiting lecturer in Development Studies at the University of Manchester. He is an editor of *Review of African Political Economy*. His latest publication is *Mozambique: the revolution and its origins* (1983). **Phil O'Keefe** is at the Beijer Institute, Royal Swedish Academy of Sciences. He is the editor of *Land Use and Development* (1977) and of the journal, *Antipode*.

Yusif A Sayigh was a member of the Faculty of Economics at the American University of Beirut for twenty years. For the past eight years, he has served as adviser to the Organisation of Arab Petroleum Exporting Countries, the Arab Fund for Economic and Social Development, the Planning Board of Kuwait and the League of Arab States. His most recent publications include *The Arab Economy: past performance and future prospects* (1982) and *Arab Oil Politics in the 1980s: opportunities and responses* (1983).

Raymond A Hinnebusch is Associate Professor of Political Science at the College of St Catherine, St Paul, Minnesota.

Tony Hodges is Africa editor at the Economist Intelligence Unit, London, and author of *Historical Dictionary of Western Sahara* (1982), and *Western Sahara: the roots of a desert war* (1983).

John Pinder is the Director of the Policy Studies Institute, London and the editor of *National Industrial Strategy and the World Economy* (1982).

Chris Mackel is with Charles and Company (Edinburgh), a grain trading and agricultural supply firm. From 1977 to 1983 he was a senior economist at the North of Scotland School of Agriculture, Aberdeen. **John Marsh** is Professor of Agricultural Economics at the University of Aberdeen. He is the author of *The Common Agricultural Policy and Re-structuring of the EEC Budget* (1982).

Brian Revell is Senior Agricultural Economist at the North of Scotland College of Agriculture, Aberdeen, and Lecturer (part-time) in Agricultural Economics at the University of Aberdeen.

Colin W Lawson is Senior Lecturer and Director of Studies in Economics at the University of Bath. During 1981-2 he was a Visiting Scholar at the Russian Research Center, Harvard University.

Robert L Rothstein has taught at Columbia University and Johns Hopkins University. His publications include *The Weak in the World of the Strong*

(1977), and *Global Bargaining: UNCTAD and the quest for a New International Order* (1979).

James Dunkerley is a research fellow in Latin American Studies at the University of Liverpool. His most recent publication is *The Long War: dictatorship and revolution in El Salvador* (1982).

The only desk diary of its kind in the world

No other diary in the world can offer you the detailed and authoritative information on Third World countries contained in our 1984 desk diary. Using a wide range of internationally accepted information sources such as the U.N., the World Bank and Europa, we have compiled essential data on each country of the Third World as well as those of the industrialised North. In a 150 page section of the diary there are maps, charts, graphs and diagrams to give you easy to read information on all major aspects of each Third World country, including geographical information, population statistics, education, politics, data on the economy, information on broadcasting and communications.

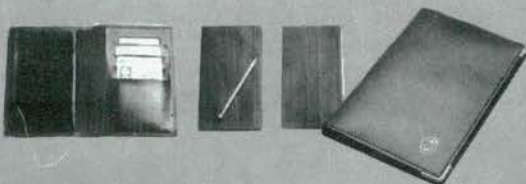
The diary section is clearly laid out with the entire week visible at a glance. Every major Third World holiday is noted and the days and months are printed in English, Arabic, French and Spanish and there is plenty of room to write in appointments and notes for each week.

Finished in a rich burgundy skiver leather and with gold edged pages, the Third World diary is impressive on any desk. Whether purchased for your own use or as a business gift, each diary can be individually gold foil blocked on the front cover with a person's name, company name or company logo at a small additional cost. And for the ultimate luxury business gift, there are a limited number of diaries covered in the finest quality calf leather.

And a unique pocket diary to match

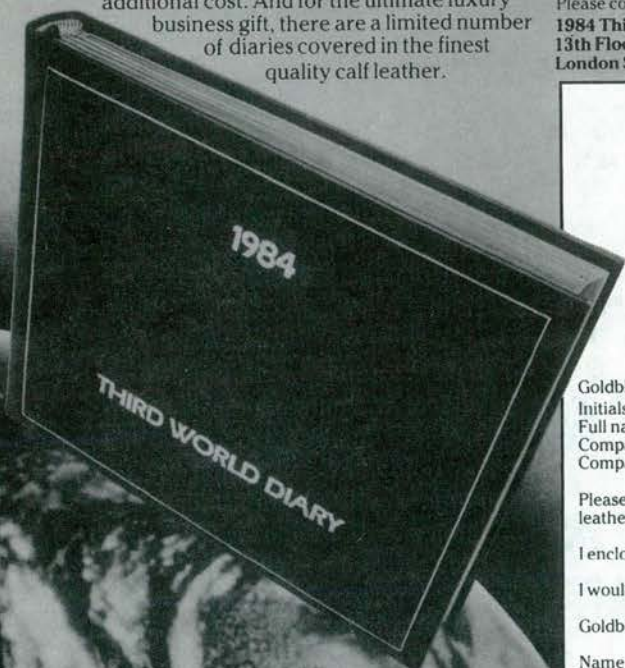
The South pocket diary is designed to match the Third World desk diary, having its own concise information section with essential facts on Third World countries. In this sense the diary is unique as no other pocket diary anywhere offers the same key data on the Third World.

The 1984 South diary is finished in a burgundy colour moire silk cover, with gold edged pages and is contained in a fine quality leather wallet also in burgundy to match the desk diary. Corners of the wallet are edged with polished gilt metal and inside there are pockets for cash and credit cards. Also within the wallet is a moire silk covered address book with index pages A to Z gold foil blocked and a gilt ball point pen in its own pocket in the wallet spine. This has to be one of the most luxurious diary wallet sets available anywhere which is not only a delight to own but also makes a very welcome gift.



Please complete the coupon and return to:
1984 Third World Diary, South Publications (U.K.) Ltd.,
13th Floor, New Zealand House, 80 Haymarket,
London SW1Y 4TS, U.K.

Item	UK & N* Ireland	Europe	Rest of** world
Desk Diary	\$24.00	\$39.00	\$42.00
Calf leather			
Desk diary skiver leather	\$19.00	\$33.00	\$38.00
Leather wallet & diary	\$14.00	\$24.00	\$26.00
All prices include postage			
* Prices include VAT			
** U.S.A. and Canada—			
orders to: South Publications Ltd., Suite 315, Helmsley Building, 230 Park Avenue, New York, 10169.			
Goldblocking (per item)			
Initials	\$1.00 (\$1.50)		
Full name	\$1.50 (\$2.25)		
Company logo	\$1.50 (\$2.25)		
Company name and logo	\$2.00 (\$3.00)		
Please send me _____ calf leather desk diaries _____ skiver leather diaries _____ pocket and wallet diaries.			
I enclose a cheque for _____			
I would like Goldblocking (State requirements)			
Goldblocking logo & artwork enclosed.			
Name: _____			
Address: _____			
Despatch Address: _____			



Third World Quarterly

Editor

Altaf Gauhar

Editorial Adviser

Leslie Wolf-Phillips

Associate Editor

Raana Gauhar

Assistant Editor

Shahid Qadir

Editorial Offices:

New Zealand House, 80 Haymarket, London SW1Y 4TS

Telephone: 01-930 8411 Cables: Foundation Telex: 8814201 Trimed G

Third World Quarterly is a forum for free reasoned discussion and debate. Views expressed by contributors are not necessarily those of the Editor nor do they necessarily conform to the editorial policy of the journal. For submission of articles see Information for Authors at the end of this issue.

Abstract Services: *Third World Quarterly* is currently noted in International Political Science Abstracts, Current Contents, Sociology of Education Abstracts, Development and Welfare, Sage Human Resources Abstract, Economic Abstracts International, Sage Race Relations Abstract, Communications Abstracts and Derde Wereld.

Back Issues: *Third World Quarterly* is available on microfiche from Microform Limited, East Ardsley, Wakefield, West Yorkshire WF3 2AT, England.

Subscription Rates: (Four issues) Individuals: £10.00/\$20.00; Institutions: £15.00/\$30.00; Students/Pensioners £8.00/\$16.00.

Advertisement Rates: £100/\$200 Full Page 190mm x 120mm; £60/\$120 Half Page 95mm x 120mm. Camera-ready artwork or negatives 7 weeks before cover date. Write for further details.

USA news-stand distribution: Eastern News Distributors, 111 Eighth Avenue, New York, NY 10011.

Reprint Permission: Permission to reproduce and translate material from *Third World Quarterly* should be sought from the Editor.

Copyright and Reprints: All Rights Reserved. Where necessary, permission is granted by the copyright owner for libraries and others registered with the Copyright Clearance Center (CCC) to photocopy any article herein for the flat fee of \$1.25 per copy of each article. Payments should be sent directly to CCC, 21 Congress Street, Salem, Massachusetts 01970, USA. Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the written permission of the publisher.
Serial-fee code: ISSN 0143-6597/83. \$1.25.

© Third World Quarterly 1983 ISSN: 0143-6597
Printed in Great Britain at the Eastern Press, Reading.

THIRD WORLD PRIZE 1983



AWARDED TO PROFESSOR ARVID PARDO

Arvid Pardo is the former Permanent Representative of Malta to the UN and currently Professor of Political Science and International Law, and Senior Fellow of the Institute of Coastal Marine Studies, California.

He has been awarded the Prize for his outstanding contribution to Third World Development in putting forward and having the international community accept the international seabed as the common heritage of mankind and the principles of non-appropriation by States, use of seabed resources to promote development, reservation of the area for peaceful purposes, and the establishment of an international regime and machinery.

The Third World Prize of \$100,000 is awarded annually to individuals or institutions for outstanding contribution to Third World Development. The Prize ceremony will be held in February 1984 in Cartagena, Colombia, where Arvid Pardo will give the 1984 Third World Lecture. The Prize Selection Committee is headed by Shridath S Ramphal and includes E V Iglesias, Robert K A Gardiner, B K Nehru and Azim Husain.

For further information, write to: Member Secretary, Third World Prize Committee, New Zealand House, 80 Haymarket, London, SW1Y 4TS.



The US Recovers, the Third World Waits

As we approach the mid-1980s the message from the North to the South is: 'Wait, the benefits of economic recovery in the industrialised countries will trickle down to your economies eventually'. But the South, faced with a debt burden of US\$600 billion, growing protectionist barriers against its manufactures, and falling prices for its primary commodities, must ask whether the promise is yet another illusion.

The politicians who survived the 1980-82 recession, notably President Reagan of the United States and Prime Minister Thatcher of Britain, have been trumpeting the recovery for the past eighteen months. But those who did not, Valéry Giscard d'Estaing of France and Helmut Schmidt of Germany, are not so optimistic. Schmidt sees the recovery as short and flat, compared with previous upswings, and fears it will 'peter out in 1984 if the US doesn't reduce the enormous budget deficit'. Giscard d'Estaing blames the industrialised countries for passing up the opportunity offered by the Williamsburg summit to end the world economic crisis. This occasion confronted the participants with a triple challenge: the US and Canada should reduce interest rates; Japan should open up its economy, and the Europeans should achieve a better coordination of their financial and economic policies. The challenge was ignored and the summit produced a communiqué which did not recognise any need for collective leadership in the management of the world economy. Most people inferred, not without cause, that there was neither a strong political will nor a personal commitment to enforce the Williamsburg resolutions to 'pursue appropriate monetary and budgetary policies that will be conducive to low inflation, reduced interest rates, higher investment and greater employment opportunities'. One of the victories for the US at Williamsburg was the remarkable success it achieved in building a consensus among the developed nations behind the US position on North-South issues. The economic declaration emphasised recovery in the West and called for 'effective adjustment and development policies by debtor nations'. It saw no reason for increase in IMF resources beyond presently agreed levels, nor for new facilities to restructure the debt burden. On the crucial issue of restructuring the international financial system the summit saw no reason to tinker with the Bretton Woods institutions.

Concern about the strength and durability of the recovery now focuses on four areas, all of which are influenced, if not controlled, by US policy: the high level of real interest rates, the large US budget deficit for the remainder of the 1980s, the strength of the US dollar, and Third World debts. The following facts about the US dollar illustrate how and why the course of the recovery is determined by the US:

- 55½ per cent of world trade is invoiced in US dollars;
- 80 per cent of all international bank loans are denominated in US dollars;
- Central banks hold about 75 per cent of their foreign currency reserves as US dollars

There is disagreement within the North on the surest way out of the recession because the capital outflow to the US is hurting the OECD's strongest economies. Since 1981 the French franc has lost 80 per cent of its value against the US dollar, the Italian lira has lost 70 per cent, the pound sterling 60 per cent, the deutschmark 30 per cent, the Japanese yen 20 per cent and the Swiss franc 15 per cent. The stability and continued expansion of the French and German economies is critical to the economic recovery taking root in Europe. In August 1983, President Mitterrand of France was reported to have said that he had 'over-estimated American goodwill. I don't expect anything any more from Reagan'. The French government's measures to rein back domestic consumption and reduce the current account deficit have been made ineffective by a strong dollar. While 40 per cent of French imports are paid in dollars, only 14 per cent of her exports are invoiced in dollars. Furthermore, the French foreign debt of US\$60 billion must be serviced and repaid in dollars. Whenever the dollar gains by 0.10 franc, the French trade deficit goes up by 2.4 billion francs. A French official exclaimed in exasperation, 'They have a budget deficit and the dollar goes up. We have a budget deficit and the franc goes down'.

Today German companies find it more profitable to put their money into high interest-earning short-term US accounts than invest it in their own plants. As a result, Germany sends about US\$1 billion of its savings every month to the US, of which three-quarters goes into US Treasury bills and only a quarter into productive investment.

The missing ingredient in the present recovery is investment. Upswings accelerate and become self-sustaining only when employment picks up, and this normally depends on the accompanying level of company investment. Since many factories are currently running at well below full capacity, there is little incentive to build new ones. Besides, few companies are willing to borrow at the present real interest rate levels of 6–7 per cent unless profits recover strongly. The financial position of the corporate sector has deteriorated so much that the pace of fixed investment is expected to recover only slowly in 1984. Under these conditions the outlook for employment remains weak. According to the OECD, more than 34 million people in the 24 OECD countries will be looking for work in 1984 and 20,000 extra jobs will be required every day during the last five years of this decade if OECD unemployment is to be cut to its 1979 level of 19 million. This would be nearly double the rate at which new jobs were created in the previous recovery period of 1975–9 and clearly looks unachievable.

Martin Feldstein, the chairman of President Reagan's Council of Economic

Advisers, acknowledges that the economic actions of the US have an international impact. He expects that US budget deficits would be about 6 per cent of GNP for the remainder of the 1980s and, since US net private savings have averaged only seven per cent of GNP during the past two decades, the US would be a net capital importer for several years to come. In order to shrink net private investment—as the government is competing with borrowers for the nation's savings—interest rates have risen substantially. The dollar being a portfolio asset for international investors like stocks and bonds, a rise in the real interest rate on dollar securities has increased the dollar's value and encouraged capital inflow from the rest of the world to the US.

The high value of the dollar makes the US less competitive in the home market and overseas and as a result the US current account balance with the rest of the world plunged to a record deficit of US\$25 billion in 1983. The OECD calculates that the 1984 deficit will rise to nearly US\$40 billion—2.5 times greater than any previous level. Why is the US content to break with the tradition that industrialised nations always prefer to sell more than they buy in world markets? Because the US current account deficit becomes a surplus once long-term capital flows are added to the current account balance.

Since the world's richest country has become the world's biggest importer of capital, what of the financial needs of developing countries? For them the popular recipe is 'adjustment'. The World Bank, IMF, OECD and BIS do not see how the developing countries have any alternative but to make painful economic adjustments, cutting personal consumption and government spending in order to release resources for investment and exports. However, the anaemic recovery visible in the industrialised countries will provide only a slowly expanding market for the exports of Third World countries and at best a slight improvement in the prices they receive for them.

Indebtedness poses the greatest threat to Third World economic recovery and domestic stability. Although the safety of the banking structure may be a worthy concern—and is obviously uppermost in the minds of the debt negotiators—it should not be the only concern. But there is a danger that it is becoming so and that the debt crisis will be handled on a case-by-case basis with just enough debt rescheduling, aid and export credits provided to developing countries to allow them to gradually pay back their loans, and to do no more.

Provisional estimates suggest that the total external indebtedness of Latin America increased by about 7 per cent in 1982, thus amounting to US\$274 billion. The terms on which Latin America secures its debts have reached a point where an increasing proportion of new loans is used to pay back old debts and interest. Interest rates have become a debt burden in themselves. In 1983 Latin American and Caribbean countries as a group will devote about 42 per cent of their merchandise export earnings to pay interest on their external debt. Another factor adding to the cost of indebtedness is that the average time in which loans mature is growing shorter, thus accelerating debt servicing

payments and putting pressure on the countries' capacity to repay. Without a major off-setting inflow of capital the economies of debtor nations cannot recover. But where can these capital inflows come from? For the developing countries, money is going to be harder and more costly to borrow in 1984. The commercial banks are unwilling to contemplate lending on the scale required and the multilateral financial institutions do not have the resources to do so.

In September 1983, twenty-nine Latin American and Caribbean nations attended the OAS debt summit in Caracas together with the US, their largest lender. They called for lower interest rates, longer repayment periods, an opening of US markets and a continued flow of funds to the region. A week later they reconvened at a meeting of another regional forum, *Sistema Economico Latin Americano*, which includes Cuba but where the US was not represented. There they agreed that they should aim to replace the partial and bilateral solutions offered at present for debt refinancing and to hold refinancing talks together with creditor governments and banks and the multilateral financial institutions. The debtors are aware of the need for greater political unity in confronting their common problems and the first major debt strategy meeting is scheduled for January 1984 in Ecuador. The projected strategy there is

a) to ask for easier re-scheduling terms as in the case of Brazil, and b) to emphasise that debt is not the sole cause of economic stagnation in Latin America.

The South has to organise and strengthen itself politically and economically and to consider what alternative strategies are available to developing countries in an international economic environment of high interest rates and scarce funds in which they must somehow survive and continue to grow. These conditions cannot change until the US budget deficit is reduced since the underlying scarcity of world savings will keep interest rates above their historic level of about 2½ per cent. It is comforting but unrealistic to believe predictions that the world economic crisis will resolve itself on the unsubstantiated premises that growth in the industrialised world (which has averaged barely 2 per cent a year in the past ten years) will surge buoyantly upwards, that US interest rates will fall, and the South's terms of trade will improve dramatically. The recovery, unfortunately, is on a course set to bypass the developing countries and the unemployed of the North.

ALTAF GAUHAR

South: The facts behind Third World news



The world through Third World eyes

Please send this coupon together with your remittance to
South Publications Limited,
13th Floor, New Zealand House, Haymarket, London SW1Y 4TS, UK

Region 12 months

UK £10.50

SE Asia &
Pacific Basin US\$18

South Asia US\$12

Rest of
the World US\$28

Cheques made payable to
South Publications Ltd

**I would like to subscribe to
South Publications Limited**

Name

Company

Job Title

Address

Country

TW6

Third World Quarterly CUMULATIVE INDEX 1979-83

You need not search through back issues or year-by-year indexes to locate articles, discover answers, find authors.

Easy to use, all in one, the new comprehensive index covers 5 years of publication (Vol 1 to 5). All articles are indexed by title. A fully comprehensive subject index is supplemented by a geographical guide.

This valuable reference book belongs with your collection of Third World Quarterly.

Back Issues of *Third World Quarterly* bound volumes (1979-82) now available

Sewn-bound in dark green Buckram cloth, 240mm x 150mm, especially suited to library use as well as being a handsome addition to any home library.

To order please complete this form in BLOCK LETTERS PLEASE.

Name

Address

.....

..... Country

Please send me copies of *Third World Quarterly* bound volumes at £15.00 (\$30.00) each.

Volume 1, 1979 ☐

Volume 3, 1981 ☐

Volume 2, 1980 ☐

Volume 4, 1982 ☐

I enclose remittance of

Return to:

Third World Foundation

New Zealand House, 80 Haymarket, London SW1Y 4TS, England

Clark Clifford

Born on 25 December 1906 at Fort Scott, Kansas, Clark McAdams Clifford attended college and law school at Washington University in St Louis, Missouri, the city in which he later rose to prominence as a trial lawyer.

After a brief period of naval service at the end of World War II, Clark Clifford served as special counsel to President Harry S Truman (1945–50) and played a vital role in shaping policy (such as the 'Truman Doctrine' in 1947) and reorganising the Department of Defense (1947). After a further period of government service, he was appointed to the Foreign Intelligence Advisory Board by President John F Kennedy (1961) and later to its chairmanship (1963–8). As a close adviser to President Lyndon B Johnson, he was chosen to succeed Robert S McNamara as Secretary of Defense (1968) and played a major role in determining American policy in Vietnam.

The 'Truman Doctrine' pledged American support to any country of 'free peoples who are resisting attempted subjugation by armed minorities or by outside pressures'. The immediate stimulus for this approach was the current situation in Greece and Turkey; President Truman requested Congress to appropriate \$400 million in economic and military aid in an attempt to stave off a communist takeover in these countries. By the time of the Johnson Administration, South Vietnam had become America's highest overseas priority. Dwight D Eisenhower supported Ngo Dinh Diem's regime in South Vietnam after the withdrawal of the French from Indochina and under John F Kennedy the number of US advisers in South Vietnam increased from 685 in 1961 to 16,000 by late 1963. But it was Johnson who, in 1965, took the decision to bomb North Vietnam and to despatch US combat troops to the South. Air sorties over the North increased from 55,000 in 1965 to 148,000 in 1966. The theory of 'limited war' had great influence in the US Administration at that time. According to the limited war theorists the existence of nuclear weapons had entirely changed the nature and conduct of warfare and measured doses of force could be used to induce an adversary to negotiate and compromise. Johnson said, 'I saw our bombs as my political resources for negotiating a peace. On the one hand our planes and bombs could be used as carrots for the South, strengthening the morale of the South Vietnamese and pushing them to clean up their corrupt house, by demonstrating the depth of our commitment to the war. On the other hand, our bombs could be used as sticks against the North, pressuring North Vietnam to stop its aggression against the South'. At the time of his appointment as Secretary of Defense, Clark Clifford was a firm supporter of the bombing of North Vietnam and was described in the press as a representative of the 'military-industrial complex'.

Before his appointment he had made at least three trips to Vietnam and went on a fact-finding trip for President Johnson in 1965. In 1967 he and General Maxwell Taylor visited a number of Asian and Pacific countries as Presidential emissaries. After his Asian trip, Mr Clifford said, 'In each instance without exception, the allies agreed on the necessity and value of bombing North Vietnam'.

At his Senate confirmation hearing he said he strongly believed that US strategic nuclear capability should be one of 'superiority to not parity with Russia'. He saw China rather than the USSR as America's principal foe and believed that Chinese communism was going through its most aggressive stage: 'We must anticipate that Red China will do all in its power to subjugate its neighbours and to cause as much trouble as they possibly can'. It was thought that Clifford's tenure would see a whole series of 'hard line' changes in US military policies and that the ban on using reserve units in Vietnam would be lifted.

On taking over, Clifford headed a high-level Administration committee which included Secretary of State Dean Rusk and presidential aide Walt Rostow, to reappraise the entire US role in Vietnam. After the January 1968 Tet offensive, in which the National Liberation Front hit Saigon, Hue and a hundred other places, Clifford discovered in his meetings at the Pentagon that he 'couldn't get hold of a plan to win the war. [When] I attempted to find out how long it would take to achieve our goal, there was no answer. When I asked how many more men it would take . . . no one could be certain'.

It became apparent that the civilian leaders had never determined the maximum number of troops that they should commit to Vietnam to win the war. When Johnson despatched US combat troops to the South he announced a build-up to 125,000 men although he refused to call up reserves. He ordered a build-up despite the lack of promises of a long-term solution from Army leaders. By late 1965 Defense Secretary Robert McNamara privately estimated that 600,000 troops might be needed by 1967 but admitted that even that number 'will not guarantee success'. Johnson was told by General William Westmoreland in 1967 that, with current US troop levels, the war would continue as an indecisive 'meat-grinder'. Johnson then raised the US troop ceiling in South Vietnam to 525,000.

By 31 March 1968 the lid was clamped on the American commitment in Vietnam. President Johnson ordered a partial bombing halt in North Vietnam, placed a ceiling of 549,500 American troops in Vietnam, and announced that he would not run for re-election in 1968. On pre-Election Day in 1968 Johnson called a total halt to the bombing of North Vietnam. By the time that Richard Nixon was in the White House it had become clear that US public opinion considered the cost of prolonged US intervention in Vietnam prohibitive and realised that a communist victory in South Vietnam would not be calamitous for America.

In 1973 Congress passed the War Powers Resolution, now the War Powers Act, which prohibited the Executive from inferring from any treaty the authority to introduce armed forces into hostilities unless that treaty was implemented by legislation specifically authorising such action, and bars Presidential commitment of US troops in combat beyond 90 days without Congressional approval.

In this interview, Clark Clifford reflects on the lessons of Vietnam, the importance of arms control, and the need for greater understanding between the North and South.

Altaf Gauhar interviewed Clark Clifford in August 1983 at his chambers in Washington DC where he now practises as an attorney.

AG: As Secretary of Defense you are believed to have changed US policy toward the Vietnam war. How did you see the communist threat at the time?

CLIFFORD: I originally agreed with our country's policy. It appeared that there was a joint effort going on between the Soviet Union and Red China to spread communism throughout South East Asia. That is how it looked to us at the time. I was part of the generation that had gone through the experience of World War II and I was very conscious of the fact that World War II could have been prevented if the major nations of the world had understood the danger more clearly and more accurately.

When Hitler's army of the Third Reich, for instance, marched into the Rhineland he did so against the advice of the German general staff, and if France and England supported by the United States had objected at that time and moved, I believe the war could have been stopped. But they did not. Hitler then moved into Austria. Again there was an opportunity to stop him. He had marched again over the objections of the general staff. His next move was into Czechoslovakia, and then came the invasion of Poland. That triggered World War II.

Those of my generation who went through the war had this clear recognition that if we had moved earlier it could have been prevented. That is why they were predisposed to act the way they did when they saw signs of communist expansionism. You will remember that toward the end of World War II the Soviet Union embarked on a programme of aggressive expansionism. They took over the countries on their western periphery, Latvia, Lithuania, Estonia, Bulgaria, Romania, Czechoslovakia, Yugoslavia, and later Hungary. We saw all that going on. We could have made the same mistake that we made before World War II, but fortunately we did not. Instead, we embarked upon a long and far-reaching

and, I believe, masterfully-planned defence against Soviet expansionism.

You recall the Berlin blockade; we met that threat bravely and successfully with our airlift. There was President Truman's speech to the Congress in March 1947, in which he enunciated what came to be known as the Truman Doctrine. That saved Greece and Turkey. He said that it should be the policy of the United States to come to the aid of countries which were the object of communist pressure.

After that came the formation of the North Atlantic Treaty Organisation (NATO), which was a message to the Soviet Union that if they were to attack any of our allies in NATO it would be construed as an attack upon the United States. It is my opinion that NATO has kept the peace in Europe and in the adjoining areas for the last thirty-five years. Then came the Marshall Plan to resuscitate and recreate the economy of free nations in Europe. It has long since been forgotten that we also offered the benefits of the Marshall Plan to the Soviet Union but they rejected the offer. Here then was a planned opposition to aggression and it proved to be eminently successful under the shield and umbrella created by the United States. The nations of Western Europe, which were prostrate when World War II ended, had an opportunity of staging a comeback. They rebuilt their war-torn economies and flourished, and I consider this time one of the proudest periods of my country's history.

Thus we had two dramatic examples before us, one showing the results of a situation where free nations refused to face up to aggression, which is what happened when the world failed to recognise what Hitler and the Third Reich were doing. Then there was the example of recognising and resisting aggression with the successes we enjoyed at the end of World War II when we halted Soviet expansionism.

This is an over-lengthy background but it helps explain what our attitude was when the contest in South East Asia began. Here again we placed the events within the framework of our past experience. We thought that we had the choice either to refuse to be involved which could have resulted in a new wave of communism sweeping over South East Asia—I am not telling you what the factual situation was, I am telling you about our perception of the situation—or, we could step in and oppose what we felt was a joint aggression at the time, by the Soviet Union and Red China, both of whom were providing military and economic assistance to North Vietnam. That is how we got engaged in the contest.

I recall, for instance, that there was overwhelming support for what we were doing when the Tonkin Gulf incident occurred and the North Vietnamese fired upon a United States naval vessel. The US Congress met in solemn session and passed a resolution authorising the President to use military force in South East Asia to prevent further encroachment upon what looked like an aggressive design upon neighbouring countries. There were only two dissenting votes out of 530 members, a senator from Oregon and the other a senator from Alaska. All the rest voted for the resolution. The spirit of the country at the time was that we should resist aggression. I remember an occasion when the President said that we must face up to it then or we would have to confront it in the Philippines, in Australia or in New Zealand. President Johnson said it was better to fight in South East Asia instead of fighting later on the West Coast of California. That's the way it looked at the time.

President Eisenhower coined an expression, when he referred (in 1954) to the 'domino theory'; unless we prevented the first domino from toppling, the others would all go down, after South Vietnam, Cambodia would fall, then Thailand, then Burma and down into the sub-continent pulling down Pakistan and India. It could then spread out in the Pacific through the Philippines and then go eastward. That was the feeling at the time and that was the basis of the so-called domino theory. President Eisenhower urged the incoming Kennedy Administration to face up to the challenge.

I had an interesting experience the day before President Kennedy took over. I accompanied President-elect Kennedy to the White House where he had an all-morning conference with President Eisenhower who had his principal advisers with him. Eisenhower, while emphasising the importance of South East Asia, went so far as to say that we must do everything in our power to get our allies to assist us in the defence of South East Asia but if we could not persuade them to do so we must do it alone. That's the way it appeared to almost everyone at the time. I supported this policy because I believed it to be right. As time went on and the war continued to rage, we built up our troops from 50,000 to over 500,000 in Vietnam. I started having doubts about the policy, but deep down I still felt that we would come out alright.

President Johnson asked me and General Maxwell Taylor to go to South East Asia in the Fall of 1967 and we visited all the so-called troop-contributing countries, including Korea, Australia and New Zealand, to study the situation. I found that the Heads of Government and Chiefs of State of those Pacific countries did not share our perception of the problem. That put some further doubts

in my mind, but we appeared to be prevailing in Vietnam and it looked as though our efforts would, in the reasonably near future, lead to the establishment of peace.

At the beginning of 1968, President Johnson appointed me as Secretary of Defense and I went to the Pentagon. This was just after the Tet offensive had shattered the high hopes of an early victory. I was appointed the chairman of a group which was expected to analyse our entire participation in the war. My early weeks as Defense Secretary were devoted entirely to that problem, ten or twelve hours a day. It was in that process that my mind changed completely. I spent a number of days with our Joint Chiefs of Staff in their map room where all of the forces of the United States were designated; it was the nerve centre of our entire military operations in the world. The answers that I was given by our Joint Chiefs of Staff were, to me, eminently unsatisfactory. They could not tell me when the war would end, nor how many more men it would take. They could not tell me whether the bombing of North Vietnam was proving effective. Finally, I asked for a plan of victory in Vietnam. They had none to offer. It was clear to me that our entire strategy was to maintain pressure until the attrition became unbearable for the enemy and he would be forced to capitulate. When would that point be reached? To that, too, they had no answer. I left those meetings with a growing sense of concern and a feeling that if we stayed in the conflict we would be courting disaster.

Some of President Johnson's advisers very much wanted to bring the war in Vietnam to an end by engaging in a land invasion of North Vietnam and occupying the country. For instance, there was a military plan to transport troops by naval vessels and make an Inchon-type landing cutting North Vietnam in two. But there was this terrible problem that North Vietnam at the time had a mutual assistance pact with Red China. We were enemies with Red China at that stage. Every Far Eastern expert we had said, without equivocation, that the moment we started an invasion of North Vietnam it would trigger the mutual assistance pact between North Vietnam and Red China and the Chinese would enter the war. It was their opinion, with which I was in full agreement, that Red China would treat it as the opportunity of a lifetime to bleed the United States to death. Of all the alternatives I could think of, the worst was for our country to get involved in a land war some 10,000 miles away in an area bordering on China, which had a population of over 700 million at that time.

President Johnson declined to accede to the proposal to start an invasion. I believed that we had become involved in a war to which

there was no end. It was after those early weeks of intense application to the problem that I became thoroughly convinced, beyond any reasonable doubt, that we should get out of Vietnam as soon as possible. That was the beginning of a lengthy and difficult period when it became my task to persuade President Johnson to change our country's policy in Vietnam. He didn't want to change the policy. He did it in the end, however, and rather bravely.

To a certain extent he had been troubled by the military asking him in March of that year [1968] to send 200,000 additional troops to Vietnam. He refused to do so. Now the people did not know and the world did not know, but I knew because of my intimate talks with President Johnson on a daily basis, that he had refused to send more troops to Vietnam because, in fact, he had decided to change our country's policy. For the first time he was willing to accept a negotiated settlement in Vietnam instead of an all-out military victory and that is the way we proceeded after that. We started negotiations with North Vietnam and they made some progress, though not as much as we had hoped. But the basic decision had been made and the incoming Nixon administration was left with a state of affairs in which we had already reached the decision not to try to gain a military victory in Vietnam. I have given you a lengthy answer but it is very difficult to do otherwise because of the complexity of the question.

AG: I understand the combination of factors which weighed with you in opting for a negotiated settlement instead of an all-out military victory. Still President Johnson took a long time to change his policy in Vietnam. He was obviously not persuaded either by your 1967 assessment that the leaders in the region did not share the American perception of the communist threat, nor by your conclusion, in 1968, that the Joint Chiefs of Staff did not have any plan for victory.

CLIFFORD: On the first point you raise, which is a very reasonable question, President Johnson felt he was right, he felt that we were being successful in Vietnam. There were expressions from our military and civilian leaders out there that they could now see the light at the end of the tunnel. There were suggestions that maybe we could have our boys home by Christmas 1968. Thus there was a false appearance of movement towards success. In addition, President Johnson had an explanation for the attitude of the leaders of the other countries in the region. He said that their attitude was based upon the fact that they recognised the danger just as he did but they didn't want to face up to it as long as the United States was there and could take over the main burden. Our purpose in going to these countries was to get them to send more troops. Since they did not

want to send their troops, nor did they want to say flatly 'No' to the US, they took the position that the communist thrust was highly exaggerated. The US was big and wealthy and should carry the whole burden, and they manufactured the excuse that the danger to them was not as great as the US thought it was.

That was the way President Johnson argued his position. I did not agree with his interpretation because I had had the benefit of long personal discussions with these countries' leaders. On the second point you are exactly right. I had supported President Johnson on his policy. We had known each other for twenty-five or thirty years. We had worked together and he had used me as an adviser. I wanted nothing from the government so I could give him my advice with complete objectivity. When I changed my view on Vietnam and gave him all the reasons why I had changed it made him very uncomfortable. It wasn't really possible for him in the beginning to say, 'I am now willing to give up all these years of following this one policy and make a complete change'. What he did do was gradually to accept the difference in concept regarding the war, but he did not want it to appear as an abrupt change of policy. He did it by refusing to send the additional troops that the military was asking for and then starting the negotiations with North Vietnam in Paris. Governor Harriman and Cyrus Vance went to Paris and spent months there negotiating with the Vietnamese. So the decision not to send more troops and to start negotiations constituted an almost complete reversal of policy, but President Johnson did it without any public acknowledgement of the difference.

AG: The point you made about the US perception of the communist threat in South East Asia is extremely important. How did this perception develop? Was President Kennedy its originator?

CLIFFORD: President Kennedy was a pragmatist. He didn't permit sentiment to enter into his decisions. He would approach problems very objectively. There has long been a debate in the US as to what our policy would have been in Vietnam had President Kennedy lived. It is a very interesting debate. I have the feeling that we probably would have gotten out of Vietnam earlier had President Kennedy lived.

President Johnson, when he became President in November 1963, and then after the Gulf of Tonkin resolution in 1964, felt, to a certain extent, that the situation in Vietnam was an affront to the US; he recoiled at that and after a while became almost personally involved in the contest.

When Mr Nixon became President in 1969, I had the opportunity of talking to his top people during what we call the interregnum—the time between the election and the inauguration—and I

explained to them all that had gone on. I said that Mr Nixon could become one of our great national heroes if he would evaluate the situation as we, who had gone through the agony, had done and get us out of Vietnam as quickly as possible. He did not see it that way, nor did Dr Kissinger—they were the two who had the harshest attitude.

On one occasion, President Nixon said that if we were to get out of Vietnam the rest of the world would think that we were a pitiful, helpless giant, words that I felt were completely untrue. But Mr Nixon with his anti-communist background and Kissinger with his background, felt that they had to go on with the war and stand up to communism, despite a lot of pressure to get out. Later, however, in the Nixon Administration there was a breakthrough, and the old US-Chinese enmity ended with an exchange of ambassadors. There were some other accomplishments, too, the agreement on SALT I and the antiballistic missile agreement with the Soviet Union. There were definite steps forward, though there was considerable hostility between the US and the Soviet Union throughout the Nixon years.

President Ford came in for two years and his was a kind of caretaker government. When President Carter came in he actually hoped that he might find some means of reducing the tension between the two countries. He tried hard, but he did not accomplish a whole lot.

At the present time, there is an attitude of suspicion and distrust between the US and the Soviet Union. Both nations are spending an enormous amount of money on the arms build-up. I deeply regret that. Sensible men should be able to find a means of working out a more reasonable arrangement. We have, it has been publicly stated, something in the neighbourhood of 13,000 nuclear weapons, the Soviets have something in the neighbourhood of 10,000 to 11,000 nuclear weapons. When Winston Churchill heard figures like these he said they are building more weapons, but all they will accomplish will be to make 'the rubble bounce'. A haunting expression: 'All that it will do is make the rubble bounce.' We can destroy the Soviet Union many times over, they can destroy us many times over. It is called the balance of terror. What keeps the peace? Our capacity to destroy each other. We can cut back 50 per cent on both sides and still destroy each other, but both are engaged in this insane continuation of building arms. I think it is tragic.

I believe that the two nations, the US and the Soviet Union, should find the means to get along with each other. I understand that our view of the world, and our system of government, are quite different from the Soviet scheme of things. It is very difficult to get

along with them. They probably find it very difficult to get along with us, but the people of both countries want peace. Some progress could be made if there was dedicated leadership. One of the major areas for agreement is arms control. We got a good start with SALT I, which to a great extent was really devised and formulated in the Johnson Administration. We all worked on it. Ultimately, we must either find a basis for both countries to exist, allowing the people to attain their aspirations, or we will destroy the world in which we live. Persons who come into government without much background and training don't have the depth of concern they should have about the danger to the world. My hope is that, as time goes by, both sides will come to see the dangers more clearly.

AG: There is another area on which I would like to have your views and that is the area of aid and assistance. I believe you were responsible for introducing the idea of aid and technical assistance to the developing countries in 1948 that eventually became the Point 4 programme. You introduced that point in President Truman's inaugural speech. How do you see the programme in retrospect? Has it achieved what you had in mind and do you share the view that the existing institutional arrangement, the World Bank, the IMF, needs some fundamental changes?

CLIFFORD: The original concept which became known as Point 4 was a noble one. President Truman believed in it deeply. He wanted it to be one of the outstanding successes of his Administration. Unfortunately, we took a wrong turn at the very beginning. I hoped that a special agency would be set up administered by top civilian businessmen who had experience with worldwide economic activities. I remember discussing the kind of people that we could bring in to implement Point 4. But the State Department insisted that the programme should be administered by them. We had quite a lengthy struggle before the matter was settled. The State Department prevailed and gained control of Point 4. My own opinion is that this arrangement adversely affected the scope, the breadth and the depth of the functioning of the programme. I believe that the programme made a substantial contribution, but it could have been bigger and more successful had it not come under the control of the State Department. But the important concept was there, and it was accepted. Our Congress appropriated funds for it and it has had a very real impact on our thinking ever since.

Now, today, there is need for an entire reevaluation of the existing situation in the world, particularly with reference to the relationship between the developing countries and the developed countries. Some progress has been made, though it was slow and

halting, but even that has been adversely affected during the last three years by the worldwide recession. That has been unfortunate. For the US it has been difficult in the past two-and-a-half years to face up to the needs of the Third World.

Three days ago there appeared in the *New York Times* an article stating that we had a larger percentage of persons who were rated as poverty-stricken than we have had for a great many years, a really rather shocking story to come out of the modern US. I come back to what I consider to be excessive investment in armaments. Are we really engaged in any serious negotiations with the Soviet Union at this time? We have meetings, but I don't get the sense that much progress is being made and I deplore that. I am not saying that the US should not be properly armed, it should be, security must be one of the very first of our concerns. But I have the feeling that it is being overdone, and that as long as the present policy continues, the ability of the US to take a more active part in other areas will be limited. What we need is a change of attitude, a change of policy.

The solution to Third World problems is not just money. That isn't it at all. Money helps, I know, and efforts are being made for a better understanding among what is referred to as the South. I heartily endorse that. Unified action by the South could be of benefit to all. But the US could take a more active part in the international banking sector today; it is in an extraordinarily precarious state. A number of countries have borrowed far beyond their reasonable ability to pay and there are some who state, as an article yesterday in the *New York Times* predicted, that there may be a breakdown in the international banking system. That must be watched with great care, and I would hope the US might take a greater interest in Third World problems. I am not saying that we don't already, we do. One minor illustration of that is the Peace Corps, which has done a great deal of good, and it certainly is a dramatic manifestation of our country's wish to be helpful to those less fortunate than we. But the impact of that has been really very slight.

We must accept the presence of Third World problems and accept a prominent part of the responsibility to resolve those problems. We should do so even in our own interest. Ultimately, substantial benefits will accrue to us. The world cannot endure a situation in which a few countries are wealthy and the rest are steeped in poverty. When such an arrangement cannot work within a country, how can it work within the world? One would hope that our country and other nations would be more far-sighted in this regard.

AG: You have stressed the need for reduction on arms expenditure. I should mention that the countries in the Third World are amassing arms by depriving their people of even the elementary necessities of life.

CLIFFORD: I am aware of that and I sometimes think of how an individual from some other world, in coming to this world, would look at it. They would be, I think, completely baffled at the inability of human beings to find a degree of understanding that would permit them to devote their efforts to improving the lot of their people instead of killing the citizens of other countries. Again, no one country can solve this and I don't know whether any organisation can solve it. I sometimes get discouraged about the UN. I still think it performs a useful service. I had the good fortune to be present in San Francisco in 1945 at the signing of the UN Charter and I have had great hopes for it. It continues to perform a function, but not all that one might have hoped that it would. So I think we must continue to strive, for there is no panacea, there is no one law or one action which could change the world. It will be a long, hard, difficult, tough struggle to overcome certain elements that exist in the human makeup. Occasionally, I get the sensation of some minor progress being made. It would be my hope that greater progress can be made in the future.

Javier Pérez de Cuellar

Javier Pérez de Cuellar is the Secretary-General of the United Nations. He was born in 1920 in Lima, Peru, and was educated at the Catholic University, Lima.

He joined the Peruvian Ministry of External Relations in 1940, serving as Secretary at the Peruvian embassies in France, the United Kingdom, Bolivia and Brazil, and as Counsellor at the embassy in Brazil. He returned to Lima in 1961 as Director of the Legal and Personnel Departments in the Ministry of External Relations, was promoted to the rank of Ambassador the following year, becoming successively Director of Administration, Director of Protocol and Director of Political Affairs. From 1964 to 1966, he was the Ambassador of Peru to Switzerland, returning home to take up the post of Permanent Under-Secretary and Secretary-General of the Ministry of External Relations (1966-9). Pérez de Cuellar was then appointed as the first Ambassador of Peru to the Soviet Union, serving in that post from 1969 to 1971.

In 1971, he was recalled from the USSR to become the Permanent Representative of Peru to the United Nations and headed the Peruvian delegation at all sessions of the Assembly until 1975. In 1973 and 1974, he was the Peruvian representative on the Security Council. In September 1975, he was appointed Special Representative of the Secretary-General on Cyprus, a post he held until December 1977.

Pérez de Cuellar's last diplomatic post before being appointed United Nations Under-Secretary-General for Special Political Affairs (February 1979) was as Ambassador to Venezuela. From April 1981, while still Under-Secretary-General, he served as Personal Representative of the Secretary-General on Afghanistan.

He is a former Professor of Diplomatic Law at the Academia Diplomática del Peru and Professor of International Relations at the Academia de Guerra Aérea del Peru, and is author of Manual de Derecho Diplomático (Manual of International Law) (1964).

Altaf Gauhar interviewed Pérez de Cuellar in August 1983 in New York.

AG: I have read your September 1982 report on the work of the United Nations. I thought it was a remarkable document because you delivered all the punches while appearing to hold back. You said that governments had failed to come to terms with the harsh realities of the time and on occasions the United Nations had either not been used or misused. You also remarked that the authority and status of the organisation had been eroded. More specifically,

you deplored that fact that the UN peacekeeping operations are 'overrun or brushed aside' resulting in a severe loss of credibility of the United Nations. You wanted your report to be considered by the Security Council at the highest level. I gather from a reply you gave to a journalist on 14 July that the Security Council has held some 20 informal meetings on your report. What exactly is the status of the report?

PÉREZ DE CUELLAR: They have more or less agreed on several points and I think in a week or ten days' time the Council will make its opinion known. It is not for me to comment on the deliberations of the Security Council. I have been present in the meetings and I have followed the discussions. I think they have produced a document which would perhaps be considered useful.

AG: Since you have seen the document, do you feel that the response of the Security Council to the points made by you in your report is adequate and satisfactory?

PÉREZ DE CUELLAR: I prefer not to pass judgement on their response but only to express satisfaction at the fact that they considered my report so carefully. I am now working on my second report which is also likely to be provocative. I think the Secretary-General's Report should not be a review of the international situation but a reflection on the international situation, which is an entirely different thing. It is somewhat as is the case with your magazine *South*: you are not interested in news but in reflections on the news. Since the Secretary-General's Report is an annual report he has to present his views on the international situation, and then, as the Secretary-General is supposed to be a kind of a conscience of the international community, he has to be honest enough to say what he really believes without being moved by such considerations as whether member-countries will like or dislike his report.

With all due respect for member-countries, I cannot stop to think whether the Russians or the Americans for example would dislike this paragraph or that. My duty is to report to the United Nations membership what I consider to be the international reality, both political and economic.

AG: In this report you express your deep personal anxiety at some of the trends which are rendering the organisation inoperative and ineffective, and you now indicate that your second report is also going to be provocative. Can I

ask whether your sense of anxiety about the organisation has deepened further, or do you have any reason for optimism?

PÉREZ DE CUELLAR: Unfortunately, there is no significant breakthrough though there are some signs of improvement. At times you get the impression that the dialogue between the two major powers is making some advance, but there seems to be no end to this terrible atmosphere of distrust. That is my daily drama. So many of the problems which I deal with are transfixing in the context of this tragic distrust between the East and West. Afghanistan, Namibia, Central America, South East Asia, the Middle East, and also economic and social problems, are all planted in that context. There is not much I can do if the international atmosphere of mistrust does not improve.

AG: You have tried very hard to mobilise the governments into action, pointing out that the whole UN machinery was becoming ineffective. Have you had any indication that governments themselves are beginning to see the need of making this organisation more effective?

PÉREZ DE CUELLAR: I don't know. I can honestly assure you, and you can quote me, I have not got sufficient indication that governments are really interested in using the United Nations mechanism for solving international problems. That is why I try to take whatever initiative I can. In the last 48 hours I have taken three decisions: to accelerate the pace in the almost 20-year-long negotiations on Cyprus; to undertake this very hectic trip to South Africa; and I have asked my representative not to go to Afghanistan and Pakistan at this stage. As for Namibia, I thought it would be better for me to discuss the issue personally with the South African Foreign Minister and other Cabinet Ministers. Perhaps the physical presence of the Secretary-General might be helpful in solving this problem. I think that the Secretary-General has to be very active but, for me, action must be preceded by some assurance that my moves will be both productive and positive. I have hesitated very much to go there because I wanted to go to South Africa on my own conditions, not on South African conditions.

AG: Are you now going on your own conditions? Is it your purpose to generate some life in the stalemate on Namibian independence?

PÉREZ DE CUELLAR: I am going on my own conditions in the sense that I am

going to South Africa with an open agenda, which for me was very important because I wasn't prepared to go to South Africa on the condition that the subject to be discussed was the linkage between Cuban troop withdrawal from Angola and the independence of Namibia. I cannot accept that as a precondition for Namibian independence. I have said it publicly and privately countless times. I will try to do whatever I can and if I obtain nothing then the Security Council will have a report which will prove that all avenues were explored and not a single stone was left unturned.

AG: I mentioned in the beginning the point you made about the UN peacekeeping operations. Is there any possibility that governments and member-states might agree that if a peacekeeping operation mounted with their unanimous support is 'overrun or brushed aside', they will resort to automatic imposition of sanctions and major powers will not exercise their veto power to block the imposition of sanctions?

PÉREZ DE CUELLAR: What you are saying is basically what I am hoping the Security Council will consider. Just to set up a peacekeeping operation and compose a peacekeeping force is so difficult because you have to have a certain balance of nationalities so that there is no opposition from any member of the Security Council, particularly any permanent member of the Security Council. We have to give our troops enough muscle especially if we cannot give them tanks and planes and cannons. We should give them the assurance that if they are brushed aside they will be protected, and appropriate action will be imposed. That is exactly what I would like.

AG: Do you think they are moving in that direction?

PÉREZ DE CUELLAR: It is very difficult to say. What might force them to move in that direction is the growing reluctance of member-countries to provide troops unless they have some guarantee that their troops will be protected. It is not the developing countries who ask for such a guarantee, it is the developed countries who insist on it. For instance the Netherlands and Norway are hesitant to continue providing troops to the United Nations Interim Force in the Lebanon (UNIFIL). The Netherlands have told me very frankly that they are prepared to extend their presence in Lebanon for three more months but not beyond. This is

something which might persuade the members to think in terms of making their peacekeeping operations more effective.

AG: There is the other problem that while it is the legitimate role of the United Nations to provide peacekeeping forces, on two occasions multinational forces were set up by the United States which was really tantamount to telling the United Nations that 'we don't trust you to handle difficult matters'. With that background it seems that the major powers might be unwilling to support UN peacekeeping operations.

PÉREZ DE CUELLAR: This takes us back to the problem of collective security; the system of collective security which was well foreseen in the UN Charter. When the founding fathers were thinking of a collective security system they were conscious of the difficulties of making any peacekeeping operation work without the collective security system. I think that if we were to go back to that system we would have enough assurance that any decision of the Security Council to maintain peace would be respected. It is in the Charter. Unfortunately, many member-countries have forgotten or are not complying with what they have signed and are committed to.

AG: I don't have to recite to you a list of all the crises in the world. I read about them, you deal with them. But I get the feeling that the UN is getting more and more isolated from world problems. Take Lebanon, which is already a *fait accompli*; the Iran-Iraq war drags on despite your report which you said was reasonably received by the two sides. There is no progress on Afghanistan and Mrs Thatcher is not likely to yield an inch on the Malvinas. You said, reflecting on all these situations, that we are perilously close to a new international anarchy. Do you think we are likely to go over the edge?

PÉREZ DE CUELLAR: Unfortunately I think there is no sign of any easing of a situation which is very close to anarchy. By anarchy, I mean that even when there is an international organisation which is supposed to put some order into international relations it is ignored. That is anarchy. In Lebanon we are facing an extremely dangerous problem. Some of the parties to the problem want to avoid any United Nations involvement. They want only the peacekeeping forces which help them in some way. Unfortunately, there is no

way for the United Nations, not even for the Security Council, to impose its involvement in a problem. It is not realistic for them, apart from the largely unutilised provisions of Chapter Seven of the Charter, to enforce their own resolutions. I maintain what I said in my report: the only way of finding a solution of the Middle East problem is through United Nations involvement. The Security Council is the appropriate forum to discuss the Middle East problem since all parties concerned would have their say. We could evolve new procedures, as I said to Mr Andropov when we discussed the Middle East in Moscow.

AG: What was his response?

PÉREZ DE CUELLAR: Well, he didn't react one way or another. He has reiterated his idea of an international conference to consider the Middle East problem. I told him that I thought an international conference would be very difficult to organise: the venue, the chairmanship, the participants, and the role of the United Nations would be extremely difficult to decide.

The Security Council offers a better forum where the presidency is not a problem, it is a rotating presidency. The Israelis have their say, the Palestinians are allowed to state their position, and every country who might wish to intervene will be able to do so. I think they can at the same time adapt their rules of procedure. Don't forget that they have provisional rules of procedure in the Security Council; they could thereafter decide to set up sub-committees in order to deal with different aspects of a problem, and the Council could function in open or closed meetings. They have enough flexibility to adapt their procedures to find a comprehensive solution of the problem. But the difficulty is that some of those concerned don't want to have the United Nations involved in the Middle East problem. They object to the United Nations presence.

AG: It has been suggested that we are using outdated concepts and techniques of diplomacy for the resolution of conflict. We employ nineteenth-century techniques to solve current problems. Take Lebanon, Afghanistan or Namibia. How can these problems be solved if the resistance groups are excluded from the talks, whether it is the PLO or the *mujahadin*?

PÉREZ DE CUELLAR: I think this is an important point. In the nineteenth century there were two or three international conferences such as

the Congress of Vienna (1814–15) and The Hague Congress. The twentieth century has seen the League of Nations and the United Nations. We now have a new form of diplomacy, which we call parliamentary diplomacy or multilateral diplomacy, but problems are still sometimes dealt with according to nineteenth- and eighteenth-century techniques favouring secrecy, and the bilateral approach. We are going back to old forms. The problem is not that we need new diplomatic methods because all existing methods have been tested. The problem is a lack of political will.

Take the discussions in the United Nations Security Council, where the major powers and others address international problems. Too often they do not put aside their narrow national interests, nor do they think adequately in terms of global interests. That is why I say the approach to international problems is not realistic. We have to put an end to this. They must be made to deal with problems in the context of world peace and not in the context only of their own interests. They must honour the Charter of the United Nations which offers a new, philosophical and moral approach to global problems. The aim of the Charter was to create an equitable international order, and this can only be achieved by putting aside narrow national interests. I understand that sometimes the major powers have immediate legitimate interests to protect. I don't say they should forget these interests. But what I think they must forget is any possible aspiration to global domination.

AG: These are problems of vision and statesmanship. I was talking mainly of techniques. For example, the most favoured technique of the United States administration has been to negotiate from strength. Put the adversary under high pressure and frighten him into submission. Now that technique, I suggest, is outmoded and counter-productive.

PÉREZ DE CUELLAR: The expression may be somewhat old fashioned, but it is a matter of international morality. The philosophy of the Charter of the United Nations is perfect. We could change articles but I don't think we need to change the spirit of the Charter, which means a kind of religion for the international community. The Charter contains principles which should be adhered to by all countries and every

transgression of the rules should be treated as immorality. It is the moral approach to all international problems that we need.

AG: Might I relate this to a current problem—the convulsion in Central America? I recently asked Clark Clifford, who was Defense Secretary in the Johnson Administration, whether the situation into which America is being drawn in Central America was in any way similar to the one in Vietnam. His answer was that perhaps the American perception of the Communist threat in the two regions was similar. He added that it was not the reality of the threat but its perception which was important. The perception might be quite wrong, and he admitted that the US perception of the Communist threat in South East Asia was wrong. Would you say that the situation in Central America is deteriorating because the Americans are responding to their own perception of the Communist threat in the region? The Nicaraguans say that they are trying to protect their revolution, the Americans say that they are trying to protect their dominoes. So apart from techniques, it is perception which determines national policies. Do you think that the situation in Central America presents a grave threat to the US, that it has to put up a great show of force to deal with it?

PÉREZ DE CUELLAR: I belong to that area and I must say that the problem in Central and South America, from Mexico to Chile, is more or less the same. It is social and economic injustice and inequitable distribution of wealth and this is at the root of all the difficulties in Guatemala, in Chile, in Ecuador or in Peru and El Salvador, to name but a few at random. The problem has never been addressed, although we have been independent for 150 years, and it is our fault that this is so. The remnants of this social injustice, are still there and that is why we have revolutions. I have great respect for all the efforts made by different Latin American countries to solve their internal problems. There are leftist governments and rightist governments. They can deal with their problems in their own way, but they should not try to export their revolutions or their philosophies. I think the problem we are facing in Central America is that two ideological opposites try to export their approach to problems. If you have the leftist approach in Nicaragua, it must be respected provided the Nicaraguans don't want to

export their approach to the Salvadorians or to the Hondurans. Likewise for the Hondurans who have another approach, which they should not try to impose on the others. First of all this affects international security in the area; second, your own revolution, either rightist or leftist (I don't take sides) is put in jeopardy because it creates a situation of military confrontation. I think one cannot live in harmony in an area as complicated as Central America without mutual respect.

The Nicaraguans have to respect the Hondurans and the Hondurans have to respect the Nicaraguans. If their revolution doesn't succeed, well it is for the Nicaraguans to solve their problems, and if the Honduran or the Salvadoran efforts do not succeed that is their problem. As a Latin American, I hate the idea of interference, and if I don't like interference by Latin Americans in each other's problems I dislike still more interference by powers external to the area, whether American or Soviet or even Cuban. If you want to redecorate your house it is not for your neighbour to tell you to redecorate your house in the style he prefers. We have to work on that basis if we are to maintain some stability in Latin America, especially in Central America. Of course, you could say that I am being a true diplomat by avoiding taking sides, but I think that it is important that countries respect each other's internal affairs and that external forces should not intervene in the solution of the problems of the Latin American area. These two things combined could, I believe, help to solve the problem.

AG: Last time you were asked about the situation in Nicaragua you said that you heard different bells. Are the bells still ringing discordantly or do you find some harmony?

PÉREZ DE CUELLAR: At this moment I think that things are more or less quiet. I always believed that the Contadora Group was the best approach for the solution of the problem because these countries know the problems of the area, they know the socioeconomic aspects of the problem. We have to give them a chance, we must be patient, because it is not an easy task. We must not try to solve the problem on the basis of political ideologies. We should approach these problems with an open mind without inserting ideological elements which only serve to complicate things.

AG: Another doctrine—of spheres of influence—has resurfaced in relationship to Chad. President Reagan

announced that the French must assume responsibility because Chad was within the French sphere of influence. What was even more upsetting for people in the Third World was that a former colonial power was regarded as some kind of a natural power which should intervene in the crisis rather than the United Nations. How do you react to this reassertion of the sphere of influence doctrine?

PÉREZ DE CUELLAR: If I were to accept either of the expressions 'superpowers' or 'sphere of influence', I had better go home. We cannot accept the concept of superpowers and spheres of influence in the United Nations. Don't forget that the concept of superpowers in some way contains within it the idea of spheres of influence. I think this is something we, the people of the United Nations, should discard completely from our language. You will rarely hear me saying 'superpowers', I prefer to call them major groups of powers or major powers. I hate the idea of superpowers because that is a most negative element, and is exactly the kind of concept that makes things difficult. It is this division, this partition of the world into two kinds of worlds which makes the solution of problems so difficult. I thought that we had forgotten about spheres of influence in the beginning of the century, before World War I. I think it was probably a lapse of language when this expression was used in connection with Chad. If I accept the notion of spheres of influence, then I must accept that Afghanistan is in the sphere of influence of the Soviet Union and that Central America is in the sphere of influence of the United States. And then we are indeed lost.

AG: I don't think it was a question of *lapsus linguae*, a lapse of language. It was a statement of the US position at the highest level.

PÉREZ DE CUELLAR: I don't know if that was the case. But I cannot accept that position. Why not say Chad is within the sphere of influence of Libya? Libya could claim, as an important African country, that it must have Chad within its sphere of influence. Why should it be within the French sphere? France is far away, and it is a former colonial power. I would like to think that it was really a lapse of language. I repeat very emphatically, we cannot accept either the existence of superpowers or the idea of spheres of

influence, otherwise this organisation has no justification to exist.

AG: Do you see any progress in the talks on Afghanistan toward the withdrawal of Soviet troops and the creation of conditions which would end the guerrilla war and allow the repatriation of the four-and-a-half million Afghan refugees in Pakistan and Iran?

PÉREZ DE CUELLAR: On Afghanistan I think we have to be very patient. It is not an easy problem. I think we are moving in the right direction, we are working on the basis of a comprehensive draft agreement and we are trying to fill up the framework that we have set up. That needs patience. This problem is set in this terrible context of East-West rivalry which doesn't help. I really hope very much that I can do something. The only thing that I can tell you is that both parties, Pakistan and Afghanistan, are interested in the United Nations resolving this problem. That is enough for me to continue my efforts because if I find a country—for instance, Pakistan—coming to us and saying 'please proceed' and then Afghanistan says the same, then we keep up our efforts. If those two countries trust the United Nations, how can I tell them that I have had enough of their difficulties. No, on the contrary, I have to encourage countries which really trust the United Nations and want the United Nations to help them solve their problems.

AG: I have a question which I ask with great hesitation but with the greatest of respect. I find that there is, among people from the Third World, a slight sense of grievance and disappointment at some of the observations which you have made recently: first, according to you, the present economic crisis is directly the result of energy prices; secondly, you blame the Third World for not putting its house in order and do not seem to share the view that the difficulties of the Third World are primarily due to their being trapped in an unjust international economic order; thirdly, you do not even support the UNESCO programme for the establishment of a New International Information Order; and finally, you even think that UNCTAD VI made some positive contribution, a view shared only by Gamani Corea.

PÉREZ DE CUELLAR: Unfortunately, these are all either misquotations or incomplete quotations. You quote me as saying that I put the blame on Third World countries. Don't forget that I

am Peruvian, I am not from the industrialised world, and I said that one of the elements, one of the prerequisites for solving the problems of developing countries is that the Third World should put its own house in order. I think also that immediate measures are necessary to solve the problem of the developing countries, related mainly to their balance of payments and the protectionist barriers they face. There are so many measures to be taken to help the developing countries that I think it is entirely wrong merely to assert that the economic recovery in the US and some other developed countries will immediately extend its benefits to the Third World countries. On the contrary, I think that the benefit from the American recovery will be very slow.

Secondly, I cannot agree with what you said about UNESCO. The only thing I oppose is if the New International Information Order is used to control information. What I cannot accept is an arrangement which leads to the censorship of the press. It is probably some Western journalist who emphasised the part about putting our house in order which created some misunderstanding. In fact, I listed a number of measures which must be taken. If I want to get the assistance of developed countries I have to prove to them that I am reliable, which is the least that can be expected. I have said many times publicly and privately that the common denominator of the North-South relationship, is the concept of interdependence. This, I think, is the key word which we must keep in mind. The developed countries are merely distributing assistance to the developing countries by contributing to the development of the developing countries. There is mutual benefit. Before I became Secretary-General I had a disagreement in Lima in a symposium with Milton Friedman because he became incensed when I referred to interdependence.

As for UNCTAD VI, I saw it as the beginning of a dialogue. I don't say that UNCTAD VI was either a great success or a failure. What was achieved in UNCTAD VI was not very much but it was an element in the dialogue between the North and South which needs to be continued in the next General Assembly.

**BARRY MUNSLOW AND PHIL
O'KEEFE**

Energy and the Southern African Regional Confrontation

Southern Africa is a region marked by rapidly escalating crisis and confrontation and increasingly this is centring on the energy issue. This should not perhaps come as a surprise, given the central role that energy production and transmission plays in economic life; however, thus far, it has received very little attention. Energy is the lifeblood of any economic system. It is the power to do work. Cut off or restrict the flow of energy, and development, even survival, is threatened. Interruptions in power supply can bring to a halt industrial and mechanised agricultural production with devastating results on development efforts. Essentially, the region faces a threefold energy crisis. The first and most immediate threat is posed by South Africa, as directly and indirectly it is attacking the energy arteries of the Frontline States (FLS), taking an offensive strategy in its own struggle for survival and thereby threatening the survival of others. Secondly, as the world recession bites deeper into the countries of the global periphery, the cost of commercial energy imports and modern infrastructure becomes an intolerable burden for the FLS. And, finally, for the peasant families who comprise over 80 per cent of the region's inhabitants, many face diminishing supplies of firewood—the people's fuel.

A key focus in the regional confrontation has been the attempt by the nine member-states of the Southern Africa Development Co-ordination Conference (SADCC): Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, to increase self-reliant development through regional co-operation.¹ SADCC was formed in 1980 with the aim of lessening the member-states' global dependence in general and that on South Africa in particular. Historically, a regional economic sub-system had emerged in Southern Africa, with the South African economy dominating the surrounding states.² The ties of dependency are clearly apparent in the fields of transport, migrant labour, the customs and currency union (for Botswana,

¹ For the general background to SADCC see A J Nsekela (ed), *Southern Africa: toward economic liberation*, London: Rex Collings, 1981; A Kgarebe (ed), *SADCC 2—Maputo*, London: SADCC Liaison Committee, 1981; R Leys and A Tostenson, 'Regional Co-operation in Southern African Development Co-ordination Conference', in *Review of African Political Economy* (23) 1982.

² See B Munslow, *Mozambique: the revolution and its origins*, London: Longman, 1983, chapter 3, for a discussion of this theme.

Lesotho and Swaziland) energy and trade.³ The extent of dependence varies from country to country, with only Angola and Tanzania being relatively immune. The collapse, first of the Portuguese empire and then of the Rhodesian settler state, has meant that South Africa no longer has any buffer states remaining, and its back is truly up against the wall. In such a situation, Pretoria has produced a 'Total Strategy' policy for survival. This involves the use of both the carrot and the stick, with attempts to bribe member-states away from SADCC, as in the case of the Swaziland land deal, and punitive measures being taken against those states seen to oppose most directly South Africa's interests. The first part of the article outlines these punitive measures in careful detail. We then go on to examine the vulnerability of the energy lifelines of the South African economy, which have no less been the subject of attacks. SADCC has already made significant advances in its own energy programme, noticeably with the regional energy seminar it held in Harare at the end of 1982. The second half of the article discusses both commercial and non-commercial energy consumption and supply in SADCC. It goes on to assess the energy prospects to the end of the century.

The Frontline States

Angola's economy relies heavily on its petroleum production which accounted for 72 per cent of export income in 1979 and about 78 per cent in 1981.⁴ This predominant role is, in no small part, the result of economic disruptions created by the second war of liberation in 1975-6 and the subsequent destabilisation which has meant that agricultural and industrial production is less than half that of 1973. However, petroleum output has declined significantly from its peak of 8,604 million tons in 1977, down to 6,420 million tons in 1981. At present the country has only one refinery on the outskirts of Luanda. It has an installed capacity of 1.5 million tons but actual production had only reached 1.18 million tons by 1981 of which half is exported.

Given the key role of petroleum in the economy, a serious blow occurred with a South African-backed commando raid on the Luanda refinery in November 1981, when storage tanks were destroyed. This was the most serious of four attacks on major energy installations carried out within the country. The others were an attack earlier that year on petroleum storage tanks at the port of Lobito. This supply satisfies the needs of the relatively densely populated areas of the High Plateau in the interior, which has historically been the focus for the most intensive UNITA (National Union for the Total Independence of Angola) activity. UNITA is the most extensively backed of all South Africa's client groups used to destabilise the neighbouring states. The

³ A Tostenson, *Dependence and Collective Self-Reliance in Southern Africa*, Research Report No. 62, Uppsala: Scandinavian Institute of African Studies, 1982.

⁴ Statistics on Angola are taken from M Bhagavan, 'Angola', in P O'Keefe and B Munslow (eds), *Energy and Development in Southern Africa*, forthcoming.

attack on Lobito was intended to be a blow to the successful counter-offensive launched by the MPLA (Popular Movement for the Liberation of Angola) government against the rebel bands. A third attack occurred, in 1983, at Lomaum in Benguela province, where both the hydroelectric station and the dam were destroyed. This was rapidly followed by an attack at the Alto-Catumbela sub-station where a large number of Czechoslovakian workers were captured. As an interesting aside, it is a significant reflection on UNITA policies and its attempts to curry favour in the West, that it offered first to exchange the hostages for the seven British mercenaries held since Angola's second war of liberation (against foreign invasion forces in 1975-6), soon followed by an offer to exchange them for Soviet prisoners captured by Afghan rebels.

In addition, the hydroelectric station at Rucana, on the Cunene river along the Namibian border, is still not delivering any power to Angola because of the South African occupation of Namibia—the generating station is on the Namibian side of the border. Only with the independence of Namibia is the return of a secure supply ensured. Meanwhile, Angola is obliged to 'freely' export power to the multinationals in Namibia. One of the most serious effects of the war in Angola is the need to spend oil revenues on the military effort instead of on development projects to revive the country's shattered economy. Bringing a halt to the war in the south is therefore a pressing concern.

Mozambique has been no less affected than Angola, with the sabotage of its two most vital energy installations. In December 1982, the petroleum refinery at Beira was badly damaged in a commando raid. This followed earlier acts of sabotage on the Beira-Mutare oil pipeline. Not only did this affect Mozambique's energy needs, it also created a severe fuel crisis in Zimbabwe. Transport and production were disrupted in both countries and this inevitably had implications for foreign exchange earnings. Attacks on the railway have also affected Malawi's fuel supply and its import and export trade, with about two-thirds of the railed traffic using the Mozambican port of Beira.

A far more tangled problem concerned Cabora Bassa. Built as a colonial project to sell power to South Africa and to impede the progress of the national liberation struggle, it involved the creation of a huge dam and lake meant to contain Frelimo (Front for the Liberation of Mozambique) in the north of Tete province. At the time of Mozambique's independence in June 1975, an agreement was reached that Portugal would retain responsibility for the debt until South Africa's imports had paid this off. At such time, the project would revert back to Mozambican ownership. This accord has been seriously threatened as the South African-backed MNR (National Resistance Movement) has continually blown up the transmission lines. On five occasions these were repaired, only to be destroyed again a few days later. A number of consequences followed. First, under the existing arrangement, a small part of the power was reimported to meet the needs of the south of Mozambique,

having been converted from direct current to alternating current on the South African side. The government paid for this power in local currency to the Cabora Bassa Hydroelectric Company. With the constant disruption over the past two years, Mozambique has been obliged to pay South Africa half a million dollars per month in scarce foreign currency to import ESCOM (Electricity Supply Commission) electricity and the price is rising by 30 per cent a year.

Of more far-reaching concern is the likely position to be adopted by Portugal. As the supply of electricity is interrupted, South Africa has stopped its payments. Portugal's debt is not being reduced, but is continually increasing. Portugal is also responsible for paying the 1,200 workers on the site and the maintenance costs. The 200 expatriate workers alone account for several million dollars per year. Faced with such a drain, Portugal may decide to end its commitment and hand the project over to Mozambique.

Much uncertainty surrounds the scheme as the South Africans have failed to issue a statement of their intentions. It is not clear whether South Africa wishes to resume supplies, which their control of the MNR permits, or whether it suits their current interests to leave the future uncertain whilst keeping up the economic and military pressure, both to weaken the economy and to try and oblige the Mozambican government to suspend all African National Congress (ANC) activities in its territory. Given the record to date, and the huge push towards achieving energy self-sufficiency in South Africa through its massive construction programme of dry-cooled thermal power stations running on coal resources, its nuclear power station and its SASOL (South African Coal, Oil and Gas Corporation) coal to oil conversion plants, it seems likely that South Africa is no longer interested in purchasing power from Mozambique.

The Frelimo government then has to face the prospect of writing off its major customer and finding alternative markets for a massive 2,000 MW of power. If Mozambique wished to use power from Cabora Bassa for the south of the country, it would have to construct a second line and build a converter at the dam. This would imply a heavy investment cost. The project would take seven to eight years to complete and, by the time it came into operation, the situation *vis-à-vis* South Africa may have changed and the cheaper power from the existing direct current line could again be utilised in the south. The government is already constructing a centre-north powerline to use Cabora Bassa power to electrify the northern half of the country. But this project was temporarily halted after an Italian engineer was kidnapped in Zambezia Province in April 1983.⁵

Lesotho has also been a target for similar kinds of attack. One of the country's three main petrol storage depots containing 60,500 gallons of fuel was completely destroyed on 13 February 1983, and the government said

⁵ *The Guardian* (London), 29 June 1983.

officially that it held South Africa 'wholly responsible' for the sabotage.⁶ Following the attack on the Beira oil depot and the pipeline at the end of 1982, Zimbabwe faced a serious fuel crisis threatening its economy. The South African government tried to use this situation to force Zimbabwe to sign an official three-year contract for petrol and diesel fuel. Prime Minister Mugabe successfully resisted the pressure, but at some cost. Attacks on energy supplies in Mozambique were clearly also aimed at exposing the vulnerability of Zimbabwe and were all part of a strategy to destroy SADCC efforts and increase dependence on South Africa.

South Africa

But energy vulnerability is a two-way street, and South Africa's own economy has proved extremely open to similar kinds of military actions, carried out by the African National Congress. In the three and a half year period from the beginning of 1980, at least fifty bombing attacks have been reported in the South African press and many more must have gone unreported.⁷ Of these, more than a dozen have been directed against energy targets. On 1 June 1980, a series of blasts at Sasolburg destroyed eight fuel tanks, five at the SASOL plant itself and three at the neighbouring Natref refinery. The following day, three bombs were discovered at the Springs HQ of Fluor, the consortium building the new SASOL complexes. In April of the following year, a bomb blast derailed coal trucks on the important Richards Bay-Vryheid line. Later in the same month, an electrical sub-station in Durham was blown up with limpet mines and, in May, power lines were cut in Vrede in the Orange Free State. Then, in July 1981, a limpet mine was defused at a huge fuel storage depot in Alberton, followed by a more successful three-pronged attack on Transvaal ESCOM installations. On 21 October, blasts wrecked a transformer in Evander and this was followed by attempts to blow up the SASOL 3 water pipeline at nearby Secunda. The following month four limpet mines exploded at the Rosslyn power sub-station in Pretoria. In December another sub-station in Pretoria was bombed. On 28 May 1982, limpet mines damaged a fuel depot and ESCOM transformer in the Eastern Transvaal. Exactly one month later, a bomb shattered the Durban-Witwatersrand oil pipeline in Scheepersneck. Then, in November, a Mobil fuel storage deposit was severely damaged at the small Zululand town of Mkuze.

A spectacularly successful action was carried out, on 18-19 December 1982, when four major explosions rocked the Koeberg nuclear power station. This led to white protests about the safety of the plant and gave a push to the anti-nuclear fears in general. Given that the Cape Province lacks coal, South Africa has been developing a nuclear power programme to meet its energy

⁶ *Sunday Times* (London), 15 February 1983.

⁷ The following information on attacks within South Africa, is taken from the South African press, as reported in *ANC Weekly News Briefings* 7(22) May 1983.

needs, rather than risk the strategic vulnerability to guerrilla attack implied by having long transmission lines from coal-fired stations in the Transvaal. Currently the government is thinking of constructing a further nuclear power station in the Cape but it remains to be seen in the light of the Koeberg attack whether they will press ahead.⁸ It also remains unclear whether a fire at the top secret nuclear research centre of Pelindaba in February 1983 was the result of sabotage.⁹ But this, plus the plan to establish a new nuclear research centre in the Riversdale district of the southern Cape coast, can only increase both public fears and strategic vulnerability.¹⁰

South Africa publicly underplays its energy shortage. When the coal-oil conversion plant, SASOL 3, is completed in 1984, it is sometimes claimed that there will be no need for imports. But this is not the case, as the three SASOL plants together will supply, at most, only 47 per cent of requirements.¹¹ According to a recent energy survey, even to attain a liquid fuel self-sufficiency level of about 70 per cent by 1995 would require three more SASOL plants, and a further one every three years thereafter.¹² The country remains highly vulnerable to an effective, total, international petroleum boycott and the cost of producing a barrel of oil from coal is many times the current market price. Through the Strategic Fuel Fund Association, at least 18 months of crude oil supplies have been amassed against such an eventuality, although, clearly, such supplies are themselves open to attack. According to a recent study carried out by a Dutch consultancy group, in spite of all the measures taken to reduce dependency on imported oil, South Africa still needs to import 15 million tonnes of crude per annum.¹³ Even more astounding is their calculation that the total cost of circumventing the existing voluntary oil embargo is 2,100 million dollars a year.

Some measure of the seriousness with which South Africa views the energy situation can be deduced from its recent rationalisation of energy policy, with the establishment of a separate coordinating Department of Energy within the overall Department of Mineral and Energy Affairs. Its Director-General, Sarel du Plessis, has said: 'The energy policy of the State is directed towards attaining the highest degree of energy self-sufficiency for the country within a framework of balanced strategic and economic priorities'.¹⁴ Coal provides the foundation of the country's energy policy. ESCOM is the largest supplier of electricity in the country and, through SASOL, it is also indirectly involved in the

⁸ *Rand Daily Mail* (Johannesburg), 15 February 1983.

⁹ *The Times* (London), 25 February 1983.

¹⁰ *The Times* (London), 23 June 1983.

¹¹ J Barber, J Blumenfeld, and C R Hill, *The West and South Africa*, London: Routledge and Kegan Paul, 1982, p 55.

¹² *Financial Mail* (Johannesburg), 5 March 1982. This energy survey provides most of the data in the following section, unless otherwise stated.

¹³ *The Financial Gazette* (Johannesburg), 10 June 1983.

¹⁴ *Financial Mail* (Johannesburg), 5 March 1982.

production of synthetic liquid fuels. It is estimated that these two bodies will account for 80 per cent of the total local consumption of coal by 1985. The official figures for South Africa's coal reserves are 110,000 million tonnes. So great are the deposits that the coal export ceiling has been increased from 48 to 80 million tonnes per year for the next thirty years. This would accumulatively total less than 5 per cent of currently exploitable reserves. Current domestic demand for coal is the same as the export ceiling. By 1990, coal will account for 57 per cent of non-gold exports. However, a massive export colliery being developed by the Exxon Corporation in Colombia will be producing 15 million tons of cheaper coal annually by then and hence threaten South African exports.¹⁵

ESCOM is the second largest enterprise in South Africa after South African Transport Services. It is possibly the fastest growing utility in the world and ranks about sixth largest overall. It is by far the largest purchaser of power generating equipment in the West, accounting for about 40 per cent of total Western exports. ESCOM has been growing at 8.8 per cent a year and electricity's share of total energy supply is constantly growing. South African railways are converting from diesel to electricity; domestically, electric stoves are replacing wood burners and, at the Sishen mine, diesel vehicles are being replaced by electrically-powered vehicles. Household demand is being stimulated because there is no competitive source of power and the national grid is continually being extended to new areas. Electricity's share of the total energy budget will grow from 22 to 40 per cent by the end of the century. The capital costs are enormous and, over the next decade, ESCOM will have to find 12,000 million rand for investment purposes.

Such a heavy dependence on electricity cuts down on fuel import bills but increases internal vulnerability. The halting of the Cabora Bassa supply meant that about 8 per cent of ESCOM's generating capacity was not available, hence a backlog of maintenance work built up. As a result of the 1976 Soweto uprising and its aftermath, there was a capital shortage in the energy sector which, given the long investment lead times, means that until the middle of the 1980s there will be a restricted supply capacity. Two huge power stations at Matla and Duvha are currently under construction, each of 3,600 MW, in addition to the Koeberg nuclear plant (1,840 MW) and Drakensberg pumped storage scheme (1,000 MW). The first two are already operating and four other stations of similar capacity are planned at Tutuka, Lethabo, Matimba and Khutala. A single large power station like Matla uses as much water as the city of Johannesburg, in a country where water shortage is a severe constraint. Hence future stations will be dry-cooled: twelve more are soon expected to be on order. This is not the easy solution that it appears, however. They are less

¹⁵ *Rand Daily Mail* (Johannesburg), 24 February 1983.

efficient and, therefore, more expensive and still require considerable amounts of water.

Currently being discussed is a scheme to use Lesotho's water resources to help alleviate the problem. This poverty-stricken country has decided to capitalise on the only national resource that it has in abundance—water. It is undertaking to sell millions of cubic metres of water to South Africa which, by the mid-1990s, will be suffering severe shortages. This project, the Lesotho Highlands Water Scheme, will entirely transform the Kingdom. The southward flow of Lesotho's Malibamatso and Siqu rivers, which are tributaries of the Orange River, will be diverted north into the Vaal River system. The current scheme envisages five dams, three power stations, one pumping station, 120 kilometres of tunnels and 220 kilometres of road. Some 11,000 hectares will be flooded including 2,000 hectares of cultivated land. This is the production of nature on a scale unequalled in African history and ironically is being proposed for one of the smallest countries.

The project was originally costed at US \$1.3 billion, but the talk among consultant engineers is that there will be little change from US \$2 billion. To make the figures more realistic, this means the project will cost around US \$1,500 per person in a country where per capita GNP is US \$350 a year!

The Lesotho and South African governments completed the basic agreement in 1981 and from that time the political problems began to emerge. Firstly, consultants advised the Lesotho government to isolate the project from the rest of the economy by establishing an independent company along the lines of the Tennessee Valley Authority. Without such a device, one dry year could shatter the fragile economy. Secondly, the EEC (European Economic Community) donor support for the feasibility study, some US \$5 million, has been forthcoming, but tied to that aid is a condition that no joint financing will be undertaken with South Africa. Consequently, the Lesotho government has to juggle the management of the EEC funds with the parallel South African funding which only comes so long as the South Africans have full participation in every phase of its development. Thirdly, the financing for the project itself is a severe headache. No bilateral agency could finance such a massive scheme, but the SADCC platform might provide a basis for a consortium led by the World Bank. To this end, the Lesotho delegation to the SADCC ministerial meeting in 1983 sought other states' support for the Highlands Water Scheme.

The request fell upon sympathetic ears. But sympathy was insufficient. Delegates were wary of supporting such a huge investment project that could adversely affect the flow of funds to other regional projects. Additionally, it seemed strange, given the level of South Africa's destabilisation efforts, including the Maseru massacre in December 1982 of South African refugees and Lesotho citizens, that a member-country would wish to increase its dependency on South Africa. Water provision will bolster South Africa's agricultural and industrial development and even allow for small-scale

electricity production. Despite appeals from the Lesotho delegation that the project was a central pivot of economic development, other SADCC member states managed to neither condemn nor condone the project. Perhaps they could envisage the inevitable news headline 'SADCC to fund South Africa'.

Lesotho is trapped on the horns of a dilemma. Despite the 'state of war' declared with South Africa following the Maseru raid, the country's Foreign Affairs Minister still met with his South African counterpart at the end of April to discuss the scheme. The worst drought of the century currently being experienced in South Africa can only speed up future negotiations. The prospects of continuing poverty or doing a deal with the devil is an unenviable position for any country to be in.

If water remains one of South Africa's serious energy problems, there is no doubt that a greater threat is the vulnerability of power stations and transmission lines to guerrilla attack and this appears to be the major weakness in South Africa's energy programme.

For South Africa, energy represents not only a vulnerability but also a strength. Its huge coal and uranium deposits are being used to try to increase Western support for the *apartheid* regime. Denmark, for example, has built into its development plans a dependence on South African coal. However, a fall in the worldwide demand for nuclear fuels has affected this policy to elicit Western dependence. A further lever used by Pretoria is its claim that South Africa provides a defence for the Cape sea lanes which most of the West's oil tankers use. Until 1967, however, tankers did not use the Cape route. Furthermore, any interference in oil supplies would immediately push the world to the brink of war. It is, therefore, difficult for the South Africans to validate their claim.

As we have demonstrated with the foregoing evidence, energy installations have become key targets for military and economic actions in the escalating regional confrontation. This is likely to continue in the future and adds enormously to the burden of energy and development planning for all the parties involved. We have given some indication of the overall energy situation within South Africa itself, but now we will turn our attention to the nine countries of the SADCC. A recent energy study carried out for the nine governments provides a clearer picture of both the current energy balance and the likely development to the year 2000.¹⁶ It is to these issues that we can now turn, but space does not permit us to provide here all of the detailed statistical back-up data and the interested reader is referred to the larger study.

SADCC Commercial and Non-Commercial Energy Consumption and Supply

Energy supply and consumption are high priority issues for SADCC and much progress has recently been made in this sphere of regional co-operation.

¹⁶ P O'Keefe and B Munslow (eds), *SADCC: Energy and Development to the Year 2000*, forthcoming. The data in the following section are taken from this study.

National and regional responses to changing conditions in global energy markets have important implications for the restructuring of Southern Africa. Adjustments to current energy prices include both policies of accelerated exploitation and the development of other conventional fuels, with significant implications for self-sufficiency and the development of the regional economy.

If we examine the aggregate picture, we find that the SADCC countries had a total population in 1980 of 57.5 million and an average GNP of some US \$380 per capita. Of course, discussion of any statistics on a SADCC-wide basis masks striking variations between member-countries. For example, the population spread ranges from 0.56 million for Swaziland to 17.93 million for Tanzania. Similarly, GNP per capita varies from US \$230 to US \$910 per capita for Malawi and Botswana respectively. It is useful, however, to consider the regional aggregate for a number of reasons. SADCC energy policy, coordinated by the People's Republic of Angola, is focused at the regional level. Large capital and recurrent costs associated with energy supply and consumption indicate the opportunity for economies of scale on a regional basis. The varied resource endowment and the varying end-use demand, suggest that better energy-consumption matches will be obtainable on a regional scale. Finally, only by accumulating energy demand at a regional level, encouraging the expansion of a SADCC energy market, will it be possible to break the stranglehold of South Africa.

Current Consumption and Demand Forecast

The total final consumption (1980), excluding energy conversion and transmission losses, was 1,456 petajoules or 25GJ per capita (1 Giga-Joule = 10^9 J = 0.22 tons oil equivalent). Of this total, 306 petajoules (21 per cent) is consumed as 'commercial fuels', primarily electricity, coal and petroleum used in the modern sector. Fully 79 per cent of final consumption is derived from traditional fuels. These traditional fuels are largely based on biomass in the form of fuelwood, charcoal, crop and animal wastes. It is not surprising that per capita consumption of commercial fuel is relatively small; it parallels data of SADCC economic performance. What is striking is the predominance of traditional fuels, even in the comparatively developed context of Zimbabwe.

More than half of SADCC energy consumption is in the rural households, primarily in the form of fuelwood. One quarter of energy demand services the industrial sector—largely commercial fuel. The remaining requirements are urban households (4 per cent), agriculture (6 per cent), commercial/institutional (4 per cent) and transport (6 per cent). Although transport is relatively small, in terms of energy accounting, it almost entirely depends on petroleum products. With the exception of railway electrification, it is unlikely that significant fuel substitution will occur in the transport sector. Consequently, continuing balance of payment problems are to be expected. In the case of

Tanzania, oil imports account for 30 per cent of export earnings, and for Mozambique, 40 per cent of export earnings.

Commercial fuel as a percentage of total consumption averages 21 per cent for SADCC. This average again masks significant variations. Malawi, Mozambique and Tanzania have between 6–10 per cent, while Botswana, Swaziland, Zambia and Zimbabwe have over 40 per cent. Annual per capita electricity consumption varies with four countries by an order of magnitude in the 500–1,000 KWH range (Botswana, Swaziland, Zambia and Zimbabwe) and the others less than 100 KWH. Similarly, wide variation in the pattern of coal and oil demand is experienced. Over the region as a whole, Zimbabwe accounts for almost 40 per cent of commercial fuel consumption and Mozambique and Tanzania together account for more than 55 per cent of the total demand for traditional fuel. Rapid urbanisation suggests that growth in commercial fuel requirements will exceed growth in traditional fuel requirements. Where charcoal is utilised in urban areas, that is in countries mainly north of the Zambesi, wood consumption will increase, since, on a volume basis, there is an 8:1 conversion ratio for wood to charcoal.

The SADCC-wide growth rate for total demand, commercial fuel demand and traditional demand are estimated to be 3 per cent, 4 per cent, and 2.6 per cent per year respectively, reflecting underlying assumptions on economic and population growth, urbanisation and development. The play of these factors in each individual country along with variations in the sectoral and fuel mix structure of demand, will differently effect the growth rates for SADCC member states.

Within the commercial fuel category, electricity consumption will grow the fastest at 4.7 per cent per year, due in part to assumed increases in electrification hookups for households. Coal usage will increase more rapidly than petroleum (4 per cent per year against 3.7 per cent per year), due to projected coal switching in boilers for coal rich countries. Absolute levels of biomass demand for traditional fuels will show a significant increase.

The Implications of the Demand Forecast

Base year consumption accounts and end-use demand forecasting provides interesting insights into the material basis of SADCC development opportunities. Firstly, for the majority of the rural and urban population, biomass will provide most of their fuel requirements. Significantly, the most important end-use is household cooking which accounts for up to 80 per cent of household energy use. The procurement and management of these biomass energy resources are predominantly female activities. Already there is stress on female labour budgets given the wide ranging tasks required of them, e.g. household and farming work, marketing, water collection, child care, etc. As demand for biomass increases, the resource will become more scarce, requiring women and children to seek further afield, thus increasing labour budgets. By the year

2000, biomass will still be the predominant energy source in the SADCC region. Such continued demand will, of course, contribute to increasing environmental degradation, especially where 'whole tree' removal takes place for charcoal production. Charcoal production combined with the opening of lands for agriculture, are necessary to sustain peasant production, but, without careful planning, increased environmental degradation will cause a decrease in food production. In order to combat this tendency and to ensure adequate energy supplies, it will be necessary to begin reforestation efforts, develop conservation strategies focused on stoves and pyrolytic conversion processes and increase substitute technologies (e.g. food processing), to ameliorate energy demand. Biomass, however, will still remain the people's fuel.

Secondly the commercial energy demand will expand. Electricity will grow most rapidly, but the primary utilisation will be in industry and commercial activities. Even if extensive rural electrification were to occur, it would make little impact on overall demand, as most people could only afford electricity for lighting, a lower power off-take. Oil will continue to dominate in transport, lighting (in the form of kerosene) for remote areas and peak load or isolated generation requirements. Coal will rapidly develop and parallel hydro resources for base generation and industrial processes.

Quite simply, the future mix of energy requirement across the SADCC region will not be significantly altered by 2000. What is important, however, is to realise that end-use consumption analysis and demand projections give a range of programmatic alternatives that differ markedly from conventional supply projections. After considering energy supply options, demand and supply projections will be taken together to outline the marked differences.

Energy Supply

In this section, energy resources will be considered on a regional basis, since the main thrust of SADCC energy initiatives is to advance regional self-reliance and self-sufficiency. The commercial energy resources (oil, coal and electricity) are analysed in detail. Before, however, beginning the analysis, it is worth stressing that currently, planned energy development is likely to be more than adequate if co-ordinated exchange between supply and demand centres is achieved; and if spatial, financial, legal and institutional barriers are overcome, development can proceed more rapidly.

The SADCC region already has an extensive trade in energy resources, however intraregional flows are minimal. Oil flows out from the west coast to the United States and into the east coast from the Middle East. Electricity imports, except for Zambia-Zimbabwe arrangements on the Kariba complex, are through South Africa and coal trade is dominated by extra regional exports. Current energy transport infrastructure is weak and, given the existing conflict situation, increasingly vulnerable to disruption.

Angola is the only SADCC member country that currently produces crude

oil. There are preliminary indications of possible oil deposits in other SADCC countries but, at the present moment, only commercial quantities of natural gas have been discovered. Angola's crude production (currently 6.8 million tonnes per year) is three times the crude imports of the rest of SADCC. Even after accounting for Angola's own use, available Angolan crude oil is 2.5 times regional imports. The total foreign exchange cost for the importing SADCC countries was some US \$500 million in 1980.

SADCC's refinery output (3.26 million tonnes per year) was 86 per cent of requirements. However, one third of this output was exported so that an additional 42 per cent was imported with attendant foreign exchange burdens. Botswana, Lesotho, Swaziland and Malawi have no refinery, and Zimbabwe, no *working* refinery—consequently all import refined products. South Africa has an increasingly firm grip on this trade. Mozambique, Zambia and Tanzania have refinery capacity, but must import all crude inputs. Moreover, Mozambique and Zimbabwe have a substantial mismatch between refinery configuration and output and national end-use demand mix. Current refinery output is complemented by the import of lighter oil products. Refineries in Mozambique, Tanzania, Zambia and Angola operated at 86, 95, 75 and 83 per cent of their respective capacities in 1980.

By 1990, the relative positions of SADCC member countries will not change substantially. Angola will remain the only oil producer, with double the output of SADCC requirements. Mozambique, Tanzania and Zambia will maintain their present capacity, and Zimbabwe's refinery, mothballed during the liberation war, could be modernised to give additional capacity. No refinery building is anticipated in the countries which do not currently have existing capacity. Angola, however, is likely to increase its capacity by some 160 per cent over the coming decade. Import of crude, as a percentage of SADCC crude requirements, is projected to decrease from 64 to 48 per cent by 1990. Outside of Angola, crude imports will increase by 20 per cent. The progress for natural gas consumption is uncertain. Coal resources in the SADCC region are substantial, although unevenly distributed and exploited. Resources are estimated at 11 billion tonnes compared to an annual consumption of some 4.3 million tonnes. The region's physical resource base is sufficient to meet vastly greater coal consumption and production levels. World average per capita coal production (about 600 KgCe), compared with SADCC figures (80 KgCe), indicates the early stage of regional coal development.

Wide variation in electricity consumption, by member country, was noted earlier. Similar variations exist within the generation systems. A total of 28,644 GWH was generated as compared to 17,130 GWH of consumption. The difference is accounted for by transmission and distribution losses. Total generation was about 94 per cent hydro and 6 per cent from other sources (mainly coal), while total capacity was 81 per cent hydro and 19 per cent from other sources.

SADCC as a region, generates more electricity than it consumes by some 67 per cent. Additionally, total capacity of the regional system (6,265 MW) is 100 per cent greater than the sum of regional peak demand. Hydropower with low production costs dominates both generation and installed capacity. Despite the overall surplus power within SADCC, member countries engage in import and export amongst themselves and outside the region. Lesotho and Swaziland are at present heavily dependent upon South Africa for electricity. Lesotho, with no installed capacity within its national boundaries, imports all electricity (101 GWH) from South Africa, while Swaziland imports some 40 per cent (200 GWH) of its requirements. Both Mozambique and Zimbabwe, which have sufficient internal capacity, also import electricity. The bulk of energy generated in excess of capacity, some 10,800 GWH, is exported largely to South Africa.

By 1990, electricity demand is projected to grow by some 60 per cent while generation is projected to grow at 32 per cent. Installed capacity, by 1990, will be 11,739 MW, an increase of 87 per cent, whereas SADCC peak demand, although increasing by some 60 per cent to 4,929 MW, will not increase as rapidly. Overall, capacity will increase more rapidly than demand, suggesting that unless SADCC develops adequate transmission and distribution networks there will be substantial underutilisation of planned capacity.

The Implications of Energy Supply for the Demand Forecasts

The surplus of commercial fuels to 1990 on an aggregate basis is considerable. Surpluses of electricity, coal and crude oil are massive including 118 per cent for electricity, 130 per cent for coal, 87 per cent for crude oil. There is adequate refining capacity to 1990. Overall, the region will produce twice the quantity of fuel to meet internal energy requirements. These estimates are based on projected energy production not on potentially exploitable resources. Quite simply, with existing and commissioned infrastructure, there is ample opportunity for regional self-sufficiency.

The prognosis for commercial fuels is not paralleled by that for traditional fuels. Traditional fuel, so important for rural and periurban areas, accounts for 79 per cent of total energy demand and in different member countries, accounts for between 50–95 per cent of total demand. The average consumption per person, varies between 0.5 m³–1.5 m³ per year. Most of this wood comes from trees outside the forest, i.e. not plantations, and the stock is being rapidly depleted. This depletion occurs largely through land clearing for agriculture and the provision of biomass as fuelwood or charcoal to the urban areas.

Unfortunately, there is little information on the rate of biomass depletion outside the forest. Furthermore, it is difficult to devise regional, or even national, strategies for biomass supply enhancement as the problems are localised, ecology is different and the social organisation of the peasantry

varies. However, the rate of depletion is accelerating as stock rather than yield is cut for fuel. The repercussions of wood depletion and shortage are multiple. Physical productivity of the land is undermined through decreased water retention; water siltation (with decreasing hydro output), causes problems with dams; animal and agricultural residues are removed from the nutrient cycle as they are substituted for dwindling wood supplies; and the burden on female labour increases. Yet, for real self-sufficiency to occur, the rural population needs energy resources for household, agricultural and water development.

At this point, given the projected surpluses identified for the SADCC region, it is worth considering what conventional supply analysis (i.e. the approach of most First World consultancies) would suggest and more importantly, examining why demand analysis should be the preferred route of Third World planning agencies. SADCC with an abundance of natural resources, extensive existing commercial energy production but with most people dependent on traditional fuels, makes an interesting case study.

A recent energy study of the SADCC states carried out by a Belgium consultancy company, provides a clear case of supply-side analysis and some of its potential pitfalls.¹⁷ Generally, such a methodological approach leads inevitably to an overestimate of requirements and the Belgium study, not surprisingly, reached the opposite conclusion to our foregoing analysis. Instead of finding the region with sufficient resources of electricity, oil and coal in the medium term, deficiencies were predicted for the near future. Electricity projections are estimated at 6.7 per cent growth per annum. As real GNP growth is unlikely to exceed 2 per cent per annum over the next decade and the growth in electricity consumption does not tend to exceed the rate of economic growth, this seems extravagant. In fact, there is increasing evidence that conservation technologies will substantially decouple the linear linkage between the two, i.e. electricity consumption will expand at a lower growth rate than economic development. If further plants are to be commissioned on the basis of a threefold overestimate of electricity demand, then a serious oversupply will occur. Given the current capital interest rates (10–18 per cent), the debt service will be unnecessarily high, 30–54 per cent over the *necessary* debt at a time when foreign currency has never been scarcer. Furthermore, the continuing tendency for individual member-states to build power units to satisfy their national power requirements, will further encourage the oversupply of electricity. There is an important exception to this trend, which is Mozambique's stated willingness to put the enormous resources of Cabora Bassa at the service of the region. This is an offer which should not be lightly dismissed.

In relation to oil, in the Belgium report, there is account taken of current refinery capacity and of the mismatch with existing requirements for oil

¹⁷ For proprietary reasons, it is not possible to directly cite this 5-volume work.

products, but there is little consideration of changing the parameters of the dedicated refineries. Such an omission necessarily results in the suggestion of new refinery capacity, and this raises the further question of where this should be sited. It is unlikely that the east coast refineries will be willing to take a back seat, as oil refining and exporting provides a high value added foreign exchange industrial base for their economies. Concerning coal, the report suggests that given difficulties of transportation and a highly competitive world market, consideration should be given to coal-oil conversion. This is phenomenally expensive and given that all serious Research and Development work has been abandoned on this, with the exception of South Africa and the Soviet Union, because of prohibitive costs, the region should not undertake such a speculative venture. Supply-side analysis also produces an underestimate of non-commercial fuels, hence the overall energy budget is thrown out and insufficient attention thereby focused on the serious local deficits we have highlighted.

What the above supply-side report leads to, is the need for further massive investment from the North, which conveniently meets some of their needs at a time of recession, namely, industrial orders and investment opportunities.

The government of the People's Republic of Angola has shown great initiative in pushing ahead with the energy sector of SADCC's work. It has also made a vitally important offer to supply the region with oil at a mutually agreed price.¹⁸ The implication of this offer is that Angola would help the region with its oil problem in return for strong political support in the face of South Africa's continued acts of massive aggression. The taking up of such an offer would surely heighten the security of all concerned.

One critical issue which SADCC has to face has implications for all of the different sectors of its operations and concerns the very definition of dependence. Countries remain strongly committed to national self-sufficiency and this can hamper regional development, but the question of dependence needs raising here, where they seek solutions within their own territorial boundaries which potentially increase rather than decrease their real independence. A clear case in point concerns the newly-independent government of Zimbabwe and its intention to go ahead with the Wankie coal-fired station, when it has the options of Cabora Bassa and Kariba hydropower stations producing electricity at a cheaper unit cost. The Wankie project will generate a greater percentage of electricity nationally, but the project is being undertaken by the giant South African multinational, the Anglo American Corporation. This will increase not decrease the country's dependence on South Africa. The alternative, of a greater reliance on crossborder electricity imports, should not be seen as a security threat. Throughout the UDI period in Zimbabwe, Zambian electricity continued to flow. There is no reason to believe that in the

¹⁸ See the speech by the Angolan minister in P O'Keefe and B Munslow (eds), *SADCC: Energy and Development to the Year 2000*, op. cit.

future, supplies will be any less secure. In terms of potential vulnerability to attack, the anti-ZANU Popular Front dissidents in Matabeleland, where the plant will be sited, may be just as likely to sabotage transmission lines as the MNR in Tete province of Mozambique. A further advantage to be gained by Zimbabwe, is the possible linkage of energy imports to a partial trade agreement. This could be on a barter basis and improve Zimbabwe's desperately needed export performance.

If we review our argument to date, we have the following important points to consider with reference to energy. South Africa, using both a carrot and stick policy in pursuit of its 'Total Strategy' approach, is directly and indirectly destroying energy installations and infrastructure, while simultaneously encouraging limited access to its own resources. South Africa itself faces a growing energy and water crisis. This has resulted in a move towards more centralised power production, which increases the impact of any major disruption. Despite significant coal resources, the lack of water has placed limits on conventional generation technology. Similarly, knowledge of the impact of a future oil embargo has led to the development of liquid hydrocarbons from coal—an expensive process.

The FLS have formed a regional grouping, SADCC, within which energy will become the important linchpin, in the same manner as the European Steel and Coal Agreement has become within the European Communities. Although there are pressures to break dependence on South Africa, these are equalled by pressures from the First World to expand national capacity for conventional energy consumption. These pressures should be resisted, as regional integration is developed. This integration, however, should also acknowledge that, for the foreseeable future, most people will continue to depend on fuelwood for the majority of their activities and basic energy needs. Above all, energy and the control of energy for war, production and household consumption, will remain central to the future development of Southern Africa.

By way of conclusion, we reiterate that the region is facing a serious and escalating military confrontation. The May 1983 bombing raid on Mozambique, which hit civilian targets in the industrial suburb of the capital city, only serves to emphasise the growing threat. SADCC must in the future take such considerations into account in its regional planning which needs to be defensive. South Africa is already undertaking such measures. The potential energy crisis has other dimensions as well, notably the need for the countries of the SADCC to have the vision to overcome narrow nationwide perspectives of energy independence and seize the benefits which regional energy integration permits, not the least of these being the greater security against attack which an integrated electricity grid would permit, for example. Concrete regionally oriented projects can usefully be worked on at a bilateral or sub-regional level and the results of gradual and piecemeal progress be felt by all. SADCC offers serious possibilities of dragging the countries of the region out of their poverty

and as such is worthy of receiving worldwide support. The oil exporting countries in particular can make a major contribution, both to the region's fight against poverty but also against *apartheid*, at one and the same time. *Apartheid* is a crime against humanity and a threat to world peace. SADCC represents an important fight back against an increasingly bellicose racist state. As President Samora Machel of Mozambique put it, in his speech to the governments of the Non-Aligned countries in New Delhi (1983), 'The racial discrimination in South Africa is just cause for all humanity to wage total war against it. Racial discrimination is a scourge of mankind'.¹⁹

¹⁹ 'Apartheid: the Nazism of our time', *Supplement to Agência De Informação De Moçambique Information Bulletin* (81) 1983.

Arab Economic Strategy in a Changing World Oil Market

Introduction

During the early 1980s, the international oil market has changed from a sellers' to a buyers' market, that is, from one where the producers-exporters largely determined the price for that volume of exports which the market was willing (and eager) to buy, to one in which the importers-consumers have been able to press the price downwards and are willing only to buy a much smaller volume for the reduced price, than they had been buying by the end of the 1970s. But this identification of the current situation as one of crisis is only good enough as a first approximation. To be useful for the purposes of our analysis, it should be sharpened by several qualifications:¹

1) Obviously, what is a crisis for the oil producers (a drop in demand, a drop in export price, a drop in production, and therefore a drop in export revenue) is a welcome development for importers (a smaller import bill, a smaller outward transfer of financial resources, a smaller degree of dependence on the foreign suppliers of a vital and strategic source of energy).

2) The impact of the crisis has hit all the members of OPEC (Organisation of Petroleum Exporting Countries) and OAPEC (Organisation of Arab Petroleum Exporting Countries) but the Arab members of OPEC have suffered a much greater shrinkage in their production and revenues, absolutely and relatively, than the non-Arab members.

3) Non-OPEC exporters (United Kingdom, Norway, Mexico, Canada, and the Soviet Union) have expanded their production over the three years 1980-2.

4) Although demand for, and production and consumption of, energy from all sources combined have dropped since the end of the 1970s, the drop has been very small (about 1.6 per cent), while the demand for, and the production and consumption of, oil have dropped by about 12 per cent during the same period. In fact, the efforts to conserve energy and the effects of economic stagnation in the Western industrial countries (OECD), have been wholly reflected in the demand for and the supply of oil, with the demand for and supply of every other source of commercial energy actually rising between the end of 1979 and the end of 1981 and, in some instances, the end of 1982.

5) World reserves of coal are five times those of oil, the source of energy with

¹ A number of items of quantitative data that are of relevance to the discussion have been grouped together in the Statistical Appendix.

the second largest reserves. Nevertheless, oil remains the largest single source in international trade, and the largest supplier of energy for consumption, despite the decline in its position.

6) It is particularly urgent for the Arab oil producers, who have suffered most in the current oil crisis, to probe deeper into the nature, the causes, the impact, and the implications of the crisis in order to assess its magnitude correctly, to draw the useful lessons it has for them, and to chart the future course of their economies accordingly.

7) Finally, even if the angle of vision is broadened to include the world at large and the field of energy in its entirety, it can be seen that the drop in the price of oil and the development of a buyers' market, will have adverse effects for everybody, to the extent that a lower price for oil will disguise the urgency of, and weaken the incentives for the search for and the development of, new sources of energy, and will expose the world to another era of tightness in oil supplies and soaring prices, possibly within the course of a recurring cycle of strong demand pushing prices sharply upwards, followed by soft demand pushing them downwards. The emergence of such a cyclical pattern will be harmful to orderly economic growth and to the predictability of expectations of supply, demand, and prices. Obviously, this would be damaging to the interests of exporters and importers alike.

Causes of the Crisis

Several interrelated causes lie behind the crisis, and while some are of a transient nature and have been occasioned by the tangible upward adjustment of the price of oil in 1973-4 and in 1979-80, and by anxiety surrounding the security of oil supplies, most are of a longer-term nature that would have come into operation without the adjustment, even if at a later stage, because oil is a finite and non-renewable resource. Although this paper is meant to take the crisis as given and to focus more on its implications for the future of the Arab economies, it is necessary for a more probing and meaningful exploration of the implications to be based on a better understanding of the operative causes. This can be seen to be true even though the oil resource is not the only major determinant of Arab economic development. Reflection on the array of resources and forces involved in development, and on the experience of the Arab economies over the past decade, indicates that oil has become the most vital economic resource (and force) in the process of development. There is enough evidence to support this generalisation, not only with regard to the oil-exporting Arab countries but also, though to a lesser degree, with regard to the non-oil Arab countries.

To say that the correction of oil prices during the 1970s, though less substantial in real than in nominal terms, set the process of crisis generation in motion, is not to criticise the correction of prices and to endorse the condemnation which the OECD countries heap on OPEC as a result. Indeed, a

very compelling case can be, and has been, made for price correction.² But, and this is a substantial 'but', price correction as experienced expedited the emergence of the developments that together constitute the crisis, and contributed to their magnitude and escalation, essentially because of an institutional-political factor.

Price correction was undertaken by OPEC governments through unilateral action in mid-October 1973, by taking control over their oil resources and assuming the power to formulate and implement price and production policies, without any further submission to the veto power of the giant concessionary oil companies, and, by projection, of the Western governments of whose economic-political power structure these companies were an integral part. The undoing of this structure by Third World countries that had for generations occupied a humble position in the hierarchy of the international order and power system was intolerable to the Western industrial countries. Consequently, these countries reasoned that action had to be taken without delay to deter OPEC members from further 'insubordination' and to counteract and undo as much of their new power as possible. In fact, the Western reaction went further and included a wide array of components, including angry condemnation and denigration in the media, overtones of racist attacks directed mainly against the Arab oil exporters, to threats of military action by responsible politicians.³ The economic and technological reactions of the West were meant

² The literature on pricing is considerable, though probably more has been written by the critics of OPEC's pricing policies than by the defendants. For a discussion of pricing and for references of relevance to the 1970s, see: Fadhil J Al-Chalabi, *OPEC and the International Oil Industry: a changing structure*, Oxford: Oxford University Press, 1980; Ian Seymour, *OPEC: instrument of change*, London: Macmillan, 1980; J E Hartshorn, *Objectives of the Petroleum Exporting Countries*, Nicosia: Middle East Petroleum and Economic Publications, 1978. Prepared in co-operation with *Middle East Economic Survey* (a weekly review of oil, finance and banking, and political developments) and Energy Economics Research Limited, Nicosia; Petroleum Economist, *OPEC Oil Report* (2nd edn) London, 1979; Mahmoud Abdel-Fadil (ed), *Papers on the Economics of Oil: a producer's view*, Oxford: Oxford University Press, 1979, Nos 4, 6, and 7; Various issues of *OPEC Review*, published by OPEC, Vienna, and *Oil and Arab Cooperation*, a monthly in Arabic, published by OAPEC in Kuwait, for articles on the subject of prices and pricing; Yusuf A Sayigh, *Arab Oil Policies in the 1970s: opportunity and responsibility* London: Croom Helm, and Baltimore, Maryland: Johns Hopkins University Press, 1983, chapter 3.

³ Marwan R Buheiry, *US Threats of Intervention Against Arab Oil: 1973-1979*, Beirut: Institute for Palestine Studies, Paper No. 4, 1980. This booklet is well documented. For references to Western attitudes, see J E Hartshorn, *Oil Companies and Governments: an account of the international oil industry in its political environment*, London: Faber and Faber, 1967, esp. pp 66-8; see also James E Akins, 'OPEC Actions: consumer reactions 1970-2000' in *OPEC, OPEC and Future Energy Markets*, London: Macmillan, 1980, pp 215-38.

In this connection, Sayigh (*op. cit.*, note 17, p 262) says: 'The hostility to OPEC has expressed itself over the years in a large number of articles, news reports, commentaries, and cartoons in the Western press. As recently as the last few months of 1981 and the first quarter of 1982, several articles were published revealing undisguised gloating over the troubles that OPEC was having owing to the glut in the market and the resultant depressed prices. Some spoke of the 'death' of OPEC: William Brown of the Hudson Institute, a long-standing critic of OPEC, said 'OPEC is 100 per cent dead' (*International Herald Tribune*, 18 March 1982). Robert I Samuelson (*IHT*, on the same day) said, 'Oil prices are falling and OPEC is scrambling to prevent a total collapse. If it

to deflate the new power of the Arab oil exporters and therefore to reduce the dependence of the OECD countries on Arab (and non-Arab) OPEC oil, by reducing the demand for it and forcing its price downwards. In the process, it was expected that OPEC itself would be considerably weakened, if not completely dismantled.

Two short-term reactions can be cited here. The first was the slowing down of economic growth in the advanced market economies, which by the end of 1982 had resulted in near-zero growth. Although oil prices cannot be wholly blamed for this development, with signs of economic strain and of unemployment preceding oil price correction, a part of the blame must be borne by them. The second reaction came as a dual response to the price rise in 1979, to the revolution in Iran in 1979, and later, in September 1980, to the Iraq-Iran war. Together, these events led to panic in the market and to heavy stocking. The stocks accumulated in 1979-80, estimated to have peaked at a certain time at 5 billion barrels, were later to press downwards on the price structure, through unduly high destocking in 1981-3.

However, the current crisis is more appropriately explainable in longer-term reactions, namely in the conservation measures adopted generally, but more particularly (and effectively) in the Western industrial countries. Consumption shrank as a result of deliberate energy-saving policies, but also in response to the effort to devise and apply energy-saving technologies in industry, transport, and household uses. At the same time, another three developments added downward pressure on OPEC oil: energy substitution, with greater recourse to coal, nuclear energy and gas at the expense of OPEC oil; a shift away from OPEC oil to non-OPEC oil, particularly from the North Sea and Mexico; and, the weakening of the 'historical link' between energy consumption and economic growth.

Over and above these various developments along the profile of known and established sources of energy, the search for and development of new sources was accelerated during the period of high oil prices and a sellers' market. In addition, the search for new oilfields in the OECD countries was considerably intensified. It is both ironical and contrary to far-sighted economic logic that the efforts to find substitutes for oil in general, and for OPEC oil in particular,

cannot, obituary writers from New York to Tokyo will gleefully proclaim the cartel's demise.' Articles containing equally undisguised hostility can be found in *US News and World Report* on 15 March 1982 and *Newsweek*, 15 March 1982. See earlier articles both in *Newsweek* and *Time*, of 31 August 1981. At the official level, a senior White House official was reported by Reuter on 23 March 1982 as saying that after a long wait, they (the US) had begun to weaken the control of OPEC (*An-Nahar* of Beirut, 24 March 1982). In short, neither the Western objective of weakening OPEC and bringing about its disintegration, nor the gloating over the near-achievement of this objective, is a secret. And, in addition, the climate of hostility and hatred, with concentration on the Arab oil exporters, can be specially felt and seen in the style and vocabulary used and in the obviously racist and defamatory cartoons accompanying much of the writing about Arab exporters'.

have slackened with the shift to a buyers' market, even before notable success rewarded the efforts. And this is where the danger of the recurrence of the events of the past decade in a disequilibrating cycle really lies. (Would it be a ten-year cycle from peak to peak?)

Understandably, much of the thinking and policy-formulation meant to redress the 'adverse' impact of price rises was undertaken by individual industrial countries in their capacity as sovereign states concerned with what they considered their national interests. However, a novel development characterised the years immediately following the price adjustment of 1973-4. This was the formation in November 1974 of the International Energy Agency by the OECD countries (except for Finland, France, and Iceland). The IEA's basic aims are:

- a) cooperation among IEA participating countries to reduce excessive dependence on oil through energy conservation, development of alternative energy sources and energy research and development;
- b) an information system on the international oil market as well as consultation with oil companies;
- c) cooperation with oil-producing and other oil-consuming countries with a view to developing a stable international energy trade as well as the rational management and use of world energy resources in the interest of all countries; and
- d) a plan to prepare participating countries against the risk of a major disruption of oil supplies and to share available oil in the event of an emergency.⁴

The formation of the IEA came not only as an economic response to the price adjustments of 1973-4, but also as an institutional-political response to OPEC's new-found power upon its assumption of the 'policy of control' in mid-October 1973. The IEA was also meant as an instrument for the design and promotion of measures to contain the power of OPEC and OPEC oil alike. This is the true sense of the basic aims of IEA which no euphemism can conceal.

Impact of the Crisis on the Arab Economies

The current oil crisis acquires its dimensions from objective, measurable causes, but also from the perception of those on whom the incidence of the crisis falls. And the incidence on the Arab oil-exporting countries, in my view, is a function both of attitudes, policies, and measures outside the control of these countries, and of a combination of 'sins of omission and of commission' generated within the Arab region. Here we refer not to the pricing of oil but to the complex of Arab attitudes, policies, and behaviour relating to a number of basic issues. We will present these further on, in order to show why there is justifiable anxiety about the effects of the oil crisis on the Arab economies, and

⁴ Quoted from the inside cover of International Energy Agency, OECD-IEA Parliamentary Symposium, *Energy and the Economy*, 10-11 April 1981, Paris: OECD-IEA, 1981.

what the future could bring to these economies if the Arabs fail to correct the effects of the crisis and prevent it from recurring.

Before we indicate where Arab policymakers erred in the decade 1973–83, we ought in fairness to put on record a major extenuating factor, which is that the assumption of the power of policy formulation and implementation is only a decade old—which is a very short period for adequate ‘apprenticeship’ in policymaking and decisionmaking. Under the circumstances, the Arab sins of omission and of commission are not only understandable, but also largely forgivable. But to understand and to forgive is not to erase the slate of history. With this point made, the internally-based issues will now be presented:

- 1) Perhaps at the root of the problem is the excessive enchantment with the scale and magnitude of oil revenues earned after 1973, and particularly with the rate of increase in these revenues, along with the complacency that the revenues came to create in the Arab oil countries and, indeed, in the region as a whole.⁵ The complacency had serious far-reaching implications, including an exaggerated faith in the power of money at the expense of other more fundamental and powerful determinants of development.
- 2) Admittedly, the rise in revenues derived more from the rise in export price per barrel than from the expansion in production. Nonetheless, average production by the seven Arab members of OPEC in the 1970s was 2.2 times as high as that in the 1960s.⁶ The powerful combination of higher prices and larger exports led to the vast increase in export revenues. These in turn made possible a vast expansion in the import of consumption and capital goods and services, which were acquired to meet the pent-up demand of consumers for necessities as well as for a wide range of luxuries, and to meet the demand of investors in the public and private sectors alike, who launched very ambitious ‘development’ programmes.⁷ Domestic production could only satisfy a rather small proportion of the vastly expanded demand. It was this new purchasing power which in large part consequently created far greater linkages and integration

⁵ The oil revenues of the Arab members of OPEC amounted to \$4,534 million in 1970, but to \$134,916 million in 1979. They averaged \$49,018.8 million for the decade of the 1970s. (See Sayigh, *op. cit.*, Table 4.2 p 181.)

⁶ Production rose from 4.3 million barrels/day in 1960 to 12.5 million b/d in 1969, with an average of 7.9 million b/d for the decade. During the 1970s, it rose from 13.8 million b/d in 1970 to 21.1 million b/d in 1979, with an average of 17.3 million b/d for the decade. (Sayigh, *op. cit.*, Table 4.2 p 181.)

⁷ Investment allocations according to development plans in the second half of the 1970s for the Arab countries excepting Bahrain, Qatar, and Jibouti totalled \$326.119 million. See Arab Fund for Economic and Social Development, *Study on the Development of Human and Manpower Resources in the Arab Region* (Kuwait, 1978) mimeograph, pp 17, 43, 44 (in Arabic). However, vast increases in budget allocations were introduced in the late 1970s into the plans for the first half of the 1980s. Thus, Saudi Arabia, whose plan for 1975–80 had been the largest among Arab plans, officially reported that it would raise investment allocations by \$119.7 billion for 1980–5. Other countries raised their allocations by an estimated \$35 billion. For Saudi Arabia, see *Middle East Economic Survey* 23(21), 10 March 1980. For the other countries, the estimate is reported in Sayigh, *op. cit.*, p 193.

with the production machinery and markets of the advanced industrial countries than with the Arab countries. This the oil sector achieved through the recycling of oil revenues, in addition to the aspect of integration connected with the export of oil.

3) While much of the importation can be explained and justified, much defies justification. Thus, the 'consumerism' that blossomed in the 1970s is not only morally reprehensible, but also economically short-sighted and damaging, in that it has already cultivated patterns of behaviour that are difficult and painful to uproot, and it has diverted resources that to an appreciable extent could have been saved and invested. On the other hand, not all the investments made fell into a rational system of priorities or led to sound overall economic and social development,⁸ although they brought about concrete improvements in the economic and social infrastructure and a rise in the rate of economic growth.

4) Irrespective of the degree of real need or urgency for imports, whether consumers' or producers' goods and services, a significant proportion of these imports could be produced within the Arab region, if development had been so directed as to lead primarily to the building of national and regional productive capability and capacity. This is truest of goods and services calling for simpler technologies, and most particularly of agricultural commodities.

5) The financial resources which were used for local consumption and investment, for imports, and for aid to Third World countries and support to international organisations, together fell short of the oil revenues earned. Most of the surpluses have gone to Western money markets for placement. While a part of these surpluses went into direct investment, the larger part was subject to the eroding effect of inflation and has lost heavily in purchasing power as a result.

6) What looked like the acquisition by the Arab countries of greater power and political leverage in the international system and the economic order, proves today to be largely illusory. The greater degree of interdependence vaunted, between the Arab and the Western industrial countries, is in effect a greater degree of dependence by the Arab on the Western countries than ever before. One statistical indicator of this dependency can be found in the ratio of the external sector (imports plus exports) to Gross National Product. This sector amounted to 60 per cent of GNP for the whole Arab region in 1970, but rose to 94 per cent for 1979.⁹ Another way of looking at the enormity (and danger) of

⁸ See, for instance, Galal A Amin, *The Modernisation of Poverty*, Leiden: E J Brill, 1974; Yusif A Sayigh, 'A Critical Assessment of Arab Economic Development, 1945-77', in United Nations Commission for Western Asia, *Population Bulletin of the United Nations Commission for Western Asia*, No. 17, December 1979, pp 32-45; Georges Corm, *The Missed Development: studies in the Arab civilizational and developmental crisis*, Beirut: Dar Al-Tali'at, 1981 (in Arabic); and Yusif A Sayigh, *The Arab Economy: past performance and future prospects*, Oxford: Oxford University Press, 1982, chapters 10 and 11.

⁹ For 1970, see Arab Fund for Economic and Social Development, *Study of the Developmental Achievements of the Arab Homeland in the Seventies, and the Outlook for the Eighties* (Kuwait,

this dependency is to consider the fast-increasing insecurity of the Arab economies, represented by the huge imports of consumer goods (including food imports, every Arab country today being a net importer of wheat), the hardware and software of technology, and armaments. Furthermore, the large financial reserves outside the Arab region, currently estimated at about \$350 billion, can turn into a much more powerful pressure mechanism in the hands of OECD countries than in Arab hands. The political and security implications of this aspect of dependency can hardly be overestimated.

The presentation of these developments is not meant to indicate or even to suggest that the 'oil era' has not also produced a number of concrete, positive results that are directly attributable to the takeover of control of the oil sector and the significant appreciation in value of the oil resources, and, therefore, the accrual of substantial oil revenues. Yet the performance of the Arab economies (whether or not oil-producing) though improved in several respects, is not the object of this article. It is instead concerned with the inner causes and structure of the current oil crisis, and how this crisis impinges on the future health and progress of the Arab economies.

The crisis would not loom as large as it does today had the attitudes, the policies, and the behaviour of the oil countries, in the areas associated with the oil resource, been sufficiently different to avoid the shortcomings and the imbalances and distortions just listed that have beset the Arab economies. This may sound tautological, but it is in fact the statement of a causal relationship. In brief, this relationship attributes the distorted economic performance in the different aspects indicated to certain attitudes and policies which were, in turn, a function of the acceleration of oil production in the 1970s, the vast expansion of the oil revenues accruing, and the way in which these revenues were utilised. That the crisis clearly has other extraneous causes and manifestations does not invalidate the allocation of a certain part of responsibility to internal causes. We would like to go further and say that the crisis would have been considerably more tolerable and manageable and much less damaging had the Arab oil policies been sounder and more far-sighted.

The new oil era opened up great opportunities for the Arab countries but also laid upon them great responsibilities. A number of these were assumed creditably, particularly within the international context, in the sense that the oil exporters took the needs of the international community for oil and for foreign aid amply into account in their policies. But a number of opportunities have been either missed or sub-optimally utilised. Three failings stand out in particular. The first is the complacency with which the production and export of oil was expanded which generated revenues of a size which permitted

1980) p 24 and Table 2 in *Appendix 3*. The percentage for 1979 has been calculated along the same lines by the present writer.

consumerism and wastefulness to the point where most oil countries today suffer financial stringency.

The second failing was the faulty design of development plans and programmes, which frequently deviated seriously from a sound and defensible system of priorities. The implementation of the plans suffered because of over-ambitious budgets and the inadequacy of manpower skills and of available institutions. As a result, the plans and programmes proved to be excessively costly and wasteful. The third failing was the failure to lay enough stress on three crucial determinants of development: (i) the vigorous training of manpower in the skills on which modernising economies depend; (ii) the provision of opportunities to the Arab people to participate effectively in the process of decisionmaking, if true commitment to the objectives and efforts of development were to be obtained; and, (iii) the promotion of effective and far-reaching Arab economic complementarity. Complementarity would have made it possible to identify and utilise the much wider regional opportunities available for investment, markets, and a better allocation of manpower and financial resources. The new oil era opened up all of these opportunities, and their utilisation would have helped to avoid a large part of the distortion witnessed in the past decade.

Outlook for the Future: two mainstream scenarios

The serious distortions and imbalances generated by or associated with the oil era have blocked the course of Arab economic and social development. Consequently, they will have a lasting impact on the future of development and well-being in the region. It is therefore essential to read the lessons of the immediate past correctly and to look ahead into the future to consider what expectations are warranted, and to explore how the course of future events can be cleared and straightened.

To simplify matters, we can say that two possible mainstream scenarios can portray the years ahead to the end of the 1980s. In the first the Arab oil exporters (and the non-oil Arab countries, whose attitudes, policies, and behaviour are considerably influenced by those of the oil exporters) will *not* draw and benefit from the main lessons which the crisis has clearly imparted.

The central feature of this scenario is a grossly insufficient realisation by the Arab oil exporters that they bear a certain responsibility for the crisis because of the permissiveness with which they expanded production during the 1970s together with increased prices, and of their reaction to the availability of (relatively) vast financial resources. As a result, their economies and societies fell into faulty and dangerous grooves of consumerism and over-spending; incorrect investment priorities; confusion between mere growth and meaningful development; the equation of the importation of the hardware and software of advanced technology with the acquisition of technological capability; and satisfaction with the outward trimmings of power and influence in world

economic affairs at the expense of deeper concern with the consolidation of power on the sound foundations of development, Arab economic complementarity, social cohesiveness, and popular political participation.

The danger is that this pattern of attitudes, policies, and behaviour, which together constitute the backdrop to the 1980s, may have so hardened as to deter the political, social, and economic leadership from developing a new vision. They must realise that radical change is essential and critical. Change should begin with a new conceptualisation of the course of action required, and should inject a new discipline and a new orientation into the design and implementation of economic strategies, policies, and programmes. These should primarily aim at enabling the Arab societies first to live with the new realities, and secondly to change them as the underlying factors and forces are redirected and transformed.

Under this scenario the failure sufficiently to realise and acknowledge responsibility will make the Arab countries seek short-term palliatives. The most dangerous of these is to seize the first opportunity of appreciably increased demand to expand oil production tangibly and/or to raise prices excessively, and thus to fall into the trap of the 'oil cycle', to which we referred earlier as a serious danger that must be avoided as far as possible. Three interrelated aspects of this danger must be stressed: (i) the danger of falling into the trap yet once again because of the mere fact of having fallen into it once before, in spite of the lessons and warnings that the current crisis has generously demonstrated; (ii) the danger of once again ignoring, even if only partially, the imperative of oil conservation for the dubious 'benefit' of the expansion in monetary revenues and surpluses; and, (iii) the danger of rationalising the dilution of the conservation imperative by the urgency of the acquisition of expanded financial resources for the pattern and scale of spending/investing which characterised the last few pre-crisis years, and thus downgrading the urgency of socioeconomic discipline and rationality.

Admittedly, it is easier to make such pronouncements that are loaded with values and normative imperatives, than to design strategies and policies that embody them, and to actually implement the strategies and policies effectively. There are constraints and temptations that combine to make the design and implementation objectively difficult, and subjectively undesirable to decision-makers. The constraints refer to the international pressures that invoke the interests of the world economy and its health and growth, particularly if the productive capacity of non-OPEC countries does not expand considerably and speedily, and if non-oil sources of energy already developed are for one or more reasons not made to satisfy a much larger share of energy requirements than they now do, or yet if the search for new sources is allowed to slacken and falter further. They also refer to domestic pressures that invoke consumption and investment needs, even when these are in part unwarranted, wasteful, or misguided.

On the other hand, the temptations refer to the attractiveness of increased monetary revenues, of the recapture of the position of pre-eminence which OPEC oil had occupied or had (even if precariously and superficially) permitted to the major OPEC members, and of the sense of satisfaction which is gained from merely acceding to the pressures of domestic groups that had benefited enormously, in terms of private fortunes, from the era of free spending and insufficiently controlled government contracts. The combination of constraints and temptations may well be extremely difficult to resist except for the most enlightened and determined of leaderships. Furthermore, given the narrow political base of power in most of the Arab countries, and the limited 'international constituency' where the Arab countries can seek political support within the Western community,¹⁰ resistance will be additionally difficult.

The need for discipline and far-sightedness is particularly great in view of the likelihood that different OPEC members may react differently to a change in conditions towards firmer demand and the opportunities this provides for expanded production and/or increased export prices. The absence of consensus could well bring about the adoption of different policies by different members, and the considerable weakening if not the fragmentation of OPEC, with a price and quota war which will pave the way for yet another oil cycle.

But apart from these structural implications of the first scenario, it will have serious implications for aid and development at the national, the regional, and the international levels. Thus bilateral and multilateral foreign aid by the Arab oil exporters—though still substantial for 1981 and 1982—obviously cannot be maintained at its high level. Even within the Arab region, aid flows have become hesitant and in some instances certain commitments have not been met. Development budgets have been trimmed in almost every oil-exporting country, but this can be a blessing in disguise in many instances where the scale of priorities had not been carefully designed and where lavishness had been permitted. In short, Arab socioeconomic development could be slowed down for several years, if the opportunity to instil much greater discipline is not utilised in setting priorities, in the planning processes, and the design and implementation of programmes and projects.

Conversely, the current crisis could prove useful, though painful, if its lessons were recognised and learned, as the second scenario stipulates. The central part of this scenario is the realisation that Arab policies had erred in certain fundamental respects, and the proper identification of the errors. Likewise, the realisation must include the conviction that the crisis could be the launching

¹⁰ The weakness of Western support to the Arabs (not to say the hostility towards them) precedes the take-over of control of the oil industry in October 1973, when the initiative was taken by six OPEC members, all of whom except Iran were Arab. It derives from historical-religious factors, but relates in more recent times to the Arab-Israeli conflict and the extensive Western support of Israel.

pad for basic reforms and the correction of attitudes, policies, and behaviour patterns. It must also include the identification of the proper course to be pursued if balanced, healthy development is to be promoted. Finally, the oil policies must be so designed as to embody delicate balance between the many interrelated and interacting components.

These components often pull in different directions. Thus, as illustration, to expand production tangibly in order to earn larger revenues would damage the conservation desideratum, yet to allow revenues to shrink would constrict development and welfare outlays domestically and development aid within the Arab region and the Third World at large. In fact, an integrated oil policy must provide for all its components to have room to operate, but must also reflect and express the dynamic interrelationships and interactions among these components, in such a manner as to indicate how the totality of the system behaves when one of its components changes. To 'solve' for an optimal system of policy-making would very much be as complicated and as delicate as to 'solve' for a system of general equilibrium in academic economics. However, in both instances, the fundamental prerequisite for the system to reach equilibrium is the proper definition of the various components and the understanding of their workings and implications, individually and in interaction.

The second scenario goes beyond the oil sector, even given the wide influence of oil in the economies of OPEC countries. One of the lessons which needs to be learned is to place oil resources (and oil revenues) in their proper place, without undue exaggeration or underestimation. This would mean assigning the proper weight to the sectors of industry and agriculture, and to education, training, and the acquisition of technological capability. The Arab region needs to become much more sensitised to the need to approach self-reliance in these sectors and areas, rather than to the deceptively easier course of importing whatever products and skills it needs. Several of the oil-exporting countries must progress from being *rentier* societies and become much more involved in direct production.

To achieve this transformation it is necessary to create relationships of complementarity among Arab countries, in order to compensate for the handicaps from which some of them suffer in terms of small populations and a narrow economic base. National development efforts would benefit from a regional dimension. This would be true particularly in those cases (like the pursuit of agricultural security, the promotion of science and technology, the development of engineering industry, and—obviously—the pursuit of national security) where the mobilisation of the resources and capabilities of several countries would be essential and crucial for tangible desirable results to materialise.

In brief, in all the instances to which reference has been made during the discussion of the second scenario, the current crisis could be of positive value for the future of the Arab economies and societies. Under this scenario, the

different aspects of the role of the oil resource will be crowned by two achievements. The first is that the crisis teaches us that to produce less oil currently will conserve more oil for the future, when Arab industrialisation accelerates to reach a high level of spread and performance, and to contribute substantially to Gross Domestic Product. This would involve a much heavier emphasis on refining and petrochemicals and, therefore, the need for smaller production than when the emphasis is on the export of crude. The second is that the crisis teaches us that the oil resource which is presently a large contributor to GDP can render a greater service to the Arab economies by becoming instrumental in reducing dependence on itself (that is, becoming rather superfluous in a sense), by promoting development.

Conclusion

Which of the two scenarios has a greater likelihood of coming true in the years to come? Almost certainly neither will unfold in its 'pure' state, as reality is rarely as stereotyped and stiffly categorised as theoretical or speculative models depict. Some of the lessons will be drawn and learned, and indeed there are indicators in support of this assertion. Foremost among these is concern with conservation, and a willingness within OPEC to programme production and, by and large, to adhere to the individual quotas assigned. But the acid test will come when the market firms up and demand exerts heavy pressure for substantially increased supply. Will the conservation discipline remain operative then, or will complacency and over-concern with expanded revenues take over again, and lead once more to an oil cycle?

However, some other lessons will probably not be drawn and learned adequately within the time horizon of the 1980s. Foremost among these is the realisation that Arab economic development has been faulty in certain major aspects, and that it needs to undergo basic changes in its objectives, content, strategies, policies, programmes, and mechanisms. Especially dangerous in this context is the narrow base of political participation which we expect to characterise Arab societies in the immediate future. Possibly, the future will bring with it a clearer understanding of what sound oil policies are and ought to be, but the Arab economies in general will continue to suffer from insufficient awareness of the imbalances and distortions of development as it unfolded over the past decade, and the corrective process here will be even below the level of this limited awareness.

On balance, the current crisis threatens to leave much of its unhealthy mark on the Arab economies for the coming years. The note of hope that we feel is warranted here is that the economies could be so unhealthy and in such disarray as a result of the current crisis, that the need for reappraisal and correction would force itself on the consciousness of the political and other leaderships. In other words, the men and women of the region, who are both the agents and the beneficiaries of development, would force their interests and their voices on

the leaderships in their pressure for radical change; and the debilitating effects of political and economic fragmentation of the Arabs would force to the front both a regional approach to problems and a regional mobilisation of resources and resourcefulness.

STATISTICAL APPENDIX

Table 1: Oil and Natural Gas Reserves

a) Oil (billion barrels, end 1982):	
World	670.2
OAPEC	347.0
OPEC	447.8
OAPEC/World	51.8%
OPEC/World	66.8%
b) Gas (billion cubic metres, end 1982):	
World	85,652
OAPEC	12,126
OPEC	28,631
OAPEC/World	14.2%
OPEC/World	33.4%

Table 2: Oil Production (1000 barrels/day)

1982:	World	54,572
	OAPEC	12,756
	OPEC	18,398
	OAPEC/World	23.4%
	OPEC/World	33.7%
1979:	World	63,185
	OAPEC	22,204
	OPEC	31,209
	OAPEC/World	35.1%
	OPEC/World	49.4%
1973:	World	55,803
	OAPEC	18,340
	OPEC	30,979
	OAPEC/World	32.9%
	OPEC/World	55.5%

Table 3: World Energy Consumption (million petroleum barrel equivalent)

	1979		1980		1981	
	mn pbe	%	mn pbe	%	mn pbe	%
Oil	64.1	45.7	61.6	44.1	59.8	43.1
Natural Gas	25.6	18.2	26.1	18.7	26.6	19.2
Coal	39.5	28.1	40.1	29.0	40.1	28.9
Nuclear	3.1	2.2	3.3	2.4	3.82	2.8
Hydroelectric	8.16	5.8	8.29	5.8	8.33	6.0
Total	140.5	100.0	139.4	100.0	138.7	100.0

Table 4: Oil Revenues for Seven Arab Members of OPEC (\$ billion)

1961	1.2
1970	4.5
1973	12.5
1974	51.5
1979	134.9
1980	204.2
1981	189.0
1982	142.6

Table 5: Gross Domestic Product (\$ million at current prices)

	1979	1980	1981
Arab OPEC Members	205,919	292,524	281,542
Other Arab Countries	76,313	91,519	96,589
Total 21 Countries	282,232	384,043	378,131

Table 6: Commodity and Service Exports (\$ million)

	1979	1980	1981
Oil Exports	142,183	214,093	198,317
Non-Oil Exports	7,383	13,909	12,298
Total 21 Countries	149,566	228,002	210,615

Table 7: Commodity and Service Imports (\$ million)

	1979	1980	1981
Arab OPEC Members	77,406	106,419	121,206
Other Arab Countries	30,206	39,350	47,843
Total 21 Countries	107,612	145,769	169,049

Table 8: Consumption, Private and Public (\$ million)

	1979	1980	1981
Arab OPEC Members	89,988	120,938	136,467
Other Arab Countries	61,045	78,895	84,717
Total 21 Countries	151,033	199,833	221,184

Table 9: Gross Fixed Capital Formation, Private and Public (\$ million)

	1979	1980	1981
Arab OPEC Countries	61,772	79,324	88,296
Other Arab Countries	17,380	22,653	27,086
Total 21 Countries	79,152	101,977	115,382

Sources:

- a) Items 1, 2, 3, and 4: OAPEC, *Secretary-General's Eighth Annual Report, 1981*. Kuwait 1982 (Arabic); and OAPEC, *Secretary-General's Ninth Annual Report, 1982*. Kuwait 1983 (in Arabic).
- b) Item 4 for revenues: for the years 1961, 1970, 1973, 1974, 1979, and 1980: *Middle East Economic Survey*, 25(1) 19 October 1981. For 1981 and 1982: OAPEC, *Secretary-General's Ninth Annual Report, 1982*, p 67.
- c) Items 5-9: Secretariat-General of the League of Arab States, Arab Monetary Fund, Arab Fund for Economic and Social Development, and OAPEC, *Consolidated Arab Economic Report 1981*. 1982 (in Arabic), Table 2.7, p 195; and *Consolidated Arab Economic Report 1982*. 1983 (in Arabic). Tables 2.1 and 2.2, pp 147 and 148.

NOTE

The title originally suggested by the author for this article was: 'The Current Oil Crisis and the Future of the Arab Economies'.

Charisma, Revolution, and State Formation: Qaddafi and Libya

The Libyan Revolution of Mu'ammar Qaddafi is perhaps the most exemplary contemporary case of the politics of charismatic leadership. Qaddafi's regime exhibits all the classic symptoms and faces all the characteristic dilemmas of charismatic authority adumbrated by Weber.¹ Qaddafi's revolution emerged from a 'time of troubles' in which a traditional order, tainted by association with foreign powers and undermined by the social mobilisation and cultural breakdown unleashed by oil wealth, had lost its legitimacy. The new leaders emerged from the alienated middle and lower strata of society. The new Libya which emerged from Qaddafi's 1969 coup lacked the sociopolitical bases of highly institutionalised states; power rested on neither the balance of classes and groups typical of Western pluralism nor the massive political and bureaucratic organisations of communist societies. Rather, the core of the new regime was the relation between the charismatic leader and his (often armed) followers; political power grew out of personal leadership, ideological proselytisation, and the barrels of the Free Officers' guns. The leader assumed enormous personal power to govern in the interest of substantive justice or the common good as he saw it, unconstrained by traditional or legal limits. Indeed, he adopted the role of prophetic 'law-giver', reshaping and recasting according to an ideology of transformation—virtually a 'political religion'—Libya's fluid social and political structures with a freedom unknown in more structured societies. Qaddafi's revolutionary vision expressed all the messianic and all-encompassing ambitions typical of the charismatic leader.

He has sought to fashion, from a people attached to their private concerns and kinship loyalties, a participant and committed citizenry, loyal to the nation. He seeks to impose a nativist cultural revolution based on a new fusing of Arabism and Islam; this is to provide the bases of motivation and community, submerge traditional parochialism, and purge the country of the cosmopolitan influences which infect its educated classes. Qaddafi seeks to erect a modern productive economy, to build an industrial base and restore a declining agriculture, to turn Libyans from backward producers or consumerist parasites living on the handouts of an oil-rich state into skilled working citizens. He has sought to fashion a just and egalitarian social order free of exploitation and class cleavages, a commitment that has led him inexorably toward an

¹ Max Weber, *The Theory of Social and Economic Organization*, New York: The Free Press, 1964, pp 358–92.

increasingly radical socialism. Like most charismatic leaders, Qaddafi believes his mission to be of more than purely local validity. He has tended to regard Libya not as the sufficient unit of community, but as a base from which to export his revolution to the Arab world, the true unit of nationhood for Arab nationalists, and even beyond. Since Arab national resurgence is inseparable from the elimination of foreign control in the Arab world, Qaddafi's revolution is, at base, an anti-imperialist challenge to the dominant world order. Finally, Qaddafi faces obstacles to the realisation of his vision, not dissimilar to those faced by all charismatic leaders: the recalcitrance of human nature, the cynicism of the worldly, the competition of 'false gods', the opposition of powerful established interests. The inevitable gap between its ideal promise and reality is the special dilemma and frequently the undoing of charismatic authority. To achieve at least a partial bridging of this gap, a 'routinisation' of charisma in a new institutionalised order is its special challenge. This is no easy task: how is personal rule to be reconciled with rules and limits on power, or the revolutionary vision of justice and equality with the demands of everyday economic life? This study will attempt to assess the results of Qaddafi's effort to forge a new political order that is, to create and use political power to fashion a new political community.²

The Ideological and Political Determinants of the Libyan Political Model

Qaddafi faced, in building his new state, the dilemma of all 'law-givers', namely, the difficulty of combining the strong leadership needed to impose a new order in the face of resistance with the voluntarist participation needed to give it legitimacy and societal roots. Participation was essential, but had to be guided according to the principles of the Revolution. To accomplish this, power had first to be concentrated, then expanded through mass mobilisation and organisation, and ultimately diffused and shared through institutionalisation. Qaddafi and his colleagues' search for a solution to this dilemma was shaped by certain ideological preconceptions and political conditions. Because they came to power by military coup in a society lacking strong mobilised political forces, they had little need to accommodate the expectations of other politically active elements for a share of power; as a small personally knit in-group with few ties to such elements, they were indisposed to do so. Having made the revolution

² The following analysis benefits from several excellent studies of the Libyan revolution to which the writer wishes to acknowledge a special debt. Ruth First's *Libya: the elusive revolution* (London, 1974) was the first sophisticated analysis of the Libyan revolution. The yearly analyses of Hevre Bleuchot, 'Libya: chronique politique' in *Annuaire de l'Afrique du Nord* and the volume by the Centre de Recherches et d'Etudes sur les sociétés méditerranéennes, *La Libye Nouvelle: rupture et continuité* (Paris, 1975) are invaluable. Omar Fathaly and Monte Palmer's *Political Development and Social Change in Libya* (Lexington, Mass., 1980) is a very competent analysis encompassing the first decade of the revolution. For a more extended analysis of the Libyan elite, its formation, ideology, internal conflicts and recruitment, see my 'Libya: personalistic leadership of a populist revolution', in I William Zartman, *et. al.*, *Political Elites in Arab North Africa*, New York and London: Longman, 1982, pp 177-222.

and convinced that they were more representative of the mass public than these elements, they believed themselves entitled to lead and were unwilling to dilute their revolutionary vision by sharing power. On ideological grounds they rejected political models developed outside the Arab-Islamic world to institutionalise participation as alien to its needs and conditions. The Leninist vanguard party, the most typical political formula of the modern revolutionary state, was considered rule by a minority or a single class. The Western pluralist model fragmented the political community between struggling groups concerned only for their own particular interests and also resulted in the domination of some interests over others. Elections were bought or won by deceit, and reflective of the status quo social structure, could be expected to put power in the hands of dominant elites or classes opposed to revolutionary change; representatives merely usurped the sovereignty of the people. Admirers of Nasser, and facing a political situation comparable to that of the Egyptian Free Officers, Qaddafi and his colleagues were initially inclined to the Egyptian model combining strong populist leadership with an all-embracing mass movement designed to exclude political conflicts disruptive of national unity; but they were soon dissatisfied with the elitism and mass passivity this model seemed to engender. Thus, Qaddafi was soon convinced that he would have to fashion an entirely new type of political system. Because he wanted a new political community of active responsible citizens and because he had a certain populist faith in the essential political virtue of the masses, he sought a system which could mobilise mass participation. But he was also convinced that the mobilisation of mass political virtue required his personal leadership and the exclusion of rival elites from access to them. He sought a kind of 'democracy' which would admit of direct personal leadership, eliminate rivals and intermediaries between leader and citizen, and ensure the generation of a revolutionary consensus. Seemingly inspired by both Rousseauist notions of direct democracy and the practices of tribal leadership and Islamic *shura* (consultation), Qaddafi's experiments culminated in a new state which denied it was a state, a regime which claimed to be the world's only authentic democracy. The new regime can best be understood through an analysis of its gradual development over the first decade of Qaddafi's rule.³

Building a New Political Order

The Concentration and Consolidation of Power

In the aftermath of their 1969 coup, the first priority of Qaddafi and his colleagues was to concentrate and consolidate power in the new regime. A first key to this was to organise themselves in a cohesive leadership team. This took

³ For a discussion of the ideological roots behind Qaddafi's political experiments, see Sami G. Hajjar, 'The Jamahiriya Experiment in Libya: Qadhafi and Rousseau', *The Journal of Modern African Studies* 18(2) 1980, pp 181-200.

the form of a revolutionary council of the leading Free Officers in which Qaddafi was the pre-eminent figure, but shared power with his comrades-in-arms. For the initial years of the regime, the council functioned as an effective collective leadership. Another key step, the establishment of firm control over the state coercive and administrative apparatus, was quickly accomplished. The upper and middle ranks of the officer corps were purged and Qaddafi's Free Officer followers appointed to the vacant command posts. The control of the army by the Free Officer movement, a body of personal followers forged by Qaddafi as a prelude to his coup, and the assumption of the high command by his closest revolutionary comrades, henceforth served as a major and apparently secure pillar of Qaddafi's power. Although military politicians did not subsequently become the dominant political cadre of the regime, as in Egypt, they remained a critical constituency for Qaddafi with whom he took care periodically to consult. Qaddafi and his men also assumed full executive and legislative powers, including the right to appoint the cabinet which they took to staffing with politically trustworthy technocrats. Thus they acquired the levers of bureaucratic authority. A third key to regime consolidation was the generation of popular legitimacy, also relatively quickly accomplished. The removal of the discredited *ancien régime* was in itself enough to predispose most Libyans to the new rulers. Their nationalist achievements—the expulsion of foreign bases and settlers, their militant and successful extraction of higher prices from the oil companies, and their forceful advocacy of the Palestinian and anti-imperialist causes—exhilarated a people long fed-up with the old regime's deference to foreign powers. Along with Nasser's blessing, these initiatives, giving Qaddafi an image of forcefulness and success, laid the foundations for his personal charismatic authority. The return of Libya to the Arab-Islamic community from which the old regime had alienated her and Qaddafi's unionist initiatives also appealed to the powerful Arab nationalist sentiment of Libya's mass public. Qaddafi's intense religiosity struck a responsive chord among the pious masses and neutralised traditional opposition to the new regime. The regime's early socioeconomic policies also helped to consolidate a popular base.

In command of Libya's growing oil revenues, the state assumed an expanding planning, regulatory, and entrepreneurial role in the economy which made a growing number of Libyans dependent on and beholden to it for their livelihoods. An ambitious development programme, aimed at the creation of an industrial base and the restoration of a declining agriculture, pleased modernising elements and opened up new opportunities for the educated middle class whose services were generously rewarded. A populist welfare state took form, resting on increased minimum wages, popular housing programmes, rent control, the distribution of lands seized from foreign settlers, and expanded government employment. But the regime did not challenge the emerging capitalist sector of the economy; indeed, on condition that it be

'non-exploitative', it was legitimised and its base broadened by a policy of widened distribution of government contracts encouraging the growth of petty entrepreneurs and by generous subsidies to private agriculture. The regime sought to foster Libyan entrepreneurship, appease opposition, and give the middle sectors a stake in the revolution. Thus, a mixed economy with a broadened base emerged. The final key to consolidation was the regime's concerted effort to bring the political arena under its control. The rudiments of pluralist political life were repressed: political parties were banned, the press, unions and voluntary associations brought under government tutelage, opposition to the principles of the Revolution forbidden, and legitimate political activity confined to an official mass organisation, the Arab Socialist Union (ASU). Early efforts at the political penetration of mass society took the form of ASU branches in the village and the replacement of tribal chiefs by loyal 'modernising' officials at the levers of local government. These measures were, taken together, sufficient to consolidate the new regime, contain opposition by traditional or liberal elites pushed from the centre of political activity, and win a largely unorganised and barely mobilised but significant popular base for the regime, chiefly among the urban lower middle and lower classes. In its combination of personalistic, military-based rule, an authoritarian-bureaucratic style of governance, and nationalist-populist policies and support, the new Libya seemed to be squarely in the tradition of authoritarian-populist rule so typical of the Middle East.

Elite Opposition, Popular Mobilisation

Qaddafi aimed at more, however, than the consolidation of power; he wanted to carry out a revolution in Libya and then export it to the Arab world. As his ambitions became apparent, they encountered growing, though covert, resistance from established interests; Qaddafi, in turn, soon discovered that he lacked the political instruments to mobilise an activist following capable of overcoming this opposition. Resistance in the bureaucracy to Qaddafi's desire to make it a developmental and service instrument frustrated him; all too many bureaucrats were unmotivated, inefficient, incompetent and wasteful and negligent of public property. Middle class political elements, a big segment of the attentive public, were alienated by the regime's repression of autonomous political activity; they were apathetic or covertly opposed to the regime. The tribal elite offered passive resistance to the regime's effort to penetrate and mobilise the rural areas, and much of the rural masses remained under their influence, encapsulated in small communities bounded by kinship culture. Neither local government nor the ASU were able to mobilise the mass participation Qaddafi wanted; local officials had little interest in mass activism and did not enjoy much popular confidence, while the ASU, lacking political cadres and infiltrated or boycotted by opposition forces, was impotent. Much of the Westernised bourgeoisie disliked Qaddafi's militant nativism and his

campaign against cosmopolitan influences; resistance in student circles to his drive to impose a puritanic Islamic moral code and to require some sort of national service, was only the most overt manifestation of this conflict. Westernised states were also sceptical of Qaddafi's pan-Arabist schemes or opposed to his pursuit of union with Egypt as a threat to Libyan jobs and oil wealth. Sadat's rebuff of Qaddafi's initiatives and a similar failure of efforts to merge with Tunisia seemed to show the impotence of his pan-Arab ambitions and vindicate such scepticism. Qaddafi's virtual exclusion from the 1973 war damaged his claim to pan-Arab leadership. His Arab policy, soon diverted into efforts to subvert the Arab regimes he believed were betraying Arabism, equally failed to result in any concrete achievements, despite substantial expenditure of Libyan resources, but isolated Libya from most of the other Arab states. The apparent failure of his foreign policies could not but erode Qaddafi's political standing, based as it was chiefly on Arab nationalism. Most alarming of all for Qaddafi, as his stature among social elites weakened, a growing cleavage developed inside the top political elite between Qaddafi's more radical faction and moderate Free Officers who sympathised with middle class grievances or opposed Qaddafi's pan-Arab entanglements, and his growing propensity, as the leadership consensus eroded, to act unilaterally.

By 1973 Qaddafi had decided that he could not recover the initiative without the mobilisation of new political resources. Hence, he launched a major effort to go over the heads of social and bureaucratic elites in a direct appeal to the masses. This initiative took the form of the so-called popular or cultural revolution in which Qaddafi, in imitation of the Chinese precedent, incited the mass public to take direct action against opponents of his policies. Supposedly obstructive and unresponsive bureaucrats were removed from office, suspected opponents in the ASU and the universities purged, and 'popular committees' were set up in work places and local (but not central) government offices to which officials were to be held accountable. Qaddafi was clearly trying to broaden his personal support base; at a disadvantage in the small elite political arena, he hoped to strengthen his hand in dealing with elites by widening the scope of conflict and mobilising new actors into politics on his side. He was also trying, it seems, to overcome the mass passivity which obstructed his vision of a new revolutionary community. It appears that the waves of 'popular revolution' encouraged by Qaddafi from 1973 to 1975 did help to foster a new group of activists drawn from the lower strata Qaddafi saw as his constituency, distinct from and partly opposed to both tribal and official sub-elites.⁴ But on the whole the episode ended indecisively. Many of the new activists who had 'seized' power in the popular committees proved to be opportunists after personal power or to be as negligent and even more incompetent than the bureaucrats they were supposed to control. The later

⁴ Omar Fathaly, Monte Palmer, Richard Chackerian, *Political Development and Bureaucracy in Libya* (Lexington, Mass., 1977) pp 97-9.

waves of the popular revolution encouraged by Qaddafi were meant to purify his new following, but moderate opponents tried to use the administrative confusion caused by the experiment to pack with or subordinate the popular committees to educated officials. Ultimately the popular revolution wasn't enough to decisively shift the balance of political power between Qaddafi and his rivals and the conflict had to be decided in an outbreak of intra-elite violence at the apex of the state. In 1975 several top Free Officer moderates attempted a coup against Qaddafi which took the classic form of a movement by military units on the basis of personal ties between conspirators. It failed because, in the most immediate sense, the conspirators could not match Qaddafi's clientage network in the military and because the levers of the high command, hence the weight of military discipline, were in the hands of officer-politicians who stayed loyal to him. In short, the comparative strength of personal clientage networks in the coercive base of the regime proved decisive. Wider political forces, whether Qaddafi's middle class opponents or the leaders of his popular constituency, played no overt role in the contest. Nevertheless, Qaddafi's charismatic stature and personal standing as leader of the Revolution in the eyes of the mass public played an indirect role because it deterred many disaffected elites from joining the conspiracy either for fear of popular reaction or because of the psychological dominance it gave him. Moreover, the conflict was not unconnected to the interests of social forces: the lower class elements of the elite were concentrated in the radical faction and the middle class ones in the moderate faction, and each, in an informal way, spoke for the stratum from which it came. Thus the conflict, though fought out in a small elite arena, had implications for the wider mass one. The breakdown of collegial decision-making through the revolutionary council, however, showed that the political process, even within the elite arena, remained uninstitutionalised; authority and power remained based on personal charisma and coercion.

Personalistic Leadership and Political Institution-Building: the law-giver and the emergence of people's power

1975 marked a major watershed in the development of the Libyan political system. On the one hand, Qaddafi's personal leadership was decisively established with the purge of the Free Officers who had challenged him, leaving in the revolutionary council only those apparently in agreement with his course. Qaddafi now clearly emerged, with the gradual promulgation of the *Green Book*, a virtual blueprint for the transformation of Libya, as sole ideological innovator. On the other hand, Qaddafi also began to build the political infrastructure the regime still lacked and needed to organise the mass following it was developing, particularly through the cultural revolution.

By 1979, the structures of Qaddafi's new political system were in place. In principle, this system embodied a popular democracy in which authority flowed

upward from the sovereign people through a four-tiered series of assemblies and committees. At the bottom level were 'Popular Committees' playing either a conflict-resolution role in the neighbourhoods or charged with the 'self-management' of economic enterprises. Next, at the sub-district level, were 187 'Basic Peoples Congresses' composed of the whole people assembled in the area; they elected their own political secretaries and 'popular committees' which functioned as local administrative leadership. At the district level, were 45 'Popular Congresses' elected from the basic congresses, also with secretariats; they were paralleled by administrative popular committees composed of specialists corresponding to national administrative departments and functioning as regional cabinets. At the national level was the General Popular Congress composed of delegates (usually the secretariats) of the Basic Peoples Congresses which approximated a national legislature. Responsible to it was the General Popular Committee, analogous to a cabinet, composed of elements picked by the General Popular Congress from lower level popular committees. The General Congress also elected a supreme political leadership called the 'General Secretariat', held by Qaddafi and his top Free Officer colleagues until 1979 when he turned formal political leadership over to civilians. Parallel to this geographically-based structure, a series of occupational syndicates existed—for farmers, students, doctors, women, etc.—which were also represented in the general congress. Much of the population was also organised in a popular militia. Finally, in 1979, a separate, informal structure of political authority was created inside the congresses and syndicates; headed by Qaddafi, it was composed of 'Revolutionary Committees' charged with exercising political leadership of the masses inside the popular democracy on the basis of ideological influence rather than legal authority. They resembled the party fractions which operate inside the government machinery of communist systems, except that they were not organised as a vanguard party, being linked to the leader in a largely personal and sporadic fashion.⁵

In spite of the claim in the *Green Book* that this system embodies a direct popular democracy which demolishes barriers between the people and the exercise of power, examination of several actual political processes—recruitment, policy-making and policy-implementation makes clear that the exercise of democracy from below is controlled and channelled from above. Formally, leadership recruitment takes place by election from below. In practice, Qaddafi and his close colleagues remain the top political elite, ruling on the basis of their initial coercive seizure of power and their charismatic legitimacy, rather than election from below. Top executives, formally elected by the General People's Congress, appear to be nominated by Qaddafi. Even elections at lower levels increasingly came to be guided from above. Earlier uncontrolled elections

⁵ Omar Fathaly and Monte Palmer, *Political Development and Social Change*, pp 140–42, 197–202; Hevre Bleuchot and T Monastiri, 'Libye: L'Evolution des Institutions Politiques, 1969–1978', in *Annuaire de l'Afrique du Nord*, 1978.

tended to reflect tribal solidarities (so that, for example, the largest tribe in an area would inevitably be able to elect its leaders at the expense of smaller ones),⁶ or they resulted in the election of local influentials uncongenial to the regime or in the dominance of popular committees by persons lacking administrative qualifications; in response, the regime charged the 'revolutionary committees' with the guidance of elections, that is, to screening candidates for political loyalty and technical competence. The system of open nomination and voting by hand was likely to preclude opposition candidates, although not necessarily some debate over qualifications and perhaps some choice. Revolutionary committees themselves seemed to be virtually self-appointed in response to Qaddafi's call for their establishment, although Qaddafi could, no doubt, veto or purge elements he considered unsuitable. In short, political recruitment in the new Libya seemed to be based on a combination of advancement from below and cooptation from above; the closer to the political apex, the greater the intervention from above. For those, often of modest social status, who were loyal to the leader's ideology, this system provided a relatively open channel of political advancement and apprenticeship. But it was virtually closed to those who wished to contest Qaddafism.

The effect of mass participation on the *policy-making* process was similarly circumscribed by leadership priorities and controls. Foreign and defence policy was virtually a 'reserved sphere' of the leader; thus, a major decision like the Uganda intervention does not appear even to have been discussed by the popular congresses. In domestic matters, there was a consultative process which typically began with the dispatch of proposals from the leadership for discussion in the Basic People's Congresses. A consensus was reached and delegates bound by it sent to the periodic general congresses; this 'imperative mandate' was held to make the system a direct rather than a representative democracy. Many of the proposals so discussed were the major reforms blueprinted in the *Green Book*, such as the nationalisation of trade, agrarian reform, and military service including women. Qaddafi did encounter resistance in the congresses to many of these initiatives but he ultimately prevailed on any matter he considered critical to his revolution. On lesser 'who gets what' issues, particularly the distribution of budget expenditures, the system was more open to the competitive articulation of interests; in particular, the system became a vehicle for local demands on the national budget. But even this demand process was restrained from above. The weight of the 'instructions' of basic congresses to their delegates was diluted by the practice of aggregating the conflicting demands of different congresses through a joint committee of the general congress and the cabinet in which the latter attempted to tailor demands to the priorities of a Five Year Plan previously drawn up in the

⁶ J Davis, 'Qaddafi's Theory and Practice of Non-Representative Government', *Government and Opposition* 17(1), Winter 1982, pp 61-79.

national bureaucracy. Qaddafi typically threw his weight on the side of the cabinet against budget-busting raids from below, arguing that investments had to be done on a scientific cost-benefit basis. Qaddafi was clearly disappointed with the opposition to his most cherished initiatives and by the economically irrational and consumerist particularism expressed in the basic congresses. He complained that their delegates often expressed the interests of small groups or individuals rather than the authentic will of the people; he expected, however, that this deficiency would be remedied as the political consciousness, experience, and information access of the basic congresses was raised, and it was to undertake this that the revolutionary committees were created. Since these were not selectively recruited or ideologically disciplined, it was perhaps not surprising that they themselves have also fallen below the leader's expectations of political virtue; they did however give him a lever, however imperfect, to make sure his national priorities were favourably considered at the base. In conclusion, it appears that while Qaddafi did genuinely attempt to engage popular participation in policy-making, when the outcome of this process departed from an authentic expression of the general will as he saw it, he would intervene to set it right.

The line of administrative authority responsible for policy implementation began at the cabinet which translated the consensus reached in the consultative process into concrete plans and laws. Under the decentralisation measures of 1979, actual responsibility for implementation of nationally-set objectives was assigned to the 45 regional popular committees at the district level. From here the line of authority proceeded to the subdistrict, neighbourhood and enterprise popular committees. In operation, this system admitted of numerous jurisdictional conflicts between national and local needs, the demands of technical expertise and popular sovereignty. Some problems grew out of an ill-defined differentiation between political and administrative authority. Popular committees at first combined political activists and career officials, which led to conflicts and the frequent presence of unqualified persons in administrative roles. By 1979, the regime was seeing to it that technically competent elements were selected for popular committees. Popular committees remained, however, accountable to local people's congresses as well as their administrative superiors. In principle, such dual accountability could keep officials responsive to both local popular and national and technical needs. In practice it did not always work well: administrators could be paralysed or diverted into the irrational particularistic application of policies by excessive political intervention; on the other hand, people's congresses often proved too passive to exercise effective oversight. Decentralisation itself posed the problem of defining the actual authority of the national and regional cabinets. In short, decentralised administration by elected committees probably helped to bridge the gap between people and government and broadened participation in public affairs, but this was often at the cost of diluted authority and

responsibility, decisionmaking inertia, and enhanced local particularism potentially at odds with national priorities.

Revolution From Above: altering the social-cultural bases of political community

Even as he fashioned his 'Popular Democracy', Qaddafi was becoming convinced that political change alone was insufficient to create a new community and that a radical socialist transformation of social structure and culture was needed to consolidate its basis. On practical grounds, Qaddafi was dissatisfied with the results of the regime's mixed *étatist*-capitalist socioeconomic policies. To be sure, the massive state development drive was endowing Libya with expanded industrial and agricultural bases and a rapid expansion of education was developing her human resources. A traditional society was being rushed into the twentieth century. But crash modernisation had high costs. The bureaucracy was extremely wasteful, the development effort was excessively dependent on foreign manpower, and massive urbanisation fuelled consumption demands and further eroded indigenous agriculture. State capitalism stimulated, not a productive Libyan entrepreneurship, but middleman ventures between the state and foreign contractors, an explosion of import commerce, and absentee agriculture dependent on imported labour. Non-productive state employment mushroomed. Libyans were becoming a non-productive, dependent leisure class and a new *comprador* bourgeoisie, swelled by exorbitant profits, was in formation. On grounds of ideological principle, too, Qaddafi turned against capitalism as an unjust system. By 1978, he had become convinced that private ownership of the means of production was exploitative and that men made dependent on others by wage labour were unfree. Commerce and real estate were parasitic enterprises unentitled to the huge profits they acquired. Private accumulation of wealth and property was possible only at the expense of others and of justice. The profit motive, he now believed, was illegitimate and differences in income were justified only by differences in work, not in property. Accordingly, in a series of decrees, Qaddafi set out to efface capitalism and forge a new socialist society based on these tenets. Land was nationalised; its inheritance and tenancy were outlawed. Housing was taken from landlords and distributed to tenants or the homeless. Demonetisation wiped out many of the accumulated assets of the rich, while minimum wages were increased several-fold. Commerce was taken over by state stores selling at cost, or, in the case of basic commodities, at subsidised prices. Three forms of economic entrepreneurship were legitimised. The state sector would persist, serving as the dominant channel of development investment. Private enterprises were taken over by workers to be run as cooperatives by popular committees. Small family ownership in artisanal activities and farming were allowed, provided hired labour was not used; the

distribution of large holdings and reclaimed state land and laws against tenancy aimed, in fact, at the reestablishment of a productive Libyan family farmer.

The result of these measures seemed to be a massive levelling of the social structure, more radical than that attempted in any other Arab country. Making the new order an economically productive system faced, however, formidable challenges. Upper and middle class groups damaged by the reforms—many of which were employed in the bureaucracy—were naturally alienated; a major brain drain, and new laws against corruption, smuggling of wealth abroad, and sabotage were symptoms of their reaction. Utilising the scarce skills of this group in the new order was a major problem for the regime and, in the short run, Libya may have been made more dependent on foreigners to run its economy. Libya was now socialist, but there was no evidence that the wasteful and inefficient bureaucracy, whose responsibility for the economy was greatly increased under the new system, had been appropriately reformed.⁷ Moreover, Libya lacked the ideological vanguard party and the sophisticated planning and control apparatus used by socialist regimes to replace private entrepreneurship and the market in the mobilisation and allocation of resources. In industry, it would not be easy to accommodate worker control of enterprises with a central plan or managerial authority; reports suggested that, in the short run at least, the new system resulted in low labour discipline, high non-competitive costs, and dependence on government subsidies. There was also a disorganisation of the marketing system. Finally, the regime offered no immediate solution for the extraordinary and burdensome manpower redundancy in the government sector.

Simultaneously, Qaddafi embarked on a major ideological revolution. He proclaimed, in essence, the founding of a new reformed Islam which, purged of reaction, would return Muslims to the right path from which they had strayed. Qaddafi attacked the very foundations of the traditional Islamic order. The *Quran* alone, he declared, was revelation, and its appropriate function was as a source of personal ethics and general moral principles, not detailed social prescription; the traditional *hadith* and *fiqh*, the essence of the *Sharia*, was, he held, man-made, historically bound, and inappropriate as the basis of law in the new community. The *Green Book*, instead, was held to embody a more authentic application of the spirit of the *Quran* and *Sunna* to social life, and in defence of this claim, new interpretations of the *Quran* and *hadith* quite at variance with traditional orthodoxy, were put forth. And, Qaddafi declared, Islam had no need of an *ulema* class to interpret it; rather, it was implied, Qaddafi himself represented a new *imam* competent to shape an Islamic code for modern men. One immediate occasion for this remarkable assault on orthodox religion was the *ulema*'s use of traditional Islam to refute the *Green*

⁷ Nathan Alexander, 'Libya: the continuous revolution', *Middle Eastern Studies* 17(2) April 1981, pp 210–27; for a critique stressing the economic costs of the revolution, see J A Allen, *Libya: the experience of oil*, London and Boulder, Colorado: Croom Helm/Westview Press, 1981.

Book, particularly the socialism which threatened its class interests. But, in a deeper sense, it was an outcome of Qaddafi's search for an ideology which could motivate, mobilise and culturally transform Libya. Islam, he believed, was the only authentic ideology for the Arab nation and could alone hope to raise Libyans above their private concerns as it had done repeatedly in the history of the Arabs. Since traditional Islam was encumbered with reactionary practices (such as polygamy) and conceptions at variance with Qaddafi's view of its inner moral spirit (legitimation of private property), it had to be rectified. Qaddafi's radical revision of accepted Islam was neither implausible or unprecedented in Islamic history, but whether as a secular figure he had the stature to be accepted as self-appointed *imam* as against the *ulema*, was a critical question mark.⁸

The consequences of accumulated waves of revolutionary action throughout the 1970s for the formation of a political community and a support base for the new regime were, by the 1980s, ambiguous. Qaddafi's attacks on the interests of numerous elite groups—the old families, tribal leaders, the Westernised bourgeoisie, party leaders, students, bureaucrats, merchants, the *ulema*—had dangerously alienated big and strategic sectors of the upper and middle strata. There was little overt or organised resistance to Qaddafi inside Libya, but much passive resistance; the cosmopolitan and conservative opposition forces kept alive, often in critical portions of the state machine itself, a counter-ideology opposed to Qaddafism. On the other hand, Qaddafi had fostered a growing new elite beholden to and supportive of the new state. Significant parts of the lower and middle classes supported Qaddafi, and, particularly among youth, he had many enthusiastic partisans. He had mobilised and organised political activity among these strata to an unprecedented degree. They had benefited from his egalitarian social policies and were generally receptive to his nationalist and anti-imperialist foreign policy. But many elements of his popular constituency remained apathetic or traditionalistic. His support among traditional elements of the masses suffered from the hostility of the *ulema* and his effort to mobilise women (as a surrogate proletariat?). The radical value transformation which could turn particularist consumerist Libyans into productive and virtuous citizens was taking place, if at all, very slowly. If Qaddafi's foreign policy continued to suffer costly reverses, his charismatic stature, ultimately rooted in his nationalist appeal, was bound to suffer erosion among the masses. Thus, while a new revolutionary community in embryo may have been in formation, it had clearly not been consolidated by the 1980s.⁹

⁸ Two contrasting analyses of Qaddafi's ideological religious innovations are Sarwat Anis al-Assiouty, 'Qathafi's Green Book and Social Legislation', paper given to SSRC Conference on Social Legislation, Rabat, 1981, and Ann Elizabeth Mayer, 'Islamic Resurgence or New Prophethood: the role of Islam in Qadhafi's ideology', in Ali E Hilal Dessouki, *Islamic Resurgence in the Arab World*, New York: Praeger, 1982, pp 196–250.

⁹ Two contrasting assessments of the outcome of Qaddafi's efforts to create a new political community are: Lisa Anderson, 'Libya and American Foreign Policy', *Middle East Journal* 36(4)

The Libyan Political System: the achievements and limits of charismatic mobilisation from above.

By the 1980s, the basic feature of the Libyan political system had crystallised, making apparent both its strengths and weaknesses. At the top stood the charismatic leader, enjoying virtually unlimited authoritarian powers, the source of all innovation and basic policy, dominating a relatively cohesive if uninstitutionalised decision-making centre. His rule was based on three 'pillars'. First, his personal legitimacy as 'leader-teacher' constituted the system's basic source of stability. It grew out of both personal qualities and the acceptance by a significant portion of the population of Qaddafi's 'message'. The leader was viewed by his followers as both a man of the people and yet an exceptional person whose ideas expressed their own latent ideals and sentiments, a kind of 'General Will' transcending their private interests and parochial loyalties. Qaddafi's intense personal drive and political vision was also the main source of dynamism in the system. Second, Qaddafi ruled through control of bureaucratic and coercive instruments, a military apparatus bound to him through close personal followers, a bureaucracy run by loyal technocrats charged with translating his ideas into concrete plans and practices. Third, his power rested on the new political infrastructure he had forged, the system of 'popular democracy'. It organised the involvement and generated a minimal ideological consensus among the mass populace regarded by the leader as his constituency; in fostering a pool of enthusiastic activists loyal to the leader and his message and in drawing a major segment of the previously politically inactive public into the political system on the leader's side, it broadened the regime's support base and widened political opportunity and access. Together, these three dimensions of Qaddafi's rule made the new state strong enough to defeat all opposition, and to impose a radical structural revolution and a major development drive on the country. They also gave the regime a stability remarkable in view of the many powerful interests it damaged or threatened. Ten years after Qaddafi's coup, the Libyan state was far stronger and broader based than under the old regime: a modern state was in formation.

It is also clear, however, that the value transformation, the cultural revolution needed to match the structural one, had been, at best, only partially accomplished. Libyans had yet to be raised much above kinship loyalties and consumerism or forged into virtuous new citizens animated by civic duty. Substantial covert opposition remained entrenched among the most strategic sectors of society. The inertia, waste, and inefficiency of officials remained impervious either to charismatic exhortation, or to popular accountability and decentralisation. The limits of Qaddafi's experiment seemed a function of its

Autumn 1982, pp 516-34 and Jacques Roumani, 'From Republic to Jamahiriya: Libya's search for political community', *Middle East Journal* 37(2) Spring 1983, pp 151-68. For a glimpse of their effect at the micro level, see the study by John P Mason, 'Qadhdhafi's "Revolution" and Change in a Libyan Oasis Community', *Middle East Journal* 36(3) Summer 1982.

character as an essentially personalistic revolution from above. First, value transformation in revolutions seems to be a function of mass mobilisation in the course of a struggle against an entrenched state; where a revolution grows out of mass struggle in an anti-colonial or class war, it can generate an intense solidarity capable of submerging opposition and generalising new higher levels of political virtue and obligation. Whether a comparable result can be obtained by revolutions born of military coup and imposed by charisma and bureaucracy from above, seems doubtful. Second, Qaddafi's political instruments, personal creations imposed from above, seemed inadequate to the task of generating and institutionalising a new ideologically virtuous and participant political culture. They seemed to lack the ideological discipline and organisational muscle needed to penetrate and atomise traditional social tissues, generate and energise a large body of committed and disciplined cadres, or effectively activate and control the bureaucratic arms of the state; in short, Qaddafi lacked the Leninist organisational weapon which has proved indispensable to revolutions elsewhere. The recalcitrance of political culture, in turn, constituted an obstacle to the mobilisation of durable participation. As long as Libyans fail to live up to his standards of political virtue, Qaddafi must continuously intervene in the political process in an authoritarian fashion, in order to set things right—or allow his revolution to be subverted. But, as long as he does so, his political infrastructure can acquire only modest political autonomy, it cannot become a vehicle for the translation of demands into policy or for the expression of views out of conformity with official ideology. Thus, the institutionalisation of participation is retarded. The cost of this is likely to be the clogging of channels of access to the elite and, in consequence, either political passivity or the development of clientelism as an alternative means of access. Qaddafi, in short, still faces the challenge of institutionalising both his ideology and a reasonable level of participation. Whether his political system can accomplish this remains to be seen; if it cannot, Qaddafi's revolution is unlikely to outlast him.

The Western Sahara File

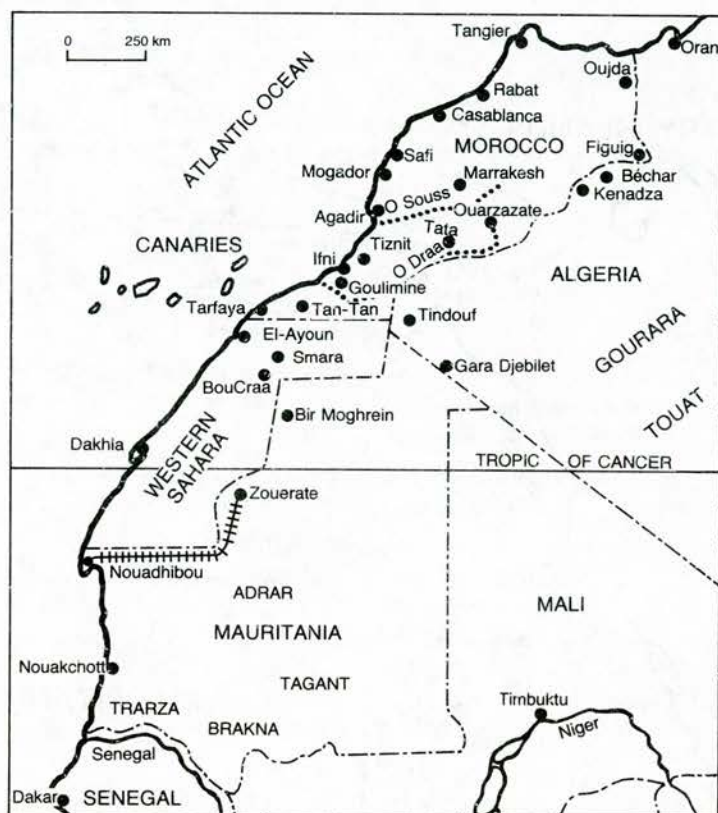
The war between Morocco and the *Frente Popular para la Liberación de Saguia el-Hamra y Río de Oro*, better known as the Polisario Front, is raging in one of the most remote and least known corners of the globe. Who are the people of Western Sahara, the Saharawis? What kind of relations did they have historically with their Moroccan neighbours to the north, and with the Mauritanian tribes to their south? How did such an apparently barren territory as Western Sahara come to be colonised by Spain, and what was Spanish rule there like? The territory's phosphate deposits are well known; but are there any other resources? How and why did Morocco and Mauritania lay claim to Western Sahara from the late 1950s? What indigenous political parties and liberation movements took shape within the Spanish colony, and what have the United Nations, the Organization of African Unity and the International Court of Justice (ICJ) had to say about the controversy surrounding its future?

These are some of the questions that this file will address, in the hope of shedding some light on a contemporary decolonisation problem which seems as intractable as it is obscure. It will also examine how Western Sahara was ceded to Morocco and Mauritania in 1975-6, the consequent refugee movements to Algeria and the creation of Polisario's Saharan Arab Democratic Republic, the Moroccan-Mauritanian partition treaty of April 1976, the evolution of the war since 1975, Mauritania's withdrawal from Western Sahara in 1979, the role of the world powers and the prospects for peace.

The Saharawis

The Western Saharans, or Saharawis as they are known, are a sub-group, ethno-culturally speaking, of the *beidan*, or 'Moors', nomads of mixed Berber, Arab, and black African descent who speak a dialect of Arabic known as Hassaniya and live in a swathe of desert from the Oued Draa in southern Morocco to the valleys of the Niger and the Senegal. Historically, they are the result of the fusion, through wars, subjugation, alliances and inter-marriage, of Sanhaja Berbers (who first migrated into this region in the first millennium BC and acquired the camel in about the first century AD), Bedouin Arabs known as the Beni Hassan (who began arriving at the end of the thirteenth century), and black African slaves. As Arabophone nomads, the Moors were distinct from the Berber Tuareg nomads to their east, as well as from the black African farmers to their south and the semi-nomadic or sedentary Berbers of the Souss and the Anti-Atlas to their immediate north. The tribes, or *qabael*, in the region

now known as Western Sahara were regarded, by themselves and their neighbours, as the *ahel es-sahel* (the people of the littoral), since they lived in the extreme western stretch of desert flanking the Atlantic.

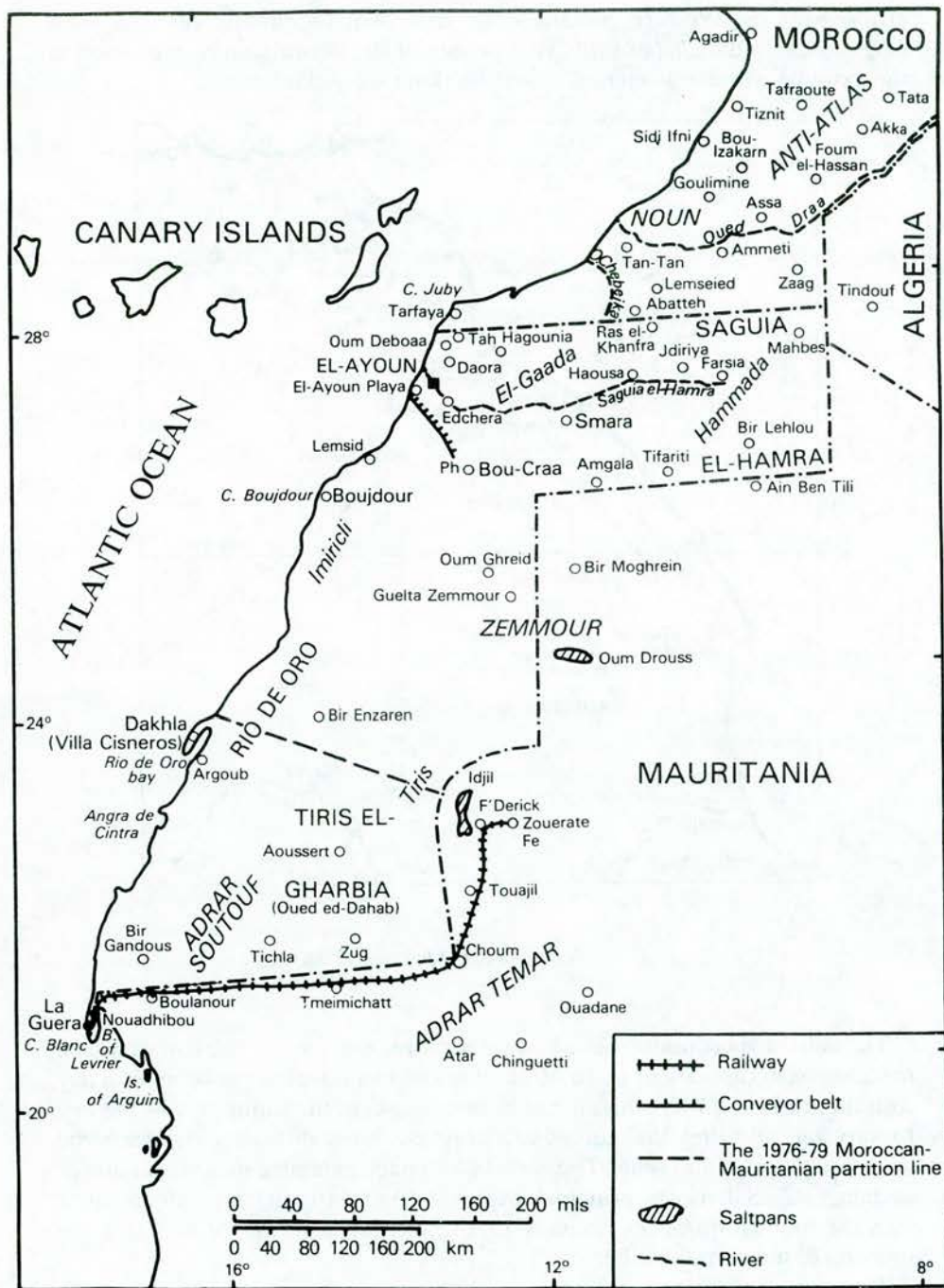


© Moira Jones

North-west Africa

The Saharawi economy was based on pastoral nomadism. The camel, which has a stomach capacity of up to 60 gallons and can travel some 40 miles a day without drinking for five days in the hottest weeks of the summer, was the key to survival, allowing the nomads to traverse huge distances to reach the scattered pastures and wells. The camel was a pack animal, a means and unit of exchange, the Saharawis' principal 'export' (along with salt), an instrument of war, the foundation of the nomads' diet (milk) and a source of hair (for the weaving of tents) and leather.

The nomad was like a living compass. In his constant struggle against nature,



he knew that the slightest error of judgement could decimate his herds and perhaps result in starvation and death. Survival required a remarkable sense of direction and knowledge of terrain—skills which have contributed to the Saharawis' success as guerrillas in the twentieth century.

The cultivation of crops was marginal to the economy. There were almost no oases between the Oued Draa and the Adrar region of Mauritania, though small quantities of barley were sometimes cultivated in rain-collecting depressions. Furthermore, only small impoverished tribes along the coast engaged in fishing, by wading with large nets from the beach rather than using boats, although Western Sahara has a 720-mile coastline with rich fishing resources that have attracted the Canary Islanders for several centuries. The Saharawis did, however, engage in trade. They would exchange animals, wool, skin and salt for such 'imports' as cereals, tea, sugar, firearms, rugs and pots. They also participated, as guides, escorts or traders, in the long-distance caravan traffic across the Sahara.

Raiding between *qabael* was almost endemic, because of the Saharawis' great mobility, the availability of arms, the competition for livestock, pastures, and wells, and the customary responsibility of agnates for murders, which could cause a vendetta-like spiral of violence.

Saharawi society was divided horizontally and vertically, into tribes and castes. At the top were free *qabael*, known either as *ahel mdafa* (people of the gun) or *shorfa* (descendants of the Prophet Mohammed)—though, for the latter also, freedom rested as much on military prowess as on noble descent. Beneath them, there were *qabael* of tributary status, the *znaga*, who were forced to pay tribute for 'protection' to powerful free tribes. At the bottom of the social scale were castes of craftsmen (*maalemin*) and bards (*iggawen*), who were attached to *qabael* of free or tributary status, and finally the slaves (*abid*) and freed-yet-dependent *haratin*.

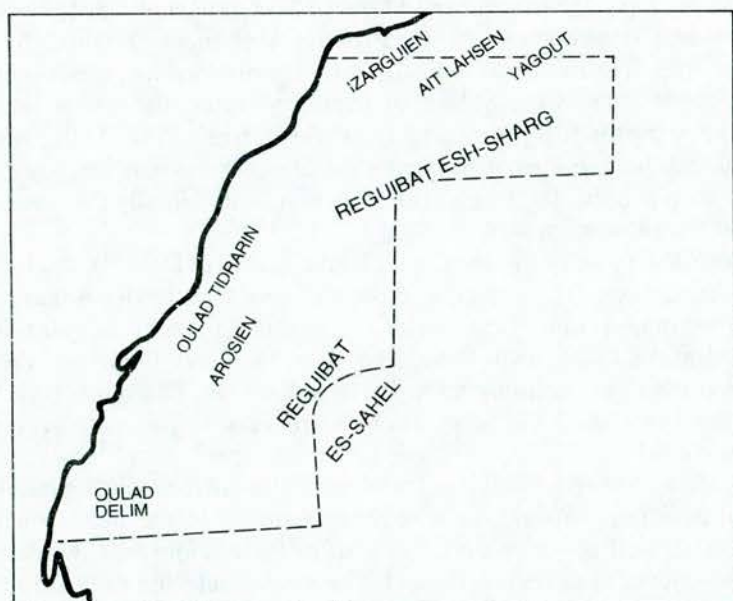
The main *ahel mdafa* were the Oulad Delim ('Sons of Delim'), the Izarguien, and the Ait Lahsen. The principal groups of *shorfa* were the Reguibat (who today constitute a numerical majority of the Saharawi population), the Arosien, and the Oulad Bou Sbaa. Together, the *ahel mdafa* and the *shorfa* constituted the overwhelming majority of Saharawis. The only large tribe of *znaga* were the Oulad Tidrarin. There were very few *maalemin*, *iggawen*, *haratin* and *abid*.

Each *qabila* was segmented into fractions. Politically, each tribe and fraction regulated its affairs through an assembly (*djemaa*) of the heads of its most distinguished families—men who, by virtue of their valour, age, wisdom, piety or wealth, enjoyed the greatest respect. The *djemaa* selected the group's *sheikh* (plural, *shioukh*), established its own body of law, the *orf*, to complement the basic Islamic judicial code, the *Sharia*, and appointed a *qadi* to administer justice. At tribal level, this assembly was often known as an Ait Arbain, or Council of 40. Presided over by a *moqadem*, it would usually be called into

session in time of war or grave crisis, to organise the tribe's defence or a raid (*ghazzi*).

The limited and dispersed pastures required migration in relatively small groups, and so it was very rare for a whole tribe to gather together in one place. Under such conditions of dispersal, in an exceptionally arid and hostile environment, no single group could draw on sufficient power or resources to establish even a semblance of supratribal government. Further south, in southern and western Mauritania (Adrar, Trarza, Tagant and Brakna), where rainfall is higher and oases more frequent, weak embryonic supratribal states were set up from about the seventeenth century. However, their emirs had no authority over the *qabael* of the *ahel es-sahel*, which remained completely independent.

Likewise, the Saharawis were effectively beyond the control of the sultans of Morocco. Much of Morocco itself (the Atlas ranges and the Rif) was normally beyond the sultans' effective writ in pre-colonial times—and thus known as the 'lands of dissidence', the *bilad es-siba*. Intervention by Moroccan sultans in the distant, forbidding Sahara was limited and ephemeral. When there was such intervention, by atypically powerful rulers, like Ahmed el-Mansour (1578–1603) and Moulay Ismail (1672–1727), it was normally motivated by



© Moira Jones

The Main Qabael of Western Sahara
Approximate zones of nomadism, mid-20th century

the desire to secure control of the trade routes across the desert or to acquire slaves. The usual means were to send raiding armies, strike up opportune alliances and secure control of strategic oases, market towns, salt-mines and wells. Temporary Moroccan administration was established at times in the Algerian oases and trading centres of Gourara, Touat and Tidikelt and, in the late sixteenth and early seventeenth centuries, in Timbuctoo. Such (very brief) administration was only possible at all because these regions had oases or towns with sedentary populations. In the expanse of desert encompassing what is now known as Western Sahara, however, there were no settlements. This was the domain of long-range camel-herding nomads, the 'sons of the clouds', who were constantly on the move, scattered over enormous, distant tracts of exceedingly inhospitable territory. To have attempted to have administered or taxed them, or to have halted their incessant inter-tribal raiding, would have been utterly utopian.

Spanish Colonisation

The first European contact with Western Sahara came in the fifteenth century, at the start of the great age of maritime discovery pioneered by Portugal and Spain. Prince Henry the Navigator, the son of King João I of Portugal, sent out annual expeditions from the Algarve to the islands of the Atlantic and the African coast from the 1420s, and in 1434 one of his captains, Gil Eannes, became the first European to succeed in returning from a voyage south of Cape Bojador—beyond which, legend had it, lay the dreaded *Mare Tenebrosum*, the Sea of Darkness. By 1441, Portuguese seamen had reached as far as Cape Blanc. The first Portuguese slave-raid was staged on the Western Saharan coast that year, and thereafter raiding alternated with trading, for slaves and gold. One place where gold was acquired, the inlet at Dakhla, was named the Rio de Ouro by the Portuguese.

Portugal's main rival was Castile, which began conquering the Canary Islands, off the northern tip of the Saharan coast, in 1402. In 1405, Jean de Bethencourt, a Norman knight in the service of Castile, landed on the Saharan coast, to the north of Cape Bojador, and attacked a caravan of traders. In 1476, the Castilian master of the Canaries, Diego García de Herrera, sent an armed force to the Saharan coast to build a fortress, Santa Cruz de Mar Pequeña, which became a trade centre and a base for slave-raiding. Castile and Portugal agreed on spheres of influence along the coast under successive treaties, signed in Alcáçovas (September 1479), Toledo (May 1480), Tordesillas (June 1494), and Cintra (September 1509). However, in 1524, a Saharawi force sacked Santa Cruz de Mar Pequeña. The Spanish, whose imperial interests shifted to the Americas, made no attempt to re-establish a settlement on the Western Saharan coast, though the Portuguese remained on the island of Arguin, just to the south of the modern Western Saharan-Mauritanian border, until its seizure by the Dutch in 1638.

Spain did not renew its interest in the African coast opposite the Canaries until the European scramble for Africa at the end of the nineteenth century. With the French then in possession of Arguin and a British trading company (Donald Mackenzie's North-West Africa Company) installed since 1879 at Tarfaya, directly opposite the Canaries, there were fears in Madrid that France, Britain or some other European power might secure control of this coast and so endanger Spain's hold over the Canaries. It would be prudent, some argued, to raise the Spanish flag to forestall such rivals. Moreover, the traumatic loss of the colonies in Latin America had left a sense of wounded pride which some Spanish nationalists hoped to dispel by pursuing new imperial glories in Africa. Their cause was propounded by such societies as the *Asociación Española para la Exploración de Africa* (founded in 1877 with the backing of King Alfonso XII), the *Sociedad de Geografía de Madrid* (founded in 1876) and, above all, the *Sociedad Española de Africanistas y Colonistas* (launched in 1883), which sent an explorer, Emilio Bonelli, to the Saharan coast in November 1884. The colonialist lobby was supported by business groups which, like Mackenzie, wanted to tap the supposed wealth of the Saharan caravan traffic or to exploit the rich fishing banks off the Saharan coast. In 1881, the *Sociedad de Pesquerías Canario-Africanas* established a pontoon in the Río de Oro bay, and in 1883 the *Compañía Comercial Hispano-Africana* was founded 'to develop Spain's commercial relations with Africa by establishing trading posts and creating a regular steamship service'.¹

So, by 1884, the year the Congress of Berlin started laying down the ground-rules for the division of Africa, there was a formidable nexus of business interests and 'Africanist' propagandists who, with the ear of the royal family and several prominent politicians, could pressure the Madrid government to embark on a colonial venture on the Saharan coast. In December 1884, the Spanish government proclaimed a 'protectorate' over 'the territories of Río de Oro, Angra de Cintra, and the Bay of the West'.² A settlement named Villa Cisneros, was founded at Dakhla, on the Río de Oro bay, in 1885. On 10 July 1885, the whole coast between Capes Bojador and Blanc was placed under the administrative responsibility of the overseas ministry in Madrid and Bonelli was appointed royal commissioner. The Spanish Sahara's borders were delineated by four successive Franco-Spanish conventions, signed in 1886, 1900, 1904 and 1912. In all, Spain acquired 112,000 square miles of desolate desert, comprising two outright colonies—Río de Oro (71,000 square miles) and Saguia el-Hamra (31,650 square miles)—and a 9,900 square mile 'protectorate' known as Spanish South Morocco between parallel 27°40' and

¹ Tomás García Figueras, *Santa Cruz de Mar Pequeña, Ifni, Sahara. La acción de España en la costa occidental de Africa*, Madrid: Ediciones Fe, 1941, p. 126.

² J. L. Miège, 'Les origines de la colonie espagnole du Río de Oro' in *Le Sahara: rapports et contacts humains, 7ème colloque d'histoire organisé par la faculté des lettres d'Aix-en-Provence*, Aix-en-Provence: Publications des Annales de la Faculté des Lettres, 1967, p. 210.

the Oued Draa, which was regarded as a southern adjunct of the Spanish protectorate zone set up in northern Morocco (with a capital at Tetuan) when Morocco was divided by France and Spain in 1912.

However, Spain was too weak to occupy its allotted zone of desert. For more than 30 years after its founding, Villa Cisneros was the only Spanish settlement in Western Sahara. In 1916, a second outpost was finally established at Tarfaya, allowing the Spanish flag to fly for the first time in 'Spanish South Morocco'. A third settlement was founded at La Guera, at the tip of Cape Blanc in 1920. However, no attempt was made to occupy points in the interior until as late as 1934.

In the meantime, the hinterland of these supposedly Spanish territories became a sanctuary for nomad forces resisting the French advance into the neighbouring regions of Mauritania, Morocco, and Algeria. Sporadically, for 30 years, from 1904 to 1934, long-range raiding parties would set forth from 'Spanish' territory to attack the French and the tribes that had allied with them. Two of the most celebrated anti-colonial leaders, Sheikh Ma el-Ainin and his son, Ahmed el-Hiba, even attempted, in 1910 and 1912 respectively, to save Morocco from European colonisation by deposing the weak, compromise-prone Alawite sultan, Moulay Hafid. They were defeated by French armies. While El-Hiba kept on fighting against the French from the Anti-Atlas until 1934, his brother, Mohammed Laghdaf, and other Saharawi resistance leaders, such as Mohammed el-Mamoun and El-Aissawi et-Tibari, continued raiding against the French in the desert.

However, in 1934, French forces from Morocco, Algeria and French West Africa finally 'pacified' the border regions of the north-western Sahara in a coordinated military campaign. Simultaneously, at France's behest, Spain at last occupied a few strategic points in the interior of its zone of desert, including the (abandoned) town of Smara, the region's only pre-colonial settlement, which had been built by Ma el-Ainin in 1898-1902.

Spanish Rule

Still, Spanish Sahara remained an almost forgotten colony, of zero economic value to the metropolis. From 1934 to 1946, it was governed, for purposes of administrative convenience, as an appendage of the Spanish protectorate in northern Morocco. Then, from 1946 to 1958, it formed part of *Africa Occidental Española* (AOE), with Ifni, a small enclave on Morocco's Atlantic coast. As late as 1952, there were still only 216 civilian employees, 24 telephone subscribers, and 366 children in school in the whole of Spanish Sahara. Almost all the Saharawis remained nomads. It was not until the sudden awakening of interest in the territory's mineral resources, in the late 1950s, that their way of life would begin, suddenly and radically, to change.

In 1958, two years after Morocco's independence, AOE was dissolved. Spanish South Morocco was ceded, or retroceded, to the Rabat government,

while the rest of Spain's Saharan territory was converted into a Spanish province, with its own capital at El-Ayoun, where a settlement had been founded in 1940. (A separate province was created in Ifni.) The *Provincia de Sahara* was administered by a governor-general, a military officer with the rank of general who was responsible in military matters to the Captain-General of the Canaries and in civilian affairs to the Presidency of the Council of Ministers in Madrid, through its colonial office, the *Dirección General de Plazas y Provincias Africanas*—or, as it was known after Ifni's cession to Morocco in 1969, the *Dirección General de Promoción del Sahara*.

Under a 1962 decree, El-Ayoun and Villa Cisneros each had municipal status and so were administered by city councils (*ayuntamientos*), headed by mayors (*alcaldes*). Smara and La Guera were deemed 'minor local entities' and administered by local *juntas*. For the territory as a whole, there was a 14-member *Cabildo Provincial* (Provincial Council). From 1963, when the first elections to these bodies were held, three *procuradores* represented the province in the Spanish *Cortes* (Parliament). In 1967, their number was raised to six. However, the electoral process was no more democratic than it was in Spain itself under the Franco dictatorship. None of the councils, at local or provincial level, had any real power.

As for the nomads (the overwhelming majority of the population until the early 1970s), the Spanish authorities continued a policy akin to 'indirect rule', through the *qabael's* traditional *djemaas* and *shioukh*. As sedentarisation increased, however, the Spanish felt a need for new means of communication and consultation with the Saharawi population. So, in 1967, a territorial *Djemaa*, composed (initially) of 82 members, all Saharawis, was set up. They represented tribal, rather than geographical, constituencies and less than half were directly elected. The assembly had a purely consultative role, and a UN mission of inquiry which visited Western Sahara in May 1975 reported that it appeared to 'depend considerably for guidance on the Spanish authorities' and to be 'representative largely of the older and more conservative element of Saharan society'.³

Like metropolitan Spain during the Francoist era, Western Sahara was administered by a ruthless police state. Manifestations of opposition to the colonial status quo were violently repressed. In effect, the territory was a military colony. It was administered by military officers, and after Morocco's independence it became the main home for the Spanish Foreign Legion. In some towns and settlements, Spanish troops outnumbered civilian residents.

To placate the UN, Spain promised, from 1966 onwards, that it would eventually allow self-determination, through a referendum, when the territory and its people were 'ready' for it. In practice, however, such a vague promise

³ Report of the United Nations Visiting Mission to Spanish Sahara, 1975, in *General Assembly Official Records*, Thirtieth Session, Supplement 23, Vol III, UN Document A/10023/Rev.1, p 44.

allowed Spain to remain indefinitely in the territory, which seemed, in the 1960s, to be on the verge of a mineral bonanza.

Economic Resources

One resource, Western Sahara's rich fishing waters, had been exploited by Spaniards from the Canary Islands for more than four-and-a-half centuries. One of the best fishing zones in the world, the Western Saharan coast is estimated to be able to support a global annual catch of as much as 2 million tons. About 250,000 tons of fish are caught there annually by the Canary Islands' fishing fleet alone. However, Western Sahara itself has benefited little from this wealth. In the peak, pre-war year of 1974, 11,800 tons of fish were landed in Western Saharan ports—about 1 per cent of the total estimated tonnage of fish caught off the territory's coast by vessels from the rest of the world.

In the early 1960s, meanwhile, the world's oil companies descended on Western Sahara, encouraged by the major oil discoveries in the Algerian Sahara. In 1960–1, 43 onshore blocks covering 37 per cent of the territory's land-area, were awarded to 11 consortia grouping 20 oil companies. By 1964, 27 discoveries had been made, but none was deemed commercial. The exploration focus then shifted offshore. Though no oil was ever exploited, oil companies have retained interest in the region. In 1978, the Moroccan government awarded new offshore blocks to BP and Philips Petroleum, though the wartime conditions forced the companies to abandon their permits in 1980. Since then, the oil search has shifted, for political reasons, across the border to the Tarfaya region of southern Morocco, where Shell was authorised to look for shale oil onshore in 1981, and Mobil was awarded offshore exploration rights in 1982 in a region earlier explored by Agip and Esso.

Since the 1950s, there has also been interest in Western Sahara's iron ore, which has been found in three regions—at Agracha, a few miles from the huge iron mines across the Mauritanian border at Zouerate; in the east of Saguia el-Hamra, not far from the Gara Djebilet iron deposits in south-western Algeria; and in the centre of the country. The iron deposits have not yet been exploited, however.

It is phosphate rock, of course, which has really put Western Sahara on the world mineral map. Phosphate deposits were first discovered in the late 1940s, but a systematic survey was not conducted until after the creation of the *Empresa Nacional Minera del Sahara* (ENMINSA) in 1962. ENMINSA estimated the territory's total deposits at 10 billion tons and found proven reserves of 1.7 billion tons of high-grade (75–80 per cent bone phosphate of lime) ore at Bou-Craa. In 1969, Spain's *Instituto Nacional de Industria* (INI) founded a special company, *Fosfatos de Bu-Craa* (Fosbucraa for short), to exploit the deposits there. Exports began in 1972. By 1975, almost pta 25 billion had been invested, providing a production capacity of 3.7 million tons of

ore a year, and annual output had risen to 2.6 million tons. Fosbucraa planned to raise capacity to 10 million tons a year by 1980, making Western Sahara the world's second largest phosphate exporter (after Morocco).

However, the phosphate industry ground to a virtual standstill after the outbreak of war between Morocco and Polisario in 1975.

The Fall in Phosphate Exports, 1975-9
(tons)

1975	2,638,000
1976	277,000
1977	25,000
1978	441,000
1979	139,000

Sources: Interview with Larbi el-Omari, Director, Fosbucraa, El-Ayoun, 20 June 1978; *Mining Annual Review*, 1980.

With its phosphate revenues, which had already reached pta 4.7 billion by 1974, Western Sahara would be economically viable as an independent state. Indeed, it might, in view of its small population, enjoy a per capita income comparable to that in Western Europe or the Gulf oil states.

Social Changes

The economic changes of the 1960s and early 1970s brought about a rapid modernisation of Saharawi society. The majority of Saharawis gave up their precarious nomadic way of life and settled in the towns, to take up wage-employment, set up shop as traders or send their children to school. The number of Saharawis living in the three main towns (El-Ayoun, Smara, and Villa Cisneros) trebled between 1967 and 1974, reaching 40,660, or 55 per cent of the Saharawis recorded in the 1974 census, which put the total population at 95,019, of whom 73,497 were Saharawis, 20,126 Europeans and 1,396 from other African countries. Some nomads were probably 'missed out', however. Moreover, the census took no account of those Saharawis from the *qabael* which had traditionally roamed in the Western Saharan region, and who—for political or economic reasons—had settled in the neighbouring territories, rather than within the borders of Spanish Sahara. There were at least 75,000 such *ahel es-sahel* in southern Morocco, northern Mauritania, and south-western Algeria by 1974.

Liberation Movements

It was Morocco's regaining of independence in 1956 and the calls to

insurrection from the radical leaders of the *Jaich at-Tahrir* (Army of Liberation) in southern Morocco which first inspired the *ahel es-sahel* to rise in revolt—against the French in northern Mauritania and south-western Algeria as well as the Spanish in Western Sahara. Their tactics were modelled on the raids of the pre-‘pacification’ period that had ended barely two decades earlier. Attacks became frequent during 1957 and the weak Spanish forces had to be evacuated from the interior to a handful of strongpoints along the coast. Even Smara was abandoned. However, in February 1958, the insurgency was crushed by a joint Franco-Spanish campaign, Operation Ouragan (Hurricane), involving 14,000 troops and 130 aircraft. The remnants of the Saharawi guerrilla forces were disarmed and disbanded in southern Morocco by the regular Moroccan army, the *Forces Armées Royales* (FAR), which assumed control there from the ‘irregulars’ of the *Jaich at-Tahrir* the same year. It was only after the decimation of the guerrilla movement that Spain finally agreed, on 1 April 1958, to hand over Spanish South Morocco to the Rabat regime (Agreement of Cintra).

The following decade saw no serious attempts by the Saharawis to challenge Spanish rule. However, the profound changes within the Spanish colony and in the international arena during the 1960s did give rise to a modern, urban-based nationalist movement at the very end of the decade. This was the *Harakat Tahrir Saguia el-Hamra wa Oued ed-Dahab* (Liberation Organisation of Saguia el-Hamra and Oued ed-Dahab), whose principal leader was Mohammed Sidi Ibrahim Bassiri, a Reguibi who had studied in Morocco, Egypt and Syria. A small clandestine movement which advocated social reforms as well as decolonisation, the *Harakat Tahrir* disintegrated after Foreign Legionnaires fired on anti-Spanish demonstrators in El-Ayoun on 17 June 1970. Hundreds of Saharawis were briefly detained. Bassiri was arrested and never reappeared. Most Saharawis believe that he was murdered by his captors.

The initiative for reorganising the anti-colonial movement came from Saharawis living abroad, in Morocco and Mauritania. A nucleus of militant Saharawi students was formed in Rabat in 1971–2. Among them, notably, was a Reguibi, El-Ouali Mustapha Sayed, a student in the law faculty at Mohammed V University, who travelled incessantly between the main centres of the Saharawi diaspora, in Morocco, Mauritania and Algeria, to lay the foundations for a new movement which would fight the Spanish, arms in hand. Fearing Moroccan repression, the embryo of the new movement was formed in Zouerate. Finally, on 10 May 1973, the Polisario Front was born—as the ‘unique expression of the masses, opting for revolutionary violence and the armed struggle as the means by which the Saharawi Arab African people can recover its total liberty and foil the manoeuvres of Spanish colonialism’.⁴ The first guerrilla attack, against an outpost of the Spanish Tropas Nómadas at

⁴ Manifesto of 10 May 1973. The text may be found in *Sahara Libre* (Polisario Front, Algiers), No. 13, 20 May 1976.

El-Khanga, in the eastern Saguia el-Hamra, followed ten days later. Over the next two years, the Front staged a succession of small hit-and-run attacks, with almost no external support apart from one small consignment of arms from Libya. The governments of Morocco, Mauritania, and Algeria gave no material support to the guerrilla struggle, though Polisario bands could outwit the Spanish by slipping across the border into the vast unpoliceable desert regions of northern Mauritania.

It was at its second congress, held between 25–31 August 1974, that Polisario came out unambiguously in favour of full independence. A manifesto declared that 'the Saharawi people have no alternative but to struggle until wresting their independence, their wealth and their full sovereignty over their land'.⁵ The Front was converted from a small vanguard group into a mass movement in 1974–5 as a result of the vacillations of Spanish policy and the looming threat from Morocco at that time. The Front's popular support was dramatically revealed in May 1975, when thousands of pro-Polisario demonstrators took to the streets to greet a UN mission of inquiry as it toured the territory. The mission members reported:

At every place visited, the Mission was met by mass political demonstrations and had numerous private meetings with representatives of every section of the Saharan community. From all these it became evident to the Mission that there was an overwhelming consensus among Saharans within the territory in favour of independence and opposing integration with any neighbouring country . . . The Mission believes, in the light of what it witnessed in the Territory, especially the mass demonstrations, of support for one movement, the Frente POLISARIO . . . that its visit served as a catalyst to bring into the open political forces and pressures which had previously been largely submerged.⁶

After the Moroccan-Mauritanian annexation of Western Sahara in 1975–6, the majority of Saharawis rallied behind the Front to continue the fight for independence. Thousands of men enrolled in its guerrilla army, the Saharawi People's Liberation Army (SPLA), while women, children and old people fled to Polisario-run refugee camps in Algeria, which began aiding the Front early in 1975.

El-Ouali was the Front's Secretary-General from its founding until his death in action in June 1976. At the third congress, held on 26–30 August 1976, another Reguibi, Mohammed Abdelaziz, was elected Secretary-General. He was re-elected at the fourth congress (25–28 September 1978) and the fifth congress (12–16 October 1982). The Secretary-General heads Polisario's supreme leadership body, the 7-member Executive Committee, which is elected by the Front's congress and overseas political, military and diplomatic strategy. A subordinate political bureau, with 25 members, coordinates the Front's political work.

⁵ 'Manifeste politique', in *Le peuple saharaoui en lutte*, Polisario Front, 1975, p. 50.

⁶ Report of the United Nations Visiting Mission to Spanish Sahara, 1975, *op. cit.*, p. 59.

Executive Committee of the Polisario Front

(Elected by the fifth congress, October 1982)

Mohammed Abdelaziz, Secretary-General

Mohammed Lamine Ould Ahmed

Mahfoud Ali Beiba

Ibrahim Ghali Ould Mustapha

Bashir Mustapha Sayed

Ayoub Ould Lahbib

Mohammed Lamine Ould Bouhali

Polisario has consistently rejected any settlement of the Western Saharan problem which falls short of granting the territory full independence—within its pre-1975 borders. The fifth congress, which was held under the slogan 'The Whole Country or Martyrdom', vowed to 'defeat all manoeuvres and plots aimed at limiting our national independence over the whole of the territory of the Saharan Arab Democratic Republic'.⁷

Nonetheless, Polisario's nationalism is not of a blind xenophobic stamp. The Front has frequently endorsed the Arab 'unionist' goals propounded by Qadhafi and before him by Nasser and the Baathists. In particular, Polisario aims to 'strengthen the tripartite, progressive front of the Saharawi, Algerian and Libyan revolutions, as a basic step towards the concretisation of the revolutionary alliance of the peoples of the Maghreb'.⁸

Polisario has affirmed its 'opposition to imperialism, colonialism and exploitation' and its commitment to 'national construction and socialism'. Its socialism, it claims, is inspired by Islamic rather than Marxist precepts. The Front advocates 'the suppression of all forms of exploitation', the 'just distribution of national resources and the suppression of disparities between the countryside and the towns', Arabisation of education and the provision of free medical care, free, universal, compulsory education, and adequate housing. Gravitating ambiguously between religious or cultural traditionalism and a reformist modernism, Polisario also advocates 'achieving women's political and social rights and encouraging their access to all fields, so that they may assume their responsibilities in national construction, in conformity with our national reality and religion'.⁹

Territorial Claims

Upon Morocco's accession to independence in 1956, Allal el-Fassi, the leader of the Moroccan Istiqlal (Independence) Party, claimed that only parts of the

⁷ *General Programme of National Action*, adopted by Fifth Congress of the Polisario Front, 12–16 October 1982.

⁸ *Ibid.*

⁹ *General National Programme*, adopted by Fourth Congress of the Polisario Front, 25–28 September 1978. The text is published in *20 Mai* (Polisario Front), No. 51, November 1978, pp 18–22.

historic Alawite empire had been freed. 'So long as Tangier is not liberated from its international statute, so long as the Spanish deserts of the south, the Sahara from Tindouf and Atar and the Algerian-Moroccan borderlands are not liberated from their trusteeship, our independence will remain incomplete and our first duty will be to carry on action to liberate the country and to unify it'.¹⁰ The Istiqlal newspaper, *Al-Alam*, published a map of Greater Morocco on 7 July 1956, laying claim to a vast portion of the Algerian Sahara, the whole of Western Sahara and Mauritania, and even a corner of north-western Mali.

King Mohammed V could not afford to allow the main nationalist party to outstrip the monarchy in nationalist fervour during the delicate post-independence period when the monarchy was still consolidating its power. He also saw an opportunity to turn Allal el-Fassi's theses, which glorified the conquests of the more powerful of Morocco's pre-colonial sultans, to royal advantage. The Greater Morocco cause was embraced by the Moroccan government in 1957 and publicly endorsed by Mohammed V himself during a speech in the southern oasis town of M'hamid on 25 February 1958. Consequently, Morocco refused to recognise Mauritania when it achieved independence in 1960, and Morocco briefly went to war with Algeria in 1963 in pursuit of its claims to Tindouf and other parts of the Algerian Sahara.

A Mauritanian claim to Western Sahara was first staked by Mokhtar Ould Daddah on 1 July 1957, when he was vice-president of Mauritania's government council:

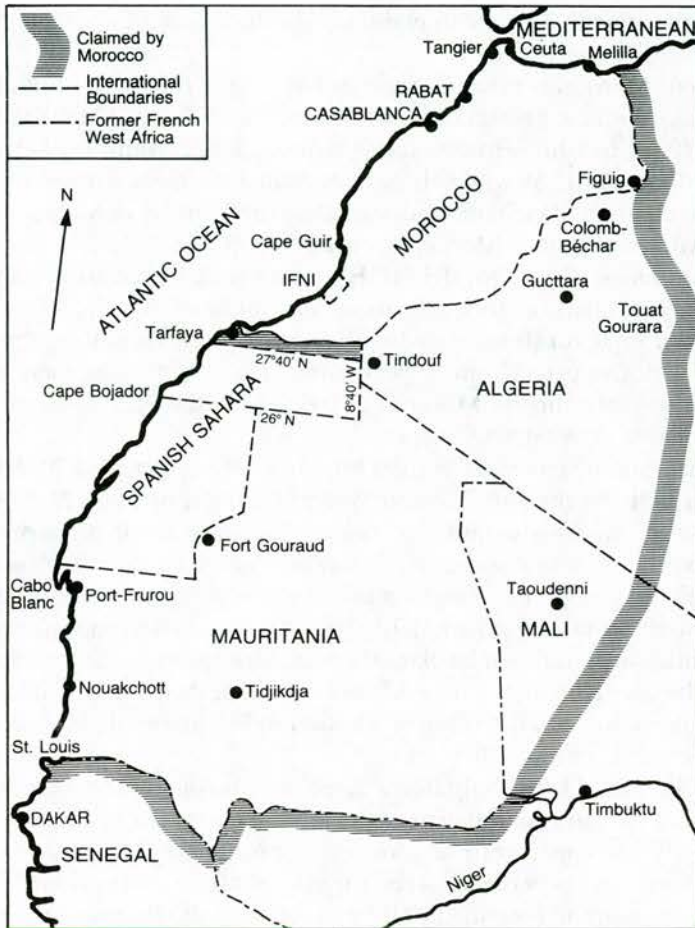
I cannot help evoking the innumerable ties which unite us: we bear the same names, we speak the same language, we conserve the same noble traditions, we honour the same religious leaders, graze our herds on the same pastures, give water to them at the same wells. In a word, we are referring to that same desert civilisation of which we are so justly proud. So I invite our brothers of Spanish Sahara to dream of this great economic and spiritual Mauritania.¹¹

Above all, Ould Daddah (who became Mauritania's president upon independence in 1960) wanted to prevent Western Sahara falling into Moroccan hands—a grave security danger to Mauritania, in view of Morocco's claim to Mauritania, for it would have given Morocco 980 miles of common border with Mauritania, almost half of it within 30 miles of the strategic iron-ore railway from Zouerate to Nouadhibou upon which Mauritania was dependent (by the mid-1960s) for about 85 per cent of its export earnings.

Ironically, in view of their territorial claims, neither Morocco nor Mauritania gave significant support to anti-Spanish movements in Western Sahara. The Mauritanian government benefited from the colonial status quo, since it kept Morocco at arm's length. For his part, King Hassan II, who ascended the

¹⁰ Speech of 27 March 1956, cited in Bertrand Fessard de Foucault, 'La question du Sahara espagnol (I)' in *Revue Française d'Etudes Politiques Africaines* 10 (119) 1975, p. 78. Tangier was transferred to Moroccan administration in October 1956.

¹¹ Mokhtar Ould Daddah, *Discours et interventions* (Nouakchott, 1966) p. 10.



Source: *The Geographer*, US Department of State

Greater Morocco
(as claimed by the Istiqlal Party, 1956)

From Anthony S Reyner, 'Morocco's International Boundaries,' *The Journal of Modern African Studies*, I (3) 1963, p 321.

Moroccan throne in 1961, had no intention of allowing a new anti-Spanish guerrilla movement to operate from Moroccan territory—having disbanded the remnants of the Army of Liberation in southern Morocco in 1958–9 when he was Crown Prince and chief-of-staff of the FAR. He valued cordial relationships with General Franco, whom he met for three summit meetings in Spain in 1963, 1965, and 1969. Indeed, he was frequently criticised by the ultra-nationalist opposition parties in Morocco (in particular the Istiqlalians)

for down-playing the Moroccan claim to Western Sahara and collaborating with Spanish colonialism.

A group of Moroccan-based Saharawis did form a *Frente de Liberación del Sahara* (FLS), with the assistance of the Moroccan Ministry of Mauritanian and Saharan Affairs, in 1966. However, it was never active within Western Sahara and it faded away in 1969 when Hassan reached agreement with Spain on Ifni, dropped his claim to Mauritania and wound up the Ministry of Mauritanian and Saharan Affairs. Another Moroccan-based group, the *Mouvement de Résistance 'les Hommes Bleus'* (MOREHOB), which took its colourful name from the indigo-dyed Saharawi robe, the *draa*, was founded in 1972. However, its leader, Bashir Figuigui (Edouard Moha), switched base from Rabat to Algiers in March 1973. Deported from Algiers within a few months, he then settled in Europe, before returning to Morocco in 1975. Like the FLS, Figuigui's group was never active in Western Sahara.

While maintaining generally cordial relations with Spain, both Morocco and Mauritania tailored their policies on Western Sahara at the UN, from 1966 onwards, to accommodate the UN's standard decolonisation principles, in the hope, or expectation, that self-determination would lead to territorial integration. 'Instead of going purely and simply to claim the territory of the Sahara,' Hassan himself remarked in July 1970, 'I went (to Spain) to request specifically that a popular consultation take place there, assured as I was that the first result would be the departure of the non-Africans and that then one would leave it up to the people of the Sahara to choose whether to live under the Moroccan aegis or their own aegis or any other aegis'.¹²

In 1969, besides, Hassan initiated a détente with Algeria and Mauritania, to the chagrin of the ultra-nationalists of the Istiqlal Party. On 15 January 1969, a 20-year treaty was signed at Ifrane, committing Algeria and Morocco to 'submit all the questions in abeyance between them to bilateral commissions'.¹³ On 27 May 1970, at a summit meeting in Tlemcen, Hassan and Boumedienne set up a joint commission to resolve their border dispute. Two years later, on 15 June 1972, Morocco recognised its *de facto* border with Algeria. The *rapprochement* with Algeria was accompanied by a belated recognition of Mauritania. Hassan broke the ice by inviting Ould Daddah to an Islamic summit conference in Rabat in September 1969 and then signed a treaty of friendship with Mauritania on 8 June 1970.

During this period of détente, the leaders of Morocco, Mauritania and Algeria held two tripartite summit meetings, in Nouadhibou on 14 September 1970, and in Agadir on 24 July 1973, at which they jointly endorsed the UN's

¹² Conférence de presse du Roi Hassan II, le 30 juillet 1970, in *Annuaire de l'Afrique du Nord* (CNRS, Paris), 1970, p 807.

¹³ Traité de fraternité, de bon voisinage et de coopération conclu entre la République algérienne démocratique et populaire et le Royaume du Maroc, in *Journal Officiel de la République Algérienne Démocratique et Populaire* 8 (11) 1969, pp 82-4.

calls for self-determination in Western Sahara. At Agadir, for example, they affirmed:

... their unwavering attachment to the principle of self-determination and their concern to ensure that this principle was implemented in a framework which guaranteed that the will of the inhabitants of the Sahara was given free and genuine expression, in conformity with the United Nations decisions on this question.¹⁴

The Role of International Organisations, 1965–74

The United Nations General Assembly adopted its first resolution on Western Sahara and Ifni, by 100 votes to two (Spain and Portugal), with four abstentions, in December 1965. This requested 'the Government of Spain, as the administering power, to take all necessary measures for the liberation of the Territories of Ifni and Spanish Sahara from colonial domination and, to this end, to enter into negotiations on problems relating to sovereignty presented by these two territories'.¹⁵ The implication was that Spain should hold talks with Morocco about Ifni and with both Morocco and Mauritania about Western Sahara. However, it had become standard practice for the UN to organise or monitor elections or plebiscites in colonies where, on the eve of the colonial power's withdrawal, there was doubt about their inhabitants' real desires. While the population of Ifni clearly wished to join Morocco, the desires of the Western Saharans were unclear, if only because Morocco and Mauritania had rival claims. Accordingly, the UN General Assembly adopted a second resolution, by 105 votes to two, with nine abstentions, in December 1966, which distinguished the decolonisation procedures to be applied in Ifni and Western Sahara. While requesting Spain to negotiate with Morocco about the 'transfer of powers' in Ifni, the resolution proposed a referendum in Western Sahara. It requested Spain,

... to determine at the earliest possible date, in conformity with the aspirations of the indigenous people of Spanish Sahara and in consultation with the Governments of Mauritania and Morocco and any other interested party, the procedures for the holding of a referendum under United Nations auspices with a view to enabling the indigenous population of the Territory to exercise freely its right to self-determination.¹⁶

This referendum proposal was repeated in all six subsequent resolutions adopted by the General Assembly between 1967 and 1973, and the resolutions adopted in 1972 and 1973 went still further by explicitly recognising the Western Saharans' right to independence as well as self-determination.¹⁷

¹⁴ Joint Communiqué Issued by the Governments of Algeria, Mauritania and Morocco, 24 July 1973, at Agadir, in UN Document A/10023/Rev 1, pp 126–7.

¹⁵ Resolution 2072, 16 December 1965, in *General Assembly Official Records*, Twentieth Session, Supplement 14, UN Document A/6014, pp 59–60.

¹⁶ Resolution 2229, 20 December 1966, *General Assembly Official Records*, Twenty-first Session, Supplement 16, UN Document A/6316, p 72.

¹⁷ Resolution 2354, 19 December 1967, in *General Assembly Official Records*, Twenty-second Session, Supplement 16, UN Document A/6716, pp 53–4; Resolution 2428, 16 December 1968, *General Assembly Official Records*, Twenty-third Session, Supplement 18, UN Document

The Organisation of African Unity began endorsing the UN resolutions on Western Sahara in 1969. Thus, even at a session held in Rabat in June 1972, the OAU's Council of Ministers requested African states to:

... intensify their efforts *vis-à-vis* the Spanish Government to induce it to implement Resolution 2711 of the UN General Assembly and, in particular, its provisions relating to the holding, as soon as possible, of a referendum designed to enable the population of the Sahara under Spanish domination to freely exercise their right to self-determination, in accordance with the principles of the United Nations Charter, under the auspices and with the full guarantees of that international organisation.¹⁸

A similar position was taken by the OAU in 1973.¹⁹ Likewise, the UN resolutions were endorsed by the fourth non-aligned summit conference, held in Algiers in September 1973, and by the fifth Islamic summit, held in Kuala Lumpur in June 1974.²⁰

Prelude to Crisis, 1974-5

Spain's plans for a Referendum

Western Sahara's future suddenly hung in the balance when the Spanish government at last deemed it wise under new circumstances (notably the April 1974 coup in Lisbon and the consequent decolonisation of Portugal's African empire) to lay the groundwork for Spain's withdrawal from the territory. In July 1974, the Madrid government unveiled a statute of autonomy, known as the *estatuto político*, under which the Djemaa was to be converted into a legislative assembly and a partially-Saharawi Governing Council was to assume executive powers. This period of internal self-government was intended to prepare the way for independence. On 20 August 1974, therefore, the Franco

A/7218, pp 63-4; Resolution 2591, 16 December 1969, *General Assembly Official Records*, Twenty-fourth Session, Supplement 30, UN Document A/7630, pp 73-4; Resolution 2711, 14 December 1970, *General Assembly Official Records*, Twenty-fifth Session, Supplement 28, UN Document A/8028, pp 100-1; Resolution 2983, 14 December 1972, *General Assembly Official Records*, Twenty-seventh Session, Supplement 30, UN Document A/8730, pp 84-5; and, Resolution 272, on the So-Called Spanish Sahara, OAU Council of Ministers, Nineteenth Session, Supplement 30, UN Document A/9030, pp 110-11.

¹⁸ Resolution 272, on the So-Called Spanish Sahara, OAU Council of Ministers, Nineteenth Ordinary Session, Rabat, 5-19 June 1972.

¹⁹ Resolution 301, on the Sahara under Spanish Domination, OAU Council of Ministers, Twenty-first Ordinary Session, Addis Ababa, 17-24 May 1973.

²⁰ The Algiers non-aligned summit reaffirmed the non-aligned movement's 'unshakeable attachment to the principle of self-determination and its concern to see it applied under conditions that would ensure to the inhabitants of the Sahara under Spanish domination the free and authentic expression of their will, in accordance with the relevant United Nations resolutions regarding their territory'. The fifth Islamic summit urged Western Sahara's neighbours 'to pursue their consultations, to unite and to intensify their efforts to obtain the application of Resolution number 3162 of the 28th General Assembly of the United Nations, notably regarding the arrangements for the organization as soon as possible of a referendum so as to allow the indigenous populations to express themselves in full freedom, in accordance with the Charter of the United Nations, under the auspices and guarantee of the international organization'.

regime announced that a referendum would finally be held under UN auspices during the first half of 1975. Meanwhile, at the end of 1974, the Spanish authorities helped to set up a moderate Saharawi political party, the *Partido de la Unión Nacional Saharaui* (PUNS), under the leadership of Khali'henna Ould Rashid, a 27-year-old Reguibi and Spanish-educated engineer, to counter Polisario's influence and lead the territory to independence in close association with Spain.

Hassan's Saharan Jihad

In riposte to the unveiling of the *estatuto político*, Hassan warned on 8 July 1974, that 'we will not accept seeing a puppet state erected in any form in the southern part of our country' and appealed to his countrymen to make 1974 'a year of mobilisation at home and abroad to recover our territories'.²¹ After soft-pedalling the Moroccan claim to Western Sahara for more than a decade, the king was now determined to thwart Franco's internal autonomy plan, which he rightly saw as a prelude to independence, and force Spain to negotiate the territory's cession to Morocco. By launching a patriotic crusade to recover the 'Moroccan Sahara', he aroused enormous enthusiasm among the Moroccan masses. Riding on a tide of patriotism, he successfully out-manoeuvred the Moroccan opposition parties (which tail-ended his Saharan campaign) and re-stabilised his regime, which had been rocked by crises—among them two abortive coup attempts—in the early 1970s.

On 20 August 1974, Hassan warned that, if the UN held a referendum on independence, 'it is evident that not only will Morocco reject it but it will be the first time that it disavows a decision emanating from the United Nations Organisation'. The king added a threat: 'Morocco prefers to take a diplomatic, political and peaceful path, instead of resorting to no matter what other means; however, if Morocco ascertains that this path will not lead to the recovery of its territories, it will certainly not hesitate to find these other means'.²² 20,000 troops were massed in southern Morocco, near the Western Saharan border, under the command of Colonel Ahmed Dlimi, the director of Hassan's *aides-de-camp* and of the secret police, the DGED.

In order to block the rapidly approaching referendum, Hassan successfully persuaded the UN in December 1974 to urge Spain to postpone it while the Saharan dispute was examined by the International Court of Justice at The Hague. In the meantime, the king tackled the embarrassing problem of Mauritania's counterclaim by striking a secret deal with Ould Daddah at an Arab League summit in October 1974 by which Western Sahara would be partitioned.

To maximise its pressure on Spain, the Moroccan government began

²¹ *Discours de S M Hassan II, 3 mars 1974–3 mars 1975*, Rabat: Ministère d'Etat chargé de l'information, 1975, pp 61, 63.

²² *Ibid.*, pp 65–6.

harassing Spanish fishing boats off the Moroccan coast, revived previously dormant claims to the Spanish enclaves of Ceuta and Melilla on Morocco's Mediterranean coast, and in February 1975 set up a pro-Moroccan Saharawi guerrilla movement, the *Frente de Liberación y de la Unidad* (FLU), composed primarily of Saharawi soldiers from the FAR. It began cross-border attacks the following May.

Spain's Vacillations

Buffeted by contradictory pressures, Spanish policy vacillated, without clear direction. Under Moroccan pressure, Spain shelved and then abandoned the *estatuto político*. The referendum was postponed and ultimately never held. As the Spanish commitment to self-determination wilted and the Moroccan threat loomed, the PUNS was discredited. Its leader fled to Morocco in May 1975, when Polisario emerged as the dominant party during the visit of the UN mission of inquiry. As the PUNS disintegrated, the Spanish government briefly flirted with the idea of handing power to Polisario. The Front stopped its guerrilla attacks in June; and Spain and Polisario exchanged prisoners in August–October. On 9 September, the Spanish Foreign Minister, Pedro Cortina y Mauri, secretly met El-Ouali to discuss the transfer of powers.

The publication of the International Court of Justice's advisory opinion on Western Sahara, on 16 October 1975, finally brought the crisis to a head.

The Advisory Opinion of the International Court of Justice

Departing, under Moroccan pressure, from its traditional policy on Western Sahara, the UN General Assembly adopted a resolution in December 1974 requesting Spain to postpone its plans for a referendum until the ICJ had given an advisory opinion on the following questions:

- I. Was Western Sahara (Río de Oro and Sakiet El Hamra) at the time of colonization by Spain a territory belonging to no one (*terra nullius*)?
If the answer to the first question is in the negative,
- II. What were the legal ties between this territory and the Kingdom of Morocco and the Mauritanian entity?²³

The relevance of such historical-legal questions to the contemporary problem of Western Sahara's decolonisation was dubious, to say the least. The implication was that the territory's pre-colonial legal status, rather than the will of its inhabitants, should determine its future. After 27 sessions in The Hague in June–July 1975, at which the governments of Spain, Morocco, Mauritania and Algeria (but not Polisario) were represented, the ICJ decided unanimously that Western Sahara had not been *terra nullius* before Spanish colonisation began in 1884. Western Sahara 'was inhabited by peoples which, if nomadic, were socially and politically organized in tribes and under chiefs competent to

²³ International Court of Justice, *Western Sahara: advisory opinion of 16 October 1975*, The Hague: ICJ, 1975, p 37.

represent them'.²⁴ With respect to Morocco's pre-colonial relations with these tribes, the court was of the opinion (by 14 votes to two) that:

The inferences to be drawn from the information before the Court concerning internal acts of Moroccan sovereignty and from that concerning international acts are . . . in accord in not providing indications of the existence, at the relevant period, of any legal tie of territorial sovereignty between Western Sahara and the Moroccan state. At the same time, they are in accord in providing indications of a legal tie of allegiance between the Sultan and some, though only some, of the tribes of the territory, and in providing indications of some display of the Sultan's authority or influence with respect to those tribes.²⁵

By 15 votes to one, the judges found that:

. . . at the time of colonization by Spain there did not exist between the territory of Western Sahara and the Mauritanian entity any tie of sovereignty, or of allegiance of tribes, or of 'simple inclusion' in the same legal entity.²⁶

There were merely legal ties relating to such matters as migration routes, the use of wells, and the settlement of disputes. The Court concluded, therefore, that:

. . . the materials and information presented to it do not establish any tie of territorial sovereignty between the territory of Western Sahara and the Kingdom of Morocco or the Mauritanian entity. Thus the Court has not found legal ties of such a nature as might affect the application of resolution 1514 (XV) in the decolonization of Western Sahara and, in particular, of the principle of self-determination through the free and genuine expression of the will of the peoples of the Territory.²⁷

The Territory's Cession and Partition

The Green March

Within hours of the publication of the ICJ's advisory opinion, King Hassan announced that 350,000 Moroccan volunteers would march, *Quran* in hand, across the Western Saharan border to assert Morocco's territorial claim. Named after the holy colour of Islam, the Green March was a political masterstroke. It precipitated events before the UN had time to consider the ICJ's conclusions. It brought enormous pressure to bear on Spain, and in Morocco it captured the imagination of the king's subjects and gave a new fillip to his regained prestige.

In Western Sahara, the march was denounced by Polisario, the Djemaa and the remnants of the PUNS (which finally collapsed in November). The Spanish government protested to the UN Security Council. However, the challenge could not have come at a worse time for Madrid. On 17 October, General Franco, who was then 82, entered his long, final illness. His premier, Carlos

²⁴ *Ibid*, p 39.

²⁵ *Ibid*, pp 56-7.

²⁶ *Ibid*, p 64.

²⁷ *Ibid*, p 68.

Arias Navarro, and most of his ministers—as well as the heir to the Spanish throne, Juan Carlos de Borbón, who became acting head of state on 30 October—were determined to avoid a military confrontation with Morocco while they grappled with the delicate task of steering Spain towards a new post-Francoist order. Negotiations, therefore, started with Morocco on 21 October. The Green Marchers poured into Tarfaya to await the D-Day for their frontier crossing, while Spanish civilians were hastily evacuated from Western Sahara. Spanish troops were pulled back to a few strategic points on or near the coast, and the Spanish army made no attempt to intercept Moroccan forces which began moving into remote parts of Saguia el-Hamra on 31 October. On 1 November, the president of the Djemaa, Khatri Ould Said Ould el-Joumani, judged it opportune to switch his allegiance from Spain to Morocco and so flew to Agadir.

Alarmed by Morocco's resurgent irredentism, the Algerian government had begun assisting Polisario at the beginning of 1975. As the Spanish-Moroccan talks continued in October–November (and were widened to include Mauritania), Algeria protested to Spain. The UN Secretary-General, Kurt Waldheim, proposed a temporary UN administration in Western Sahara. However, these *démarches* failed to stop Spain reaching an agreement with Morocco and Mauritania. When Hassan finally ordered his Green Marchers across the Western Saharan border on 6 November, he was commencing a scenario already arranged with the Spanish to save face on both sides. Spain had promised not to interfere with the marchers as long as they proceeded no further than a 'dissuasion line', about 8 miles from the border, to which Spanish troops had already pulled back. Just three days after the border crossing, Hassan ordered the marchers home because they had 'achieved what we ourselves and our friends expected' of the march.²⁸

The Madrid Accords

Negotiations resumed in Madrid on 12 November and culminated two days later in a tripartite agreement between Spain, Morocco, and Mauritania. The accords were kept secret, apart from a brief 'declaration of principles'. This stated that Spain would 'proceed forthwith to institute a temporary administration in the Territory, in which Morocco and Mauritania will participate in collaboration with the Djemaa', that Spain would finally withdraw from Western Sahara by the end of February 1976 and that 'the views of the Saharan population, expressed through the Djemaa, would be respected'.²⁹ In effect, Spain agreed to hand Western Sahara over to Morocco and Mauritania. Both

²⁸ *Discours de S M Hassan II. La lutte pour le parachèvement de l'intégrité territoriale*, Rabat: Ministère d'Etat chargé de l'information, 1975, p. 35.

²⁹ Declaration of Principles on Western Sahara by Spain, Morocco and Mauritania, Annex III to UN Document S/11880, 19 November 1975, in *Security Council Official Records*, Thirtieth Year, Supplement for October, November, and December 1975, p. 41.

countries were allowed to send thousands of troops into the country, while Spain withdrew its troops. The Djemaa was not a properly representative body, and no mention was made of the referendum which Spain had previously planned.

In return for ceding Western Sahara, the Spanish government won a new respite for Ceuta and Melilla, secured guarantees for Spanish fishing interests off the Moroccan and Saharan coasts and retained a 35 per cent stake in Fosbucraa and compensation for the other 65 per cent, which went to Morocco. Franco died six days after the accords, on 20 November 1975.

On 25 November, Hassan declared that the Western Sahara dossier was closed. However, he had made two vital miscalculations. He had underestimated the Saharawis' determination to resist annexation and Algeria's resolve to help them thwart it.

The Transitional Administration

The new tripartite government took office in El-Ayoun within a fortnight of the Madrid Accords. By mid-January 1976, the last Spanish troops had been evacuated to the Canaries, leaving the main towns in Moroccan or Mauritanian hands. A few Spanish administrative officials remained until the end of February. Many of the smaller settlements, however, were occupied by Polisario forces for several months before being seized by Moroccan or Mauritanian troops, sometimes after heavy fighting. Meanwhile, there began an exodus of refugees to south-western Algeria.

The members of the Djemaa proved far less pliant than the signatories of the Madrid Accords had anticipated. At an extraordinary session held under Polisario auspices at Guelta Zemmour, near the Mauritanian border, on 28 November, 67 of the Djemaa's 102 members proclaimed the assembly's dissolution and their 'unconditional support from the *Frente Polisario*, the sole and legitimate representative of the Saharan people', and set up a 41-member Provisional Saharawi National Council, modelled on the Ait Arbain of old. Morocco and Mauritania did, however, finally persuade 57 members of the Djemaa to attend a rump session of the assembly in El-Ayoun on 26 February 1976, and vote unanimously to give 'full approval' to Western Sahara's 'reintegration with Morocco and Mauritania'.³⁰ Spain officially ended its 91-year period of colonial rule the same day.

The UN's Reaction

The UN had been powerless to prevent the Madrid Accords. A month later, on 10 December 1975, the General Assembly confusingly adopted two rival resolutions on Western Sahara. The first, Resolution 3458A, which was adopted by 88 votes to none with 41 abstentions, repeated the traditional UN

³⁰ *Les provinces marocaines du Sud*, Rabat: Ministère de l'information, Undated, p 40.

stance by requesting Spain, then heading the transitional administration, 'to take immediately all necessary measures, in consultation with all the parties concerned and interested, so that all Saharans originating in the territory may exercise their inalienable right to self-determination'.³¹ The other (3458B), which 'took note' of the Madrid Accords, was backed by Morocco but only narrowly passed through the General Assembly by 56 votes to 42, with 34 abstentions. However, since both resolutions upheld the principle of self-determination and mandated the UN to play a role in its implementation, Waldheim dispatched Sweden's UN ambassador, Olof Rydbeck, to Western Sahara to examine how the UN could proceed. Touring the territory from 7–12 February 1976, Rydbeck was so struck by the scale of the Moroccan military presence, the repressive political atmosphere, the developing guerrilla war and the exodus of refugees that he advised Waldheim that a genuine consultation of Saharawi opinion had become impossible. Waldheim therefore rejected Moroccan and Mauritanian requests to send a UN observer to the 26 February meeting of the Djemaa, since the 'essential conditions' for the exercise of self-determination had 'not been fulfilled'.³²

The Partition

Western Sahara was formally partitioned by Morocco and Mauritania six weeks later, on 14 April 1976. Morocco got the lion's share of the division—two-thirds of the territory, including the phosphate deposits at Bou-Craa and the two main towns, El-Ayoun and Smara. Mauritania received a virtually resourceless slab of desert in the far south, though it did include the third main town, Villa Cisneros, which reverted to the Arabic name of Dakhla.

The Refugees

On 7 January 1976, the International Committee of the Red Cross announced that 40,000 Saharawis had fled their homes. Half had reached Algeria and the rest were hiding in remote parts of Western Sahara. The Saharawi neighbourhoods in the capital had started to look like ghost towns. In October 1976, the Algerian government informed the United Nations Commissioner for Refugees (UNHCR) that 50,000 Western Saharans had taken refuge on its territory and were living in scattered camps in the Tindouf region. More refugees came from the Saharawi regions of southern Morocco and northern Mauritania, and by 1983 there were an estimated 100,000 Saharawis living in the Tindouf region, in about 22 camps.

After an initial period of great hardship (almost 1,000 children died during a measles epidemic in 1976), conditions in the camps gradually improved. Administered by Polisario, but supplied by the Algerian Red Crescent, they

³¹ Resolution 3458A, in *Yearbook of the United Nations* (28) 1975, pp 189–90.

³² Cited in Report of the Special Committee, *General Assembly Official Records*, Thirty-first Session, Supplement 23, UN Document A/31/23/Rev.1, Vol II, p 216.

are superbly organised. Each camp is governed by a 'people's council', which coordinates the work of specialised committees for food distribution, education, health, crafts and justice. Clinics, a hospital, schools and vegetable gardens have been established, despite the huge logistical and climatic obstacles faced in a desert region 1,200 miles from Algiers.

The Saharan Arab Democratic Republic

The Saharan Arab Democratic Republic (SADR) was proclaimed by the Provisional Saharawi National Council on 27 February 1976, to fill the juridical vacuum left by the formal termination of Spanish rule the day before.

The new republic's first Council of Ministers was appointed a week later, on 4 March 1976. Its premier was Mohammed Lamine Ould Ahmed, a member of a small 'sharifian' tribe, the Taoubalt, who had been born in the late 1940s and had studied with El-Ouali at Mohammed V University. He remained Prime Minister until October 1982, when he was succeeded by another Polisario veteran, Mahfoud Ali Beiba, a Saharawi of Izarguien ancestry, born in about 1953, who had been educated in Western Saharan schools.

Council of Ministers of the SADR

(31 October 1982)

Prime Minister and Minister of Education and Culture	Mahfoud Ali Beiba
Ministers	
Defence	Ibrahim Ghali Ould Mustapha
Education	Mohammed Lamine Ould Ahmed
Interior	Abdel Kader Taleb Omar
Foreign Affairs	Ibrahim Hakim
Justice	M'hammed Ould Ziou
Secretaries of State	
Trade	El-Kenti Ould Jouda
Health	Nema Ould Joumani
Secretary-General of the Presidency	Mohammed Ould Sidati

The state's leading bodies tend to overlap, in function and composition, with those of Polisario itself. The SADR's constitution, which was adopted by the third congress, in August 1976, established, for example, that the state's supreme legislative and executive body, the Council for the Command of the Revolution (CCR), would be performed transitionally by the Front's executive committee 'until the holding of the first General People's Congress after the recovery of sovereignty'. The CCR, which 'lays down the general policy of the state', is headed by the Front's Secretary-General, who, under a constitutional

amendment adopted at the fifth congress, is 'head of state of the SADR'.³³ The Council of Ministers is subordinate to the CCR; and the SADR's 'parliament', the Saharawi National Council, has a purely consultative role.

By 1983, the SADR had been recognised by 54 foreign states. Though all were from the Third World and 27 were African, they represented a notably broad ideological spectrum.

Countries Recognising the SADR

(with dates of recognition)

Africa

(27 countries)

Algeria (1976)	Mali (1980)
Angola (1976)	Mauritius (1982)
Benin (1976)	Mozambique (1976)
Botswana (1980)	Rwanda (1976)
Burundi (1976)	São Tomé and Príncipe (1978)
Cape Verde (1979)	Seychelles (1977)
Chad (1980)	Sierra Leone (1980)
Congo (1978)	Swaziland (1980)
Ethiopia (1979)	Tanzania (1978)
Ghana (1979)	Togo (1976)
Guinea-Bissau (1976)	Uganda (1979)
Lesotho (1979)	Zambia (1979)
Libya (1980)	Zimbabwe (1980)
Madagascar (1976)	

Asia

(8 countries)

Afghanistan (1979)	North Korea (1976)
Iran (1980)	South Yemen (1978)
Kampuchea (1979)	Syria (1980)
Laos (1979)	Vietnam (1979)

Latin America and Caribbean

(13 countries)

Bolivia (1982)	Mexico (1979)
Costa Rica (1980)	Nicaragua (1979)
Cuba (1980)	Panama (1979)
Dominica (1979)	St Lucia (1979)

³³ For the full text of the SADR's constitution, see Tony Hodges, *Historical Dictionary of Western Sahara*, Metuchen, New Jersey: Scarecrow Press, 1982, pp 307-9.

Grenada (1979)
Guyana (1979)
Jamaica (1979)

Surinam (1982)
Venezuela (1982)

Oceania
(6 countries)

Kiribati (1981)

Solomon Islands (1981)

Nauru (1981)

Tuvalu (1981)

Papua New Guinea (1981)

Vanuatu (1980)

The War Between Polisario and Mauritania

By joining Hassan in the occupation and division of Western Sahara, Mokhtar Ould Daddah plunged Mauritania into a war that proved unpopular among his people, militarily unwinnable and calamitous for his country's fragile economy.

The 'Weak Link'

Polisario singled out Mauritania, the weaker of its two enemies, for the main focus of its attacks in 1976-8. The guerrillas' first objective was to knock Mauritania out of the war and so destroy the Moroccan-Mauritanian alliance.

Mauritania's small army, which was rapidly built up from about 3,000 to 20,000 men, not only had to defend scattered settlements and outposts in the Mauritanian-annexed zone of Western Sahara, known then as Tiris el-Gharbia, but also had to resist Polisario guerrillas raiding deep into Mauritania itself, a virtually unpoliceable territory of 400,000 square miles. In its modern, motorised form, the *ghazzi* was to prove devastatingly effective. On two occasions (June 1976 and July 1977), Polisario *kataeb* (units) succeeded in reaching the outskirts of the Mauritanian capital, Nouakchott, and shelling the presidential palace. Even more alarming for Ould Daddah, however, were Polisario's attempts to bring the Zouerate iron-mining industry to a halt. On 1 May 1977, a guerrilla group stormed into Zouerate and kidnapped six French expatriates. Meanwhile, there were frequent attacks on the 657-km railway from the mines to the Atlantic port of Nouadhibou. Two more Frenchmen were seized in a raid on the railway on 25 October 1977.

Operation Lamantin

In a desperate attempt to bolster his defences, Ould Daddah turned to Morocco and France for help. On 13 May 1977, he signed a defence pact with Morocco under which 9,000 Moroccan troops arrived in Mauritania and Tiris el-Gharbia over the following year. A Franco-Mauritanian military agreement had already been signed in September 1976 and widened in scope in January 1977 to allow French military personnel of all categories to be sent to Mauritania. After the seizure of French expatriates during 1977, French military involvement in the conflict escalated. In an operation codenamed 'Lamantin', Jaguars of the French air force bombed guerrillas in northern

Mauritania in December 1977. The French prisoners were released on 23 December, but new French air-strikes followed in April 1978.

The Downfall of Mokhtar Ould Daddah

The Jaguars inflicted setbacks on the guerrillas. However, they did not stop Polisario's Mauritanian offensive. Sabotage attacks on the vital Zouerate-Nouadhibou railway continued, and the Mauritanian economy slid into an almost unmanageable crisis. To the costs of the war were added devastating droughts and a dramatic deterioration in the terms of trade due to spiralling oil prices and a slump in world demand for iron. The balance of payments lurched heavily into deficit, and by April 1978 the total public external debt had climbed to \$711 million, equivalent to over 170 per cent of the country's GNP.

Furthermore, the war seemed fratricidal to many of Mauritania's Moors, while the country's black African minorities regarded the conflict as an inter-Arab affair that was completely foreign to their own concerns. As the economic crisis drifted almost beyond control in 1977-8, the country's technocratic elite, in business and government alike, recognised that peace was a precondition for recovery. The army officers, meanwhile, were dismayed by their units' losses and humiliated by the ever-larger Moroccan troop presence.

During the night of 9-10 July 1978, the armed forces seized power in Nouakchott and set up a *Comité Militaire de Redressement National* (CMRN) to 'save the country from ruin and dismemberment'.³⁴ Two days later, Polisario announced a 'temporary halt in military operations in Mauritanian territory' as a 'gesture of goodwill' to the new regime.³⁵

The Algiers Agreement

The Mauritanian army's road to peace was not an easy one, however. Fearful of how Hassan might react to a bilateral agreement with Polisario, the military regime tried at first to bring both Morocco and Polisario into a global peace agreement—under which Mauritania would give up Tiris el-Gharbia to Polisario but Morocco would keep its share of Western Sahara. This 'mini-state' plan satisfied neither Morocco nor Polisario. Meanwhile, economic conditions in Mauritania remained precarious and factional strife within the CMRN led to its displacement by a new *Comité Militaire de Salut National* (CMSN) in April 1979. Irritated by the military regime's hesitation to abandon Tiris el-Gharbia unilaterally, Polisario lifted its ceasefire on 12 July 1979, and attacked the village of Tichla in Tiris el-Gharbia, capturing its Mauritanian prefect. This immediately halted the CMSN's prevarications. To Morocco's consternation, the CMSN signed a peace agreement in Algiers on 5 August. 'The Islamic Republic of Mauritania,' it stated, 'solemnly declares that it does not have and will not have territorial or any other claims over Western Sahara' and 'decides to withdraw from the unjust war in Western Sahara'. In a secret

³⁴ *Le Matin* (Paris) 11 July 1978.

³⁵ *Le Monde* (Paris) 14 July 1978.

addendum, the CMSN undertook to 'put an end to its presence in Western Sahara and to hand over directly to the Polisario Front the part of the Western Sahara that it controls within seven months from the date of signing of the present agreement'.³⁶

The Moroccan annexation of Tiris el-Gharbia

The secret addendum to the Algiers Agreement could not be implemented. Though the Moroccan troops in Mauritania were gradually withdrawn, Moroccan forces seized control of Dakhla and on 14 August Tiris el-Gharbia was proclaimed a Moroccan province under the name of Oued ed-Dahab (Arabic for Río de Oro). Mauritanian forces were evacuated immediately, except from the small settlement of La Guera, near Nouadhibou, on the Cape Blanc peninsula, which remains in Mauritanian hands to the present day. Relations between Morocco and Mauritania have been fraught ever since 1979. Morocco has frequently accused the CMSN of allowing Polisario forces to cross its territory, while the CMSN has accused Morocco of harbouring Mauritanian exiles and aiding an abortive coup in March 1980.

The War Between Polisario and Morocco

By April 1976, the FAR had established garrisons in most of the small outlying settlements of the Moroccan zone, as well as securing a firm hold over the towns. Three provinces were set up in the Moroccan sector in April 1976, with capitals at El-Ayoun, Smara and Boujdour, and a fourth was established in Oued ed-Dahab, with a capital at Dakhla, in August 1979.

However, the FAR could not hope to patrol the whole of the desert hinterland effectively. There, Polisario *kataeb* established a network of hide-outs, to supplement their rear bases in Algeria. Moroccan convoys were ambushed and hit-and-run raids were staged against Moroccan-held outposts and towns, including El-Ayoun on occasion. Mining at Bou-Craa ground to a halt early in 1976. The Moroccan troops, peasants from the Atlas and Rif ranges or urban conscripts for the most part, were not accustomed to the harsh Saharan climate, resented having to endure months or years in trenches in the desert, and did not know the terrain in the manner of their elusive enemy. Lacking the guerrillas' *panache*, they resorted to fighting a passive, defensive war, to hold fixed positions.

Morocco's military difficulties took a sharp turn for the worse after the July 1978 coup in Mauritania, which allowed the guerrillas to focus undivided attention on the Moroccan forces. Polisario began raiding into southern Morocco, as it had earlier into Mauritania. Moreover, Algeria's support for the Saharawi nationalists did not falter after President Boumedienne's death in

³⁶ *Sahara Libre*, No. 88, 22 August 1979.

December 1978. Indeed, the guerrillas won some of their greatest victories during a campaign in 1979–80 named in his honour—the ‘Houari Boumedienne Offensive’. For the first time in the course of the war, major Moroccan-held towns and bases were assaulted and their defences breached. On 28 January 1979, for example, a large guerrilla force fought its way into the centre of Tan-Tan, a provincial capital with a garrison of several thousand troops and an air-base in southern Morocco. On 11 August 1979, the Moroccan positions at Bir Enzaren, 150 miles east of Dakhla, were partially overrun. The most devastating setback for the FAR came on 24 August 1979, when a base at Lebouirate, in southern Morocco, fell to the guerrillas. On 6 October 1979, several thousand guerrillas successfully broke through Smara’s defence lines and evacuated 700 local residents to Algeria; and on 14 October Polisario seized Mahbes, a base in the extreme north-east of Saguia el-Hamra, killing a fifth of its defendants. Some Polisario raids were staged as far north as the Bani mountains and the south-easterly slopes of the Anti-Atlas, while other attacks were staged by guerrillas using pneumatic launches against fishing boats off the Western Saharan coast.

As the challenge from Polisario grew increasingly serious, the FAR began to abandon many of the smaller, more remote outposts they had occupied in 1975–6. A gradual process of retrenchment began, and the defences of the more important towns were heavily reinforced. Thousands of fresh troops were sent south to Western Sahara, and—on Hassan’s own admission—there were 80,000 Moroccan troops there by January 1983.³⁷ Overall, the FAR trebled in size during the course of the war, reaching 200,000 men by 1983.³⁸

The ‘Wall’

One strategic objective was to drive the guerrillas out of southern Morocco, beyond the Ouarkiz range, which could act as a defensive barrier. A first attempt, codenamed Operation Iman (The Faith), in March 1980, was a dismal failure. A force, 7,000 strong, was routed. However, an even larger Moroccan force did finally gain control of this region the following May. Then, in August 1980, Moroccan troops secured a strategic pass through the Zini mountains, to the south-west of the Ouarkiz, near the Western Saharan border. From there, they started to build a continuous defence line southwards to Smara, 60 miles away, and then, *via* Bou-Craa, in a south-westerly arc to the Atlantic, in order to seal off the whole north-western corner of Western Sahara, the region—known as the ‘useful triangle’—with the territory’s two main towns (El-Ayoun and Smara) and the Bou-Craa phosphates. By March 1981, this ‘wall’ had reached Smara. By mid-May 1981, it had been extended to Bou-Craa, and by May 1982 it had reached the Atlantic, to the south of Boujdour. About 250 miles long, this continuous defence perimeter consists of

³⁷ Interview with French journalists in Marrakesh, 23 January 1983 (*Le Monde*, 26 January 1983).

³⁸ *Le Monde*, 28 January 1983.

sandbanks, about 2–3 yards high, minefields and barbed wire, intermittent artillery placements and observation posts, underground quarters for its defendants, and electronic ground sensors and radar equipment to detect guerrilla vehicles. All told, it seals off about 17,000 square miles, roughly one-sixth of the territory's total land area. Beyond this zone, however, the FAR still controls only one other, heavily-fortified enclave, a few hundred square miles in area, around Dakhla and Argoub, on the Río de Oro bay.

The rest of the territory has been totally abandoned. Indeed, the last two Moroccan-held posts beyond these enclaves, Guelta Zemmour and Bir Enzaren, were abandoned in November 1981, after a devastating Polisario attack on Guelta Zemmour the previous October, during which its 2,600-strong Moroccan garrison suffered serious losses, and five Moroccan aircraft were shot down in the space of ten days—by ramp-launched SAM missiles, according to the distraught Moroccan government, which turned to the US for increased military aid.

The abandonment of five-sixths of the territory might not, from one perspective, seem a great loss to the Moroccan regime. The useful sixth, with the phosphates and the main population centres, remains in Moroccan hands. In fact, the wall's completion allowed Fosbucraa to announce plans to resume phosphate mining in July 1982. However, the wall may not ultimately solve Morocco's Saharan predicament. 80,000 Moroccan troops have to stay in the desert, on permanent guard in their trenches, in readiness for harassment raids or an eventual attempt by the guerrillas to pierce the wall's defences once they have acquired (from Algeria or Libya) and 'digested' the sophisticated, powerful weaponry they need to do so. Polisario's leaders may not expect to win a purely military victory in any case. Rather, they may be engaging deliberately in a war of attrition, with the aim of bleeding the Hassan regime militarily, diplomatically and—above all—financially.

The Cost of the War to Morocco

King Hassan's real problem is that the Saharan war is compounding a grave economic crisis, caused by multiple factors, among them slack demand for Morocco's vital phosphate exports, a huge increase in the country's oil import bill, grave agricultural failings, and EEC protectionism. By 1980, the US Embassy in Rabat was reporting claims by 'knowledgeable government financial experts' that 'Morocco's defense related expenditure actually diverts no less than 40 per cent of the consolidated national budget'.³⁹ The country's public external debt rose from \$1.7 bn in 1975 to \$9.3 bn in 1982 while exports that year (12.5 bn dirhams) covered less than half of imports (26.0 bn dirhams).

³⁹ Cited in *Arms Sales and the Conflict in the Western Sahara: an Assessment of US Policy*. Hearing before the Subcommittees on International Security and Scientific Affairs and on Africa of the Committee on Foreign Affairs, House of Representatives, Ninety-seventh Congress, First Session, 25 March 1981. Washington DC: US Government Printing Office, 1981, p 43.

By 1981, moreover, over 30 per cent of export earnings were being required to service the external debt. Public finances came under acute strain too: by 1981 the overall treasury deficit had soared above \$2bn.

The economic crisis—and a severe drought in 1980–1—widened Morocco's already glaring social inequalities. The poorest peasants were ruined and so the rural exodus to the cities gathered pace. By 1981, 44 per cent of Moroccans were living in the towns, many in acute poverty in swollen slums and shanty-towns. Discontent exploded into bloody rioting in Casablanca, the largest city, in June 1981, when the government raised the prices of subsidised foods. An estimated 600 people were killed.

Despite the economic crisis and political tension at home, Hassan remains fearful of withdrawing from Western Sahara. Although the Saharan euphoria of Green March days has long since dissipated, popular reaction to a retreat might not be as highly charged as that to domestic price increases, it would bring accusations of national betrayal from the ultra-nationalist parties—the Istiqlal Party, which is presently in the government, and the two largest opposition groups, the *Union Socialiste des Forces Populaires* (USFP) and the *Parti du Progrès et du Socialisme* (PPS). Above all, however, the king fears that, to abandon the 'Moroccan Sahara', after years of gruelling war, would amount to admitting a failure of such proportions that his credibility as a ruler would be shattered. He has staked too much on his Saharan crusade to be able to withdraw without a drastic loss of face. Worse still, a withdrawal might tempt the army, bitter after its desert trauma, to seek revenge on the Palace. Thus, despite (ambiguously) dropping his erstwhile opposition to a referendum in 1981, to appease the OAU, Hassan has not been prepared to allow a genuinely democratic plebiscite that, in all probability, would lead to independence. 'We are prepared to pursue the war for centuries if that is necessary, because the Sahara is Moroccan and can only be Moroccan', he declared on 6 November 1982.⁴⁰ More recently, on 7 July 1983, he made a mockery of the very purpose of a referendum, by declaring that, whatever its outcome, he would never give up Western Sahara 'on a golden platter to a rabble of mercenaries'.⁴¹

To date, Hassan has kept up the struggle in the Sahara in the hope that the Algerian government will eventually tire of the regional tension and force the guerrillas to accept a settlement on Moroccan terms. However, Algeria has not diminished its support for Polisario, despite a summit meeting between President Chadli Benjedid and King Hassan (the first such Algerian-Moroccan summit since the start of the war) on 26 February 1983, in the Algerian border village of Akid Lotfi. 'I was very clear about Algeria's position concerning the question of Western Sahara,' Chadli confided the following June about this encounter. 'I explained to the Moroccan king that I was not mandated to speak in the name of the Saharawis and that I would not arrogate to myself the right to

⁴⁰ AFP, Rabat, 7 November 1982.

⁴¹ *International Herald Tribune* (Paris) 12 July 1983.

speak in their name or assume their tutelage'. What Algeria was prepared to do, Chadli said, was 'to contribute to a reconciliation of the viewpoints of the two parties in conflict in Western Sahara', in the same way that Algeria had helped to bring Polisario and Mauritania together in 1979.⁴²

Hassan, however, has adamantly refused to negotiate with Polisario, even about the procedures for a referendum, and so Algeria has continued to give logistical support to the guerrillas. In the late summer of 1983, Polisario was stepping up its attacks on the Moroccan positions along the 'wall' and in the Ouarkiz mountains. As the war entered its ninth year, Hassan seemed condemned to a war of attrition which his country is poorly placed to sustain. Indeed, the rumours of a military coup plot which circulated in Morocco when the commander of the Moroccan forces in the Sahara, General Ahmed Dlimi, died in mysterious circumstances in Marrakesh on 25 January 1983, suggest that the continuation of the conflict, amidst a deteriorating economic climate at home, could put the king's throne as much at risk as the humiliation of a withdrawal from the Sahara.

The OAU and the UN, 1976-83

The OAU

The annexation of Western Sahara transgressed two of the OAU's most hallowed principles—the right of colonial peoples to self-determination and the sanctity of the albeit artificial frontiers inherited from the European powers. However, some African governments have withheld support for Polisario, for fear of displeasing Western allies, weakening King Hassan or allowing an inter-African dispute to divide the OAU. At its summit meetings in Mauritius in 1976 and in Libreville in 1977, therefore, the OAU shelved taking a substantive position on Western Sahara by referring the problem to an extraordinary summit—which was never held. By the time of the July 1978 coup in Nouakchott, however, the conflict could no longer be ignored. An *ad hoc* committee of five African heads of state, known thereafter as the 'Wise Men', was set up at the July 1978 summit in Khartoum with a brief to consider 'all the data on the question of Western Sahara, among which, the exercise of the right of the people of this territory to self-determination'.⁴³ A year later, in July 1979, the OAU summit in Monrovia endorsed the Wise Men's proposals—the most important of which were an 'immediate ceasefire' and 'the exercise by the people of Western Sahara of their right to self-determination through a general, free referendum enabling them to choose one of the two following options: a) total independence, b) maintenance of the status quo'.⁴⁴

Morocco's repute slipped still further when Hassan annexed Tiris el-Gharbia

⁴² *El Moudjahid* (Algiers) 12 June 1983.

⁴³ UN Document A/33/337, 31 October 1978.

⁴⁴ *Jeune Afrique* (Paris) No. 970, 8 August 1979, p. 52.

in August 1979 and then refused to attend a meeting of the OAU *ad hoc* committee in Monrovia the following December. The committee regretted Morocco's boycott, congratulated Mauritania for making peace with Polisario, called on Morocco to 'withdraw all its troops from Western Sahara', repeated the ceasefire and referendum proposals, and suggested the dispatch of an OAU peace-keeping force to Western Sahara.⁴⁵ Morocco's isolation was even more marked at the following OAU summit, held in Freetown in July 1980. Morocco was appalled to find a narrow majority of the OAU's members (26 out of 50) recognising the SADR and favouring its admission as a member-state. Morocco was only able to avert such a diplomatic disaster by threatening to walk out of the OAU and, as a carrot, offering to end its boycott of the *ad hoc* committee. At the committee's next meeting, in Freetown in September 1980, the Moroccan premier, Maati Bouabid, reiterated Morocco's opposition to the referendum proposal. However, such inflexibility further eroded Morocco's diplomatic standing in Africa. So, upon the advice of his Western allies, Hassan promised the next OAU summit, held in Nairobi in June 1981, that Morocco would accept a 'controlled referendum whose modalities should give justice simultaneously to the objectives of the *ad hoc* committee, that is to say the committee of wise men, and to Morocco's conviction regarding the legitimacy of its rights'.⁴⁶ The king was applauded for his magnanimity and the SADR was once again excluded from the OAU.

Polisario and Algeria, however, doubted the king's sincerity. His pledge on Moroccan TV, on 24 June, two days before his speech in Nairobi, that 'we will not renounce a single grain of this Moroccan Sahara for which so many of us have sacrificed their blood and which has cost us so much money', suggested that he was merely playing for time, to keep the SADR out of the OAU, and would not allow a genuine referendum, for fear that most Saharawis would vote for independence.⁴⁷

The Nairobi summit appointed an Implementation Committee (composed of the presidents of Kenya, Guinea, Mali, Nigeria, Sierra Leone, Sudan and Tanzania) to 'take, with the participation of the United Nations, all necessary measures to guarantee the exercise of a general and regular referendum of self-determination by the people of Western Sahara'.⁴⁸ Despite holding two sessions, both in Nairobi, on 24–26 August 1981, and 8–9 February 1982, this committee proved unable to make any real progress towards organising a referendum or even arranging a preliminary ceasefire, if only because Morocco flatly refused to recognise Polisario as its adversary. Fearing to lose Morocco's cooperation, the committee decided at its second session (Nairobi III) 'not to

⁴⁵ *Le Monde* (Paris) 17 December 1979.

⁴⁶ *Le Monde* (Paris) 28–29 June 1981.

⁴⁷ *Le Monde* (Paris) 26 June 1981.

⁴⁸ *Marches Tropicaux et Méditerranéens*, 3 July 1981.

name the warring parties, although we know who the parties are'.⁴⁹ If it could not name them, the committee could not, of course, get them to negotiate, even indirectly, and so it could do no more than make the timeless observation that 'a total ceasefire will take effect after consultations with all the concerned parties'.⁵⁰

With the Implementation Committee in a diplomatic *cul-de-sac*, Algeria and other pro-Polisario African states then judged it opportune to force the pace on the issue of the SADR's membership of the OAU. The SADR finally took its seat at a session of the OAU's Council of Ministers, as the organisation's 51st member-state, in Addis Ababa on 22–28 February 1983. To the dismay of Polisario and its African allies, however, 18 states joined Morocco in a protest walk-out. Unable thereafter to achieve the obligatory two-thirds quorum (34 states) for its conferences, the OAU was thrown into disarray. The crisis was exacerbated by controversy over plans to hold the OAU's 1982 summit in Libya, which by custom would have given Colonel Qadhafi the organisation's annual chairmanship. Scheduled for 5–8 August, the summit collapsed in quorate. Despite a voluntary offer by the SADR to stay away (without, however, renouncing its OAU membership), a second attempt to convene the summit in Tripoli on 15–21 November 1982 failed too, due to a new row over the representation of strife-torn Chad. It was not until 8–12 June 1983, after a change in venue to Addis Ababa and another 'voluntary and temporary' decision by the SADR not to take its seat, that the OAU was finally able to hold its summit. Polisario was rewarded for this gesture by the passage of a resolution, adopted by consensus, which, for the first time, named Morocco and Polisario as the parties in conflict in Western Sahara and urged them to 'undertake direct negotiations' with a view to reaching an agreement on a ceasefire that would create conditions for 'a peaceful and fair referendum of self-determination by the people of Western Sahara under the auspices of the UN and the OAU'. Morocco and Polisario were urged to meet with the Implementation Committee 'as soon as possible', so that the referendum could be held within six months—in other words, by December 1983.⁵¹ King Hassan, however, continued to refuse to negotiate with Polisario—despite a secret exploratory Moroccan-Polisario meeting in the spring of 1983—and so the OAU resolution's implementation seemed very much in doubt, as of September 1983.

The UN and the Non-Aligned Movement

In 1976–7, Morocco successfully exploited the OAU's plans for an extraordinary summit as a pretext to dissuade the UN General Assembly and the

⁴⁹ President Daniel arap Moi of Kenya, 9 February 1982, cited in *Financial Times* (London) 11 February 1982.

⁵⁰ *El Moudjahid* (Algiers) 11 February 1982.

⁵¹ *AFP* (Addis Ababa) 11 June 1983.

Non-Aligned Movement (at its Colombo summit in August 1976) from taking positions on Western Sahara.⁵² After the coup in Mauritania, however, Morocco could no longer prevent these bodies from taking a stand. In December 1978, the UN General Assembly adopted two resolutions—one, backed by Morocco and adopted by 66 votes to 30, with 40 abstentions, which (like the 1976 and 1977 resolutions) appealed to states not to impede the peacemaking efforts of the OAU, and another, adopted by a much larger majority (90 votes to 10, with 30 abstentions), reaffirming 'the inalienable right of the people of Western Sahara to self-determination and independence' and 'the responsibility of the United Nations with regard to the decolonization of Western Sahara'.⁵³ Morocco's diplomatic standing eroded further after the Algiers Agreement and the Moroccan annexation of Tiris el-Gharbia. The sixth Non-Aligned summit, held in Havana in September 1979, 'deplored the extension of Morocco's armed occupation to the southern part of Western Sahara previously administered by Mauritania' and expressed hope that the creation of the OAU's *ad hoc* committee would 'assure, with the briefest possible delay, the exercise by the people of Western Sahara of their right to self-determination and independence'.⁵⁴

From 1979 onwards, Morocco found itself forced to vote against all the resolutions on Western Sahara adopted by the UN General Assembly. In November 1979, the General Assembly voted by 85 votes to six, with 41 abstentions, to affirm 'the inalienable right of the people of Western Sahara to self-determination and independence' and 'the legitimacy of their struggle to secure that right', to hail the Algiers Agreement and deplore 'the continued occupation of Western Sahara by Morocco and the extension of that occupation to the territory recently evacuated by Mauritania', to urge 'Morocco to join in the peace process and to terminate the occupation of the territory of Western Sahara', and, recognising Polisario as 'the representative of the people of Western Sahara', to recommend its participation 'in any search for a just, lasting and definitive political solution of the question of Western Sahara'.⁵⁵ An almost identical resolution was adopted in the General Assembly in November 1980, by 88 votes to eight, with 43 abstentions.⁵⁶

After King Hassan's referendum pledge at the June 1981 OAU summit, the General Assembly resolutions, adopted in November 1981 (by 76 votes to nine, with 57 abstentions) and in November 1982 (by 78 votes to 15, with 50 abstentions), focused on the need for peace talks between Polisario and Morocco, a proposal which Hassan continued to reject.⁵⁷ A new development

⁵² Resolutions 31/45, 1 December 1976, and 32/22, 28 November 1977.

⁵³ Resolutions 33/31B and 33/31A, 13 December 1978.

⁵⁴ 6ème conférence des pays non-alignés, Resolution sur le Sahara occidental, in *La République Arabe Sahraouie Démocratique*.

⁵⁵ Resolution 34/37, 21 November 1979.

⁵⁶ Resolution 35/19, 11 November 1980.

⁵⁷ Resolution 36/46, 24 November 1981, and Resolution 37/28, 23 November 1982.

was that the United States, under President Ronald Reagan, cast negative votes, alone among the Western powers. The 1982 resolution, which was broadly similar to that adopted in 1981, reaffirmed 'the inalienable right of the people of Western Sahara to self-determination and independence' and declared that 'only negotiations between Morocco and the *Frente Popular para la Liberación de Saguia el-Hamra y de Río de Oro* could create the objective conditions for the restoration of peace in north-west Africa and would guarantee the fair conduct of a general, free and orderly referendum on self-determination in Western Sahara'.⁵⁸

The World Powers

It is the Western Saharan war's regional ramifications, rather than the territory's minerals or any other consideration, which have drawn the attention of policymakers in Washington, Moscow, Paris and Madrid. The destabilisation of Morocco's Alawite monarchy, a long-standing ally of the West, is arousing concern in Western capitals as the war drags on, while both France and Spain are anxious to be rid of a conflict that complicates their important relations with both Morocco and Algeria.

France

President Valéry Giscard d'Estaing came to regret his military intervention against Polisario in Mauritania in 1977-8, which failed to save Mokhtar Ould Daddah's war effort but brought Franco-Algerian relations to a nadir—to the great cost of French industry, which lost valuable Algerian contracts to its competitors. During the last three years of his presidency (1978-81), therefore, Giscard set great store on repairing relations with Algeria, and from 1979 acknowledged the Western Saharans' right to self-determination. Nonetheless, France remained Morocco's principal arms supplier: delivery of 50 Mirage F-1 aircraft and 25 Alpha-Jets began in 1980. This ambiguous policy was continued by President François Mitterrand after his election victory in 1981. While Mitterrand strove, with considerable success, to boost trade with Algeria, he was as careful as Giscard not to jeopardise relations with Morocco, which has the largest French expatriate community in the world (numbering 55,000) and (though of lesser importance than Algeria) remains an important trade market for France. So, despite the French Socialist Party's long-standing relations with Polisario, the Mitterrand government has not halted French arms deliveries to Morocco.

⁵⁸ Resolution 37/28, 23 November 1982. The states voting against this resolution were Morocco, Chad, Chile, El Salvador, Gabon, Gambia, Guatemala, Guinea, Honduras, Liberia, Senegal, Solomon Islands, the United States, Upper Volta and Zaïre.

Spain

The Spanish government has also tried to preserve cordial relations with both Morocco and Algeria. Algeria is Spain's largest export market in Africa, but Spain, too, has strong incentives not to displease Hassan. The Moroccan and Saharan coasts are of enormous importance to the Spanish fishing industry, and Spain still holds two enclaves on Morocco's Mediterranean coast, the *presidios* of Ceuta and Melilla. So, the successive governments of Carlos Arias Navarro, Adolfo Suárez, and Leopoldo Calvo Sotelo tried to exploit the ambiguities of the Madrid accords to placate Algeria while retaining the friendship of Morocco. Though it had handed over Western Sahara's administration to Morocco and Mauritania, the Spanish government insisted that it had not ceded sovereignty—which, it declared, was vested in the Saharawi people. While exporting arms to Morocco and Mauritania (until 1977), it recognised—in principle—the Saharawis' right to self-determination.

To the Madrid government's irritation, however, the Western Saharan problem would not go away. At home, the left-wing opposition parties (notably the *Partido Socialista Obrero Español* and the *Partido Comunista de España*) campaigned actively for the annulment of the Madrid accords. Polisario tried to force Spain to renounce the accords by staging numerous attacks on Spanish fishing boats off the Saharan coast in 1977–80, and Algeria applied additional pressure in 1977–8 by campaigning vocally for the independence of the Canary Islands. In order to secure the release of eight captured Spanish fishermen, the ruling *Unión del Centro Democrático* (UCD) finally recognised Polisario in October 1978 as 'the sole legitimate representative of the struggling Saharan people'.⁵⁹ On 1 May 1979, the Spanish Prime Minister, Adolfo Suárez, met Polisario's Secretary-General, Mohammed Abdelaziz, in Algiers. However, the ambiguity in Spanish policy remained. The UCD's recognition of Polisario was not endorsed by the UCD government, which could not afford to alienate King Hassan. Indeed, such pragmatism continued, despite the PSOE's strong sympathy for Polisario, after the PSOE's election victory in October 1982.

The USSR

The USSR has displayed equal prudence. It enjoys generally close relations with Algeria and it has publicly supported the Western Saharans' right to self-determination. Polisario, moreover, primarily uses arms of Soviet bloc manufacture, apart from the weapons it captures on the field of battle. However, these Soviet-origin arms are supplied to the guerrillas by Algeria and Libya, rather than by the USSR or other Eastern European states, none of which have recognised the SADR. The main reason for such circumspection is that the USSR values its growing economic relationship with Morocco. In particular, it has secured long-term access to Moroccan phosphate—of great

⁵⁹ Madrid Radio, 14 October 1978.

importance since the USSR will be a net phosphate importer by the 1990s—by signing a 'contract of the century' in 1978 under which the USSR is financing \$2 bn investment in the development of Morocco's huge Meskala phosphate deposits and will trade oil, chemicals, timber and ore-carriers for phosphate and phosphoric acid over 30 years.

The US

By contrast, broad strategic considerations impelled the Ford, Carter, and Reagan administrations in Washington to align more or less overtly with Morocco despite Algeria's much greater importance to US business interests. The value of the Hassan regime to the US has been manifold. After the closure of the Strategic Air Command's Moroccan bases in 1963, the US Navy retained communications facilities in Morocco until 1978. Then, in May 1982, Morocco signed an agreement giving the US Rapid Deployment Force transit facilities at Moroccan air-bases. Morocco's geographic location, *en route* to the Middle East and astride the entrance to the Mediterranean, is of obvious strategic relevance, and the Hassan regime has always allowed US warships to call at its ports. Furthermore, Hassan has assisted the US by moderating Arab militancy on the Palestinian question—and, in 1977–8, he backed the initial Egyptian-Israeli contacts that culminated in the Camp David accords. Last but not least, Hassan has acted as a regional *gendarme* in Africa—by rushing Moroccan troops to Zaire in 1977 and 1978 to help crush the Shaba insurgencies.

Fears of jeopardising US-Algerian relations, associating the US with a particularly blatant form of territorial annexationism, and risking the Western Saharan conflict's internationalisation did prompt Carter to ban the sale of some US aircraft to Morocco briefly in 1978–9. However, when the fall of the Shah of Iran and Anastasio Somoza of Nicaragua in 1979 drove the Carter Administration to tone down its 'human rights' rhetoric and reinforce security assistance to valued US allies in the Third World, these arms sale restrictions were dropped. In January 1980, the Pentagon announced plans to sell \$232.5 million worth of Northrop F-5E jets, OV-10 'Bronco' counter-insurgency aircraft and Hughes helicopter gunships. Reagan inherited and strengthened this pro-Moroccan policy. 'Morocco is important to broad American interests and occupies a pivotal strategic area,' a State Department official told Congress in March 1981. 'We intend to maintain and reinforce our historically close relationship with reliability and consistency as our watchwords'.⁶⁰ After the Moroccan *débâcle* at Guelta Zemmour, in October 1981, US military assistance was intensified. US military instructors arrived in Morocco to train elite troops in offensive counter-guerrilla operations and to teach anti-missile tactics to Moroccan pilots. The Reagan Administration set up a joint military commission with Morocco in 1982 and trebled its Foreign Military Sales (FMS)

⁶⁰ Morris Draper, Deputy Assistant Secretary, Near Eastern and South Asian Affairs, in *Arms Sales in North Africa and the Conflict in the Western Sahara: an assessment of US policy*, p 3.

credit to Morocco from \$30 million in Fiscal Year 1982 to a proposed \$100 million in Fiscal Year 1983. In July 1982, it transpired that the US was supplying anti-personnel cluster bombs to the Moroccan air-force.⁶¹

Appendix

Bibliography

There is an extensive literature on Western Sahara, most of it in French or Spanish. The following list of books and articles is highly selective. An extensive bibliography, listing some 800 works, may be found in Tony Hodges, *Historical Dictionary of Western Sahara*, Metuchen, New Jersey: Scarecrow Press, 1982, pp 371-431.

The Polisario Front has published many documents apart from those cited below. In particular, it publishes a bi-weekly newspaper, *Sahara Libre*, and a bi-monthly magazine, *20 de Mayo* (entitled *20 Mai* in its French edition). The UN has published a vast amount of documentation on the Western Sahara problem. Useful sources are the *Yearbook of the United Nations* and the Committee of 24's annual report, *Western Sahara: Working Paper Prepared for the Secretariat*, published in Supplement 23 of the official records of the General Assembly. Annual surveys of the Western Saharan conflict may be found in the *African Contemporary Record* (Homes and Meier, New York), edited by Colin Legum.

Recommended Reading

Algerian Government, *Referendum of Self-Determination for the People of the Western Sahara. Memorandum of Algeria Presented to the 'OAU Committee of Implementation'*, Nairobi, August 1981 (Algiers, 1981).

Arms Sales in North Africa and the Conflict in the Western Sahara: an Assessment of US Policy. Hearing before the Subcommittees on International Security and Scientific Affairs and on Africa of the Committee on Foreign Affairs, House of Representatives, Ninety-seventh Congress, First Session, 25 March 1981. Washington DC: US Government Printing Office, 1981.

Barbier, Maurice, *Le conflit du Sahara occidental*, Paris: L'Harmattan, 1982.

Caro Baroja, Julio, *Estudios Saharianos*, Madrid: Instituto de Estudios Africanos, 1955.

Chaffard, Georges, *Les carnets secrets de la décolonisation* Vol. I, Paris: Calmann-Lévy, 1965.

Díaz del Ribero, Francisco-Lorenzo, *El Sahara occidental: pasado y presente*, Madrid: Gisa Ediciones, 1975.

⁶¹ *New York Times*, 22 July 1982. For a detailed account of US-Moroccan relations, see Tony Hodges, 'Le nouvel axe stratégique entre Washington et Rabat', in *Le Monde Diplomatique* (Paris) July 1982, pp 9-10.

- Franck, Thomas M, 'The Stealing of the Sahara', in *American Journal of International Law* 70 (4) 1976, pp 694-721.
- García Figueras, Tomás, *Santa Cruz de Mar Pequeña, Ifni, Sahara. La acción de España en la costa occidental de Africa*, Madrid: Ediciones Fe, 1941.
- Hassan II, King, *La défi*, Paris: Albin Michel, 1976.
- Hernández-Pacheco, Francisco, and Cordero Torres, José María, *El Sahara español*, Madrid: Instituto de Estudios Políticos, 1962.
- Hodges, Tony, *Historical Dictionary of Western Sahara*, Metuchen, New Jersey: Scarecrow Press, 1982.
- Hodges, Tony, 'The Origins of Saharawi Nationalism', in *Third World Quarterly* 5 (1) 1983, pp 28-56.
- Hodges, Tony, *Western Sahara: the roots of a desert war*, Westport, Connecticut: Lawrence Hill and Company, 1983.
- International Court of Justice, *Western Sahara: advisory opinion of 16 October 1975*, The Hague: ICJ, 1975.
- Itani, Leila Badia, *Al-Polisario: qaid wa thawra*, Beirut: Dar al-Masirah, 1978.
- La Chapelle, F de, 'Esquisse d'une histoire du Sahara occidental', in *Hespéris* (Paris), 11, 1930, pp 35-95.
- Lazrak, Rachid, *Le contentieux territorial entre le Maroc et l'Espagne*, Casablanca: Dar el Kitab, 1974.
- Maestre Alfonso, Juan, *El Sahara en la crisis de Marruecos y España*, Madrid: Akal, 1975.
- Mercer, John, *Spanish Sahara*, London: George Allen and Unwin, 1976.
- Mercer, John, *The Saharawis of Western Sahara*, London: Minority Rights Group, 1979.
- Miège, J L, 'Les origines de la colonie espagnole du Río de Oro', in *Le Sahara: rapports et contacts humains, 7ème colloque d'histoire organisé par la faculté des lettres d'Aix-en-Provence*, Aix-en-Provence: Publications des Annales de la Faculté des Lettres, 1967.
- Miské, Ahmed-Baba, *Front Polisario: l'âme d'un peuple*, Paris: Editions Rupture, 1978.
- Polisario Front, *El pueblo saharaui en lucha: documentos del Frente popular para la Liberación de Saguia el Hamra y Río de Oro* (1974).
- Polisario Front, *Le peuple sahar(a)oui en lutte* (1975).
- Polisario Front, *Memorandum Concerning the Proclamation of the Arab Saharan Democratic Republic and the Constitution of its Government* (1976).
- Polisario Front, *Troisième congrès du Front Polisario, 26 au 30 août 1976* (1976).
- Proposed Arms Sales to Morocco*. Hearings before the Subcommittees on International Security and Scientific Affairs and on Africa of the Committee on Foreign Affairs, House of Representatives, Ninety-sixth Congress, Second Session, 24 and 29 January 1980. Washington DC: US Government Printing Office, 1980.

- Sahara occidental: un peuple et ses droits. Colloque de Massy, 1 et 2 avril 1978*, Paris: L'Harmattan, 1979.
- Saharan Arab Democratic Republic, *La République arabe sahraouie démocratique*, Département d'Information, 1980.
- Saharan Arab Democratic Republic, *VII^e anniversaire du déclenchement de la lutte de libération nationale. L'ALPS de la colonisation espagnole ... à l'agression marocaine*, Département d'Information, 1980.
- Solarz, Stephen J, 'Arms for Morocco?', in *Foreign Affairs* 58 (2) 1979-80, pp 278-99.
- The Question of Self-Determination in Western Sahara*. Hearings before the Subcommittees on International Organizations and on Africa of the Committee on International Relations, House of Representatives, Ninety-fifth Congress, 12 October 1977. Washington DC: US Government Printing Office, 1977.
- Trout, Frank E, *Morocco's Saharan Frontiers*, Geneva: Droz, 1969.
- United Nations, 'Report of the United Nations Visiting Mission to Spanish Sahara, 1975', in *General Assembly Official Records*, Thirtieth Session, Supplement 23, Vol III, UN Document A/10023/Rev. 1, pp 12-128.
- US Policy and the Conflict in the Western Sahara*. Hearings before the Subcommittees on Africa and on International Organizations of the Committee on Foreign Affairs, House of Representatives, Ninety-sixth Congress, First Session, 23-24 July 1979. Washington DC: US Government Printing Office, 1979.
- Villar, Francisco, *El proceso de autodeterminación del Sahara*, Valencia: Fernando Torres, 1983.
- Weiner, Jerome B, 'The Green March in Historical Perspective', in *The Middle East Journal* 33 (1) 1979, pp 20-33.
- Western Sahara and the Struggle of the Sahraoui People for Self-Determination*, Rome: International League for the Rights and Liberation of Peoples, 1978.

A Question of Political Economy

JOHN PINDER

The external trade of the European Community (EC) comprises about a quarter of world trade. The EC is a giant in the world economy, a greater trading power than the United States, with a powerful influence on most other countries' economies and on the international economy as a whole. As such, we can expect it will be criticised. But we may also hope that the criticism will be useful. Unfortunately, it seldom is.

Most of the criticism is flawed because it is based on the assumption that free trade, and implicitly *laissez-faire*, is a tenable policy for the contemporary economy. It is ironic that many of these critics are Marxist or other central planners who demand that the EC remove its trade barriers but would never dream of shutting a factory or laying off workers in their own countries in order to make room for imports. Yet to dwell on this irony would be to miss the main point, which is that *laissez-faire*, even in the modern dress of Thatcherism or Reaganomics, just does not work in the modern economy. Monetary control without an active industrial or incomes policy can bring down inflation, as in Thatcher's Britain, but only at the cost of decimating investment, industrial production, employment and growth. Reagan's combination of monetarist and supply-side doctrines, with tax cuts causing a budget deficit which, in the context of tight money, pushes interest rates through the roof, may induce a demand-led reflation for a year or two; but with investment constrained by the interest rates and pay push restrained by nothing, the reflation will lead to bottlenecks, over-heating and inflation which will, probably by 1985, run the economy on to the buffers of yet tighter monetary restriction, higher interest rates, and hence renewed recession.

All this may be seen as hard luck on the Americans and the British, or as just retribution for their choice of political leaders. But those who are tempted to indulge in *schadenfreude* should remember that these failures of economic management do not concern their perpetrators alone. In the interdependent international economy, the ripples generated by even small successes or failures of management in a major industrial country can affect the economies of other countries throughout the world; and when the economy is as big as that of the United States and the failure as great as that of Reaganomics is likely to be in a year or two, there can be not just a ripple but a tidal wave that could

submerge weak economies and snap the moorings that have held the international economic system together. Reagan's entry on the world stage has given us a preview of this in the current debt crises of so many Third World countries. Real interest rates rose to heights unimagined in the financial markets; demand for imports of both primary products and manufactures fell in the industrial countries as the interest rates piled on the recessionary pressure; and these scissors of high interest rates and low demand cut the developing countries' growth and their means of servicing and repaying their debts. If the US repeats this monetary performance, the Third World's current debt crisis would become the springboard for something much worse.

This introduction is not intended to frighten the reader into turning towards an off-the-peg ideology of economic management from the other superpower. The Soviet Union is in just as much trouble if not more, for the opposite reason: too much centralisation, which suffocates innovation, technological development and progress towards microeconomic efficiency. Nor do the other East Europeans, or the Third World countries of similar orientation, offer an example that should encourage others to adopt the Soviet model. The intention is, rather, to stress that new methods of economic management must be developed in the North if the South is to benefit as it could from North-South economic relations. Thus, in considering the future relationship between the Third World and the European Community, we have first to think about the development of the EC's own economic policies. For if the EC stagnates, its imports cannot give a dynamic impulse to the growth of developing countries. Protection, which is the main target of Third World criticism, is secondary to the stagnation of demand. Britain, in the 1950s and 1960s, allowed free entry for almost all imports from Commonwealth countries; yet their exports to Britain grew much slower than their exports to the continent of Europe and Japan, where protection against the Commonwealth countries was quite high but whose economies, and hence demand for imports, were growing faster. The system of economic policy in the EC, as in other Northern economies, is therefore central to its relations with the Third World. The forces with which modern economic policy has to contend, and which will therefore shape its development, are moreover to be found not only in the EC but also in the wider international economy. So the trend of policy in the EC is likely to show similarities to the trend of policy in the international economy also. These are compelling reasons why analysing the problem of the modern political economy, whether in the EC or elsewhere, is not a digression, but a pre-condition for understanding the likely course of EC-Third World economic relations.

The Europeans and the Mixed Economy

The economic troubles of the past decade have turned economic policy in Britain and the United States back to a form of market economics that tries to

minimise the role of public policy in the economy. The reaction has been less extreme among the EC countries on the continent of Europe. But all of them are relying on old-fashioned deflation to squeeze out the inflation that followed the second oil price shock in 1979; and none has found a way to keep inflation down without depressing employment and growth.

The monetarist doctrine which has taken hold of American and British policy and also increased its influence in other Western countries is based on an assumption of more-or-less perfect markets, in which prices and incomes bring about any necessary economic adjustments by responding to changes in supply and demand. Thus, the money supply is supposed to govern total production and market forces to look after the allocation of resources to production of the various goods and services. But in the industrial economies incomes respond only very imperfectly to changes in the money supply and the pattern of demand, for the division of labour and specialisation of production place so many groups, large or small, in positions of monopoly or quasi-monopoly. All these groups can resist the effect of monetary squeeze on their pay and take more than full advantage of any monetary relaxation. Thus the effect of tight money is not to keep the growth of their pay within the growth of their productivity, but to squeeze investment and reduce the employment of the less strongly placed; while easier money leads to increases of their pay more than of investment and employment. Hence we see the apparent paradox of stagflation, which is not a paradox at all if the importance of these imperfections in the labour market is understood.

With such imperfections built into the structure of the modern economy, the pay push can be controlled only by savage and permanent deflation or by constraints established within the system of pay determination. Such constraints can inhere mainly in pay determination within the firm, as in Japan, with national trends set oligopolistically by a few leading firms; or in collective bargains between trade unions and employers' associations in major industrial sectors, as in West Germany, with the trend set by an oligopolistic price leader (the IG Metall union in the engineering industry); or as in Austria by a comprehensive incomes policy, involving employers, unions and public authorities. In each of these countries, but particularly in Austria and Japan, inflation has been kept low while employment and investment have remained reasonably dynamic. Observers in the Third World may not have regarded the systems of collective bargaining in industrial countries as a matter of prime concern to them; but these systems have come to determine the allocation of resources to investment, growth and the creation of employment, and hence the industrial countries' propensities to import or to protect. Without systems for controlling pay push, which must be based on a consensus between unions and employers' associations and supported by public policy (i.e. incomes policy), the old industrial economies will remain weak importers, strongly protected against the 'disruption' of imports from the newly industrialising countries.

A second major imperfection in the modern market economy is the cost of starting new production or winding up the old. In perfect markets, resources would move without cost from one form of production to another. In the modern economy, the winding up of old plant may leave firms with heavy capital charges and redundancy costs, workers with no employment and public authorities with the cost of unemployment assistance and of local infrastructure which is no longer used. The starting of new production may require great expense on research, development, investment, training and marketing. Thus adjustment from old production to new, so far from costless, can be very costly; and the social benefit of economic progress and employment may not be reflected at all in a private benefit for the firms doing the adjusting. With slow-growing economies, as during the past decade, this discrepancy is particularly serious, because the markets for new production are less able to support the costs. But even in Japan, where growth has remained twice as fast as in Europe, the government has found it necessary to help channel resources out of several 'structurally depressed industries' and into the sectors of the future. It requires no complicated economic analysis to see the case for an industrial policy that will promote the new lines of production and ease the adjustment away from the old; and the more successful of the industrial countries, such as Japan, France, West Germany, Austria and Sweden, have indeed pursued the more effective industrial policies of this kind. Their most important instruments have lain in macroeconomic policies that give full weight to industry's need for low interest and exchange rates, combined with an array of tax and subsidy incentives for adjustment and development. The Japanese have, in addition, developed the concept of the rationalisation cartel, whereby the firms in a structurally depressed sector receive temporary protection and support on condition that they modernise and adapt their production to the needs of the future.

Such industrial and income policies, together with manpower policies to ensure the workforce is well trained for the new industries and services, are essential elements of the modern mixed economy: mixed in the sense, not of any particular mix of private and public ownership, but of an appropriate involvement of central public policy in a decentralised market economy. Those who wish to know whether the European countries will again become dynamic trading partners should try to judge whether these countries are evolving mixed economies along these lines, as still seems to be the case in continental Western Europe, or whether the doctrine of *laissez-faire* is gaining ground, as has undoubtedly happened in Britain—perhaps for quite specific political reasons.

Trade and Monetary Integration in the European Community

The Europeans' trading stance will depend on their success in restoring employment and growth, which will govern the ease with which they adjust to Third World competition. But their attitude towards protection has also been

influenced by their realisation that wider markets were needed to reduce unit costs and enlarge the scope for specialisation and scale, in an epoch when these are becoming increasingly necessary conditions of further economic development. This was a major reason for the establishment of the European Community and of the free trade system surrounding it in Western Europe, and for the maintenance of free trade within Western Europe during a recession that calls to mind the 1930s when each European country retreated into its autarkic shell. Any tendency to repeat that disintegration would hurt the Third World too; autarky would be likely to protect each country against all comers. It can, conversely, be strongly argued that a closer collaboration within the EC, through not only free trade but also a common industrial policy, would improve the economic health of its members and hence benefit its trading partners also.

The question of monetary integration in the EC is particularly significant. The high interest rates, originating in the US, annoy the Europeans as they do the Third World. Dear money in the international capital market means dear money in the European capital markets and thus an obstacle to industrial investment. Protests make little impact on the stubborn forces shaping American budgetary politics. If American policy is to be influenced, it must be done by equally stubborn economic forces that can affect the US economy for better or for worse. In the early 1960s, the US changed its trade policy and initiated the Kennedy Round of far-reaching tariff negotiations because it was confronted by the EC's common tariff which made the Community a trading power on the scale of the US. The only such instruments conceivable in the monetary field would come from strengthening the EC's European Monetary System, by implementing proposals to establish a common reserve fund and move in the direction of a common currency. Such a development would be most significant for the Third World too, as the Europeans would use any such countervailing power to secure a reduction in interest rates that would apply not only in the US and the EC but also in the international economy as a whole.

The EC and the Third World

Prosperity and growth in the North would have more impact on prosperity in the South than all the specific measures of Brandt and the NIEO combined. Indeed, the most pertinent criticism of NIEO proposals may be that they seemed to regard the North as a fat cow that could be milked, or even have juicy steaks hacked out of it, regardless of its health and strength. But although Northern prosperity is a necessary condition of rapid development in the South, it is not a sufficient condition. Just as the structure of the modern economy requires a mixed economy system to manage individual industrial countries or the European Community, so a successful international economy will need to be managed on mixed economy principles.

Capital flows from North to South offer a good example. As it stands today, the international capital market is dominated by a market force which turns out

to be a peculiar combination of two theories (monetarist and supply-side) as they affect the American budget and economy. The needs of industry in Europe and of development in the Third World count for little in the face of this political and ideological peculiarity. But in the perspective of an international mixed economy, the needs of industry and development must be the main objective of international policy, and thinking has to focus on the instruments that can further this objective. In monetary policy, the crucial instrument is a reasonable rate of interest; and as we have seen, a strong European Monetary System is the only likely counterweight to American monetary and fiscal policies from which the high interest rates derive—hence the common interest of the EC and the Third World in European monetary integration, creating monetary instruments that can be used to secure interest rates more suitable for their respective development needs.

Beyond the lower interest rates in the international capital market, for which both EC and Third World have a need, the perspective of an international mixed economy points towards special measures to promote investment in the Third World. For just as regional policies are employed in particular countries to break the vicious circle of growth-retarding externalities in the less-favoured regions, so a world regional policy is appropriate to promote Third World investment and growth. Such a policy has of course been embodied in the World Bank and the International Development Association (IDA); but whereas the policy's original impulse came from the US, it is the Europeans who have recently given it the stronger support. The EC has, moreover, become a considerably larger provider of official development aid than the US, partly through the EC's European Development Fund, though mostly still through the member countries' aid programmes.

The old lesson of market economics (that healthy demand is more important for primary products than any measures of official support) applies with particular force in the world commodity markets. But the peculiarities of such markets justify measures at least to cushion producers or consumers against the wilder fluctuations. If policymakers in the industrial countries did not believe this, they would surely abolish their policies of domestic agricultural support; but none of them does so. The most impressive international support measure is the Stabex scheme, through which the EC, under the Lomé Convention, compensates the African, Caribbean and Pacific exporters of a number of commodities if the value of these exports falls below an agreed level. Although the severity of the present recession has overstrained the funds that the EC allocated for this, it remains more far-reaching and imaginative than the IMF's facility for balance-of-payments assistance, which the EC also supports.

The other side of that coin is, however, the EC's own agricultural policy, which supports European farm production at the expense of international trade. This causes the greatest problems for other temperate producers, such as Canada, New Zealand and the US—although the ability of the US to influence

Community policy shows again the significance of bargaining power in the international mixed economy. The EC's policy has, however, also caused some difficulties to Third World countries,¹ even if those have been much mitigated for Lomé sugar-exporters by the market guarantees of the Lomé Convention.

Industrial Policies and Trade in Manufactures

For manufactures, trade and industrial policies are the chief manifestations of the contemporary mixed economy. During the years of prosperity, the EC greatly improved its conditions of access for imported manufactures. Its tariff was about halved through successive GATT rounds; tariff-free access was widened under the Lomé Convention to almost all of Africa, as well as to Caribbean and Pacific countries; and it was the EC that pioneered the introduction of the Generalised System of Preferences. In the past ten years of recession, however, the pressures from hard-hit workers, unions, employers and regions have been for more protection; and EC countries have adopted industrial policies that provide protection in new forms as well as, in a more positive vein, promoting industrial development.

At the same time as trade in manufactures has been complicated by national industrial policies, it has also become clear that manufactures will increasingly dominate international trade. First Japan rose to become the supplier of one-tenth of world exports of manufactures; then, during the 1970s, the Newly Industrialising Countries did the same. A process of diffusion of technology throughout the world is evidently in train; and more and more Southern countries will join the NICs of the 1970s until manufactures eventually outweigh primary products in exports from South to North. This makes it the more important to understand the implications of industrial policies for manufacturing trade.

The problems that the international economy poses for industry in developing countries are well known: the competitive weakness of infant industries; the relative strength of foreign investors and multinational companies; and now the crisis of interest rates and debt. Northern worries about international trade are less well understood—and indeed a contemporary Northern fashion writes them off as sinful Keynesian fantasies. But their causes are more objective than that. The market imperfections that we earlier discussed, rooted in the structure of the modern economy, impede adjustment to changes in technology or demand. These impediments are yet harder to overcome when the changes stem from trade with countries that have different economic levels, rates of growth or systems of economic management.

The stereotype of comparative advantage is the cheap textile produced by cheap labour. The danger of such stereotyping in a fast-changing world was shown when the production of cloth became as capital-intensive as that of cars,

¹ See Mackel, Marsh and Revell, p 131 below.

leaving only clothing, rather than textiles as a whole, as a labour-intensive sector. This point was confirmed when the Economic Commission for Europe found that clothing and footwear were the only major industrial sectors with physical capital intensity far below the average.² Useful though the export of textiles and footwear may have been to developing countries, and painful as these imports may have been for many disadvantaged workers and regions in the industrialised countries, the stereotype of labour-intensive sectors does not help much towards understanding the contemporary problem of trade in manufactures.

The advantages of fast-growing countries are far more important. Over an increasing range of production, such countries have newer products, newer equipment and, often, more up-to-date technologies than slower-growing, older industrial economies. When combined with lower-cost labour these advantages can be formidable indeed, as Japan was the first to show in the postwar world economy. The Japanese went on to demonstrate that the virtuous circle of efficiency, investment and rapid development, established while labour was cheap, can be sustained in what has become a high-wage and high-technology economy. But the strength of Japanese competition during the time when they were catching up on the Europeans and Americans has wider significance. For this has already been shown not to be a uniquely Japanese phenomenon, but has been repeated by a dozen Asian, South European and Latin American NICs; and these will surely be joined by a growing number of Third World countries. This must raise the question whether the older industrial economies face a danger of general industrial stagnation when competition from newer ones reaches a critical mass. The British experience of sliding, since the second half of the nineteenth century, from a state of industrial pre-eminence into a vicious circle of weak adjustment and slow growth might have been regarded as unique were there not signs of a similar trend in much of American industry and, more recently, on the continent of Europe.

Before considering the likely response of policy to this question, we should also recognise the effect of differing policy systems on international trade. The arbitrariness of price and investment decisions in the Soviet-type economies has long been seen in the market economies as justifying protection; and, in the last ten years of recession, protection has increasingly been applied. Although superior efficiency is widely recognised as the main source of Japanese competitive strength, the 'targeting' of their exports and their cultural and institutional barriers against imports are increasingly held to justify protection against Japanese competition. From the wide range of policy systems among

² UN/ECE, *Structure and Change in European Industry*, Part 1, chapter 2 and Part 2, chapter 3, Geneva, 1982, cited in Christopher Saunders, 'Changes in the Distribution of World Production and Trade', in John Pinder (ed), *National Industrial Strategies and the World Economy*, Totowa, New Jersey: Allanheld Osmun, 1982, p 21.

the NICs, a common factor has been observed to enhance the competitiveness of most of them: their relatively free labour markets (in the technical sense of freedom from effective institutional curbs on market forces), combined with official support for capital allocation that promotes industrial investment.³ American and European trade unions frequently use this as an argument for protection.

So long as recession and stagnation last, European reaction to these structural problems of international trade is likely to be protectionist. Unlike the old issue of labour-intensive sectors, moreover, it is hard, short of the very long term, to discern a limit to the process of catching up by NICs or an end to the differences between their policy systems and those of the Europeans; as the more developed NICs catch up, others will take their place on the lower rungs of the ladder. Thus it is equally hard to envisage a turning of the rising tide of protectionism so long as European industrial stagnation continues. That would point to a fortress EC economy. If, on the other hand, the stagnation is replaced by healthy growth, this will follow, if the earlier argument was sound, from the devising of new methods of economic management which include an industrial policy to overcome the structural barriers to industrial adjustment and development. Such a policy may have to be particularly far-reaching while the economy is being moved out of its long recession; but the experience of Japan, where an active industrial policy has been pursued in the context of an uninterruptedly dynamic economy, confirms our expectation that such a policy will still be needed beyond the present recession, if Europe is to avoid the fate of secular stagnation. Thus a dynamic European economy will still present a new problem for international trade: the accommodation of interests expressed not only in conventional trade policy but also in a wide variety of industrial policies.

Bargaining about Industrial Policies

A fortress EC would probably gravitate towards controls and even bilateral balancing in its trade with the Third World, with some characteristics of the system practised by the East European COMECON countries. In such circumstances, human ingenuity has devised specialisation agreements, buy-back and many other forms of industrial cooperation to alleviate the trading system's inherent viscosity. But its resistance to progress is indicated by the fact that the EC's trade with the six million Swiss is greater than that with the Soviet Union and its associates in Eastern Europe combined, although their population is over fifty times as big. Trade would continue and doubtless even increase, but with such a bias towards separate development, the path of economic progress for the Third World would be longer and rougher. Such a

³ See for example Wolfgang Hager, 'Little Europe, Wider Europe and Western Economic Cooperation', in *Journal of Common Market Studies Special Issue: The European Community Past, Present and Future*, September–December 1982, p 186.

split in the world economy, counter to the secular technological trend towards interdependence, would not only hold back economic development but also exacerbate political conflicts in a world where they are already dangerous enough.

While trade with a fortress Europe would have to be negotiated every step of the way, an EC that recovers enough dynamism to remain an essentially open economy would also be likely to present the Third World with more need to bargain than in the past. The doctrine of non-reciprocity has been common to supporters of both *laissez-faire* and NIEO. Their belief in its practicability was encouraged by the introduction of Part IV of the GATT, the Lomé Convention and the Generalised System of Preferences. But these victories for non-reciprocity were won before Northern industries other than textiles had been seriously hurt by competition from the NICs, before the costs of adjustment to such competition had risen so high and the obstacles to new industrial development in the North became so great, and before the particular interests affected had reacted to these new conditions by asserting their strength against the general principles of the old trading order. The rise of the interest groups must be seen as a social and political concomitant of the market imperfections in the structure of the modern economy. Where change involves economic and social costs or benefits which are not entirely dictated by impersonal market forces, groups will become organised to influence the outcome, whether directly in the market or by securing changes in public policy. Since these groups have become so important, there has been a new wave of literature on their role in the modern economy,⁴ which analyses the leverage they exert in pluralist democracies. This shows how industrial and trade policy has become the subject of bargaining within each industrial country, whether any trading partner chooses to bargain about its trading interests or not. Since the livelihoods of people and the prosperity of firms and regions may be at stake, the domestic bargaining can be very tough; and a trading partner that relies on the doctrine of non-reciprocity and refrains from exerting any bargaining power runs a greater risk of losing out. As the French say, *Les absents ont toujours tort* ('Those who are absent are always in the wrong').

There are reasons why the obvious examples of EC protectionism in the past do not reflect the balance of forces that is likely to determine EC policies towards the bulk of imports from the Third World, once the EC has recovered some of its dynamism. The agricultural lobby, despite the dramatic decline of farm population, still represents not much less than a tenth of the EC's voters, concentrated where their gearing in the political system is maximised. The textile lobby also represents a large and fairly concentrated population, in a

⁴ For example, Ghita Ionescu, *Centripetal Politics*, London: Hart-Davis, MacGibbon, 1975; Lester C Thurow, *The Zero-Sum Society: distribution and the possibilities of economic change*, New York: Basic Books, 1980; Mancur Olsen, *The Rise and Decline of Nations: economic growth, stagflation and social rigidities*, New Haven: Yale University Press, 1982.

sector where labour-intensity has favoured, and in clothing still does favour, the Third World competitors. The rapid surge in European imports of a number of products from Japan has not been reciprocated by an equivalent growth in Japanese imports from Europe. None of these conditions will apply to the bulk of manufactured exports from the Third World to the EC in the future. The EC has a large surplus on its trade with the Third World in manufactures; those who export to the Third World therefore represent a major interest in favour of more such trade, hence of enabling Third World countries to earn money by increasing their own exports to the North. These industrial interests tend to be joined in general industrial associations, with the export interest counter-weighting the import-resisting interest, whereas the agricultural lobby is usually separate. Textile protection, although less tough than the EC's protection of agriculture, shows that there is a limit to this argument. But since clothing and footwear are the only sectors in which labour-intensity is generally pronounced, Third World comparative advantage will in future increasingly be distributed across a range of sectors, at the labour-intensive end of each.⁵ The EC exporters will therefore carry their influence within the same sectorial interest groups as the import-resisters; and it follows from the EC's surplus in manufactures trade that the exporters should be better placed to check protectionism than they have been in relation to agriculture, textiles or Japan—especially as they will usually be supported by the still-growing weight of the multinationals.

The crux, for the health of the Northern economies and the growth of their imports of Southern manufactures, will be to ensure that Northern industrial policies focus on the development of industrial activities towards higher added-value, thus moving steadily up the technological ladder and leaving room for the exporting NICs to climb it too. This appears quite feasible in the context of an EC which shows the resilience to evolve a new form of economic management to deal with the new conditions of the modern economy; but threatened interests will remain active, and Third World countries will suffer if they neglect to do what they can to influence European industrial and trade policies by exerting their own bargaining power.

Bargaining power has always been important in the international economy, even if liberal theory has tended to ignore it. The impact of the EC's rise as a trading superpower on US behaviour in tariff negotiations was mentioned earlier, as was the potential of EC monetary integration for influencing American fiscal and monetary policies. The growth of Northern industrial policy, with its special implications for the NICs, adds a new dimension to the Third World's need for bargaining power. In a prosperous international economy, Third World countries conducted some successful negotiations in groups; OPEC and the Lomé countries were examples, although the Group of

⁵ For some of the advantages of intra-industry trade, see Saunders, *op. cit.*, pp 34–6.

77 did not achieve many tangible results. But OPEC's recent experience shows that such groups of sovereign states are less cohesive in bad times. The more solid bargaining power is likely to reside in the large economies such as Brazil, Mexico and India; Nigeria among the Lomé countries; Indonesia in ASEAN; and, among OPEC members, Saudi Arabia. Where the most-favoured nation principle applies, the big countries' negotiating successes will also accrue to the smaller countries; the same will apply where they use their bargaining power as leaders of a group. Where the small countries are poor and weak, moreover, they will draw some benefit from the quantum of generosity that the North increasingly reserves for the least developed. But it must doubtless be accepted as a fact of life that, where there is negotiation, those with the greater bargaining power will gain the more.

The Third World countries seeking access on better terms to Northern markets, whether for their exports of manufactures and primary products or for their imports of capital, can negotiate about the terms of access for Northern exporters or for Northern investors and multinationals to their own markets. As the markets of the major Southern countries grow, these become more significant bargaining counters; and the more these countries use them, rather than relying on non-reciprocal Northern liberalism, the more they will be able to influence Northern policies. Their negotiating will be the more effective, moreover, and their influence the greater, the more they understand and allow for the Northern countries' own industrial development needs. One aspect of this is a readiness to restrain fast-growing exports through orderly marketing agreements when the Northern countries apply industrial policies of a kind likely to secure the adjustments that will facilitate the removal of restraints within a reasonable time. A second aspect would be a recognition of the role that Third World countries could play in expanding the international economy to pull it, North as well as South, out of the recession.⁶ A third aspect, long-term and fundamental, would be a consciousness of the mutual need for a constant widening of the market to provide room for the specialisation and scale involved in containing technological development.

Beyond the Immediate Bargains: institutions of interdependence

Enlightened self-interest in international trade usually implies accepting a short-term inconvenience in order to secure a larger, if longer-term, gain. One reason for the growth of Northern protectionism is the lack of a vision of a feasible open trading system for the future.

With the North-South metaphor implanted in the mind, one tends to forget how fast some of the NICs were catching up on the mature industrial countries in the 1970s. Given a revival of health in the international economy, it will again be seen that countries such as Brazil, Mexico and some of the East Asians

⁶ See Reginald Herbold Green, '“Things Fall Apart”: the world economy in the 1980s', *Third World Quarterly* 5(1) 1983, p 93.

are not so far behind Greece and Spain, let alone Portugal. Thus their economic levels, and probably consequently their economic systems and rates of growth, will become less different from those of the EC countries. While average living standards in India will long remain much lower, the Indians may also progress rapidly to reduce the industrial and technological gap.

As the divergence of economic levels, rates and systems is reduced, and as the easier adjustment problems of intra-industry trade replace the harder task of adjustment to one-sided pressure on particular sectors, the obstacles to open trading will also be reduced. These are among the conditions that underlie the EC's readiness to negotiate about the accession of Portugal and Spain. Although the membership of these countries may excite some disquiet among the NICs that will be competing with them in the EC market on less favourable terms, the NICs should at the same time carefully observe the process of mutual adjustment of industries in the old and the new EC members. For this may resemble the process that would follow from a later participation of the EC and, say, Brazil, Mexico, and eventually India, in a more open trading system.

With industrial policy as important as trade policy, the consequence of a far-reaching reduction of trade barriers becomes not industrial *laissez faire* but a coordination of industrial policies, for example, common rules of competition, similar regimes of adjustment assistance and joint participation in rationalisation cartels; and these imply some common institutions and common policy instruments. This would go beyond the degree of cooperation embodied in existing international organisations or the Lomé Convention; and so long as the balance of economic power remains so heavily tilted against all the Third World countries, they rightly resist a stronger dose of policy integration. But as the larger among them, with populations that will then amount to 1-2 hundred million or even many more, come closer to the EC's economic level, the balance of economic power will become more even, and they may become readier to work more closely with a mature industrial economy such as the European Community.

The capacity to cooperate in international institutions is indeed crucial for the effective management of the international mixed economy; and we must also ask how far such a capacity has been shown by the EC. When compared with the behaviour of European nations in the 1930s, the behaviour of the EC member-countries in the postwar period has been remarkably cooperative. Not only have they established the Community itself, which is more far-reaching than any other example of economic cooperation among modern states; but the EC and its member countries have played their full part in all the main international organisations. As was noted earlier, the EC has been more inclined than the US recently to respond to Third World needs, particularly on monetary and commodity issues; and the Lomé Convention was at the time of its inception widely recognised as representing best practice in Northern policies towards the South.

The EC is nevertheless as amenable as other pluralist democratic systems to interest group pressures; the power of each of the ten member-governments to obstruct decisions in the EC's institutions may, indeed, add a dimension to the influence of industrial lobbies. The recent strains in the EC's trading relationships, from agriculture, through the Multi-Fibres Agreements and the argument in GATT over safeguards, to relations with Japan, bear witness to the forces that inhibit cooperation in the present economic climate. Yet given an improving economy, the EC has a number of attributes that will conduce to cooperation with Third World countries. The EC is more apt than the US to understand a mixed economy system. Its member-countries, especially if Portugal and Spain are included, have strong links with almost all parts of the Third World, of a kind that have supported the Lomé Convention. They have their own strong experience of interdependence and its consequences, which will make the idea of a wider interdependence comprehensible to them. As medium powers, they will find the idea of equality with the emerging industrial nations of the Third World easier to accept than the superpowers are likely to do. Strategically and economically exposed as they are, they are acutely conscious of their interest in world peace and economic stability.

The EC is, then, both sharply subject to short-term political pressures and well endowed with the capacity to appreciate its long-term enlightened self-interest in well-managed interdependence. It would be rash to predict whether the short-term or the long-term considerations will prevail. But the long-term interest will certainly have a better chance if some Third World countries respond to the vision of an increasingly interdependent and cooperative system, with institutions that will match the needs of an international mixed economy in the twenty-first century.

The Common Agricultural Policy

C MACKEL, J MARSH, B REVELL

This article does not pretend to unravel all the ways in which Common Agricultural Policy (CAP) influences the Community's relationship with the rest of the world. Rather it indicates the main determinants of the character of the CAP, shows how this affects other countries and illustrates the issues by reference to the operation of the policy in two product areas, beef and cereals.

The Nature of the Relationships between the CAP and the Rest of the World

A Community which has in its founding document the intention 'to contribute to the harmonious abolition of restrictions on international exchanges and the lowering of customs barriers . . .' has devised a policy for agriculture which is among the most protectionist in the non-communist world. An explanation requires some appreciation of traditional attitudes to agriculture and the problems posed by allowing agricultural goods to move freely within the European Economic Community (EEC).

All European countries have long had special policies for agriculture. The specific objectives and the instruments used have varied, but four common strands can be identified. First, governments are concerned to ensure a secure supply of food. The authors of the CAP experienced during and immediately after World War II, the rigours of scarcity. Second, in a free market agricultural prices tend to be volatile. Governments have been anxious to secure price stability, not only to avoid hardship for farmers or consumers but also to avoid any inflationary impact from sudden rises in food prices. Third, in a growing economy, there is an autonomous tendency for farm incomes to decline compared with those of other sectors. Such a decline leads to political dissatisfaction among farmers, to rural depopulation, changes in the rural environment and the destruction of rural communities. Many people in Europe regret such changes and seek through agricultural policy to maintain rural communities. Fourth, many governments have wished to encourage domestic agriculture in order to 'improve' their balance-of-payments or to contribute to economic growth.

All these arguments may be challenged but they formed part of a widely accepted conventional wisdom when the Rome Treaty was signed and continue to influence policymakers. One further element is of specific relevance to the

Community's relations with the rest of the world. France feared that, in a common market, her manufacturing industries would suffer in comparison with those of Germany. In contrast, French agriculture was expected to benefit from wider markets within the Community. Given that no European country was willing to dismantle agricultural policy and allow 'free' internal trade in farm goods, the opening up of the market for French exports required some common framework of policy. The CAP represents a way in which this has been achieved without causing hardship for farmers in other countries and constitutes part of a complicated *quid pro quo* between member states.

The six original members of the Community sought through the CAP both to regulate prices and to contribute to structural development. In the event, price policy has been responsible for most Community expenditure. Despite frequent attempts to limit its cost, price support still accounted for 61.8 per cent of all EEC budget expenditure in 1981. The details of the support regimes for each product are unique and complex; however, two main patterns are followed. For products in which the Community produces all or most of its own supply, market prices are maintained by regulating the quantity reaching the domestic market. For some products where imports are the main source of supply, market prices may be supplemented by additional payments to producers. Sometimes, as for olive oil, both approaches are combined, market prices being stabilised by regulation of quantity and supplemented by additional payments to EC producers. Both systems affect other countries.

The principal instruments of market regulation, so far as external trade is concerned, are variable import levies and export restitutions. The variable levy is a tax on imports calculated to raise prices of goods delivered to the EC to a minimum fixed by the Council of Ministers. Thus, imports cannot be sold at prices lower than those thought appropriate for domestic producers. Export restitutions are subsidies paid to enable products bought by EC exporters at the protected EC price to be sold abroad at the lower prices prevailing in world markets. Both variable import levies and export restitutions are transactions with the Community's Agricultural Guidance and Guarantee Fund (FEOGA). The Community Budget receives, too, the proceeds of the fixed customs duties levied on some agricultural products over and above any variable levy. This system of support insulates the internal market from the rest of the world which is seen as a residual supplier or outlet for the products concerned.

Where a system of supplementary payments is used, as for example with both the sheep and beef regimes in the United Kingdom, internal market prices may be allowed to fall in response to increased domestic production. An additional payment is then made to bring the average level of price to farmers up to the protected level. Although foreign suppliers still have access to the EC market, they face lower prices and reduced total revenues.

The effect of these arrangements upon the rest of the world depends upon the response of Community producers and consumers to the administered

Table 1: Degree of Self-Supply in certain Agricultural Products. EUR 9

	1973-4	1979-80
Total Cereals	92	101
Wheat	104	116
Maize	56	62
Sugar	91	125
Milk Products		
Fats	102	113
Protein	113	111
Fresh Products	100	101
Whole Milk Powder	208	357
Skim Milk Powder	137	115
Butter	101	119
Cheese	102	105
Beef and Veal	91	101
Pigmeat	101	101
Poultry	103	105
Oils and Fats	75	81

Source: Agricultural Situation in the Community 1982, Brussels: Commission of the European Communities, 1983.

internal prices. At the prices which have prevailed, the long term trend has been for Community production to increase by 1.5 per cent to 2.0 per cent each year whilst consumption has grown by only 0.5 per cent. Table 1 shows how the Community's self-sufficiency has increased in major product areas. This means that other countries have faced a decline in their share of the EC market and added competition in third country markets.

As self-sufficiency has increased for products protected by the CAP, there has been a marked increase in imports of some substitute products. This is because the product price relationships within the EC differ from those in world markets. Some substitutes enter at zero duty, as a result of agreements made by the Community under the provisions of the GATT. Thus, for example, it has become attractive for feedingstuff manufacturers to use manioc and soya to replace some cereals in animal feed. Since the Community spends some £4.5-5 billion removing cereals and animal products from the EC market these substitutes embarrass the administrators of the CAP who have endeavoured to persuade suppliers to enter into so-called 'voluntary' restraint agreements which limit their exports to the EC. The ability of other countries to resist the Community's persuasion varies, so the likely outcome of this approach is a

further distortion of world agricultural trade between pliant and less pliant suppliers.

The Community is the world's largest importer of food and agricultural products and one of its largest exporters. Table 2a shows that since 1973 its share of agricultural exports has increased and share of imports has diminished. Table 2b shows how the EC share was distributed among products in 1979. The

Table 2(a): EC Agricultural Trade as share of World Trade¹ 1973-81 (EUR 9)

EC Trade as % of World Trade	1973	1975	1976	1977	1978	1979	1980	1981
Exports ²	9.4	9.0	8.4	8.9	9.7	9.6	11.0	-
Imports ²	30	25	26	27	27	25	24	20

¹ Excluding intra-EEC trade.

² Exports and Imports expressed as a percentage of world exports.

Source: Agricultural Situation in the Community 1982, Brussels: Commission of the European Communities, 1983.

figures refer to an EC of nine countries. In 1973, the accession of the UK, Denmark and Ireland to the EC increased the impact of the CAP on world trade. The 'second' enlargement, which already has added Greece, and, in the later 1980s will include Portugal and Spain, will further extend its influence.

The CAP affects both world prices and access to the Community market. Not all countries are affected in the same way. For some, special arrangements have been made which affect agricultural trade. It is thus necessary to examine separately the situation of differing groups.

For products which it protects the CAP lowers prices in world markets. The extra output induced in the Community by higher prices leads to reduced imports or greater exports. Since more is now available prices at which the unsupported world market will clear must tend to be lower. The effect on substitutes for CAP products which are not themselves subject to restricted entry to the EC may be precisely the opposite, their price will tend to be raised. However, for some producers and some consumers in third countries this effect may be offset by the availability of exported EC surpluses. The overall effect on income distribution among third countries remains unclear.

For third countries the effect of the CAP, in the short term, will depend upon their particular pattern of trade. Table 3 shows that, as a group, developing countries will face lower prices for their sugar exports but would benefit from lower prices for imports of cereals, milk and sheepmeat. The induced increase in the price of substitutes is likely to make soya imports cost more and will have

Table 2(b): EC % of World Trade by Product, 1979

	% of World Trade	
	Imported by EC	Exported by EC
Total Cereals	10.3	5.3
of which Wheat	6.4	6.3
Maize	16.1	0.1
Oilseeds	46.3	0.1
Wine	22.6	33.9
Sugar	6.9	14.0
Total Milk	0.5	62.2
Beef	6.8	12.4
Pigmeat	15.9	15.0
Poultrymeat	5.3	28.1

Source: as per Table 2(a).

similar effects on manioc and other ingredients for feeding stuffs. Where, in some developing countries, these form part of the human diet, food prices may rise. Such statements, whilst they suggest some general implications do not take account of the widely varying circumstances of developing countries. Thus, it is not possible from this evidence to say whether the CAP is or is not, overall, damaging to any particular group of countries.

A long-run assessment of the significance of the CAP must take account of how it influences the disposition of capital in third countries. If investment in production, research or the infrastructure of production is discouraged in low-cost countries more of the world's resources will be used to sustain any particular level of output. Investment in substitutes for CAP-produced products draws capital into activities which represent a less efficient use of global resources. Any change in policy could leave suppliers, especially in LDCs in a vulnerable situation. At a time when there is increasing awareness of the finite character of some resources, such long-run costs cannot be ignored.

The CAP ensures a measure of internal price stability. Within the Community this involves charging higher prices to consumers. Externally it compels the rest of the world to accommodate fluctuations in EC production and consumption. In essence, because when world prices are low, EC consumers are not encouraged to use more, nor EC farmers to produce less, world market prices have to fall further before the market clears. Equally, since the system may shield the EC when products are scarce, world prices may have to rise more before the market reaches a balance.

Table 3: Percentage Share of World Trade in Selected Products, 1981

	Exports		Imports	
	All Developed %	All Developing %	All Developed %	All Developing %
All Agriculture	70	30	71	29
Cereals	84	16	53	47
Sugar	18	82	75	25
Soyabeans	85	15	79	21
Wine	96	4	93	7
Milk ¹	97	3	39	61
Meat				
Beef	84	16	84	16
Pigmeat	80	20	96	4
Sheep	88	12	61	39

¹ Milk condensed, dry and fresh.

Source: FAO Trade Yearbook 1981 Vol. 35.

Apologists for the CAP note that the Community is far from alone in raising the prices its farmers receive or in seeking to insulate its consumers and producers from the vagaries of the world market. They point out that at a lower level of output in Europe world prices would be higher. Comparisons with current prices thus exaggerate the true resource costs of the policy. Again, if the EC imported more, production would shift from Europe, where climate and the abundance of capital make for reliable yields, to more marginal areas, where costs may usually be low but crops are more likely to fail. Such qualifications are important and need careful analysis. However, as the trend for the EC to increase its own production in relation to consumption is sustained, these arguments offer only a diminishing defence for the damage done to some third country exporters.

One group which may benefit from existence of food supplies in excess of EC needs are those countries which receive food aid. Such aid has been offered mainly in the form of cereals or milk powder. The full effects of food aid are complex but some points can be noted. For other agricultural exporters, who may themselves be Less Developed Countries (LDCs), much depends upon whether the aid is truly 'additional'. If it is, then by encouraging a higher level of economic activity in the recipient country it may even foster further 'commercial' food imports. However, if food aid substitutes for other supplies, its effect on other exporters will be negative. If aid leads to lower prices for farmers in a

recipient country it may discourage local production and reduce the incentives for government to invest in agricultural infrastructure. The net food availability in the recipient country may be little better in the short run and, in the long run, could be distinctly worse. Generalisations of this nature are warning flags. So much depends upon the details of how food aid is used that it is proper to be cautious about its benefits, whilst recognising that in some situations of acute need it plays a very positive role.

The problems which the CAP presents for the rest of the world have led to a variety of special arrangements with particular third countries. Of these, the most far-reaching has been the Lomé Convention, signed with former dependencies of EC countries in Africa, the Pacific and Caribbean Region (ACP). This agreement gave the signatories limited access to EC markets for some export products. The section on beef shows how tightly drawn were these terms and how disappointing the benefits to ACP countries. Special treatment has also applied to some imports from the Mediterranean and New Zealand. Here again, limited concessions have given some access to the EC agricultural market on terms which are intended to ensure that the CAP price level is not threatened.

Despite many official claims to the contrary, the CAP remains an inward-looking policy, protecting EC farm interests and the historic balance between EC member-countries. The system as a whole is threatened by the continuing tendency for production to grow more rapidly than consumption. This damages third country exporters but it also requires the Community to finance growing subsidies. If it is unwilling to do so it must take politically difficult steps to cut its own production. Against this background, the Commission has recognised that EC prices will need to be brought closer to world levels. If they are, then the CAP may come to play a less disruptive role in world trade.

The EC Beef Regime: impact on traditional exporters

During the last decade the EC beef regime has had important consequences for international trade in beef through its effect on changing the balance of supplies and consumption within the Community market. It has become an increasing source of friction with many traditional third country exporters (such as Australia, New Zealand, Argentina and Uruguay), since not only has there been reduced import potential in the EC market, but an increase in competition on third country markets from EC exports. For developing country exporters, the beef regime is of particular interest as arrangements with respect to imports are highly discriminatory. They are organised through a number of multilateral or bilateral agreements based on quotas with concessions on variable import levies and tariffs.

As with cereals, the basic regulation for the Beef Regime, established in 1968, provides for a system of price support which attempts to keep Community market prices as close as possible to an agreed common price level

Table 4: Producer Prices for Fat Cattle

	1974	1976	1978	1980	1982
	US\$ per 100 kg deadweight				
Australia	55.0	58.4	75.8	169.3	118.6
Argentina	162.8	92.7	90.2	201.8	136.8
US	166.6	154.2	211.3	268.5	259.6
France	210.7	261.5	332.5	397.7	331.4
West Germany	255.0	292.4	374.0	411.1	344.7
UK	149.2	180.6	243.0	344.0	326.4

Source: EEC and World Prices for Meat and Livestock, European Booklet 93/3, June 1983, Meat and Livestock Commission.

or guide price. The main mechanisms for internal market price support are intervention purchases and storage, private storage aids and export refunds. There is also protection from import competition by means of customs duties and variable levies. It is the totality of these measures which has succeeded in raising Community prices for beef substantially above prices in other traditional producing and exporting countries. Table 4 illustrates how producer prices for fat cattle in three major beef-producing countries of the Community (France, West Germany and the United Kingdom) have been consistently above third country prices. In 1982 they were over 25 per cent higher than in the US and more than double those in Australia and Argentina.

The effects of the regime have been to alter radically the Community's market balance. Growth in production¹ has outstripped that of consumption. Indeed, Table 5 shows that the Community has passed from being less to more

Table 5: EC9/10 Production, Consumption and Self-Sufficiency—Beef

	1970/74	1976	1978	1980	1982	1984f
	'000 tonnes					
Production	5822	6461	6383	6896	6664	6896
Consumption	6356	6519	6671	6750	6680	6760
Self Sufficiency (%)	91.6	99.1	95.7	102.2	99.8	102.0

Source: EC Commission, SOEC, MLC.

¹ In this respect, the dairy regime has also made a significant contribution, since much EC beef is derived as a by-product from the dairy herd.

than self-sufficient since 1970. The structural surplus has been manifested in two ways. First, there has been an increase in intervention stocks, which for years ending 1981 and 1982 were 0.40 mn and 0.23 mn tonnes respectively. Second, exports to third countries have risen dramatically, peaking at 0.66 mn tonnes in 1981 and growing at an annual average trend rate of 30 per cent between 1977 and 1982. The EC has thus become the second largest beef exporter in world trade.

Although in principle, beef imports from any country may enter the Community provided that they meet EC animal health and meat plant hygiene requirements, in practice customs duties and variable levies make such trade commercially unattractive.² Imports, therefore, enter primarily through a number of concessionary schemes which the Community has been obliged to establish in order to preserve harmonious trading relationships. They involve a reduction in customs duties and/or variable levies for specified quota tonnages which are shown in Table 6.

Table 6: EC Concessionary Import Scheme Quotas 1983

	'000 tonnes
GATT (boneless beef)	50.0
Hilton high quality cuts	29.8
Balance sheet (frozen manufacturing beef)	60.0
Yugoslavia (baby beef)	54.0
ACP-EC (Lomé Convention)	30.0
Frozen boneless buffalo	2.3
Total	226.1

Of particular relevance to developing countries are the arrangements made under the Lomé Convention. Quotas for some 30,000 tonnes have been issued to Botswana (18,916 tonnes), Madagascar (7,579 tonnes), Swaziland (3,363 tonnes), and Kenya (142 tonnes). Zimbabwe also has recently been given an allocation of 8,100 tonnes, but cannot as yet supply the Community until EC approval is given on its animal health measures and abattoir hygiene. The ACP arrangements waive all customs duties on exports to the EC. ACP exports in addition only pay 10 per cent of the variable levy; the abated 90 per cent is charged as an export tax in the exporting country and is retained there. Hence ACP states realise approximately the EC producer price of beef for that sold into the Community. Given the difference between EC and world market

² For example, in April 1982, the EC import price for frozen carcasses was \$1,295 per tonne, whilst the gross levy payable on those imports (in addition to 20 per cent customs duties) was \$1,657.

prices, it is obviously a highly valuable market for ACP beef producers and a significant contributor to export earnings.

The circumstances surrounding the ACP beef arrangements are, however, not without problems. First, at the insistence of the EC, in order to ensure adequate controls on endemic exotic foot-and-mouth disease, a system of cordon fences has been erected in Botswana. It also seems probable that some fencing may be necessary in Zimbabwe. These fences are now coming under increasing criticism from the conservation and ecological lobbies as they impede game animal migration.³ It is indeed unfortunate that the very prerequisite for entry to the EC market should have become an object for EC complaint. Second, to meet EC approval, export abattoirs must attain high standards of hygiene, and those in Botswana and Zimbabwe are superior to many in the EC. The costs of slaughtering in export abattoirs is in consequence high. Such costs are sustainable whilst ACP producers receive EC prices. But when outbreaks of endemic foot-and-mouth disease lead to EC restrictions on imports, as in Botswana during 1980 and 1981, then those countries are forced to export to other markets, where realisations are much lower. Slaughtering costs are then disproportionately high. In the longer term, it is also questionable whether investment in developing country livestock industries ought to be geared to EC price levels which are considerably out of step with those in alternative export markets.

Faced with increasing costs of intervention storage for beef, the Community has pursued the lower cost alternative of surplus disposal by export refunds. These, it argues, are a necessary consequence of its policy of generous concessionary import quotas. Export restitutions, however, have given rise to acrimonious criticism by traditional exporters within GATT and accusations of unfair EC competition. Since 1977, EC frozen beef has been exported in large quantities to the USSR, Egypt, Poland and other Eastern European countries. Live animal exports have expanded to Libya, Tunisia and Egypt, providing indirect competition for traditional beef exporters. ACP exporters have been faced with EC competition in their regional market. Botswana, for example, attributes much of its loss of the Angolan market to competition from EC intervention stocks.

The EC has, in a more subtle way, also increased the pressure of competition for third country exporters through the process of Community enlargement. Greece, a substantial beef importer, now receives virtually all of its imports from EC countries, whereas they were formerly supplied by Argentina and Oceania. The accession of Spain and Portugal during the later 1980s will create similar problems for their traditional South American suppliers. Although the GATT quotas are adjusted to take into account the historical basis of such traditional supplies, nevertheless they do not make provision for

³ 'Barriers that must come down', S Johnson, Member of the European Parliament, *The Times* (London), 23 May 1983; 'The Fences of Death', M and D Owen, *African Wildlife* 34(6) 1979.

any share in the growth in import volume which may occur following Community membership.

Budgetary pressures have prompted a need for reform within the CAP. The latest set of proposals however, with regard to beef, are aimed at budgetary cost cutting rather than supply restraint, and on a more stringent determination of balance-sheet import quotas for manufacturing beef.⁴ The EC structural surplus of beef is expected to persist into the late 1980s.⁵ Hence, in international trade, the best that traditional exporters can hope for is some reduction in competition from EC frozen beef on third country markets. There would, on the other hand, appear to be little prospect for any liberalisation of the EC import arrangements.

The Cereals Regime and the Community's External Relations

This section outlines the basic details of the Cereals Regime, assesses the effects and implications of the Regime and considers possible future developments. It does not give full details of individual regulations.

The Cereals Regime forms one of the foundation stones of the CAP, created under Regulation 18 of 1962 and coming into effect on 2 July 1962. Under this first Regulation, common prices for cereals were set throughout the Community, support buying mechanisms (Intervention) for the internal market created, and a system of minimum import prices (Threshold Prices) and variable levies set up to give protection against imports. This basic system, although it has been modified by later Regulations (particularly 2727/75) remains intact and still forms the framework for the present regime.

The Community faced two fundamental problems which, because it failed to tackle them adequately at the outset, have been the root of many subsequent difficulties: stagnating consumption, structural surpluses, budgetary constraints, and trade conflicts with third countries. These two problems were (a) a variance in the level of existing support prices within the original six member-states in 1962, ranging from very high prices in Germany to relatively low prices in France, and (b) a relatively low world price outside the Community dominated by the large surpluses of grain in the US during the 1960s.

Faced by the problem of achieving a common Community support price out of the six different levels operating in 1962, the original six states spent over two years arguing about the most appropriate common level. In the meantime, transitional levies refunds, finally phased out on 30 June 1967, were imposed on grain moving between member-states. In 1964 agreement was finally reached. German prices, the highest in the Community, were to be reduced

⁴ *Common Agricultural Policy—Proposals of the Commission*, Com.(83)500 final EC Commission 28 July 1983.

⁵ 'The EEC Beef and Veal Policy—The Commission Perspective' in *EEC Beef and Veal in the Mid-1980s*, Bletchley, England: Meat and Livestock Commission, 1983, p 6.

over the transitional period to a slightly lower common level whilst French prices were to increase. During the transitional period, farmers in the high price countries were given degressive compensatory payments. In fact, subsequent negotiations established the German price as the norm and, as a result, no price reduction took place. All Community farmers simply moved to this higher price plane. With regard to external world prices, the Community sought protection from imports rather than a gearing of its level of production to world conditions via a closer price relationship. The effects of these two major decisions have been fundamental to the development of the CAP and its effects upon internal and external markets. These effects will be considered below, after a brief summary of the main policy instruments.

The cereal marketing year runs from 1 August each year, with a new set of support prices taking effect on that day. There is an Intervention Price for all major types of cereals. This is the delivered price at which the Community authorities are obliged to buy all grain offered to them which meets the minimum quality standards. Feed grains share a common intervention price and there is a separate price for wheat of bread-making quality. The intervention price is meant to set a floor in the market. The Target Price for cereals is a notional indicator price for EC producers. In other words, it is not guaranteed but is meant as a pivot around which the Community's market will work. It is set above the intervention price. As a price barrier to third country imports there is the Threshold Price. This minimum import price is fixed by deducting a transport differential to cover costs between Rotterdam and the Ruhr (respectively the Community's major port and deficit areas). On a daily basis the Commission calculates a levy which covers the gap between the world price for grain offered to the Community and the threshold price. If world prices were to rise above Community price levels, as happened briefly in 1974-5, then a mechanism exists to impose a levy on Community exports. However, the more normal practice is the granting of an export refund by weekly tender to cover the often substantial gap between Community and lower world price levels. It is the size of this subsidy, the timing of sales, and the growing volume of exports which is the root of much of the conflict with the US, Australia and Canada.

The major effects of the Cereals Regime have been a sharp rise in production and a severe curb upon the consumption of cereals. This has led to mounting structural surpluses of cereals, and a growing volume of exports. The high prices have encouraged a substantial increase in imports of derivatives and non-cereal ingredients for animal feeding. The significance of these changes can be illustrated by the following summary statistics. Total production of grain within the Community has risen from an annual average of 74 mn tonnes in 1960-4 to 125 mn tonnes in the early 1980s. This overall production increase of 69 per cent is composed of a 79 per cent increase in wheat, a 160 per cent increase in maize and a 75 per cent increase in barley. Maize and hard wheats

are now the only cereals in which the Community has a deficit. There is still no sign that these increases have peaked, indeed they have gathered pace during the late 1970s and early 1980s. At the same time animal feed usage has stagnated at round 70 mn tonnes. With human consumption increasing only slowly, this extra production has been transferred into higher stock levels and a greater volume of exports. At the end of the 1982-3 marketing year, the Community's 11 mn tonne carry-over stock of wheat was almost double that of 1981-2. As a result, special internal measures for additional breadmaking intervention and the subsidised incorporation of wheat into animal feed have had to be announced. EC exports of wheat have grown from 5 mn tonnes in 1977-8 to over 13 mn tonnes in 1981-2. In the 1982-3 crop year, wheat exports were held down to 12.3 mn tonnes to avoid conflict with the US.

Imports of all types of cereal derivatives and non-cereal feed ingredients have increased rapidly since the mid-1970s, eg. soya products from 12.5 mn tonnes in 1974 to over 19 mn tonnes in 1982; maize gluten from 900,000 tonnes in 1975 to almost 3 mn tonnes in 1982, and manioc from 2.2 mn tonnes in 1975 to peak at 6 mn tonnes in 1978. Current annual manioc imports are running at more than 5 mn tonnes. The reason for these increases in imports is the price competitiveness of many of these products compared to cereals. Most of them pay no levy or a duty limited under the terms of GATT. The advantageous position enjoyed by these products was created under earlier trade negotiations, eg. the Kennedy Round, when they were obviously not perceived as a serious threat to the EC cereals market. Faced by the current scale of imports, the Commission are seeking to limit them. A voluntary restraint programme has been negotiated with Thailand (the main supplier of manioc) and the Commission is threatening to be far tougher over quality standards and customs classifications. Levies on brans have also been increased. Levies on maize gluten are bound at zero, and the EC is negotiating to change this at present. However, since the main supplier is the US, progress is slow. A tax on soya has been suggested but would almost certainly lead to conflict with the US.

As a result of these developments in its Cereal Regime, the Community now faces three major problems:

- 1) The cost to the EC budget of holding large cereal stocks and providing expensive export subsidies;
 - 2) Conflict with major developed cereal exporters, particularly the US, and with the exporters of cereal substitutes;
 - 3) Possible damage to the economies of LDCs, either by limiting their EC-bound feed exports, by disrupting their developing grain sectors by subsidised exports or by frustrating their sales of cereal substitutes to Europe.
- These problems are interlinked and need to be dealt with by an integrated policy programme. The Commission recognises that it must attune EC production and prices more closely with world market conditions and avoid

trade conflicts. These affect both developed and developing countries, not least because a trade war with the US would almost certainly damage LDCs by disrupting world trade. In its relationship with the developing world, the Community also needs to adapt its cereals regime if it is to assure LDCs a share of the EC feed market and to devise an adequate aid programme which does not limit the emerging productive capacity of LDCs. There is no indication that such an integrated policy will emerge in the short to medium term. As a result, the Cereal Regime is likely to continue little changed—a policy born in the 1950s, designed for the 1960s, and now held together by a series of *ad hoc* measures.

Both the Cereals and the Beef Regimes demonstrate the need for the CAP to be modified. However, the development of agricultural policy is not simply a matter of economic or agricultural technicalities. As the Commission has said in its most recent set of proposals, 'To make adjustment is not a technical matter: it is a question of political choice'.⁶ In such political choices the existence of a consensus on wider issues, which, in the 1950s and 1960s, seemed to condemn Europe to make a success of the Community, is of profound importance. The need to change the CAP stems from its internal effects and cost as well as from the threat it poses to the Community's relationships with the rest of the world. The ability to change successfully, in a way which responds to the needs of the Community and the world in the 1980s, will be a test of the importance its members attach to the survival of the Community itself.

⁶ Com.(83)500 final, *Common Agricultural Policy—Proposals of the Commission*, para. 8.2.

The Future of East-South Trade after UNCTAD VI

UNCTAD VI emphasised the peripheral position of the Soviet Union and Eastern Europe in world trade. The major proposals for changes in the institutions of world trade, aid and finance, founded on the intransigence of the developed market economies, not on the caution of the Soviet position. Neither is it easy to imagine any Soviet initiative which would have been both realistic and effective in producing a consensus between the North and the South. Only a major programme of concessions by the Soviet bloc would have stood any chance of producing an important shift in the position of the developed market economies, and even then there would have been no certainty of that result. Such speculation is doubly hypothetical, for most countries which are members of the Council for Mutual Economic Assistance (CMEA) have neither the interest nor the ability to make such concessions. Whether or not UNCTAD will survive, whether or not it is replaced by more specialised, perhaps localised, forums, it is clear that CMEA support for the Group of Seventy-Seven (G77) proposals is almost wholly irrelevant to their success.

In the light of the failure of UNCTAD VI, following on from the unsuccessful UNCTAD V, and the disappointing UNCTAD IV, this is an appropriate time to ask what exactly are the benefits for the Third World in trading with CMEA states, to ask why such states are reluctant to make concessions in international trade negotiations, and to ask what is the likely course of future East-South economic relations. We do this by first asking two further questions: what is the role of trade and aid in centrally planned economies, and what are the interests of CMEA members in trading with the South. We then examine the CMEA position at UNCTAD VI, and relate it to the positions taken by the group at earlier meetings. From this we deduce the group's probable position in any future negotiations and discuss the advantages and disadvantages of trade with the East.

Trade and Aid in Centrally Planned Economies

The traditional description of the role of foreign trade in a centrally planned economy (CPE) was extremely simple, and could be encapsulated in the phrase 'barter of residuals'. Imports, so the story ran, were intended to fill the gaps in what would ideally have been a virtually autarkic system. Exports were simply

the goods which were surplus to domestic requirements, and were scraped together to pay for imports. It really mattered very little what was the provenance of imports or the destination of exports, and, as hard currency was scarce, bilateral clearing agreements were extremely common.

Whatever truth there might have been in this description, applied to the Soviet Union under Stalin, it is a very misleading categorisation of CPEs today. Not only are the smaller CPEs of Eastern Europe much more trade-oriented than the Soviet Union, but in all CPEs trade has been long accepted as an important growth factor—though from a supply-constrained not a demand-constrained viewpoint. Even before the creation of the CMEA, trade had become an important thread binding Eastern Europe to the Soviet Union. Over time this intra-bloc trade pattern has been reinforced and sustained by, amongst other factors, an inability to produce goods of sufficient quality for sale outside the bloc to satisfy the bloc's demand for hard currency to purchase Western imports, and an intricate system of tariff and non-tariff barriers to trade.

Partly as a response to these difficulties in trade with the West, partly as an attempt to expand markets for their exports, and to diversify their sources of raw materials, CMEA states in the last decade have shown increasing interest in trade with the South. However, the level of such trade has not been as impressive as the parties had hoped. By 1980, trade with developing countries accounted for only 19 per cent of CMEA exports, and 16 per cent of imports. Admittedly starting from a very low level, trade with the South has become important only for Romania and the Soviet Union. For the South, apart from India, and some of the larger Middle Eastern states, trade with the East has remained of minor importance. Not only that, but in the main it has exhibited a very traditional pattern. The South trades raw materials, fuels, food and some semi-fabricates, for industrial products, particularly machinery. Capital flows from the East to the South have been minimal, and have often taken the form of self-liquidating loans, whereby turnkey plants have been paid for by the export of a proportion of their output. Provided, of course, that the price of the plant and its output are acceptable to the developing state, this form of medium-term capital investment has clear advantages over more traditional forms of capital inflow. But, as we shall see below, the East's record on aid is less satisfactory, and generally compares unfavourably with Western efforts.

While initial contacts between the East and the South almost invariably involved bilateral clearing arrangements, in recent years this system has rapidly changed and been replaced by clearance in convertible currencies. This has clearly been of benefit to both parties, just as the initial clearing arrangements also recognised their mutual interest in avoiding the use of scarce foreign exchange. But at a global level the near-universal change to settlement in convertible currencies has probably been of more advantage to the East. Desire for Western goods, coupled to difficulties of selling on Western

markets, has often meant a CMEA deficit in trade with the West. That deficit has been financed in the past by borrowings on Western capital markets, and by convertible surpluses in trade with the South. As Western capital markets have been progressively closed to Eastern borrowers, the importance of such surpluses has increased.

When we come to examine the mutual interests of the East and the South in international trade negotiations, the foregoing description should prepare us for the judgement that they are rather limited. Just as increased access to Western markets unites the otherwise potentially disparate interests of the newly industrialising states with those of the remaining members of the G77, so it does the East with the South. The same applies to any other issue where the East might be included in any Western concessions to the South. The reverse applies to any issue where the East would be included with the West as a donor rather than a donee.

UNCTAD VI from the CMEA Viewpoint

We can begin to analyse the Soviet and East European position on UNCTAD VI, and to relate it to earlier policy stances, by disposing of two potential but actually unnecessary complications. First, in what follows any reference to a CMEA position should not be construed as including Romania. Although a member of CMEA, Romania has pursued an independent foreign economic policy for the past two decades. Nowhere has this been clearer than in UNCTAD negotiations, where Romania, after a long and vigorous campaign, finally joined the G77 just before the 1976 UNCTAD IV conference. Long before that meeting Romania was a vociferous supporter of the Group, and membership was an important step in its campaign to be recognised as a developing country.¹

Second, in terms of UNCTAD meetings, we can speak of *the* Soviet and East European position, for not only have the Group D states issued joint policy statements and maintained a largely united stance, but it is difficult to see why they might have wanted to have differentiated their positions. Thus although the group position is clearly the Soviet position, and we have no information on what, if any, tensions have arisen in the development of the position, this is of no importance for it is clear that Group D policy is of direct advantage to all of its members.

Finance and Aid

On the first of the three issue areas of crucial importance to the South, the East was either impotent to help, or claimed that their current trading practices met,

¹ The Romanian strategy is analysed in Colin W Lawson, '“National Independence and Reciprocal Advantages”: the political economy of Romanian-South relations', *Soviet Studies*, 35(3), July 1983.

or more than met, the South's requirements. On the requests that the IMF increase its quotas and its SDR allocations, sell a significant part of its gold stock to finance the poorest developing countries, and increase its compensatory financing facility, the CMEA states, as non-members, were powerless to oblige. In response to suggestions for a new framework for dealing with external debt, the South was offered little more than the spectacle of ritual hand-washing. Certainly, no one could seriously claim that CMEA states have any responsibility for the debt problems of the South. Equally, no one could claim that the smaller East European states are in a strong position to incur extra debts at the expense of the South. Even so, some token concessions might have been expected from the Soviet Union, though in the past it is only fair to point out some willingness has been expressed, particularly by Hungary, to engage in bilateral discussions on debt relief.²

On the vexed question of aid, a curious *volte-face* occurred. In the past the East has totally rejected any suggestions that a predetermined proportion of GNP should be devoted to foreign aid. At UNCTAD IV the group, in their joint statement, argued that 'it [is] unfounded to appeal to [us] to share the responsibility and material costs of eliminating the consequences of colonialism, neo-colonialism and the trade and monetary crisis of the capitalist economy'.³ As the problem was caused by capitalism and imperialism, 'There can be no ground whatsoever for presenting to the Soviet Union and other socialist countries the demands which the developing nations present to the developed capitalist states, including the demand for a compulsory transfer of a fixed share of the gross national product to the developing nations by way of economic assistance'.⁴ A similar angry denial of responsibility followed the re-representation of the aid demands at UNCTAD V, and during the 1980 Eleventh Special UN Assembly.

During 1982 the response to aid demands changed. In a speech to the Thirty-seventh Session of the UN General Assembly, A A Gromyko stated that 'As to our participation in rendering assistance to the newly-free states in overcoming their backwardness, the Soviet Union does not do less but more than any industrial capitalist country'.⁵ However, even Soviet authors display some caution in dealing with this remarkable claim. For example, Samorodov is quick to hedge the claim by arguing that 'The socialist countries do not compete

² See C W Lawson, 'Socialist Relations with the Third World: a case study of the New International Economic Order', *Economics of Planning* 16(3) 1980, for a general discussion of this issue.

³ Joint statement by the Socialist Countries at the Fourth Session of the United Nations Conference on Trade and Development, p 14; in supplement to *Foreign Trade* (September 1976).

⁴ 'On the Restructuring of International Economic Relations'; statement by the Soviet Government to K Waldheim, UN Secretary-General, 4 October 1976, *Foreign Trade* (December 1976), pp 2-5.

⁵ Quoted in A Samorodov, 'UNCTAD VI: monetary and financial problems', *Foreign Trade* (May 1983), p 41.

with the industrial capitalist countries on the matters of rendering assistance for development purposes. The qualitative difference between the Western countries 'aid' and the socialist countries technical and economic assistance . . . makes their quantitative comparison impossible'.⁶

Other statements have been less cautious. Submitting a proposal to UNCTAD on behalf of the Group D countries, the East German government claimed that 'the total net volume of the aid furnished by the socialist countries to developing countries is far higher, as a percentage of gross national product, than that furnished by developed market-economy countries'.⁷ No percentages are quoted in the above document, but in other UN documents the USSR has claimed that it 'disbursed 1 per cent of GNP in net aid during 1976-80, with the net aid/GNP ratio at 1.3 per cent in 1980. Separately, the GDR claimed to have disbursed 0.78 per cent of "national income" in net aid in 1981'.⁸

As with many questions of measuring aid, there is rather more involved in testing these claims than is immediately apparent. Neither Soviet nor East German sources have stated the precise methodology used to derive these results, but it seems clear that it is not the same methodology as that used to calculate Development Assistance Committee (DAC) members' contributions. The issue is complicated by several factors. First, the recipients of the bulk of CMEA aid are Cuba, Mongolia, Vietnam, Laos, Kampuchea and Afghanistan. The Soviet Union is, of course, quite open about the reasons for this. In an authoritative article written shortly after UNCTAD V, Bogomolov stated that 'the socialist countries' cooperation with the developing world . . . is mainly extended to those countries that are most active in the national liberation struggle and have embarked on progressive political development'.⁹

In addition to the main aid recipients noted above, Bogomolov singles out Iraq, Angola, Mozambique, Syria and Ethiopia as worthy of support. The concentration of aid flows to a handful of recipients, does not in itself complicate the assessment of the value of the flows. What complicates the assessment is the fact that many of the recipients are embryonic centrally directed economies, which implies that it is difficult to be sure that world market prices are used consistently in trade between themselves and other CMEA members. If world market prices are not used, then implicit subsidies are involved: subsidies which depend upon the deviation of actual from world market prices. And as the former price data is very difficult to acquire, so a reliable estimate of the implicit subsidies is exceptionally difficult to make.

A second problem with assessing comparative levels of aid arises because of the different levels of concessionality and tying of aid. A recent Foreign and

⁶ *Ibid.*, p 41.

⁷ German Democratic Republic: UNCTAD, TD/L.230, 18 June 1983, p 11.

⁸ Foreign and Commonwealth Office, 'Soviet, East European and Western Development Aid 1976-82', Foreign Policy Document No. 85, 1983, summary.

⁹ O Bogomolov, 'CMEA and the Developing World', *International Affairs* (Moscow) July 1979, p 32.

Commonwealth Office report concludes that 'Western aid commitments in 1981 carried an average grant of 90 per cent, and 97 per cent for the least developed [states]. Only 37 per cent of Western aid was tied . . . The grant element of Soviet and East European aid was below 82 per cent and 79 per cent respectively in 1982. Virtually all . . . was tied'.¹⁰ The same report, in findings which are consistent with DAC research, concludes that in 1980 the Soviet Union's net aid to GNP ratio was 0.19 per cent, and the GDR's ratio was 0.17 per cent in 1981. Moreover, in 1981, although there was a positive flow of resources from the CMEA to Cuba, Mongolia, Vietnam, Laos, Kampuchea and Afghanistan, because of aid repayments, the flow of net aid to all other developing countries, viewed as a group, was negative.

Commodities

The most optimistic hopes of the G77 on this issue were that UNCTAD VI would hasten the ratification of the Common Fund so that it could become operational by January 1984; that it would encourage the implementation of the Nairobi Integrated Programme for Commodities; that negotiating conferences would be organised which would lead to agreements for cotton, copper, tin and hard fibres, and that preliminary negotiations would begin for other commodity agreements. Because of the lengthy delay in the ratification of the Common Fund, the UNCTAD Secretariat had put forward an interim Immediate Action Programme. This programme was aimed at keeping commodity prices within pre-set target ranges using buffer stocks and supply management. The price ranges were to be taken from the existing commodity agreements or to be derived from the average of the ten years to 1982. The programme was to be funded by multilateral institutions, financial markets and trade levies, rather than by the national governments who were seen as the main contributors to the Common Fund.

Although on this issue nothing of significance emerged from UNCTAD VI, it is worth noting that CMEA states showed no more enthusiasm for the proposals than did the market economies. In this, they have maintained a consistent position since the programmes were first mooted at UNCTAD IV. At that meeting they conceded that developing countries might reasonably ask for improved terms of trade, but they demanded that participants in commodity agreements should be free to choose whether to contribute to the provision of buffer stocks, or to sign bilateral long-term agreements. As most CPE-LDC commodity trade, though by no means all, is governed by such agreements, this would have reduced the cost of the Integrated Programme to CMEA members. Obviously there would still have been a cost, for not only are substantial purchases made through international commodity markets, but clearly developing countries might have been rather reluctant to commit themselves to

¹⁰ FCO, *op. cit.*, summary.

long-term agreements where prices deviated substantially from the ranges of the main Integrated Programme agreements.¹¹

The current Soviet position on the development of commodity agreements has been carefully stated by Polezhayev, in the house journal of the Soviet Ministry of Foreign Trade. He states that 'the USSR's participation in international commodity agreements . . . will, as before, be decided in every concrete case with due regard for a just balance of the rights and obligations of the participants in agreements'.¹² Moreover, he argues that when it comes to calculations of national contributions to agreements, because of the 'planned, long-term and stable basis of intra-CMEA trade', it should be excluded for purposes of calculating interest in an agreement. It is clear from the article, and from other sources, that CMEA states have scarcely a minimal interest in extending the scope of commodity agreements—certainly no more interest than market economies.

Trade

It is perhaps in the general area of trade policy that the most ambitious long-term proposals of the G77 were made. These proposals, elaborated in draft UNCTAD resolutions, called for reduced protectionism on the part of the developed states; demanded improved facilities for structural adjustment; called for more generous GSP concessions and suggested that not only should UNCTAD monitor progress on these issues, but that it should also formulate the principles and rules for a new international trade system.

Taking the issue of protectionism first: when trying to evaluate CMEA statements it is crucially important to bear in mind two related points. First, with the exception of part of Hungarian foreign trade, all CMEA members make centrally managed trade decisions. Not only is the domestic user of an imported good separated from the foreign supplier by the administrative organs of the Ministry of Foreign Trade, but external and internal prices may bear only an erratic relation to each other. The final, and indeed often the initiating decision to import, lies with the ministry or its foreign trade organisations. Thus domestic consumers, both final and intermediate, cannot be certain that their preferences will be reflected in the import bill. Neither can foreign suppliers be assured that their price signals penetrate into the domestic CMEA market.

The second point follows from the first. The existence of detailed external tariff systems in CMEA states, indeed the existence of GSP and other schemes of tariff concessions, in no sense implies that the recipients of such concessions can look forward to increased sales. Whether we view such tariffs as window dressing, sham bargaining counters, or convenient devices to tax the surplus of

¹¹ See Lawson (1980), *op. cit.*

¹² V Polezhayev, 'UNCTAD VI: some problems in commodity trade', *Foreign Trade* (April 1983), p 22.

the domestic economy, is immaterial. Only a signed agreement for increased imports, at an enhanced price, might signal a concession. 'Might', because even then we would want to be sure that any balances could be cleared in convertible currency.

In the light of these points, some CMEA statements read rather oddly. A statement submitted by Czechoslovakia on behalf of Group D argued that 'It is possible . . . to maintain the existing posture—that is, to continue the drift towards protectionism, discrimination and managed trade, or to attempt to discontinue and eliminate the protectionist measures and practices which unnecessarily inhibit trade and to evolve responsible, more liberal . . . policies. The socialist countries favour the second option'.¹³ What is being suggested is that developed market economies should lower tariff and non-tariff barriers to both developing states and CMEA members. This view is supported by the statement of A Manzhulo, a Soviet Deputy Minister of Foreign Trade, who indicates that claims by developing countries for special status, and for reduced discrimination 'should be considered in the context of the overall problems of principles, rules and norms of international trade'. He would be happier if 'UNCTAD's efforts could be concentrated on evaluating how the established principles and rules are being observed . . . [and] on identifying the actual difficulties, processes and causes hindering the normal development of international trade with due regard for the interests of all nations, those of the developing states particularly'.¹⁴

This clear desire to introduce the question of discrimination in East-West trade into UNCTAD discussions is a theme which runs back at least to UNCTAD IV, and links in with the issue of UNCTAD's role amongst international agencies. Manzhulo criticises some Western countries for wanting no more discussion of East-West trade in UNCTAD. Indulging perhaps in wishful thinking, he calls UNCTAD 'a universal trade agency', adding that 'Any possible reorganisation of the UNCTAD should be aimed at raising its efficiency as a universal trade and economic forum'.¹⁵ This statement precisely echoes the concerns of the Soviet Minister of Foreign Trade, N S Patolichev, seven years earlier at UNCTAD IV, when he said that 'we . . . do not opt out [of] a possibility of transforming [UNCTAD] into a World Trade Organisation, with its terms of reference covering also GATT problems'.¹⁶ At that time Western opposition to the proposal was based in part upon the view that such matters were better dealt with through the GATT, in part upon a reluctance to discuss such issues in a forum where their economic power would not be reflected in a preponderance of votes. LDC opposition reflected a reluctance to

¹³ Czechoslovakia: UNCTAD TD(VI)/C.2/CRP.1, p 5.

¹⁴ A Manzhulo, 'The 6th UNCTAD Session: objectives and tasks', *Foreign Trade* (April 1983), p 19.

¹⁵ *Ibid.*, p 20.

¹⁶ N S Patolichev, statement by the Head of the USSR Delegation to the Fourth UNCTAD Session, p 9; *Foreign Trade* (July 1976), pp 2-9.

allow discussion of issues which would distract attention from their own problems. It is possible that developing countries might now be willing to support the CMEA on this issue—as a way of broadening the constituency of those willing to give UNCTAD executive authority. However, as on all other issues, the opposition or indifference of the developed market economies has doomed the proposal.

Conclusions

In this paper it has been argued that the aftermath of UNCTAD VI provides an appropriate opportunity to assess the state of East-South economic relations. For both partners, the economic exchanges which generally began less than two decades ago, provided a convenient alternative to, in one case, continued dependence upon traditional export markets, in the other, the vicissitudes of trading with political opponents. The development of East-South trade has been less spectacular than the parties hoped, and this to a large extent is the responsibility of the East. Responsibility, only in the sense that its exports of manufactured goods and machinery proved less attractive than it had hoped, and that its own traditions of group self-sufficiency militated against any important integration with the South, through specialisation. Thus, the trade pattern between the two blocs has remained very traditional, and as the South's manufacturing capacity increases, this will not only place a brake on direct exchanges, but will lead to increased competition in third markets. In contrast to earlier sanguine expectations for East-South trade, by the end of the 1970s Bogomolov was regretting that the CMEA share in the South's trade 'has not yet, however, become a stable enough trend and tends to fluctuate greatly in response to the world market'.¹⁷

In the period since exchanges began, the Soviet Union's attitude to the South has undergone a radical change: from an almost blanket support for Third World states and independence movements, to a cautious, qualified position which sometimes approaches the agnostic. The UNCTAD negotiations of the past decade have provided a powerful stimulus to Soviet and East European thinking about the South. The consequence of this is an increase in the sophistication of Soviet analyses of the South, and the development of an acute sense of the issues on which the interests of the two groups coincide, but more importantly of those on which they diverge. In part, this recognition flows from a growing awareness of the heterogeneity of developing countries: a recognition which has led to a rejection of the previous orthodoxy that the East and the South were natural allies. It is in the light of this reassessment that Bogomolov has written, 'The relations between socialist and developing countries do not rest on the principle of socialist solidarity, since the majority of the developing

¹⁷ Bogomolov, *op. cit.*, p 27.

countries are developing along capitalist lines and only a few have taken a socialist orientation. There are no grounds, therefore, to claim the presence of class solidarity between them and the socialist countries'.¹⁸

If it is true that at UNCTAD VI the G77 presented less ambitious proposals, and presented them in a less antagonistic manner, to win minimal but tangible concessions, then the strategy failed. It is likely that at that time the power disparity between the North and the South was sufficient to exclude the possibility of a successful strategy. Indeed, it is doubtful that such an extensive, complicated global negotiation is the most effective way of pressing the Group's case. If in future such negotiations are conducted on a regional, even bilateral basis, the probability of concessions may be higher, for then individual developed states may be more willing to reveal their preferences, and spell out their own particular reciprocal demands. For negotiations with the East, such smaller scale bargaining is probably essential to win concessions. In specific group to group, or state to state negotiations, CMEA countries cannot adopt the 'bit part' roles they have been happy to assume at global negotiations. In addition, such bilateral negotiations can concentrate on the specifics of trade exchanges, in both monetary and physical terms, unhindered by such issues as tariff reductions or a restructuring of the world financial system, which have no direct impact on East-South trade. Should this occur, at least one positive development will have emerged from the Belgrade fiasco.

¹⁸ *Ibid.*, p 24.

Is the North-South Dialogue Worth Saving?

There is widespread agreement that the North-South negotiations of the past eight or nine years—since the first OPEC ‘shock’ generated a major effort by the Third World to establish a New International Economic Order—have largely failed, succeeding only in reaching a few cosmetic agreements (as with the Common Fund), while simultaneously wasting scarce resources and increasing cynicism and indifference among many of the participants. For example, Lance Taylor has recently described the Common Fund negotiations as a ‘fiasco’ and ‘a resounding failure’ and judgements of other negotiations on issues such as debt, monetary reform, and the various codes of conduct differ only in degree but not in direction.¹ And nothing that has transpired at (or since) Cancún or in the interminable efforts to reach agreement on global negotiations invalidates an assessment of failure.

Responsibility for failure cannot be attributed to one side alone, despite the evident willingness of each to do so. Indeed, progress has been and will be impossible until both sides recognise the need for reform. There is little sign that this recognition is growing—the learning curve from experience, even of persistent failure, has been very flat—and one hardly needs to add that the grim state of the world economy will surely continue to make the quest for cooperative agreements and the resistance to short-sighted national self-centredness extraordinarily difficult. Still, the possibility of at least some movement toward cooperation ought not to be rejected out-of-hand: conditions might improve enough to permit some progress, or they might worsen enough to make both sides reconsider current patterns of behaviour, or the fitful and ambiguous perception that prosperity for North and South is at least partially linked and interdependent might grow enough to generate support for new initiatives. In any case, while the current crisis—as well as pervasive fears about the future—has surely made it more difficult to compromise or to trade-off short-run losses for long-run gains, it is also true that fear, like the

* I would like to thank Professor Ernst Haas and Professor Paul Streeten for very helpful critical comments on an earlier draft of this paper. I also benefited from a seminar discussion with Shahid Javid Burki of the World Bank. I am, however, solely responsible for what follows.

¹ See Lance Taylor, ‘Back to Basics: theory for the rhetoric in the North-South Round’, *World Development* 10 (4) April 1982, p 328.

fabled sentence of hanging, has concentrated some minds, if not 'wonderfully': there is some pragmatism where previously only a spirit of confrontation prevailed and even the strongest ideologues are now willing to contemplate some compromise of principle to avoid catastrophe. However, if we are to be able to take advantage of whatever opportunities do appear, it is imperative that we attempt to understand why previous negotiations have failed and whether genuine reforms of the negotiating process are in fact feasible.

There are two sets of factors that are primarily responsible for the failure to achieve much substantive progress in these negotiations. The first set involves the attitudes that each side has adopted toward the negotiations and the strategy and tactics that have been adopted as a result of these attitudes. The second set involves the structural problems of the negotiating process itself. We shall discuss these factors at length in subsequent sections, but a few preliminary comments are in order. In the first place, the two sets are linked: reforming attitudes and approaches without reforming procedures—and vice versa—is likely to be ineffective. In the second place, the bargaining system is not the only factor responsible for failure and many other factors have had some effect on particular negotiations.² Moreover, the bargaining system—both attitudes and procedures—did not exert the same effect on all issues and at all times; it was more important on some issues than others and it seems less consequential at the moment because the negotiating process is moribund and attentions are concentrated elsewhere (mostly on patching together a means of dealing with the debt crisis). Nevertheless, despite these qualifications, the bargaining system has exerted a strong, if differentiated, effect on most negotiations and this effect has been largely ignored in discussions of what needs to be done to correct past failures. In addition, even if pragmatism once again seems in vogue, the revival of the negotiating process is likely to engender the same attitudes and stumble over the same structural obstacles unless these deficiencies are repaired—and no such effort is under way.³

There are, of course, analysts who would reject any attempt to revive and reform the North-South negotiating system. Objections in this context range

² For example, one study lists as possible reasons for failure, bad strategy, bad tactics, poor timing, inadequate preparation, conflicts of interest, erroneous perceptions, conceptual inconsistencies, domestic political constraints—among others. But the study reaches no conclusion on relative weights and does not even discuss the bargaining system. See Arjun Sengupta (ed), *Commodities, Finance and Trade—Issues in North-South Negotiations*, Westport, Conn.: Greenwood Press, 1980, p ix.

³ I have excluded at this point a discussion of criteria of success for the negotiating process because of the limitation of space. In brief, one could rely on either the gap between initial aims and current outcomes or the cost of non-agreement to either party. These are helpful—and clearly suggest the South 'lost' the struggle—but inadequate because they reflect short-term judgments and the existing configuration of power; these suggest why the North 'won'. More useful, it seems to me, is whether learning took place (rethinking the existing game, considering new alternatives, profiting from mistakes), a more long-run issue. Here it can be said both sides seem to have lost, as the learning curve is very flat.

over a wide compass, from the ideological to the conceptual to the practical. Some of these arguments need to be seriously considered, if primarily to assess the extent to which they invalidate the North-South framework or, less decisively, the extent to which they necessarily imply certain reforms in that framework. We shall turn to that task in the next section. Before doing so, I want only to add that nothing in this paper should be taken to imply that North-South negotiations are 'the' key problem for the developing countries; other issues, especially the choice of development policies, may be much more important.

On 'North' and 'South' as the Wrong Game

Radical analysts who have examined North-South negotiations have come to a familiar conclusion. Johan Galtung, for example, argues that 'if change is wanted, very little can be obtained through negotiations with the holders of power . . . by using the existing system or, rather, by relying on them, the results are already given.'⁴

But who then is one to negotiate with? If the response is some hollow rhetoric about national or collective self-reliance, one can only note that self-reliance, however defined, is at best a long-term goal with many, perhaps insoluble, problems of transition. This argument also ignores increasing patterns of dependence on the 'holders of power', as well as the fact that the transition itself, should it be undertaken, would probably require an increase in dependence to create the conditions for self-reliance. In any case, there is not much evidence that the quest for self-reliance (of either kind) is being taken seriously by Third World leaders or that increased dependence on other Third World countries is perceived as preferable to dependence on the developed countries. One needs also to emphasise that, while most of the gains from negotiating with the power-holders are surely unlikely to be revolutionary, it is not clear that they must be trivial or unimportant.

A second group, variously labelled as cynics or realists, argues that it is misleading to describe these negotiations as a failure simply because they did not achieve their stated goals. According to this argument, developing country governments do not really want or expect these negotiations to succeed: they want only a process and an institutional setting that provides some support for the useful contention that an unfair external system is directly responsible for many domestic development failures. Indeed, a genuine success might create more problems than it was worth, since it would probably require some difficult domestic reforms.⁵ There is, unfortunately, an element of truth to this argument, but it is a dangerous half-truth since not all Third World govern-

⁴ Johan Galtung, 'Power and Global Planning and Resource Management' in Anthony J Dolman (ed), *Global Planning and Resource Management*, New York: Pergamon, 1980, p 136.

⁵ For one such argument, see Christopher P Brown, *The Political and Social Economy of Commodity Control*, New York: Praeger, 1980, pp 232-4.

ments are merely looking for a scapegoat and since some domestic problems are in fact the result of, or at least exacerbated by, external trends or events. In short, the ineptitude or corruption of some Third World governments should not be used to condemn the motives of all such governments, especially when the latter confront domestic and external problems of extraordinary severity. One might also add that cynical treatment of the negotiations is to some extent a consequence of, and not always a cause of, negotiating failures—having learned to expect little of substance from the negotiations, manipulation for domestic purposes is hardly surprising.

A more important argument, favoured for many years by US officials and a variety of analysts, is that there is not much point in reforming the existing negotiating system because it reflects and perpetuates a fundamental error: negotiating in a global North-South setting when both 'North' and 'South' are increasingly inappropriate labels. There is obviously a good deal of truth to this view, not only because differentiation is growing within the Third World coalition (from different growth rates, policy orientations, resource endowments, political commitments, etc.) but also because recent trends such as the flow of investment funds from South to North or the increasing ability of a number of developing countries to export advanced goods to both developed and developing countries has begun to undermine some of the key characteristics of the simpler North-South models. A speech by A W Clausen, the president of the World Bank, which criticised the North-South model and divided the world into eight economic 'poles', has given this argument new salience and a degree of legitimacy that it did not have when espoused primarily by officials of conservative developed countries.⁶ Still, one needs to be careful in jumping from the idea of increasing economic differentiation to the notion that North and South are henceforth irrelevant terms. Put differently, it is well to remember that the category 'North-South' does not necessarily reflect the economic character of the issues or considered analysis of specific or general divisions of interest; rather, it reflects political and psychological judgments about the best (or hoped-for-best) means of exerting leverage on a negotiating process that includes both political and economic elements. This is not to say that these judgments are either accurate or useful—only understandable.

Many Third World leaders have seen, and continue to see, discussions of increasing differentiation within the South as thinly disguised attempts at divide-and-conquer tactics. Thus the Third World Forum has argued that differentiation:

is increasingly used to undermine the solidarity of the Third World... the heterogeneity of interests among developing countries is overemphasised and inflated by the North. If it is recognised that the core of present Third World struggle is economic

⁶ Excerpts from the speech are in *Finance and Development* 19 (1) March 1982, pp 5-6. I should add that differentiation is growing in both internal (e.g., differing growth rates) and external (e.g. different interests on issues) dimensions.

decolonisation, the basic convergence of interests among Third World countries becomes apparent.⁷

The emphasis in recent trade negotiations on concepts such as 'selectivity' and 'graduation' has, in addition to compelling the advanced developing countries to reaffirm their solidarity with the other developing countries, escalated the suspicions generated by discussions of differentiation.

A response that merely denies the significance of differentiation or perceives it only as a Northern trick is clearly inadequate. Differentiation is an unsurprising and inevitable development within any coalition composed of so many disparate states; it is a fact that needs to be dealt with, not an illusion that can be eliminated by political rhetoric. The point is not merely that coalition with so many different interests, some of which are inevitably conflicting or divergent, has so much difficulty in establishing common positions that the result is frequently a shopping list of demands that is difficult to compromise and that provides small groups of dissidents with ample opportunity for blackmail—which, among other things, furnishes the Northern coalition with a built-in excuse to emphasise negative damage-limitation postures rather than a positive quest for mutually beneficial reforms and to turn to other settings and other processes for substantive negotiations. The point is also that some—not all—issues may, in an increasingly complex and differentiated world, be more effectively treated (i.e. yield more real benefits) either in narrower settings or as essentially—or initially—South-South issues. In the latter regard, one thinks of issues like the Multifibre Arrangement, where a key conflict was about apportionment of market shares within the South, or about the need for prior harmonisation agreements to avoid over-production of certain exports that the South seems likely to dominate in the future. Other issues are more ambiguous but at least suggest the need for extensive (and substantive) South-South negotiations prior to negotiations with the North; perhaps illustrative are issues like migration within the South and the quest for reforms in the debt settlement process—where interests diverge and where specific cases cannot be treated in global arenas but where also some broader considerations might be treated at the North-South level.

There is, however, another side to this argument. If denying the significance of differentiation entails substantial costs, it must also be said that group unity and the continuation of the North-South framework can—properly defined—also entail substantial benefits. In the first place, there are some issues in which the North-South divide and a global context are not inappropriate, which is to say, where negotiating as a unified group may be

⁷ The quotation and further discussion is in Robert L Rothstein, *The Third World and US Foreign Policy*, Boulder, Colorado: Westview, 1981, p 196. Note also the comment by the editor of *South* (London) March 1982 that 'Clausen would like to split the Third World because once disaggregated, its demand for structural change would be easily defeated'. He ignores the fact that the demand has already been defeated despite Third World unity—and in a period when Third World leverage was greater than at present.

useful. The Law of the Sea and other global common issues are examples, but even a narrower issue like investment guarantees or codes might best be handled in a general, rather than a particular, framework, if only to avoid competitive efforts to dilute the effect of new principles and practices. And even issues that might best be dealt with in narrower or more specialised settings, with negotiations primarily among countries with a strong interest in an issue, could profit from the requirement that any agreement reached should be exposed in some fashion to international accountability. In the second place, the North-South divide will not be superseded until the developing countries no longer foresee gains (not always economic) from retaining it or until they see an alternative that promises more. At the moment, some of the South, especially the poorest countries, still see group unity as their only bargaining leverage. And some of the advanced or richer developing countries also continue to see benefits in retaining the North-South framework, either because of political or psychological reasons (for example, fear of isolation from natural allies) or because of a desire to protect preferential access to *both* Northern and Southern markets.⁸ In present circumstances, it is far from clear that the Northern states are either able or willing to offer enough to offset these advantages, real or imagined, actual or potential. And the attempt to devalue or bypass North-South negotiations by the Northern countries, especially when they offer only lectures about the benefits of efficiency or the virtues of small-group negotiations, probably ends only by reinforcing it. One might add that the very structure of the UN system also tends to impose the North-South framework since the system requires some means of amalgamating interests and preparing proposals—if only to avoid chaos.

It should be clear that there are complex arguments and great uncertainties on both sides of the apparently simple and persuasive proposition that North and South are increasingly inappropriate labels. If differentiation continues, and if key Third World elites continue to deny its significance, Third World unity will be more and more difficult to achieve (except at a rhetorical level), package proposals that promise something to everyone and that are almost impossible to compromise sensibly will continue to dominate the agenda, and reforms of the negotiating process will be nearly impossible. These judgments could only be challenged by evidence that differentiation is not increasing, or that Third World countries will sacrifice national interests for group interests, or that the existing negotiating process somehow will produce benefits that have eluded it thus far—no such evidence has been provided, statements of faith apart. Conversely, since the existing system does provide some real psychic and political benefits and at least alludes to the possibility of major economic benefits—much more than could be expected from incremental bargaining—it is not likely to be abandoned unless a more promising and

⁸ For discussion, see *ibid.*, pp 25–30.

mutually acceptable alternative can be devised. One cannot reform the North-South process without the willing support of the great majority of the Third World—and persuasion will require more than speeches about oversimplified models.

There is no simple solution to these dilemmas. Nevertheless, several comments are worth making. If the structure of the North-South system is being *partially* eroded by new trends and developments, successful reforms must take this into account. This suggests two points. First, there must be a clearer sense of what is and what is not in fact a North-South issue (that is, best negotiated in global settings like UNCTAD). We shall discuss this point again at the end of this section. And second, the need is not to create 'pure' either/or categories for negotiations, which is probably impossible anyway, but rather to establish a relationship between negotiations among the few and the requirements of international accountability. Whether an agreement on this is indeed possible and what kind of compromises it might require will be discussed in a later section on reforms. To avoid misunderstanding, one final comment may be appropriate: the argument about differentiation does not imply that the factors that have held the South together in the past—some common interests, but also common problems, grievances, and resentments—are no longer important; rather, the argument is that, in a period when the need for agreement is urgent, when some conflicts cross bloc lines, and when conflicts within each group are increasingly severe, it is futile and dangerous to act as if these developments can be ignored.

There is another formidable criticism of North-South bargaining that needs to be taken into account. This criticism asserts that no real bargaining has taken place because bargaining presumes that each side has something of value that the other side seeks, but that in North-South negotiations this condition is not met because the South has little or nothing to offer—as someone has said, it is a process of all *quid* and no *quo*. And indeed I have argued elsewhere that the most salient aspect of North-South bargaining is how little genuine bargaining actually goes on.⁹ But this is not all that needs to be said about the matter, since the crucial question is not whether little bargaining took place but why.

What needs to be understood is that the fact that little bargaining has taken place does not mean that North and South had nothing to exchange. The North—especially the large, conservative developed countries—did have specific and general goals on most of the issues in contention, but could not effectively pursue those goals in large part because of the strategy and tactics adopted by the South and because of the nature of the bargaining process. The Northern goals were, of course, much more gradualist and reformist than the goals of the South, but it is at least arguable that negotiations around *both* sets of goals—rather than one set—were worth pursuing in the hope of achieving

⁹ Robert L. Rothstein, *Global Bargaining—UNCTAD and the Quest for a New International Economic Order*, Princeton: Princeton University Press, 1979.

mutually agreeable compromises.¹⁰ As we shall see shortly, this was not possible; as a result, it was easy for the North to slip into a posture of 'damage limitation' and passive opposition, since its goals were largely ignored and the South's goals were largely unacceptable.

One cannot here lay out in detail the specific goals that the North sought. As a brief illustration, however, the case of commodities can be cited: the North, especially during the Carter Administration, viewed price stabilisation favourably, but not efforts to increase prices by indexation; commodity agreements were acceptable on their merits, although not the indiscriminate use of buffer stocks; trade liberalisation and improvements in compensatory finance could have been negotiated, although not in the forms demanded by UNCTAD; and 'a' common fund was possible, although not 'the' common fund sought by UNCTAD. In addition, access to resources and investment guarantees were crucial goals that were never adequately discussed in the negotiations, but which could have been traded-off for concessions on other issues. Furthermore, even when the North saw only short-run losses on particular demands, the North usually also saw other potential benefits that could or might have been used as compensation for losses: these included a desire to increase predictability and stability (especially in the debates on the various codes of conduct), a desire to keep the negotiating process going, and a desire to pursue more than economical goals, since political, psychological, and security values were also at stake. In short, while very little substantive bargaining has taken place, this was not primarily because there was nothing to exchange in the negotiations—a point that is likely to grow in importance if the sense of interdependence between North and South also grows, however difficult it may be in current economic circumstances. This is not of course to deny variations between administrations or issues (investment guarantees, for example, were less controversial than immediate deployment of industries to the Third World); rather, the point is that the assertion 'all *quid* and no *quo*' is much too simple.

There is, of course, another aspect to this issue. The intractable nature of the negotiating process was an important factor in obscuring or inhibiting the Northern attempt to achieve its interests, but it was not the only factor. The conventional model of North-South interdependence, which sees the South as a market that creates jobs and profits in Northern exporting industries—thus justifying resource transfers that increase purchasing power in the South—is true, as far as it goes, but it is also insufficient. Many complexities undermine the model's persuasiveness: the complementary interests are frequently dominated by the conflicting interests of small, but powerful, interest groups; the problem is compounded when the Northern coalition as a whole must

¹⁰ Also worth noting is that the two sides do not need to be pursuing the same goals on the same issue or sharing identical interests—the interests and goals need only be complementary so that a 'contract zone' exists in the negotiations.

establish common positions, since interests vary, political schedules differ, attitudes towards the future and towards risk are very different—and so forth. There is also the problem that the weaker Northern economies greatly fear that the major share of the benefits of any agreement will go to their stronger allies, especially the Japanese.¹¹ Increased concern with economic and political security issues also creates difficulties, since it diminishes willingness to accept short-run sacrifices to help the South, it encourages inwardness and self-centredness (especially among previously strong supporters of the South, such as the young), it justifies continued maintenance of some basic industries that otherwise might be shifting more rapidly to the South (as there is insecurity in doing without industries like iron and steel and automobiles or in relying on foreign reprocessing of materials), and it shifts concern to 'reindustrialisation' strategies rather than strategies of more rapid adjustment to changing patterns of comparative advantage. Finally, these complexities, as well as the fact that most North-South trade is concentrated on a relatively small number of developing countries (OPEC, the NICs, near neighbours, or former colonies), tends to encourage simplification: concentration on bilateral ties at the expense of efforts to make broader negotiations more effective.

From this perspective, it is clear that the problem is not the absence of interests but rather the complexity of the interaction between interests in the context of slow growth, which cuts the surplus to compensate losers, and weak political systems, which cannot resolve conflicts but only paper them over. More rapid growth in the world economy, combined with reforms of the negotiating process, might be the most effective solvent, perhaps permitting the various interests at stake—short-term specific objectives, longer-term general objectives, the welfare gains from multilateral agreements—to be more effectively expressed. In addition, some of the procedural reforms that we shall shortly discuss, such as a more careful delineation of North-South issues and a more serious attempt to take into account the North's short-term political and economic constraints, would also be useful, even if growth rates do not revive. The South's propensity to create vast packages of demands, largely as a result of the need to satisfy so many different interests, also needs to be reconsidered. In the abstract, such package proposals presumably have the virtue of facilitating trade-offs between different issues in the package, but such trade-offs are not really possible when the South finds it difficult to compromise, when the North follows a damage limitation strategy, and when the demands are presented as principles of transformation. In any case, in current circumstances the packages only succeed in activating a very wide range of opposition in the developed countries, either because of interests

¹¹ For a good discussion of these points, see the various essays in Robert Cassen *et al.*, *Rich Country Interests and Third World Development*, London: Croom Helm, 1982. The last point in the text implies a need for sharing the costs of adjustment not only nationally but also multilaterally (within each coalition).

challenged or because of disagreements with the principles. More problematic, although potentially of some significance, are suggestions that the leadership of the Third World ought to make a much more sophisticated effort, *via* speeches, documentation, conferences, and the like, to activate and support interest groups in the developed countries that would benefit from various proposals. It is not easy to see how this could be done or how negative reactions against 'intervention' could be avoided.¹²

One final and related criticism of the effort to reform the negotiating process should be noted. Conflicts of interest between North and South are inevitable in the short-run since the South wants a greater share of the income and wealth derived from international economic activity. Most analysts have assumed, or taken for granted, that these conflicts would be allayed or diminished by an underlying pattern of mutual or harmonious long-term interests and that the North could and should facilitate the transition by sacrificing some long-term gains in exchange for long-term benefits. We have already discussed the latter point and will do so again in the section on reforms. However, criticism of the first point, which has appeared in a number of responses to the Brandt Report, is of some importance. The thrust of the argument is that all long-term interests may not in fact be compatible, not least conflicts over relatively advanced exports between the NICs and the developed countries and, more generally, conflicts arising over surplus capacity in a variety of sectors. The critics assume or foresee zero-sum rather than positive-sum outcomes in these circumstances.¹³ Since conflict has always been present, and since competition has always been a key value, the central point here seems to be that these conflicts will no longer be able to be settled by conventional economic and political means—in effect, that the present crisis is not transitory but rather structural and perhaps permanent.

One needs to be very careful in assessing this argument. In an environment of great complexity and uncertainty, it is surely prudent to avoid actions that foreclose the possibility of reforming the negotiating process on the basis of judgments that may not be reliable. And the fact that interests are in sharp conflict does not mean that negotiations are irrelevant or doomed to

¹² This situation may be changing. The study of interdependence has generally concentrated on the 'domestication' of international politics, but the 'internationalisation' of domestic policies may be equally important, if more difficult (because disaggregated) to define and document. One sees some rudimentary signs, however, in the rapid growth of interest in foreign trade by US state governments, by growing sophistication among some MNCs about Third World needs and perspectives, and—anecdotally—in responses around the US to North-South issues (in the sense that local elites are more aware of interdependence with the South than might be apparent from looking only at national policies). The difficulties, of course, are that these responses are fragmented and sometimes obscured by powerful opposing interests.

¹³ Other illustrations of this argument include some of the background papers for a recent OECD study on the future, which questioned the wisdom of exporting technology and plants to the South when the result was challenges to Northern producers; labour organisation opposition to increased processing of raw materials in the South; and the rhetoric associated with recent discussions of 'fair trade'.

failure—at least as long as some shared or complementary interests are perceived, as long as all sides see potential welfare losses from purely national responses to conflict, and as long as a wider commitment to systemic stability and prosperity continues to have some force. It is also important to emphasise that fundamental conflicts in many cases are not really between North and South but rather between particular groups of developing and developed countries. In this sense, the developed countries are not wholly without resources, even in an incremental system in crisis, to diminish actual or potential conflicts by cooperative means. The threatening developing countries, most of which are relatively advanced or semi-industrial countries, also have more means than other developing countries to defuse conflict by adjusting rapidly or by accepting some (presumably transitory) restraints on their behaviour. In any case, some of the sharper, zero-sum conflicts that cannot easily be compromised on their own terms or by trade-offs on other issues might well best be dealt with in smaller negotiating settings—although, as we shall see, with some measure of international accountability.

Another point to keep in mind is that fears of insoluble conflicts have arisen as a direct result of slow growth and the parlous state of the world economy. This is, one hopes, not necessarily a permanent condition; even if new and severe problems, like surplus capacity, continue to arise, more rapid growth may permit acceptable adjustments to be negotiated. This is especially true if the leading states within the system are finally forced to consider cooperative actions to deal with problems that they cannot resolve by national means, since such actions might facilitate more concern for dealing with the linked and growing problems of the developing countries. And as I have already noted, the fact that the North sees more than narrowly economic values at stake in these conflicts also suggests that potential trade-offs and compromises within the negotiations are not impossible.

Reforms of the North-South negotiating process, if they are to be successful, must respond realistically to these criticisms. And both sides must be aware of and accept the need for such reforms. We shall in the next section prepare the way for discussion of these reforms by analysing briefly some of the major factors responsible for the failures of the existing negotiating process. Before concluding this section, however, one issue that has arisen in the discussion, and which may form a background for the discussion that follows, remains to be considered. This is the question of what is or is not a North-South issue; the answer to this question may also have some bearing on the problems created by the difficulties of trading-off present for future gains.

North-South issues probably cannot be effectively delineated by reference to specific economic characteristics. Virtually all issues have some bearing on economic performance in the South, but this is not to say that they are best treated at the North-South level—at least initially when details are being negotiated. Moreover, there are some issues that the North will inevitably,

fairly or not, treat as North-South issues or as issues that require a traditional setting (as in the IMF and the World Bank). Thus North-South issues will have to be defined nominally, which is to say as issues that both sides perceive as sensible candidates for a global arena, either because each side sees enough gains and enough common interests to sustain a common group position or because there is a general interest in agreement but a perception that the absence of widespread participation would undermine the agreement or create inequities. Put differently, issues where the most important conflicts are *within* each coalition, and only residually between them, should not initially be treated as North-South issues.

The tendency to begin by assuming a North-South context, and thus to begin by establishing very broad group positions, needs to be reconsidered. In fact, in order to test group cohesiveness, both sides must begin by calculating national interests first—a simple proposition too frequently ignored in North-South discussions. This would also avoid, as we shall see, one of the key problems in the negotiating process, the creation of policy from the top down rather than from the bottom up. Perhaps several other 'rules of thumb' ought to be mentioned. The first two characteristics, reflecting judgments about group cohesiveness and the need for widespread participation, might be broadened to include the need for some elements of countervailing power (so that each side can prevent the other from achieving its goals) and some sense that the status quo is unstable and prevailing doctrines unreliable. Finally, North-South issues probably ought to include at least one sector where change does not violate ostensible Northern norms and where tangible short-term gains are possible for both sides. It would also help if long-term gains appeared relatively calculable and clear, not completely hypothetical. These comments are obviously meant to be suggestive and to emphasise factors that do or do not make large group negotiations feasible; since they ignore the nature of the issues themselves, judgments of feasibility must always be shifting and provisional.

This analysis suggests, as a first approximation, that issues such as the global commons, foreign aid, and the various codes of conduct (to avoid bidding wars between Third World states) are sensible candidates for North-South negotiations. Another set of issues that ought to be treated at the North-South level concerns the reform of the current institutional structure or, minimally, improvements in the management of existing institutions and procedures. In the long run these issues are more important than the disposition of particular sectoral conflicts, which is also to say that they are more 'purely' political than other issues. Effective agreements are likely to require fairly widespread participation in the deliberations—not back-room deals by a self-styled 'inner circle'. The developing countries may also be relatively more unified on these institutional issues (sharing the goals of increased power and participation), which may also imply that the leverage provided by group unity may be more effective.

Debt, the Multifibre Arrangement, and economic cooperation among developing countries may not qualify as North-South issues because they involve major South-South conflicts or because Northern interests are too difficult to calculate. Other issues may be too complex to permit easy judgments about where they ought to be placed, largely because they involve both general and specific interests, but this perhaps suggests the need for a two-track approach: principles and norms established at one level, detailed negotiations at another. The UNCTAD process for the Integrated Program for Commodities is a case in point, although it might have benefited greatly if the principles and norms had emerged after closer calculations of national needs and interests. Trade also tends to follow this two-track approach, although results for the developing countries have thus far been disappointing. In any case, in the two-track approach agreements at a lower level would be judged and evaluated at a higher level. Consequently, the North-South arena would have a double task, carrying on some negotiations and also providing legitimacy for the results of other negotiations. Finally, there is a separate but connected issue, already noted, that I shall delay until the section on reforms: the need to focus on sectors within issues that promise benefits in the short-run for both sides—not equivalent benefits, but at least some benefits.¹⁴

The Bargaining Process: from confrontation to immobility

Rather than treating a single set of negotiations in great detail, I shall set out some of the more general characteristics that have appeared, albeit to different degrees, in most North-South negotiations. This is not, of course, to deny that there are significant differences between each negotiation because of changes in external conditions, varying patterns of interest across and within group lines, and contrasts in the state of economic theory or empirical knowledge. Nevertheless, there are also important similarities across a wide variety of cases.

Some contextual factors are worth noting. The issues themselves were complex, winners and losers could not always be separated by a simple division between North and South, the objectives of the participants were diverse, and neither economic nor political doctrines were able to provide mutually acceptable solutions to perceived problems.¹⁵ Structural uncertainty (uncer-

¹⁴ The commodity negotiations illustrate this issue. Focusing on commodities was hardly incorrect, given their importance, but the wrong sectors *within* commodities were emphasised: for example, almost exclusive emphasis on a powerful Common Fund and a wide and controversial range of buffer stocks was unwise, since it created a direct and probably unwinnable conflict; more emphasis on issues like trade liberalisation and compensatory finance would probably have earned as many benefits and would have (or might have) forced the North to live up to its own ideals. When emphasis finally did shift to the latter, external conditions had worsened and a good deal of negotiating leverage had been lost.

¹⁵ On the latter point, see *The Refsnes Seminar: economic theory and North-South negotiations on a New International Economic Order*, Norwegian Institute of International Affairs, NUI Rapport Nr. 49, 1980.

tainty about both ends and means) was also widely prevalent, which meant that conventional tactics (hedging, keeping options open, a short-run bias) for dealing with uncertainty were questionable and that attitudes towards risk were of some importance. Thus the developing countries, in need of massive and immediate help, were more willing to risk gambling on bold, new approaches and a vast increase in the power of international institutions to direct or guide the world economy; conversely, the developed countries were more risk-averse and reformist in intent.

Power asymmetries were obviously very great, although the developing countries did have some elements of countervailing power on most issues—including changing perceptions of resource needs, the value of the South as a market and an area of investment, the ability to influence the international agenda, and, perhaps, even an emerging sense that the prosperity of North and South was linked. However, the developing countries also had more at stake in most negotiations, they were more in need of a rapid agreement, and they had (or felt they had) only their unity as a means of leverage. The negotiations were also not autonomous, since what happened elsewhere—in the world economy or the domestic political economy of developed countries—was usually more decisive than what happened in the negotiations.

I will in what follows summarise only briefly the major defects of the North-South negotiating process; to avoid misunderstanding, I reemphasise that other factors have also been important in particular cases.¹⁶ Also, it should be noted that the defects are linked, frequently overlap, and can be treated separately only as an analytical convenience. In practice, they form a syndrome that is very difficult to disentangle.

The first defect deals with the attitudes of the two sides and the negotiating strategies that reflected these attitudes. In most of the negotiations the developing countries initially adopted a strategy that aimed at radical reconstruction of the international economic system, in effect a strategy that sought to alter not only the distribution of income and wealth from various activities but also the rules of the game and the rule-makers. The goals themselves were not necessarily inappropriate in a period of great turmoil—and growing recognition that existing rules and procedures were malfunctioning—but the tactics of directly assaulting the existing order and demanding massive changes on the basis of insufficient evidence of feasibility was bound to fail. This was true as long as the leading developed countries were opposed, some on ideological grounds, some because real interests were threatened, some for both reasons, and as long as the unity of the Group of 77

¹⁶ For detailed analysis see Rothstein, *Global Bargaining* and, for an updated version, my 'Commodity Bargaining: the political economy of regime creation' (forthcoming, in a volume on negotiations to be published by the Overseas Development Council).

was partially undermined by internal dissent and by conflicting interest.¹⁷ As such, the effort was too optimistic and too risky; the tactics of persuasion were imperative, since the power to compel was absent, but the technical and political arguments that might have been persuasive were not available or developed. We shall need to ask shortly why initial demands were not moderated more rapidly once it became clear that the opposition was too strong.¹⁸

The conservative developed countries, unconvinced that the existing crisis was structural and unpersuaded that the international system was primarily responsible for the problems of the developing countries, adopted an essentially negative strategy: damage limitation and passive opposition were the main themes. It should be emphasised that a completely negative strategy did not prevail in several negotiations: the key was whether immediate and tangible interests were at stake or whether interests could be protected by simply thwarting what seemed to be undesirable changes. Thus, for example, the United States bargained much more seriously at the Law of the Sea conferences or the conferences called to allocate parts of the frequency spectrum than it did at UNCTAD or the General Assembly. In the latter cases, even when certain reforms or objectives were perceived as desirable, they were not pursued with great conviction, if only because it seemed futile in the face of extreme demands from the Group of 77.

However one chooses to describe and defend the strategies pursued by the two sides, the most important point is that, for the most part, they were playing different bargaining (or non-bargaining) games: the South, a redistributive and ambivalent game that sometimes emphasised the creation of radical new regimes and sometimes merely a greater share from existing regimes, but was always difficult to compromise; the North, a short-run, frequently negative game that emphasised modest reforms and mutual concessions, but also considered it a 'victory' (or sufficient) to force a stalemate.¹⁹ Neither side could achieve anything positive from this state of affairs, but each could also prevent the other from achieving its goals, at least at the systemic level—a kind of negative veto.

¹⁷ Internal dissent led a number of developing countries to rhetorical support for group positions but private comments to the developed countries that such support need not be taken seriously—which reinforced the belief that group unity would soon come apart.

¹⁸ One problem that the Group of 77 has had on most issues was a tendency to seek too many goals in one policy area. Thus in commodities, the group sought price stability, price increases, resource transfers, a help to industrialisation policies, some control over the impact of international developments, increased international equity, and—residually—increased efficiency (ostensibly the prime developed country goal, at least where it did not involve costs). This also made compromise difficult, since there was no way all these goals could be satisfied, which meant some dissidents were always available to thwart a consensus.

¹⁹ Stalemate is an inaccurate term to the extent that it implies that neither side could achieve its objectives. In fact, once the developed countries determined that damage limitation was the most that could be expected, they were quite successful in achieving the desired end: stalemate.

A second defect has been the tendency to treat many or most of the negotiations as if they were primarily political and could be resolved easily by demonstration of a virtually mystical 'political will'. No one needs to be told that there are strong political elements in all North-South negotiations, especially when they touch upon questions of control and rule-making, but the failure, especially on the part of the Group of 77, to recognise that they are also technical—that both sets of factors must be considered—had serious consequences. There were undoubtedly a variety of reasons for this failure to develop from the start a persuasive (to both sides) technical package, including the need to act quickly, the fear of splitting the Group of 77 if the package indicated winners and losers in both groups, and the complexity of issues themselves (and thus the absence of reliable theory and data). The result, however, was that many of the debates were oversimplified, intra-group dissension was bound to grow as the discussion moved towards specifics and practicalities, and the axis of North-South conflict moved towards a confrontation of visions and principles that was very difficult to compromise. In any case, while it is difficult to determine what the relationship between the technical and political aspects of an issue should be, dealing with one aspect is not a substitute for dealing with the other: they are linked from the start and must be so treated.

The strategies discussed thus far were partially imposed by the circumstances of the time, but they were also linked to the need to promise gains to all of the Group of 77 and to maintain group unity.²⁰ The group system, which is the third defect and a key to understanding the bargaining process, entails substantial costs that make some consideration of possible reforms imperative. It also has some virtues, particularly as an organising device to reduce complexity, but the costs have not been given due weight. These costs include commitment to a single, very broad, very abstract set of principles of transformation that are not only very ambitious, perhaps beyond the state of the art in either politics or economics, but also very difficult to compromise because of the fear that group unity will begin to unravel and because it is inherently more difficult to make concessions on matters of principle. Since group positions also tend to be created from the top down rather than from the bottom up (that is, by diplomats and international bureaucrats in Geneva and New York rather than by ministers and experts from home governments), the most effective order of policy creation is inverted; governments at home consequently may feel little substantive commitment to proposals for which they provide rhetorical

²⁰ Illustrative of this position was President Nyerere's statement at a Group of 77 meeting in Arusha in early 1979 that 'unity is our instrument—our only instrument—of liberation' and that Group of 77 positions must provide 'equal benefit for all the participating Third World countries in each package of cooperation'. The latter is impossible and creates delays, tacit promises of compensation, sleight of hand, and possibilities for blackmail. In short, it is unrealistic. The quotations are from *The Third World and US Foreign Policy*, p 20. Sengupta also urges that group proposals must 'yield a net benefit to all'. For his comment and similar comments by others, see Sengupta, *Commodities, Finance and Trade*, p xlvii and p 309.

support.²¹ An unusual degree of power also devolves upon the international bureaucracy, which is currently the only body that can devise and defend group proposals but also has interest and perspectives of its own to defend—an additional complication to the bargaining process.

The formation of group proposals also tends to be very encapsulated. Too little attention is paid to the interests and needs of the other side since so much attention and effort must be devoted to devising programmes that hold one's own side together. The result upon occasion has been that the Group of 77 sometimes acts as if the sole *joint* operating principle should be commitment to a single goal—immediate restructuring to facilitate development, or, in shorthand, acceptance of 'the' NIEO—although this ignores the interests of the developed countries, is excessively simplistic for a world no longer clearly divided into North and South, and sharply overestimates both the coherence and equity of the NIEO and the power of a coalition of the weak.

Unless reformed, this system guarantees rigidity and immobility, it encourages polemical exchanges about abstractions, and it produces only counterfeit compromises (like the Common Fund) that satisfy neither side. The Group of 77, under the pressure of unfavourable internal and external trends, has gradually moved away from this pattern of bargaining in recent years—towards pragmatism and towards the quest for bilateral 'deals' with the developed countries (if sometimes at the expense of other developing countries). Nevertheless, two points should be noted. First, the original decisions to seek radical changes quickly still tend to channel the process and to have a large and continuing effect on how issues are discussed and analysed. Second, as long as the Group of 77 remains committed to unity as its prime leverage, and as long as it resists the practical implications of both internal and external differentiation, the tendency towards the creation of a single set of very broad proposals will persist—and reappear when serious negotiations once more seem possible.²²

Before proceeding, a very brief comment about one multilateral negotiating success might be appropriate: the Lomé negotiations between the EEC and a variety of Asian, Pacific, and Caribbean countries. Lomé has, of course, been

²¹ I cannot treat this important issue in detail, but note some *rough* tendencies among the key groups, of which there are four: ministers at home (with some differences between, say, Treasury and Foreign Ministry or Development), diplomats in Geneva and New York, international bureaucrats, and free-floating intellectuals and experts. The latter two have been, in general, the radicals, the former two, in general, the pragmatists; but since the diplomats have little technical expertise and are usually instructed to support group positions, power devolves on the international bureaucrats who put those positions together. For more on this point, see *The Third World and US Foreign Policy*, pp 234–5. It goes without saying that there are exceptions to the above generalisations.

²² The absence of a mediator is another important defect of the process, but limitations of space preclude comment. I note only that the obvious candidates for this role—such as the Secretary-General of UNCTAD—cannot play the role because they are prisoners of a single coalition and thus not trusted by the other side.

widely criticised on a number of grounds, not least the limited results that have ensued, but it did improve the quality of the relationship between the parties. Lomé is especially interesting, however, in the present context because the negotiations provide a sharp contrast with the practices and procedures of the broader North-South negotiations in the UN system.

There were two contrasts between Lomé and the other negotiations that are particularly important. First, *both* sides had proposals that they had devised beforehand, these proposals rested on careful calculations of interests, and the bargaining centred not on abstract principles but on more practical and limited measures of reform. Note the contrast between UNCTAD's ambitious demand for 'global resource management' and the practical discussions within the Lomé talks about the adequacy of the EEC's offer of a new compensatory financing facility. Second, while the EEC bureaucracy had some institutional interests to protect, it was not required to satisfy a large and disparate constituency, its power to establish positions that conflicted with national positions was limited, and it was not acting to ensure a dominant role for itself in future negotiations. Nor did the APC countries have a bureaucracy of their own with its own interests and perspective. Again, the contrast with UNCTAD is instructive. In short, Lomé focused on practical reforms and reflected relatively objective calculations of felt national interests; conflicts over principles were avoided and the inflated objectives and the rigidities of group-vs-group confrontations were avoided.

Reforms: feasible, irrelevant, or illusory?

The discussion of reforms usually elicits two contradictory conventional wisdoms. The developed countries advocate incremental change in small, functional arenas while the developing countries advocate massive changes in global arenas. Both propositions are inadequate, the first because small arenas frequently merely duplicate the larger, and because incrementalism, as currently practised, is insufficient for problems that are structural and interdependent, and the second because it reflects inflated expectations of what international institutions can achieve and because massive change—directed by such institutions—could only be risked on the basis of knowledge and wisdom that we do not possess.²³ In any case, neither of these positions really responds to the argument of this paper: if we want to progress, both sides will need to reform not only the attitudes and perspectives they bring to the negotiations but also the specific institutional and procedural defects that have characterised the negotiating process itself. New attitudes are especially

²³ These contrasts also reflect a divergent bias towards international solutions: the developed countries are able, and thus prone, to seek domestic solutions first and international solutions residually; the developing countries, more exposed to external forces and less able to control them (and less able to adjust flexibly), necessarily seek international solutions first—though in some cases as a substitute, not a supplement, for domestic action.

critical because they will permit genuine bargaining to occur, they will ensure that both sides are playing the same bargaining game, and they will make procedural reforms worthwhile.

The guess might be hazarded that a new approach to bargaining is most likely to emerge from changing perceptions of converging—but not necessarily identical—patterns of interest. Rather than a complete intellectual consensus about the cause of present disabilities or about common goals, something like the partial consensus of the United States and the Soviet Union during the Cold War that they shared certain interests—to avoid inadvertent war, to prevent nuclear proliferation, to increase strategic stability—might provide a useful analogy. In the latter case, disagreement and conflict were hardly eliminated, but some slow and cautious movement toward partial agreement and the institutionalisation of a negotiating process has been established and has, despite many disappointments and criticisms, produced some useful results, perhaps as much as could reasonably be expected and perhaps more than would have emerged from either the pursuit of grand gestures or the acceptance of the status quo. North and South are far from a perfect analogy since the conflict is not as fundamental or pervasive, and since it activates domestic interest groups in a manner that differs from the Cold War, but the key points in this context are the need to accept partial agreement, to put aside for the time being certain insoluble conflicts of principle, and to seek to establish a process that persists beyond any particular agreement.

Suppose we hypothesise a rough trade-off on the following lines. Both sides would accept as a goal the creation of a more liberal, progressive, and open international economy, with differently qualified deviations from the norm for differently qualified developing countries, to be achieved by means that are moderate, that avoid premature commitment to a single approach or to any grand design, and that calculate the costs of failure as well as the costs of success with each policy.²⁴ More broadly, the trade-off implicitly incorporates a commitment to reform the existing system in exchange for a commitment to moderation in implementation. One needs also to recognise that no single value—efficiency, equity, need, merit, stability—can dominate the quest; each policy choice instead must reflect a consensus about acceptable trade-offs between different values. Certainly more profound commitments seem both

²⁴ A liberal system in this context does not necessarily mean a complete—and immediate—commitment to free trade and market solutions. The key question is what works best in achieving agreed trade-offs between different goals and values, not what ideology one favours. This means that government interventions at both the national and international levels, which are increasing anyway and probably necessary to deal with rapid change, must not be viewed as automatically good or bad but as good intentions to facilitate the pursuit of agreed goals—and bad otherwise. Thus, special arrangements for different groups of developing countries are both necessary and possible, and indeed a system of partial rules, differentiated for differently situated countries, may be a useful preface to the emergence of global rules. But the sub-systems of partial rules must be generally accountable in wider forums in order to avoid inequities. There is a more detailed discussion of this in *Global Bargaining*, pp 259–72.

necessary and desirable, but even this trade-off—or any number of others—may be beyond our means in current circumstances. The question, then, is why each side might accept it.

If we take the United States as representative of the other conservative developed countries or as the key to any change in attitude and approach, several points can be made about the likelihood of a shift in orientation and policy. The United States seeks a variety of goals in its relationship with the developing countries. Some goals are particularistic and obviously must be sought in bilateral arrangements. But the United States also has some general goals—increased stability and predictability in the international system, prevention of a breakdown in the North-South dialogue—and these goals can be achieved only in cooperation with the Third World at large. Moreover, even some of the particular goals, like access to resources, price stabilisation, investment guarantees, and agreements on export controls, can be more effectively pursued in the context of general rules or codes that establish system-wide consistency. Perception of the need for these kinds of agreements has been growing slowly and fitfully, partially as a response to increased awareness of the links between Southern and Northern prosperity—much discussed recently in the US Congress and the press, if not by the public—and partially perhaps as a response to increased awareness that the United States is no longer able to impose its views on the system. To some extent these developments have been obscured by the parlous state of developed country economic performance, which concentrates attention on national problems and national ‘solutions’—despite awareness of potential losses in national and global welfare—and which tends to put North-South problems on the ‘back burner’, as the phrase goes. None of this means that North and South are, so to speak, ‘condemned to cooperate’, but it does mean a growing willingness to consider cooperative ventures *if* they seem likely to be fruitful.²⁵

There is, however, one major obstacle that must be reemphasised here. The trade-off normally proposed as the key to North-South compromise, short-run sacrifices by the North in exchange for hypothetical long-run gains, is necessary but not sufficient in current circumstances. Northern political systems are too dominated by short-run considerations, not least because of the power of interest groups threatened by existing trends, to permit such an exchange. In too many cases, the immediate adjustment cost (both political and economic) of concessions, properly discounted, seems greater than the potential gains from adjustment. In short, any agreement must incorporate explicit and tangible short-run benefits for the North, at least until rapid growth again

²⁵ It is of some interest that the Carter Administration in its early years was moving, if not in the direction I have advocated, at least towards awareness of these interconnections and towards some kind of compromise with Third World demands. But this effort was overwhelmed by external events, bad preparation and declining fortunes for the administration, and by the Group of 77's continued commitment to its initial demands—again, inflated expectations and overestimates of power. A small opportunity for moderate gains might thus have been lost.

provides a solvent for short-run political constraints. This means that issues chosen for negotiation must be carefully prepared so that the *initial* emphasis is on sectors and aspects that permit mutual benefits. It also means less initial emphasis on uncertain and controversial global schemes, more emphasis on pilot projects and the evaluation of results before complete commitment to a policy approach, much more effort by the Group of 77 to have very clearly in mind from the start what it is willing to offer in return for meeting its demands, and a greater understanding of the fact that seeking too much from each area of concern increases uncertainty and decreases the prospects of compromise. Simply adding together the demands of all the members of the Group of 77 and standing fast behind them, in the hope that somehow the North will 'crack', is a guarantee of futility. The needs of inter-group bargaining must weigh as heavily as the needs of intra-group bargaining. As I have noted, however, benefits for the North *do* exist if the system is reformed.

The South, of course, would accept a new approach only if it was convinced that it would yield more benefits than the old approach. Since the old approach has yielded so little, this calculation may not be as problematic as it seems. The South needs to realise that the conservative developed countries have won the previous bargaining rounds, since the stalemate that has resulted reflects the implicit goal of damage limitation *via* passive opposition and delay. And this result is inevitable as long as the North does not see tangible and immediate returns from a more positive policy, since the powerful can always thwart new proposals and afford to outwait any opposition. It is also unlikely that Southern unity will ever be strong enough to achieve major substantive goals, especially if differentiation continues to grow and to increase conflicts of interest. Nevertheless, the failures of the existing approach do not guarantee that a different approach will be more productive.

The fundamental compromise or trade-off that I have outlined—in effect, a liberal system achieved by moderate steps—might be rejected because of its incremental implications. It might be argued that no more is possible. More importantly, however, this is incrementalism with a difference, since it is prefaced by an original commitment to gradual change in a consistent direction. This avoids some of the major weaknesses of incrementalism, such as a lack of direction, drift and the accumulation of small problems, and it permits some momentum to be built behind small but shared successes. And it does not foreclose non-incremental decisions if there is a sufficient consensus across group lines (as one *may* be seeing now in relation to the debt crisis and the increase in IMF resources).

In a narrower sense, both sides would also have to adjust their approach to the bargaining process itself. Heretofore bargaining has been primarily distributive, reflecting a conflict over shares, with one side's gains perceived as the other side's losses. This is inevitable as long as the conflict focuses on abstract principles and the creation of new regimes, but it is also inadequate in

current circumstances. As an ideal, there is no doubt that it would be preferable if both sides accepted the need for 'integrative' bargaining in which the issues in conflict are seen as problems requiring solutions (not merely concessions from 'hard' or 'soft' positions), a joint search for information characterises the quest for a solution, and mutual gains are the desired outcome.²⁶ We are obviously very far from this kind of convergence, although if the reforms outlined here are accepted some movement in the desired direction may become possible—especially if both attempt to play the new bargaining game and if both concentrate on tangible and feasible goals.²⁷ Nevertheless, in the interim, while the incremental game gets underway, the proper bargaining tactics for the Group of 77 could be described as the doctrine of the 'camel's nose': accept the best compromise possible at any moment and use that outcome as a stepping-stone to the next compromise. This is an especially useful (or sensible) tactic against a democratic opposition in an increasingly interdependent world; both moral and practical considerations come together in support of beneficial compromises.

Reforms of the bargaining process itself are also imperative, although they are likely to be useful only if reforms in attitude and approach are also undertaken. I shall briefly note two such reforms here, primarily as an illustration of the kinds of changes that might be contemplated.

The creation of a Third World 'OECD' has been much discussed. Such an institution might not achieve the aims posited by its proponents, not only because of political and administrative problems but also because the proposals produced by the new entity might not be better or more widely accepted than the proposals produced by UNCTAD. Unless its staff is highly competent and unless it is genuinely independent—not required to produce proposals that promise something to everyone—it would probably only exacerbate the tendency to create excessively ambitious and abstract proposals or to inflate expectations unnecessarily.

Nevertheless, the new entity could still be useful if its creation permitted institutions like UNCTAD to play a new role. The latter could still retain a primary commitment to Third World development but also develop analyses and policies that are technically competent and unbiased and concerned with joint and systemic interests as well as the interests of one group. The leadership of the 'old' institutions could also thereby come closer to being able to play a crucial but missing mediatory role.²⁸ Such leaders could suggest compromise

²⁶ Integrative bargaining is discussed in Richard E. Walton and Robert B McKersie, *A Behavioral Theory of Labor Negotiations*, New York: McGraw-Hill, 1965.

²⁷ One might hypothesise that the aim should be agreements with the following characteristics: they should be satisfactory to both sides, perceived as fair, reflect agreed trade-offs between different values, be durable but contain means of adjusting to changing circumstances, should not conflict with international norms, and should have provisions requiring collective legitimisation.

²⁸ Note that the mediator need not be completely impartial, since it may facilitate agreement if he has strong ties to the party with greater control over the outcome or if he is close to the more

proposals, provide face-saving mechanisms, and take some of the 'heat' for accepting the possible rather than the desirable. Moreover, taken together, the new 'OECD' and the new mediatory role could work together to reduce the dangerous tendency toward encapsulation, primarily by always alerting one side to the needs and constraints of the other side.

A direct assault on the group system is unlikely to succeed since unity evokes too much psychological resonance, the fear of divide-and-conquer tactics by the rich is still pervasive, and there is no alternative on the horizon that promises better results. Nevertheless, unless it is reformed, even worse outcomes are likely: continued futility at the North-South level and an increasingly fragmented and hostile system as special 'deals' are sought at the expense of ostensible friends and allies. A partial reform that makes sense in these circumstances would concentrate on one of the group system's most salient disabilities: dysfunctional large group negotiations that are too complex and too exposed to blackmail by dissidents who can derail an emerging consensus; and small group negotiations (like the 'contact groups' at UNCTAD) that merely repeat the failures of large groups because they are too tightly bound by instructions by the latter. A new principle of representation for detailed negotiations is thus imperative.

There have been a number of suggestions over the years to create small negotiating groups to produce agreed recommendations on issues that were stalemated in wider institutional settings. This idea has never got very far and, in any case, would probably not work for at least two reasons. The first is that the small groups would be bound by already established positions, thus changing the number of participants without changing the terms of the game. The second is that the diplomats chosen for the small group are unlikely to possess the technical expertise to devise feasible policies or to alter the elements of existing policy positions. One way to diminish these problems is by adding a third stage to the negotiating process and altering some of the rules for the other stages. (By its nature, what follows is relevant for both North-South negotiations and many of the negotiations that take place initially among smaller groups of participants.)

The process would begin with the creation of a small group (10-20 members) of technically qualified experts to provide a base or framework for the actual negotiations. Working for (say) six months and chosen by the governments concerned, the experts would be asked to provide a map of the technical terrain: setting out what can be agreed and what not agreed, indicating where gaps and uncertainties lie, translating theory and knowledge into terms that

obstinate party or the party which must make the larger concessions. The latter two cases are suggestive, but whether the mediator will have sufficient power (of various kinds) with *both* parties is uncertain in this context. On this issue, see Dean G. Pruitt, 'Kissinger as a Traditional Mediator with Power', in Jeffrey Z Rubin (ed), *Dynamics of Third Party Intervention—Kissinger in the Middle East*, New York: Praeger, 1981, pp 141-4.

policymakers understand, and suggesting a variety of approaches that deserve consideration. The experts would not be required to begin with articulated group positions but would be instructed to act as a problem-solving body with the interests of the participants—not the groups—as their main guidelines. And they would not be asked to devise a single package of proposals, but rather a variety of options and their potential costs and benefits. If successful, the expert group would diminish the tendency to ignore technical constraints, eliminate the problems created by early commitment to a single proposal, and deflate the inflation of expectations from tacit promises of an unlikely order of gains.

High degrees of uncertainty and the absence of consensual knowledge (knowledge that both sides accept as true, not knowledge each side produces to bolster its own views) have also undermined the negotiating process. The expert group might be able to reduce uncertainty or at least indicate where and why it has arisen in particular contexts. It might also produce relatively more consensual knowledge, which could provide a more stable base and more convergent expectations for the negotiating process, thus facilitating effective implementation of agreements. If the expert group is too narrowly focused and if all the experts share the same professional bias, the results might not be very useful. For example, if a commodity group included only economists using simulations and partial equilibrium models to analyse particular commodity markets, the results of their deliberations might be unsatisfactory—not sufficiently concerned with long-term issues, too willing to treat market imperfections as transitory, and not putting enough weight on the indirect benefits of stabilisation programmes (for development and as a means of reducing inflationary pressures). One might seek to avoid this outcome, or diminish its effects, by including a broader range of expertise in the group: not only model builders but also economists familiar with the domestic political economy of countries dependent on commodities and perhaps even a few experts on long-term trends and long-term goals in the North-South arena.

At the second stage of the process, a small group would be created to undertake the actual negotiating task. Participants would be chosen primarily, but not exclusively, on the basis of a defined interest in the issue—perhaps two-thirds chosen on the basis of weighted interests and one-third chosen to reflect group interests or (preferably) community interests. Decisions could be made on the basis of some number that required support from all sides (say, seventy-five per cent), rather than unanimity. This would diminish the power of dissidents to block an agreement that had been reached among countries with an interest in the issue; the percentage required for passage would also assure some concern for wider interests and for external effects.²⁹ These negotiations,

²⁹ One factor that has been missing in these negotiations has been the ability to establish trade-offs between and within issues. It is especially important in complex negotiations with many actors, perhaps easier than treating each issue separately, since more areas of compensation can be

which would be entirely private, could run for a period of one year, after which, if no agreement was reached, they could be extended or referred back to the larger forum for instructions.

The third stage would involve presentation of the agreed recommendations for acceptance or rejection by the relevant plenary body. The final decision should be relatively straightforward, especially because awareness of the need for collective legitimisation should increase concern at the second stage for the protection of community interests and the avoidance of inequities. What decision rules ought to apply at the third stage is a difficult question, but it might be useful to experiment with various procedures that could diminish some of the problems that tend to arise at this point. For example, a strong majority, rather than unanimity, might be the most effective voting rule and the most effective procedural rule might enforce a 'take-it-or-leave-it' basis for the agreed recommendations (to avoid amendments or revisions that could tear the package apart). At any rate, the key point is not the particular rule or rules adopted, which should evolve from experience, but rather the acceptance of the need for collective legitimisation.

There is a loose but suggestive analogy that might be made at this point. The legitimising role probably should not include a right to veto agreements negotiated at a lower level. Rather, what seems appropriate is something akin to a House of Lords function: the right to delay, to ask for reconsideration, to criticise, and to offer judgments not (necessarily) tied to calculations of immediate interests. This kind of role would be relevant both for negotiations conducted in smaller arenas and for broader North-South negotiations. In both cases, the key is the need to submit the final product to wider judgments. It may not be irrelevant to note that it is at this upper level of collective legitimisation that the unity of the Third World is potentially strongest and most effective.³⁰

Conclusions

Both sides see some value in keeping the North-South bargaining game going, although not the same value, but neither is willing to do much to make the game work effectively. Some movement towards the reforms I have outlined, or indeed towards any reforms supported by both sides, might indicate that this happy, if futile, consensus was beginning to disintegrate. This is not to imply, of course, that reforms are a panacea; at best they might permit the process of transforming the negotiating game, and ultimately North-South relations, to

added to the game. If the developed countries are also seeking real gains and if the process is not hamstrung by initial commitment to abstract proposals, the search for trade-offs could be an important part of the second stage.

³⁰ Another key reform, which I cannot discuss here, would focus on efforts to encourage countries to get into the bargaining game from the start to avoid dominance by top-down proposals from international bureaucracies and to encourage more commitment to proposals by governments at home (i.e. not just their diplomats). The fact that both sides were seeking tangible benefits would be one element facilitating such movement.

begin. It would be naive to expect much more in an environment dominated by distrust, conflicting interests, and structural uncertainty and in which the North-South relationship itself is not autonomous but largely a residual of other developments, both domestic and international. Still, such modest efforts ought not to be dismissed as irrelevant, particularly if we keep in mind the likely alternatives.

One alternative could be to continue the status quo, hoping that something beneficial will somehow result. This may well be the most likely outcome, but the consequences could be unfortunate—increasing hostility, development prospects set back for decades, perhaps a gradual drift into an even more severe crisis. Another alternative would be a full-scale effort to implement a massive restructuring of the international economic system (the NIEO, the Brandt Report, etc.), but this is neither politically feasible nor necessarily wise in a period of rapid change, intellectual confusion, and unreliable precedents. Nor does this approach deal with some of the problems already noted: increasing differentiation within both coalitions, short-run and long-run conflicts of interests, and a dysfunctional negotiating process. Summits will not mysteriously dissolve these problems nor evoke conversion among the doubtful or the threatened. Perhaps a third alternative might be an effort to create 'coalitions of the willing' or 'like-minded' coalitions that seek to act together on the basis of some shared values and some shared or complementary interests. Partial rules and partial regimes may be preferable to immobility in the quest for global regimes and indeed might be perceived as a preface to the reform process itself—as a pilot project to test one approach to international rule-making. One would seek to work up from shared interests, not down from hypothetical global interests. But there are dangers here, including a loss in global welfare, an increased danger of inter-group conflict, and the possibility that the new coalitions would either be unstable or create some momentum towards permanent and conflicting blocs. If the reform proposals outlined above must be perceived as a second-best option, coalition of the willing can thus be considered third-best options, justified only by the extraordinary difficulty of generating any cooperative actions in current circumstances (and by the hope that they could become a transition towards broader frameworks of cooperation). In addition, they are clearly appropriate for issues that should not be treated at the North-South level, especially if the parties accept some obligation to respect the needs and interests of potentially threatened non-participants.

Is the North-South Dialogue worth saving? Without reforms, the answer is no: the result would only be repetition of inflated expectations, counterfeit agreements, and increased cynicism. With reforms, which accept the fact that we need a complex and differentiated negotiating process for a complex and differentiated world, the most that one can respond is 'perhaps'. Only the reform option seems both feasible and potentially productive of genuine, if

moderate, gains. Such gains will hardly solve all the problems the North and South face, but seeking them is preferable to either cynicism or utopianism. Unfortunately, pessimism about the ability or willingness of either Northern or Southern leadership to make the necessary reforms appears fully justified, if only because of a familiar dynamic: willingness to reform in difficult times eroded by political and economic weaknesses and perception of the need to do so eroded by the first sign of recovery and by continued commitment to familiar doctrines. We are thus likely to continue to try to 'muddle through', hoping that the *ad hoc* will suffice.

North-South Monitor

THE UN SYSTEM

▲ UN International Conference on the Alliance Between South Africa and Israel
Vienna, 11–13 July 1983

■ This conference was arranged by the Afro-Asian People's Solidarity Organisation, the Organisation of African Trade Union Unity and the World Peace Council, with the aim of formulating action for governments and organisations to end the increasing collaboration between Israel and South Africa. In 1982, the UN General Assembly called for international pressure to persuade Israel to desist from such collaboration, particularly in the military and nuclear fields, and to abide by General Assembly decisions. Although the collaboration between the two countries has a long history, Israel upgraded its diplomatic mission to South Africa to the level of embassy in 1974, and has supplied the country with much military equipment and personnel. Its trade and economic relations with South Africa have also rapidly expanded, and South African companies have invested in Israel in order to avoid the boycotts in Africa and to gain privileges in the European Community countries. Apart from pooling information on the existing state of cooperation, the conference also noted with concern the attitudes of those Western powers which had condoned and supported this situation. In the view of O O Fafowora, the chairman of the delegation of the Special Committee Against *Apartheid*, the West had bestowed on South Africa special responsibility for the defence of perceived Western interests in Africa. This included the destruction of all liberation movements, and the destabilisation of frontline states, particularly those committed to the liberation of Namibia and South Africa. Israel's involvement in this Western strategy had created major security problems for Africa, as well as new obstacles for the liberation struggle in Namibia and South Africa.¹

● 'We in Africa have a sacred duty and a responsibility to lend all necessary support to the freedom fighters of South Africa and Namibia until they attain freedom, and to assist the frontline states in their defence against South African aggression . . . We cannot but denounce and fight the actions of Israel in support of the racist regime of Pretoria'. O O Fafowora, chairman of the delegation of the Special Committee Against *Apartheid*. *UN Press Release GA/AP/1469*, 14 July 1983.

▲ International Conference on the Question of Palestine
Geneva, 29 August–7 September 1983

■ This conference was convened by the UN General Assembly to heighten awareness of the causes of the Palestine problem and to find ways to enable the Palestinian people to exercise their legitimate rights and to gain international support for appropriate UN resolutions. It was boycotted by Israel and the US on the grounds that it promoted 'one-sided judgements', and the major Western powers sent observers only. The main outcome was the adoption of a final declaration, known as the Geneva Declaration on Palestine,² together with a programme of action.³ The Declaration expresses grave concern at the tension in the Middle East,

North-South Monitor

which it attributes to the denial by Israel and its supporters of the legitimate and inalienable rights of the Palestinian people. A just solution to the Palestine question is seen as the decisive factor in a 'just, comprehensive and durable settlement' to the Middle East conflict. Such a settlement should be based on UN resolutions outlining the Palestinian right to self-determination and the establishment of an independent state, and a Security Council guarantee of peace and security between all states of the region within secure and internationally recognised borders. Other proposals, such as the Arab peace plan approved at Fez in September 1982,⁴ are recognised as guidelines, incorporating as they do the following additional principles: the right of the Palestine Liberation Organisation (PLO) to participate on an equal footing with other parties in all Middle East deliberations; the need to secure Israeli withdrawal from the occupied territories; and, the rejection of Jerusalem as the Israeli capital. The Declaration calls for an international peace conference on the Middle East in which all parties to the Arab-Israeli conflict (including the PLO, Soviet Union and US) would be invited to participate as equals, with the Security Council to see through any agreement reached.

The three-point Programme of Action recommends courses of action by states, UN bodies, and intergovernmental and non-governmental organisations. States, in particular, are asked to oppose Israel's Middle East policies, notably in the occupied territories, and to refrain from providing assistance as might encourage them. They are requested to establish 'appropriate relations' with the PLO as the representative of the Palestinian people, and to help to alleviate the economic and social burden imposed on them by Israeli occupation. The General Assembly is asked to designate a Year of Palestine in order to mobilise world support for the Declaration and Programme of Action.⁵

▲ UN Convention on the Law of the Sea—Preparatory Commission for the International Sea-Bed Authority and the International Tribunal for the Law of the Sea

First Session (resumed)⁶ Kingston, Jamaica, 15 August–9 September 1983

■ During this resumed first session (attended by representatives from eighty-two members of the Preparatory Commission),⁷ the Commission decided on its structure, functions and programme of work, adopted its rules of procedure, and decided on procedures and guidelines for the registration of pioneer investors. The Commission established a plenary as its principal organ, to deal *inter alia* with the preparation of rules and procedures for the administrative, financial and budgetary functions of the various organs of the International Sea-Bed Authority, and the implementation of Resolution II governing preparatory investment in pioneer activities relating to polymetallic nodules. Four special commissions were set up to deal with the following: the problems encountered by land-based producers affected by the production of minerals from the international sea-bed area (the Area); the early entry into effective operation of the Enterprise; the preparation of rules, regulations and procedures for the exploration and exploitation of the Area; and practical arrangements for the establishment of the International Tribunal for the Law of the Sea.

It was decided that allocations of parts of the Area for exploitation to pioneer

North-South Monitor

investors would be based on applications which would have to include information on the absence or resolution of conflict concerning overlapping areas, and on compliance with the requirement of minimum expenditure (of \$30 mn, of which at least 10 per cent had been expended in the location, survey and evaluation of the allocated area). Pioneer investors will receive certificates of registration as proof of the exclusive right to carry out pioneer activities in the allocated area, and of compliance with their commitments under Resolution II.

The Commission decided to convene annually, with its second session planned for March-April 1983.⁸

▲Meeting of Governmental Experts on the Reverse Transfer of Technology Geneva, 29 August–7 September 1983

■Although the reverse transfer of technology, or the 'brain drain', has been under discussion within the UN for more than a decade, little policy action has yet evolved on the mitigation of its adverse effects on the Third World. It has been a problem even at a time of reduced economic activity in the North (for example, out of 250,000 skilled persons migrating to the US from 1974–79, as many as 190,000 were from developing countries).⁹ This meeting (at which fifty-five countries were represented) emphasised the need for concerted international action, including the establishment of a set of definitions, principles, guidelines and standards on all facets of this phenomenon, in order to improve data collection and serve as a basis for policy formulation and implementation. The developed market economy countries refused to participate because the mandate given to the Group by the General Assembly¹⁰ identified an international labour compensatory facility as one of the proposals to be considered. The North has always opposed this idea (first discussed in the International Labour Organisation), under which countries receiving labour from developing countries would pay them some form of compensation. While the Third World expressed disappointment at their absence, the Socialist countries reiterated their view that the brain drain was a form of neo-colonialist exploitation which inflicted heavy damage on the production and social infrastructures of developing countries, while considerably increasing the incomes of receiving countries.¹¹

▲Mini North-South Summit New York, 29–30 September 1983

■More than twenty world leaders, meeting during the UN General Assembly, under the chairmanship of Indira Gandhi, Prime Minister of India and Chairman of the Nonaligned Movement, agreed on **the need for reforming the major multilateral financial institutions**. With Third World countries insisting that they were not seeking to overthrow Western leadership of organisations such as the International Monetary Fund and the World Bank, the participants agreed to work domestically on new ideas for reform. Although the EEC was represented by the President of the Commission, Gaston Thorn, France was the only major Western power to attend, President Mitterrand expressed disappointment that in recent years 'several industrial countries' had hardened their attitudes and retreated from their responsibilities towards the Third World. Calling for a 'new realism' in economic relations, he

North-South Monitor

supported global negotiations to resolve world financial and economic problems, and said that it was in the interests of all the industrialised countries to have a dialogue with the Third World. Other leaders taking part included President Kyprianou of Cyprus, King Hassan of Morocco, Prime Minister Palme of Sweden, and Chancellor Sinowatz of Austria.¹²

ORGANISATION OF AMERICAN STATES (OAS)

▲Special Conference on External Financing
Caracas, 5–9 September 1983

■The thirty-one member OAS convened this conference to discuss the causes and dimensions of **the \$300bn debt problem facing Latin America and the Caribbean**, together with possible cooperative solutions at the hemispheric level. Three days of technical discussion and two days of ministerial meetings led to the adoption of an eleven point 'Basis for Understanding', a compromise on a wide variety of prescriptions dividing Latin American countries both between themselves and from the US. Controversy was avoided over the much publicised proposal for a debtors' cartel (sponsored by several radical Latin American politicians as a means of repudiating debt or of demanding its renegotiation) by its exclusion from the formal conference agenda.

Deeming the present crisis 'the worst in fifty years', the conference declaration calls for the hemisphere's debt burden to be shared equitably between debtor and creditor countries, private banks and multilateral lending institutions.¹³ It urges that Latin America's debt payments be brought into line with the region's payment capacity and its economic development needs. While recognising the role of internal factors in the crisis, the document stresses the primary importance of external ones beyond the control of the region, such as the deterioration of the terms of trade, growing protectionism, high interest rates, and the sudden reduction of financial flows and public and private investment. It calls for specific trade measures, including the elimination of protectionism and the reduction of tariff and non-tariff barriers which harm the exports of the Latin American and Caribbean countries. It recommends that the Inter-American Economic and Social Council (CIES) should establish a special committee to propose action programmes in the areas of debt, trade and finance.

The US qualified its position by reemphasising its belief that the main solution to the region's deteriorating balance-of-payments lay in the adoption of further austerity measures by the countries concerned. It refused to consider expanding the role of the IMF's Compensatory Financing Facility, or of completely revising its policy of 'graduating' the exports of developing nations (i.e. the removal of special tariff treatment when a country reaches a certain level of development). Despite the noncommittal outcome of the conference, with no concrete promises from the US, it was acclaimed as the first meeting in more than a decade in which Latin America and the US had discussed a vital regional problem. According to some, it had also reopened a dialogue which had been broken after the US had supported Britain in the Malvinas/Falklands conflict.¹⁴

North-South Monitor

● 'The fact that we have had this meeting closes a chapter on the debt crisis. It will help quiet the political pressure in many countries to do something drastic. That is very beneficial'. Carlos Rodriguez Pastor, the Peruvian Minister of Finance. *IHT* 12 September 1983, p 3.

'This has been a good show . . . The Latin countries can go home feeling happy that the US did not use this meeting as an opportunity to lecture them, but rather as a chance to listen to their concerns and express a willingness to work with them in the future'. Riordan Roett, Director of Brazilian Studies at Johns Hopkins University School of Advanced International Studies. *Ibid*, p 3.

'This is one of the most important meetings that the OAS has held in the last ten years in the field of economic and social development'. Alejandro Orfila, OAS Secretary-General. *OAS Press Release* SP-25/83, September 1983.

INTERNATIONAL MONETARY FUND (IMF) AND WORLD BANK

▲ Thirty-Eighth Annual Meeting of the Boards of Governors
Washington DC, 24-28 September 1983

■ **The levels and availability of IMF and World Bank resources** were the prominent and most contentious questions of inconclusive discussions between finance ministers and bankers from the 146-member IMF. Meeting alongside other high-level groups prior to the main formal sessions (which began on 27 September), the policy-making Interim Committee was unable to agree on further new resources for the IMF, but managed to forge a delicate compromise over a dispute on access to loans. Following deadlock over a US proposal to limit the borrowing access of member nations over a period of several years, agreement was reached on a two-tier scheme whereby countries will be able to borrow either 102 per cent or 125 per cent of enlarged quotas in 1984 (down from 150 per cent based on lower quotas), depending on the seriousness of their need for funds and the severity of their economic adjustment programmes. The IMF Board will arbitrate as to whether a country can qualify as a special case. Although this entails cuts in cash entitlements for many Third World countries, there was general relief that the IMF would be able to continue to handle the international debt crisis and encourage commercial banks to lend to the Third World.

In the wake of this agreement and the announcement by Jacques de Larosière, the IMF's Managing Director, of a halt on the disbursements of new loans under the Fund's enlarged access policy (with commitments set to run ahead of resources), the Interim Committee heard that the IMF might need extra loans of up of \$6 bn in 1985-6. This extra borrowing would be in addition to a \$6 bn loan under negotiation (half from the industrialised countries excluding the US and half promised by Saudi Arabia), and in addition to the \$31.5 bn increase in quota subscriptions to \$98.5 bn planned for January 1984. The problems concerning this latter increase were taken up by President Reagan of the US in his opening address to the formal sessions, when he warned the US Congress of the possible consequences of its failure to ratify the US contribution of \$8.4 bn to the 47.5 per cent expansion of IMF quotas agreed in February 1983.¹⁵ In a speech generally supportive of the

North-South Monitor

Bretton Woods institutions, he stressed the importance of the quota increase to the world economic recovery and warned of 'a major disruption of the entire world trading and financial systems' if it was not agreed.

Despite continued criticism from the Third World and Western Europe, the US would not change its line on another divisive issue, the effect of domestic budget deficits on interest rates. The US Treasury Secretary, Donald Regan, maintained that the economic recovery of the US might be jeopardised if it raised taxes to reduce its budget deficit. Despite continued US optimism about the prospects for world recovery, Jacques de Larosière stressed that the recovery was so far confined to relatively few countries and was lacking in dynamism and balance. On the question of budget deficits, he pointed out that monetary restraint accompanied by continued deficits would keep upward pressure on interest rates while such deficits in conjunction with a more accommodating monetary policy would only lead to a revival of inflation and undermine growth.

With the problems of the world's poorest nations pushed into the background, the President of the World Bank, A W Clausen, made a forceful appeal for more official development aid and increased funds for the World Bank. The World Bank has been trying to secure a selective capital increase in order to raise its lending capacity and, more urgently, wishes to boost the funds available to the International Development Association (IDA), which makes loans at very low interest to the poorest countries (which cannot borrow on private capital markets). In an implacably hardline stand, the US has not only refused to increase its contribution to the seventh replenishment of IDA (IDA VII), but actually wants it cut. The Reagan Administration has said it will reduce the annual US pledge in the next round of IDA negotiations to \$750 mn from the \$1.1 bn approved by the Carter Administration. If other countries' donations remain tied to those of the US, funds would total only \$9 bn over three years, compared with \$12 bn under IDA VI, and the \$16 bn believed necessary to maintain present lending levels (given that China has now become eligible for IDA borrowing). The US has also caused problems over a proposed selective capital increase for the World Bank, under which some countries (although not the US) would increase their contributions, and hence their voting shares, in line with the new quotas agreed for the IMF.¹⁶ With the US recommending a figure of \$3 bn and the developing countries seeking \$20 bn, the Development Committee of the Bank arrived at a compromise figure of \$8 bn (said to be acceptable to other industrialised countries), whose details would be worked out at the end of 1983.¹⁷

● 'Since our last meeting in Toronto in September 1982, the world economic situation has not shown any marked improvement. The level of economic activity remains depressed in most countries'. Nalumino Mundia, the Zambian Prime Minister. *Financial Times* (London) 29 September 1983, p 3.

'The economic distress of the poorest nations is a time bomb ticking away. We delay defusing it at our peril'. A W Clausen, President of the World Bank. *The Times* (London) 28 September 1983, p 19.

'It is shocking that those who need it most receive so little in both absolute and relative terms . . . To claim that budget pressures prevent any meaningful increase, and even justify cuts, is a hard argument to swallow'. A W Clausen. *The Guardian* (London) 28 September 1983, p 20.

North-South Monitor

'Let me make something very plain. I have an unbreakable commitment to increased funding for the IMF'. President Reagan of the US. *IHT* 28 September 1983, p 1.

AFRICAN CARIBBEAN AND PACIFIC-EUROPEAN ECONOMIC COMMUNITY (ACP-EEC)

▲Eighth Consultative Assembly Berlin, 22-26 September 1983

■Meeting on the eve of negotiations for a third Lomé Convention (Lomé III), representatives from the ACP countries and the European Parliament were divided over resolutions on **Southern Africa and human rights**. The first controversy concerned the visit in August 1983 by four Members of the European Parliament (Beyer, Brok, d'Ormesson and Scott-Hopkins) to southern Angola to meet Jonas Savimbi, the leader of UNITA. The ACP unsuccessfully tabled two amendments to the Assembly's resolution on Southern Africa, condemning the visit as 'tantamount to recognition and legal support' of Angolan rebel groups, and 'an illegal act and unjustifiable provocation'. Rejecting a socialist compromise amendment, the Assembly confined itself (through a separate ACP/EEC vote) to points already emphasised in previous resolutions on Southern Africa: the need to aid the frontline states and to apply pressure on the South African regime; regret that certain member states have given tacit support to the *apartheid* regime; and, condemnation of South African aggression and occupation of neighbouring states. Human rights again proved to be a contentious question, with a resolution linking their respect with 'improving economic and social conditions' and a possible 'enrichment' in ACP-EEC relations. ACP objections were accommodated with the addition that 'such a question should on no account be linked with the beginning, promotion and/or continuance of economic cooperation between the ACP and EEC'. Other resolutions were approved *inter alia* on the functioning of the Lomé Convention (including the need to improve STABEX and to alleviate the ACP's \$50 bn debt problem), world hunger, industrial cooperation, cultural cooperation, and ACP students and migrant workers resident in the EEC.¹⁸

●Many hopes raised when the Lomé II Convention was signed have since been dashed as it became clear that insufficient resources were available to effectively manage the generous provisions of that treaty'. Piet Dankert, President of the European Parliament. *EUROPE* (Brussels) No. 3694, 23 September 1983.

WARSAW PACT

▲Foreign Ministers Meeting Sofia, 13-14 October 1983

■In a carefully worded statement, Warsaw Pact Foreign Ministers offered to continue negotiations on **medium-range nuclear weapons** in 1984, even if agreement was not reached at the Intermediate-Range Nuclear Force (INF) talks in Geneva by the end of 1983. Like the document issued after the last Pact meeting in June 1983,¹⁹ the communiqué was restrained, and left vague what would happen if NATO

North-South Monitor

deployments of Cruise and Pershing II missiles in Western Europe went ahead in December 1983. It made clear that the Soviet goal at the INF negotiations remained unchanged, including the demand for NATO's 'renunciation of the deployment of the new medium-range nuclear missiles in Europe'. In return, the Soviet Union would scrap enough of its own medium-range nuclear missiles to bring them down to the level of the British and French independent nuclear deterrents. NATO has repeatedly rejected these Soviet proposals, together with domestic pressures to delay the deployment programme in order to give the Geneva negotiations more time. It maintained its position that the Soviet Union had been deploying SS-20s in breach of its self-imposed moratorium, and that postponement of the Cruise and Pershing deployments would constitute a huge psychological gain for the Soviet Union. Prior to the meeting, the Warsaw Pact Commander-in-Chief, Marshal Kulikov, had threatened to cancel the moratorium if the US deployment went ahead. The US position remained that the INF talks should continue even after the deployment had begun.²⁰

COMMODITIES

▲UNCTAD—Intergovernmental Group of Experts on Tea
Geneva, 6–14 October 1983

■Experts from the major tea exporting and importing countries held a fourth round of talks as part of **the negotiation of a pact to regulate the world tea market**. With Kenya still opposing restrictions on its expanding tea industry,²¹ the experts again failed to agree on a quota system, which will be the mainstay of any agreement. Progress was made on several technical issues, including agreement that the quota year should begin on 1 April, and that quotas should be estimated annually (rather than monthly or quarterly). There was also some progress on what should be the agreed indicator market price for tea (based on the prices of the five main producer countries). The US, which does not view variations in tea prices as a serious problem, repeated that it would not join an international tea agreement. If further expert talks in January 1984 are successful, a full scale negotiating conference might be called for March 1984.²²

▲International Coffee Organisation (ICO)
Council Meeting
London, 19 September–1 October 1983

■The seventy-two member ICO agreed to bring into force **the new International Coffee Agreement (ICA)** negotiated in September 1982,²² to run for six years from 1 October 1983. The central mechanisms of the agreement remain stable, with the global quota raised by 1 mn bags to 56.2 mn bags and the price range which the ICA defends unchanged at 120 to 140 cents a pound. The trigger points at which adjustments in the size of the export quota take place are also unchanged, with provisions for four cuts or increases of 1 mn bags at each end of the price range respectively. Although negotiations on these key issues were straightforward in comparison with previous years, some ICO importing members (including the EEC,

North-South Monitor

Japan and the US) used the continuing world coffee surplus as the basis for proposing a cut in the price range of 5 cents (4 per cent). Brazil (which led other producers in advocating an increase of 5 cents in the price range) opposed such a cut on the grounds that heavily indebted countries could not accept a lower price for one of their major earners of foreign exchange. The main delay in the negotiations came over the issue of stricter control on sales to non-member countries. The recent growth in this phenomenon²³ had caused much concern in the past year, with the price of coffee on the non-member market sometimes only half that charged to members. New controls were approved requiring exporting member countries to supply evidence of destination of such sales. If this is not complied with, they can then be deducted from the producing country's export quota. The Council also approved a consumer request for an investigation into all aspects of the non-member market.²⁴

▲International Cocoa Organisation (ICCO)

Council Meeting

London, 13–22 July 1983

■ICCO's twenty exporting and twenty-two importing members discussed the possibility of negotiating a new **International Cocoa Agreement (ICCA)** to succeed the current one which expires at the end of September 1984. The present agreement, which came into force in 1981, has been weakened by the refusal of the US and the Ivory Coast (respectively the world's largest importer and exporter) to join. Their absence has been seen as the main reason for the limited impact of the ICCA buffer stock, which ran out of funds in March 1982, after support purchases of 100,000 tonnes had failed to raise prices to the ICCA floor level of \$1.06 a pound. Although the buffer stock had accumulated \$53 mn from the levy paid on cocoa traded by members, it was felt that this would be best conserved for possible use under a future pact. After a series of deferred decisions, the Council finally abandoned the possibility of using ICCO's \$75 mn Brazilian bank loan to buy more cocoa. It was decided to establish a preparatory committee, open to members and non-members of the present ICCA, to start drafting a new agreement in a series of meetings beginning in autumn 1983. The Ivory Coast declared its willingness to participate in these preparatory talks, although the US would not commit itself. The Council will decide at its meeting in March 1984 whether enough progress has been made to enable the convening of a full-scale negotiating conference, planned for Geneva in May 1984.²⁵

▲UNCTAD—International Sugar Conference 1983

Geneva, 12–30 September 1983

■Following a first inconclusive conference in May 1983,²⁶ seventy-nine producers and consumers of sugar made slow progress in the negotiation of a new **International Sugar Agreement (ISA)** to replace the present one which expires at the end of 1984. Although this second round was not expected to lead to the conclusion of a new agreement, there was disappointment at the inability to resolve difficulties concerning both the philosophy and the mechanisms of a new ISA. Three of the four largest exporters—Australia, Brazil and Cuba—blamed the fourth, the EEC, for the failure to resolve major differences. Although it was already accepted that the EEC

North-South Monitor

participation essential to a new ISA would necessitate a scale-down of the traditional quota system in order to incorporate substantial stocking provisions, disagreement remained as to how surplus stocks should be handled. Specific disputes centred on the definition of stocks, the extent of stocking obligations, and the role of consultation in deciding on action to correct market imbalances. One particular problem was the EEC's proposal for the withdrawal from the market of 5-6 mn tonnes of security stocks by major exporters, for release only when prices rose to agreed levels. The other nine main exporters²⁷ wanted surplus stocks removed from the market in line with world demand and falls in the price of sugar. Brazil also argued that the EEC's stocking obligations should take into account the expansion of its exports which, since it is not a member of the ISA, have not been curbed by export quotas. (The EEC has become the largest exporter of sugar outside the socialist countries in recent years.) Another major difference concerned export allocations, which the EEC wanted calculated on the basis of quantities available, while Australia preferred allocations based on market demand. Two further problems concerned the special trade arrangements between countries (such as the Cuban-Soviet deal and the ACP-EEC special arrangement), as well as the unwillingness of many importers (the US in particular) to finance surplus stocks. Delegates called for greater flexibility on all these issues at the next negotiating round in February 1984 (following informal talks in November 1983).²⁸

▲Intergovernmental Council of Copper Exporting Countries (CIPEC)
Ministerial Conference
Paris, 21-22 July 1983

■Following the recovery in copper prices since CIPEC's meeting in Lima in July 1982,²⁹ **the research and development of copper** was the main subject discussed by CIPEC's eight member countries.³⁰ Although the search for measures to boost the price of copper had dominated the Lima meeting, it was felt that the signs of recovery from the recession in the US and Western European economies would prevent prices from falling again this year. The worsening of the debt problems of some member countries also made costly price and production measures less feasible. CIPEC agreed to establish a programme for the research and development of copper, with likely funds of \$20,000. This is to deal with research initially, and with training at a later date. A proposed increase in the fund for financing CIPEC's copper promotion centres in key consuming countries was rejected, because most members could not afford it. Zambia had favoured increasing the centres' budgets in 1983 by \$400,000 to ensure a favourable market for copper in the long term. The US was criticised for draft legislation aimed at taxing copper imports. This would introduce an 'environmental equalisation tax' to remove the advantage held by foreign producers not subject to US environmental taxes. CIPEC called the bill protectionist and 'a serious threat to the future development of the copper industry'.³¹

▲International Tin Council (ITC)
Council Session
London, 21-22 September 1983

North-South Monitor

■ At its sixth session under the sixth International Tin Agreement (ITA) the ITC agreed to continue cutbacks in the fourth quarter of 1983 at the existing level of just over 39 per cent of normal production. This decision restricted total fourth quarter exports from producing members to 22,000 tonnes, allocated as follows: Australia, 2,125 tonnes; Indonesia, 5,524 tonnes; Malaysia, 9,123 tonnes; Nigeria, 341 tonnes; Thailand, 4,528 tonnes; and, Zaïre, 359 tonnes. The meeting also focused on the problem of tin smuggling, which is said to have undermined the impact of export cutbacks. The Council approved a report by the ITC Secretariat containing recommendations for the curbing of smuggling (in particular through intensified policing in South-East Asia) in order to try to eliminate the problems at source. Indonesia, Malaysia and Thailand were requested to take joint and individual action to this end, with the cooperation of Singapore also requested.³²

▲ Association of Tin Producing Countries (ATPC)

First Ministerial Meeting

Bangkok, 29–30 September 1983

■ Ministers of the newly-launched ATPC³³ decided to base its headquarters in Kuala Lumpur, with the position of Secretary-General to be held by Victor Siahaan of Indonesia. At this stage, the ATPC comprised Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaïre (accounting for 92.49 per cent of world tin supply), with Australia set to join and other producers invited to do so.³⁴ The finalisation of rules and regulations confirmed a system of voting rights and financial contributions proportional to member countries' tin production, together with a budget of about \$400,000 for 1984. It was reiterated that the ATPC will not be a cartel designed to push up tin prices, but will aim to stabilise the market and increase consumption without any conflict with the ITC. The next meeting of the Ministers is planned for Bolivia in September 1984, following a special session in Kuala Lumpur in January 1984.³⁵

SOUTH-SOUTH

▲ Organisation of Petroleum Exporting Countries (OPEC)

Sixty-Eighth Meeting of the Conference

Helsinki, 18–19 July 1983

■ Noting increasing signs of stability in the world oil market, OPEC decided to maintain its overall production ceiling of 17.5 mn b/d for the third quarter of 1983, together with the prices set by the Conference in March 1983.³⁶ Nigeria, whose second quarter quota had exceeded its limit by about 100,000 b/d, pledged to cut back output to its official quota of 1.3 mn b/d. With the aim of eliminating future sudden price shocks, it was decided to reactivate OPEC's Long Term Strategy Committee under the chairmanship of Sheikh Ahmed Yamani, the Saudi Arabian Oil Minister.³⁷ The Committee was charged with producing an updated report on the feasibility of a long-term pricing strategy for OPEC by the next meeting of the Conference in December 1983.³⁸

North-South Monitor

▲ Organisation of Petroleum Exporting Countries (OPEC)

Monitoring Committee Meeting

Vienna, 15 September 1983

■ The Monitoring Committee (Algeria, Indonesia, the United Arab Emirates and Venezuela) **decided to maintain OPEC's output ceiling of 17.5 mn b/d**, despite predictions of higher demand in the fourth quarter of 1983. It stressed that the existing apparent surge in demand was not attributable to any increase in consumption, and that overproduction by some members was leading to a stock build-up in the third quarter (estimated by OPEC experts at 1.4–2.0 mn b/d) which might be used to depress the market later on. While OPEC and the International Energy Agency (IEA) estimated a lower third quarter demand than in the same period for 1982 of some 400,000 b/d and 900,000 b/d respectively, OPEC Secretariat figures indicated that output in July–August 1983 had averaged 18.3 mn b/d–800,000 b/d above the ceiling. Against this background of market oversupply (with the main non-OPEC exporters having also increased their output), the Committee urged stricter implementation of OPEC's London agreement³⁹ in order to prevent further quota violations.⁴⁰

● 'We in OPEC have accepted the role of being the residual supplier and for that reason we will not spare any effort to defend the market as we did in the past'. Mana Said al-Oteiba, the UAE Oil Minister and Chairman of the Monitoring Committee. *Middle East Economic Survey* (Nicosia) 19 September 1983, p D1.

▲ Southern African Development Coordination Council (SADCC)

Summit Meeting

Maputo, 11 July 1983

■ The Heads of the nine SADCC members and the Presidents of the South West Africa People's Organisation (SWAPO) and the African National Congress (ANC) approved a declaration expressing concern over **the drought in the SADCC region** and calling for international aid. The 1982–3 drought (one of the worst in living memory) had prevented local production from satisfying basic needs, and reduced the ability of member states to obtain foreign exchange through exports. It was estimated that \$230 mn was required to meet the region's most urgent needs, including the minimisation of the effects of drought, a water programme, and the acquisition of livestock and animal-drawn carts. More international aid was also required for SADCC's sectoral projects, which include transport and communications, agriculture, industrial development, and energy and human resources development. In the priority sector of transport and communications, forty-four projects were under implementation, while a further forty-four had been submitted to international agencies. South Africa was again attacked for its policies of regional destabilisation which had intensified since the establishment of SADCC. SADCC was thus being forced to divert a large part of its resources to defence.⁴¹

▲ Organisation of African Unity (OAU)

Nineteenth Summit Bureau Meeting

Addis Ababa, 15–16 July 1983

North-South Monitor

■ Representatives of the nine-member bureau,⁴² elected at the OAU's nineteenth summit in June 1983,⁴³ discussed **the civil war in Chad** and a recent flare-up of fighting (the first for eighteen months) in the seven-year-old Western Saharan war between Morocco and the Polisario Front. These conflicts had twice caused the nineteenth summit to be postponed over the question of who should represent the territories.⁴⁴ The main outcome was a resolution on Chad calling for national reconciliation, a ceasefire, and an end to all African and non-African intervention of a direct or indirect nature. The government of Hissène Habré in N'djamena rejected the call to negotiate with the rebels of former President Goukhouni Oueddei. One of the principal reasons was the alleged backing Goukhouni was receiving from Libya, which the Habré government regarded as the main cause of the present round of conflict in Chad.⁴⁵

▲ OAU Implementation Committee

Addis Ababa, 21–22 September 1983

■ This three-day meeting called by OAU Chairman Mengistu Haile Mariam and attended by Guinea, Mali, Nigeria, Sierra Leone, Sudan and Tanzania (members of the implementation committee set up to follow through resolutions on **a ceasefire and referendum on self-determination in the Western Sahara/Sahrawi Arab Democratic Republic**), broke up on the second day when Morocco walked out, after refusing to hold direct talks with SADR President Mohammed Abdelaziz. Although Morocco sent a large delegation (headed by King Hassan's son, Crown Prince Sidi Mohammed Sabah), it was unwilling to make a major concession, and maintained its position that representatives of the Saharan people living in the territory (e.g., Jemaa, Aosario, and Morehob) and of the Polisario Front should meet to establish a representative body. Morocco holds the Polisario fighters to be Algerian and Libyan-backed mercenaries, and does not link direct negotiations with the other main issues of the dispute, including the holding of a referendum.⁴⁶

▲ Conference of France and African States

Vittel, France, 3–4 October 1983

■ This tenth Franco-African summit was the largest ever, with a total of twenty-one participants and seventeen observers, including twenty-six Heads of State. Little progress was made on the subject which dominated the meeting, namely **the Chad conflict**. The main achievement was a consensus on the need to restore the 'territorial integrity' of Chad and to seek a 'national reconciliation' among its leaders (thereby rejecting any notion of partitioning the country). Despite a significant softening in the position of President Habré, who dropped long-standing objections to holding direct peace talks with Goukhouni Oueddei and other rebel leaders, a nine-nation sub-committee set up to seek the means of a settlement became deadlocked between supporters of the two main opponents. The committee chairman, President Sekou Touré of Guinea, said that four or five countries had blocked a draft resolution calling for general peace talks among Chad's political groups, but recognising Hissène Habré as President. Although the French President, François Mitterrand, again stressed the informal nature of these summits and the need

North-South Monitor

to resolve the Chad question in the OAU, he stressed that French troops would not pull out of Chad until Libyan troops also left the territory. On economic matters, he reemphasised the interdependence of industrialised and developing countries, as well as the relatively advanced position of French aid to the Third World, which had risen from 0.3 per cent of GNP in 1981 to 0.5 per cent in 1983, with the UN target of 0.7 per cent expected to be reached in 1984.⁴⁷

● 'We cannot accept the idea of a Chad cut into pieces . . . President Habré expressed his desire to participate in reconciliation with all Chad factions'. President Mitterrand of France. *The Guardian* (London) 5 October 1983, p 8.

Hissène Habré 'is now saying implicitly that he recognises he has to reckon with a Chad government of which he is merely the dissident defence minister'. Goukhouni Oueddei, former Chad President. *The Guardian* (London) 11 October 1983, p 9.

▲ Contadora Group Summit Meeting Cancún, 16-17 July 1983

■ In the first meeting at summit level since their initiative was launched in January 1983, the Presidents of Colombia, Mexico, Panama and Venezuela, the Contadora Group,⁴⁸ issued a **Declaration of Cancún concerning peace in Central America**. This statement reiterated the two key elements in the Group's analysis of the Central American conflict: first, that foreign intervention in Central America must end; and second, that the crisis in the region has its origin in deep-rooted social injustice. The 'general guidelines' of the Group's proposed programme for Central America included the following principles: 'approval of political agreements and pledges that lead to effective control of the rash arms build-up in the region; the withdrawal of foreign advisers; the creation of demilitarised zones; a ban on the use of the territory of any state to carry out political and military destabilisation actions against other states; the eradication of trafficking and transfer of weapons; and a ban on other forms of aggression or interference in internal affairs of any country in the area'. Against the threatened invasion of Nicaragua by US-backed insurgents in Honduras,⁴⁹ the statement was addressed to all countries of Central America, together with President Reagan of the US and President Castro of Cuba; it was assumed, therefore, that it was addressed to the 2,000 Cuban military advisers believed to be in Nicaragua, the alleged Sandinist supply of weapons to left-wing insurgents in El Salvador, the help given by the US Central Intelligence Agency to the Honduran-based anti-Sandinist rebels, and the establishment of a US army base in Honduras to train 2,400 Salvadoran soldiers in counterinsurgency tactics over the second half of 1983. Although there was little immediate reaction to the meeting (on 18 July 1983) President Reagan announced the appointment of a bipartisan commission, headed by Henry Kissinger, to study the 'underlying problems' of Central America. The nine-man commission, which is to report in January 1984, is examining US interests in the region and making recommendations on medium- and long-term US policy in Central America.⁵⁰

● 'Central American peace will only become a reality to the degree that the fundamental principles for coexistence between nations are respected: non-

North-South Monitor

intervention, self-determination, the sovereign equality of states, cooperation for social and economic development, peaceful solution to controversies, as well as free and authentic expression of the people's will'. From the 'Declaration of Cancún concerning peace in Central America'. *BBC Summary of World Broadcasts* ME/7389/D/1, 19 July 1983.

▲ Central American Foreign Ministers Meeting
Guatemala City, 19–20 July 1983

■ Further to meetings with the Contadora Group in May 1983 and in response to the latter's Cancún summit, **the Foreign Ministers of Costa Rica, El Salvador, Guatemala and Honduras⁵¹ issued a joint statement identifying four priority areas in overcoming the Central American crisis:** the conceptual framework; political and security problems; economic and social problems; and, the implementation and control of agreements. The Ministers unanimously stressed the importance of the following aims: '(1) halting the arms race, reducing arsenals and reducing the number of or withdrawing foreign advisers; (2) establishing efficient international mechanisms for the control of intraregional arms trafficking and of arms coming from outside the region; (3) restructuring and strengthening trade and economic relations among all countries of the region; (4) creating, promoting and strengthening democratic, pluralist, representative and participative institutions as the expression of the people's sovereign will, through the free exercise of suffrage; (5) eliminating logistical or any other kind of support intended to promote, facilitate and aid terrorism; (6) promoting adequate means and instruments permitting the domestic reconciliation of countries of the area through the participation of all political sectors in electoral events and processes working towards the installation of democratic systems; (7) implementing immediate measures to promote and protect human rights and to solve the refugee problem that is burdening some countries of the region; (8) establishing control mechanisms and international supervision to verify implementation of approved agreements, to include border areas, ports, airports and strategic zones'.

On the fourth anniversary of the Sandinista revolution, **Daniel Ortega, the coordinator of the Nicaraguan junta, proposed a separate peace plan containing the following six points:** '(1) the immediate signing of a non-aggression agreement between Nicaragua and Honduras; (2) a complete end to the provision of arms to the forces at war in El Salvador; (3) an end to all military support and the use of any territory for the launching of aggression against any government in the area; (4) a commitment to respect self-determination and non-interference in internal affairs; (5) an end to economic discrimination against any country in the area; (6) suspension of military exercises in the area'. The Nicaraguan government announced its willingness to participate in international talks on Central America, thereby dropping its insistence on holding talks only with Honduras.⁵²

▲ Contadora Group
Foreign Ministers Meeting
Panama City, 27–30 July 1983

North-South Monitor

■ The Foreign Ministers of the Contadora Group and the five Central American countries reported further **progress in the negotiations for peace in Central America**, although they failed to adopt any of the three recently-drafted peace plans.⁵³ Meanwhile, Central American sources rejected President Reagan's call of 26 July 1983 for the region's problems to be resolved in the Organisation of American States (OAS). It was felt that this would contravene an appeal by Javier Pérez de Cuéllar, the UN Secretary-General, to the five Central American nations in May 1983, which had urged the avoidance of forums which encourage confrontationalist attitudes, and which had resulted in a tacit accord that the main forum for peace initiatives would be provided by the Contadora Group. Pérez de Cuéllar pointed out that the OAS would automatically provide a majority for Honduras in its dispute with Nicaragua, while in the UN Security Council Nicaragua would be assured of a majority.⁵⁴

▲ Contadora Group

Foreign Ministers Meeting

Panama City, 7–10 September 1983

■ All nine Contadora and Central American Foreign Ministers reached agreement for the first time on a **regional peace plan for Central America**. From a twenty-one point 'document of objectives', the following aims were given the greatest prominence: the curbing of the arms race in Central America together with negotiations for the reduction of the existing arms inventory; the banning of foreign forces and the reduction (and eventual elimination) of foreign military advisers; improved methods of political and popular consultation, involving 'permanent dialogue' between government and internal opposition groups and the eventual holding of free elections; and, the promotion of national reconciliation, including, where necessary, the establishment of representative and pluralistic systems. The Ministers urged the immediate establishment of treaties to formalise such commitments and to establish systems for their control and verification.⁵⁵

▲ Caribbean Community (CARICOM)

Summit Meeting

Port of Spain, Trinidad and Tobago, 4–8 July 1983

■ CARICOM's tenth anniversary summit⁵⁶ entailed **discussion of the main economic and political issues affecting the Community**. The ideological differences apparent at CARICOM's last summit in Ocho Rios⁵⁷ surfaced over attempts to widen the membership of the group. While the Bahamas became CARICOM's thirteenth member,⁵⁸ Grenada and Jamaica were at the centre of a dispute blocking the addition of the Dominican Republic, Haiti and Surinam. It was said that the left-wing governments of Grenada and Guyana opposed membership of the Dominican Republic and Haiti, which are governed by pro-US administrations, while the other Community members blocked Grenada's support of Surinam, which has been under military rule since 1980. The summit was reportedly overshadowed by the verbal confrontation of Edward Seaga, the Jamaican Prime Minister, and Maurice Bishop, Prime Minister of Grenada.

An important economic decision concerned the reactivation of the CARICOM

North-South Monitor

Multilateral Clearing Facility (CMCF), which handles regional trade payments. The Facility had been suspended on reaching its credit limit in April 1983, as a result of the growing debt incurred by Guyana. Trinidad reportedly agreed to assist Guyana, which owed about \$98 mn of the \$100 mn fund. The Heads discussed ways of boosting the region's economies, which were hard hit in 1982 by a decline in tourism and falling exports of staple commodities such as sugar, bauxite and bananas. With the Caribbean Development Bank forecasting higher unemployment and larger payments deficits and external debts, the Heads examined the need for a broad structural strategy aimed at more efficient production and marketing of food, and an increased capacity to export manufactured goods and services. The Reagan Administration was asked to include all CARICOM members in its Caribbean Basin Initiative (from which Grenada and Guyana are excluded), and to remove its restrictions on steel imports from Trinidad and Tobago.

CARICOM renewed its support for Guyana in its border dispute with Venezuela, and deplored Guatemala's refusal to abandon its 'unfounded' claim to part of Belize. The summit pledged support for the Contadora initiative on Central America, whose problems it repeated stemmed from 'deep-seated social and economic ills', not East-West ideological rivalry.⁵⁹

FOOTNOTES

¹ *UN Press Release GA/AP/1468*, 12 July, and *GA/AP/1469*, 14 July 1983.

² Document A/Conf/114/L.3/rev. 1.

³ Document A/Conf/114/L.4/rev. 2.

⁴ See *Third World Quarterly* 5(1) January 1983, pp 177-9.

⁵ *UN Weekly News Summary* WS/83/6, 22 June 1983; *UN Press Release* PR/83/6, 8 September 1983; *BBC Summary of World Broadcasts* ME/7435/A/2, 10 September 1983; *International Herald Tribune* 8 September 1983, p 1.

⁶ Details of the earlier part of the session are contained in *Third World Quarterly* 5(4) October 1983, p 922.

⁷ At the time of this meeting, there were 131 signatories to the Convention (the most recent being Benin and Zaire), all of which are members of the Preparatory Commission. The Convention had now been ratified by the Bahamas, Belize, Egypt, Fiji, Ghana, Jamaica, Mexico, the UN Council for Namibia, and Zambia.

⁸ *UN Press Release* SEA/523, 12 September 1983.

⁹ See UNCTAD Report TD/B/AC.35/2, 17 June 1983, and corr. 1, 12 August 1983. *Third World Quarterly* 5(1) January 1983, pp 148-50, contains further background information.

¹⁰ Resolution 37/207, December 1982.

¹¹ *Report of the Meeting of Governmental Experts on the Reverse Transfer of Technology* TD/B/AC.35/4, 20 September 1983. *UNCTAD Press Release* TAD/INF/1493, 30 August 1983, and TAD/INF/1494, 7 September 1983.

¹² *The Guardian* (London) 29 September 1983, p 6. *The Times* (London) 1 October 1983, p 5.

¹³ For example, the document points out that in the three previous years per capita income in Latin America and the Caribbean had fallen by 5 per cent, resulting in widespread poverty. Between 1980 and 1982, the terms of trade of the region had dropped by a damaging 40 per cent, and the net loss of international reserves (estimated in 1982 at \$14 bn) had caused a reduction in economic activity, real income and employment, as well as increasing inflationary pressures.

¹⁴ *OAS Press Release* SP-24/83, September 1983. *Financial Times* (London) 9 September 1983, p 7, and 12 September 1983, p 3. *IHT* 12 September 1983.

¹⁵ See *Third World Quarterly* 5(3) July 1983, pp 666-7.

¹⁶ *Ibid.*, pp 666-7.

¹⁷ *The Times* (London) 24 September 1983, p 15, 27 September 1983, p 23, 28 September

North-South Monitor

- 1983, p 1, and 29 September 1983, p 19. *IHT* 27 September 1983, p 1, and 28 September 1983, p 9. *Financial Times* (London) 27 September 1983, p 1, and 28 September 1983, p 4. *The Guardian* (London) 28 September 1983, p 1. *Daily Telegraph* (London) 28 September 1983, p 23.
- ¹⁸ European Parliament Press Release Inf. Br. 127/83, 27 September 1983. *EUROPE* (Brussels) No 3693, 22 September 1983, pp 11–12, and No 3700, 1 October 1983, p 14.
- ¹⁹ See *Third World Quarterly* 5(4) October 1983, p 931. *The Times* (London) 15 October 1983, p 7; *The Guardian* (London) 15 October 1983, p 1; *IHT* 15–16 October 1983, p 1; *Financial Times* (London) 15 October 1983, p 2.
- ²⁰ Kenya's exports in 1982–3 totalled 100,000 tonnes, behind India with 200,000 tonnes, and Sri Lanka with 180,000 tonnes.
- ²¹ *Reuter Coffee Newsletter* No. 198/83, 7 October 1983; *Financial Times* (London) 18 October 1983, p 38.
- ²² See *Third World Quarterly* 5(1) January 1983, pp 167–8.
- ²³ See *Third World Quarterly* 5(4) October 1983, pp 932–3.
- ²⁴ *ICO Press Release* PR-81/83, 5 October 1983; *Reuter Coffee Newsletter* No. 194/83, 3 October 1983; *The Guardian* (London) 3 October 1983, p 14; *Financial Times* (London) 4 October 1983, p 28.
- ²⁵ *Reuter Cocoa Newsletter* No. 136/83, 13 July 1983, and No. 144/83, 25 July 1983. *The Guardian* (London) 1 August 1983, p 12.
- ²⁶ See *Third World Quarterly* 5(4) October 1983, pp 934–6.
- ²⁷ Argentina, Australia, Brazil, Cuba, Dominican Republic, India, the Philippines, South Africa, and Thailand.
- ²⁸ *Reuter Sugar Newsletter* No. 192/83, 29 September 1983, and No. 193/83, 30 September 1983; *Financial Times* (London) 29 September 1983, p 38. See also Ian Smith, 'Prospects for a new International Sugar Agreement', in *Journal of World Trade Law* July–August 1983, pp 308–324.
- ²⁹ See *Third World Quarterly* 5(1) January 1983, pp 171–2.
- ³⁰ CIPEC has five full members—Chile, Indonesia, Peru, Zaïre, and Zambia—as well as Australia, Papua New Guinea, and Yugoslavia.
- ³¹ *Reuter Metal Newsletter* No. 144/83, 25 July 1983.
- ³² *ITC Press Communiqué* 22 September 1983; *Reuter Metal Newsletter* No. 187/83, 22 September 1983, and No. 188/83, 23 September 1983.
- ³³ See *Third World Quarterly* 5(3) July 1983, p 680.
- ³⁴ These include Brazil, Burma, China, Niger and Rwanda.
- ³⁵ *Reuter Metal Newsletter* No. 192/83, 29 September 1983, and 193/83, 30 September 1983.
- ³⁶ See *Third World Quarterly* 5(3) July 1983, pp 688–92.
- ³⁷ The Committee also comprises the Oil Ministers of Algeria, Iran, Iraq, Kuwait and Venezuela.
- ³⁸ *Middle East Economic Survey* (Nicosia) 25 July 1983, pp A1–A9; *The Guardian* (London) 20 July 1983, p 20.
- ³⁹ See *Third World Quarterly* 5(3) July 1983, pp 688–92.
- ⁴⁰ *MEES* (Nicosia) 19 September 1983, pp A1–A4.
- ⁴¹ *BBC Summary of World Broadcasts* ME/7384/B/9, 13 July 1983, and ME/W1245/A2/1, 19 July 1983.
- ⁴² Algeria, Djibouti, Ethiopia, Gabon, Guinea, Nigeria, São Tomé and Príncipe, Swaziland and Zimbabwe.
- ⁴³ See *Third World Quarterly* 5(4) October 1983, pp 939–41.
- ⁴⁴ See *Third World Quarterly* 5(1) January 1983, pp 182–5, and 5(2) April 1983, pp 456–9.
- ⁴⁵ *BBC Summary of World Broadcasts* ME/7390/B/1, 20 July 1983; *The Guardian* (London), 15 July 1983, p 8, and 18 July 1983, p 5.
- ⁴⁶ *West Africa* (London) 3 October 1983, p 2268. *IHT* 23 September 1983, p 2.
- ⁴⁷ *West Africa* (London) 10 October 1983, pp 2332–3; *BBC Summary of World Broadcasts* ME/7458/B/1, 7 October 1983; *IHT* 5 October 1983, p 1; *The Guardian* (London) 5 October 1983, p 8; *Financial Times* (London) 5 October 1983, p 4.
- ⁴⁸ Belisario Betancur of Colombia, Miguel de la Madrid of Mexico, Ricardo de la Espriella of Panama, and Luis Herrera Campins of Venezuela. Details of previous Contadora Group

North-South Monitor

meetings are contained in *Third World Quarterly* 5(3) July 1983, pp 686–7, and 5(4) October 1983, pp 938–9.

⁴⁹ The meeting coincided with a claim by Nicaragua that more than 2,000 US-backed Nicaraguan rebels based in Honduras were poised to launch an invasion of Nicaragua on two fronts.

⁵⁰ *BBC Summary of World Broadcasts* ME/7389/D/1, 19 July 1983; *The Times* (London) 15 July 1983, p 7, and 19 July 1983, p 5; *IHT* 19 July 1983, p 1.

⁵¹ Fernando Volio Jimenez of Costa Rica, Fidel Chavez Mena of El Salvador, Eduardo Castillo Arriola of Guatemala, and Edgardo Paz Barnica of Honduras. Miguel d'Escoto, the Foreign Minister of Nicaragua (the fifth Central American country involved in the regional crisis), was attending the celebrations in Managua of the fourth anniversary of the Sandinista revolution.

⁵² *BBC Summary of World Broadcasts* ME/7393/D/1, 23 July 1983; *The Times* (London) 20 July 1983, p 7, and 21 July 1983, p 5; *Six-Point Plan Proposed by Daniel Ortega, Coordinator of the Government of National Reconstruction and Commander of the Revolution*, Nicaraguan Embassy, London, 19 July 1983.

⁵³ See above, meetings at Cancún and Guatemala City.

⁵⁴ *The Guardian* (London) 29 July 1983, p 5; *The Times* (London) 1 August 1983, p 6; *IHT* 1 August 1983, p 5.

⁵⁵ *BBC Summary of World Broadcasts* ME/7438/D/1, 14 September 1983; *Daily Telegraph* (London) 12 September 1983, p 5.

⁵⁶ CARICOM was established at Chaguaramus, Trinidad and Tobago, on 4 July 1973.

⁵⁷ Third Meeting of the Conference of Heads of Government, Ocho Rios, 16–18 November 1982. See *Third World Quarterly* 5(2) April 1983, p 455–6.

⁵⁸ CARICOM thus comprises the following countries: Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Jamaica; Monserrat; St Lucia; St Kitts/Nevis; St Vincent and the Grenadines; and, Trinidad and Tobago. At the present meeting, all states were represented by their Heads of Government except Antigua and Barbuda, which was represented by its Deputy Prime Minister.

⁵⁹ *Latin American Regional Reports Caribbean* (London) RC-83-06 23 July 1983, pp 3–5; *BBC Summary of World Broadcasts* ME/W1245/A3/1, 19 July 1983; *The Guardian* (London) 4 July 1983, p 7; *IHT* 9 July 1983, p 2; *The Times* (London) 11 July 1983, p 5.

Book Reviews

The titles reviewed are listed below with names of authors and editors

- Armstrong, R and Shenk, J: **El Salvador: the face of revolution**
- Anderson, T P: **The War of the Dispossessed: Honduras and El Salvador, 1969**
- Erdozain, P: **Archbishop Romero: martyr of El Salvador**
- Black, G: **Triumph of the People: the Sandinista revolution in Nicaragua**
- Weber, H: **Nicaragua: the Sandinist revolution**
- Atkins, G P: **Arms and Politics in the Dominican Republic**
- United Nations Centre on Transnational Corporations: **Transnational Corporations in World Development—Third Survey**
- Spraos, J: **Inequalising Trade? A Study of Traditional North-South Specialisation in the Context of Terms of Trade Concepts**
- Piscatori, J P (ed): **Islam in the Political Process**
- Carlsson, J (ed): **South-South Relations in a Changing World Order**
- Little, I M D: **Economic Development: theory, policy and international relations**
- Bienefeld, M and Godfrey, M (eds): **The Struggle for Development: national strategies in an international context**
- Judd, D and Slinn, P: **The Evolution of the Modern Commonwealth, 1902–80**
- Madden, F and Fieldhouse, D K (eds): **Oxford and the Idea of Commonwealth**
- Hill, J and Scannell, H: **Due South: socialists and world development**
- Cairncross, S and Feachem, R G: **Environmental Health Engineering in the Tropics: an introductory text**
- Otterbeck, L (ed): **The Management of Headquarters–Subsidiary Relationships in Multinational Corporations**
- Committee on Selected Biological Problems in the Humid Tropics: **Ecological Aspects of Development in the Humid Tropics**
- Buvinic, M, Lycette, M and McGreevey, W P (eds): **Women and Poverty in the Third World**
- Jennings, A and Weiss, T G (eds): **The Challenge of Development in the Eighties: our response**
- Gabriel, T H: **Third Cinema in the Third World: the aesthetics of liberation**
- Brugger, B and Hannan, K: **Modernisation and Revolution**
- Jenkins, J: **Materials for Learning: how to teach adults at a distance**
- Waterbury, J: **The Egypt of Nasser and Sadat**
- Islam, N: **Foreign Trade and Economic Controls in Development: the case of united Pakistan**
- Eder, J F: **Who Shall Succeed? Agricultural Development and Social Inequality on a Philippine Frontier**
- Bello, W, Kinley, D and Elinson, E: **Development Dêbâcle: the World Bank in the Philippines**
- The International Commission: **Israel in Lebanon**
- Johnson, N: **Islam and the Politics of Meaning in Palestinian Nationalism**
- Biswas, A K, Dakang, Z, Nickum, J E and Changming, L (eds): **Long-distance Water Transfer: a Chinese case study and international experiences**

Bell, C, Hazell, P and Slade, R: **Project Evaluation in Regional Perspective: a study of an irrigation project in northwest Malaysia**

First, R: **117 Days**

First, R: **Black Gold: the Mozambican miner, proletarian and peasant**

Mamdani, M: **Imperialism and Fascism in Uganda**

Klinghoffer, A J: **The Angolan War: a study in Soviet policy in the Third World**

Nabudere, D: **Imperialism in East Africa (vol 2: Imperialism and Integration)**

Oppong, C (ed): **Female and Male in West Africa**

Kitchen, H: **US Interests in Africa**

Gillespie, R: **Soldiers of Perón: Argentina's Montoneros**

Early, J D: **The Demographic Structure and Evolution of a Peasant System: the Guatemalan population**

Palmer, C A: **Human Cargoes: the British slave trade to Spanish America, 1700-1739**

Tigre, P B: **Technology and Competition in the Brazilian Computer Industry**

FEATURE REVIEW

Sizing up Central America

El Salvador: the face of revolution

Robert Armstrong and Janet Shenk

London: Pluto Press. 1982. 283pp. £3.95

The War of the Dispossessed: Honduras and El Salvador, 1969

Thomas P Anderson

Lincoln, Nebraska: University of Nebraska Press. 1981. 203pp. £8.95

Archbishop Romero: martyr of El Salvador

Placido Erdozain

Guildford, England: Lutterworth Press. 1981. 98pp. £2.95

Triumph of the People: the Sandinista revolution in Nicaragua

George Black

London: Zed Press. 1981. 368pp. £18.95. £3.95pb

Nicaragua: the Sandinist revolution

Henri Weber

London: Verso. 1981. 154pp. £2.95

Arms and Politics in the Dominican Republic

G Pope Atkins

Boulder, Colorado: Westview Press. 1981. 158pp. £13.00

The crisis in Central America began in earnest with the overthrow of Somoza in
204

Nicaragua in July 1979. The Sandinista revolution attracted widespread attention, converted a decades-long social conflict in the region into an open contest for state power, issued a substantial challenge to the dominance of the US in a key strategic area, and threw up the germs of a governmental system that had a good claim to be significantly at variance with the two stereotypes (capitalism/communism) that are used as shorthand in the international division of power. It is worth bearing in mind that this last point was recognised for a while by some in Washington, which for a period of about a year remained divided over how to proceed with the confusing legacy of Somoza's fall. In the event, it was not long before popular mobilisation in El Salvador and the assumption of power by the Reagan team confirmed a new element in the crisis: its inclusion into the new cold war as a result of the loudly-proclaimed agency of Cuba and, at a certain but not distant remove, the machinations of the Soviet Union. What had been for a time a critical but essentially parochial enterprise was transformed into a major component of a revitalised global schism.

The initial consolidation of the Nicaraguan revolution combined with the extended civil war in El Salvador served to imbue the conflict, in appearance at least, with a number of contrasting characteristics that enhanced interest in it. This was one revolution that had achieved success in terms of gaining state power and was now engaged in a remarkably open and challenging task of formulating a new social policy for which the only local precedents were the widely contrasting examples of Mexico (1910–20), Cuba (1959–), and Chile (1970–3). The positive possibilities of this scenario at the end of a decade of unrelenting authoritarian reaction throughout Latin America attracted a great many hopes and could be said without exaggeration to have prompted a type of psychological quantum jump in the search for viable models for social change in the Third World. On the other hand, the impact of the victory in Nicaragua had set off similar but distinct struggles in the neighbouring states of an essentially balkanised region. These struggles were not immediately successful, not least because they lacked the peculiar advantages that obtained in Nicaragua under Somoza and Carter. One might also hazard the observation that they suffered all the disadvantages of not being first in the queue. As a result, the forces of national liberation in El Salvador and Guatemala became bogged down in protracted military encounters of now renowned barbarity and, for the international audience at least, tended to mutate either into a confirmation of the domino theory or popular/democratic versus dictatorial/imperialist conflicts of a familiar type. In one sense it is the very symmetry of contemporary Central American politics that has contrived to maintain widespread interest in them—rapid triumph and prolonged struggle; the responsibilities of freedom and the deadweight of oppression; national liberation and hemispheric threat—all these elements intermingle to sustain the attention of various constituencies and political forces. The fact that such polarisations are partly perceived and partly authentic and rooted in society makes comprehension of the crisis that much more complex.

The veritable flood of studies on the region that has occurred in the last four years has been of predictably uneven quality, as befits the 'crisis genre'. Before 1979 even the academic output on Central America was extraordinarily thin, and more directly polemical or political texts were almost unknown beyond its boundaries. We must, therefore, welcome the new wave of literature in so far as it presents a picture of an area that had previously suffered from all the disadvantages of being a 'backyard'. None the less, the international ramifications of the present crisis and the intractable problems

that manifestly exist at a number of levels demand a greater analytical acuteness and imagination than is normally sought either in narrow intellectual monographs or what may schematically be denominated 'solidarity writing'. The speed and consequence of events has been such that many worthy background studies have not so much become dated as neutralised by the fact that they lack the intellectual nerve to go beyond factual description and emotional alignment.

This problem is evident in George Black's study of the Nicaraguan revolution, a book which in terms of narrative depth stands head and shoulders above any other on this topic and is already established as the definitive English-language treatment. Black must be congratulated for his labours with empirical data and recognised as a serious literary proponent of the Sandinista cause. His text brings together a wide selection of sources, many of which are extremely scarce. However, it fails as a simple solidarity book in that it is extremely long and cumbersome in style, being unlikely to hold the attention of those who are interested in the subject but unprepared for an extended and extremely detailed depiction. This would be of little consequence were it not for the fact that the study is penned in populist style and clearly orientated towards the general reader; the form and content are too much at odds for it to enjoy the success it could have been expected to achieve had editorial guidance been more disciplined. A more appreciable problem resides in the fact that the text is so trenchantly faithful in its defence of the Sandinista cause that although we are given valuable and incisive insights into the operations and expectations of this political current, *sandinismo* is projected implicitly as well as explicitly as simply one—the correct—side of an unproblematic bipolar relation. This radically reduces the scope for a critical perspective, limits a sober appreciation of the subjective as well as the objective problems facing the revolution, and proscribes an 'innocent' reading of its rendition of Nicaraguan history over the last twenty years. What has occurred since July 1979 is indeed a very special process, conditioned, as are all national liberation movements, by specific social and political factors. Yet, it is by no means so peculiar as to be *sui generis*, as Black implies throughout and on occasions baldly states. Events since 1979 have reasserted that problems such as agrarian reform and the forms of popular political participation are a good deal more typical in character than the vision presented here suggests. A full understanding of post-revolutionary Nicaragua has to take on board not just the experience of Cuba and Chile but also those experiences outside Latin America, where the difficulties of political bureaucratisation, the fairweather opportunities of 'radicalism in one country', and the profound, land-based conservatism of the rural masses have proved to be historically recurrent.

The signal strength of Weber's short study is that it confronts one such problem—popular democracy—in a manner that is sufficiently agile to take into consideration general criteria drawn from other analogous examples whilst appreciating the demands of the local context. Weber is not an expert on Nicaragua or Latin America and his book lacks the factual depth of Black's, but this gives him certain advantages for outlining in a lucid manner the background to the revolution and projecting the possibilities for its development. The author not only provides the most accessible introduction to the FSLN's (Sandinista Liberation Front) revolution but also sustains a spirited polemic in favour of a participationism that transcends party *diktat* or second-hand bourgeois legalism and is centred on a form of open sovietisation. However, the book was written in 1980, at a time when such a vision was more plausible

than at the end of 1983. Following a prolonged period of external pressure, it is difficult, even for the friends of the new Nicaragua, to avoid the conclusion that many of the possibilities of the initial phase have faded to such a degree that major shifts in the structure of power and the form of practising politics will be required in order to regain the early promise. Such a view reflects something of an unholy alliance between the revolutionary left and the adherents of social democracy who have united, albeit uncomfortably and with different objectives, against the Maginot Line mentality prevalent in Washington, to fight for the space necessary to undertake such changes. What Weber only mentions in passing, and what appears to be increasingly worthy of consideration, is the fact that the discernible movement towards bureaucratisation and rigidity in the political hierarchy possesses internal as well as external coordinates. There are within the framework of national liberation sundry possibilities for popular military preparation, the incorporation of women, and the decentralisation of policy formulation, and not all the setbacks witnessed in Nicaragua are due to unalterable objective factors. It is not a popular thing to say these days, but those on the left must square up to attacks from the right by conceding that the FSLN does not have a monopoly on such schemes and it has far too often behaved as if this were the only possibility. This is not, it should be stressed, tantamount to conceding to the objections of the right but a necessary step towards building on the recognition that the antics of the clay-footed giant to the north do not provide an all-embracing escape clause with respect to the defence of the Nicaraguan revolution, just as the continual threats made and occasionally realised by Pretoria do not let the Mugabe administration off the hook with regard to a number of its activities. What Weber shows is that the FSLN's revolution needs criticism and invention as an integral part of rather than as a substitute for support against North American destabilisation. In my view, these must not become less acute simply because the US challenge grows; one hopes that Black will not object that this is no more than pretty theorising and dangerously counter-productive. It is, of course, to engage with risks, but these have more to offer than retrenchment in military stasis at the cost of everything else.

If the Nicaraguan example has demonstrated that the taking of power is the beginning not the end of the challenge of fostering profound social change, that of El Salvador has underwritten with great forcefulness that the exigencies of capturing power vary very widely even over the distance of a couple of hundred miles. El Salvador is appreciably distinct from Nicaragua in its social formation, historical development, and political character, but most importantly of all it has been denied the opportunity of repeating the Managua model by virtue of US intervention. In this sense, if in none other, we are witnessing the reprise of Vietnam. Armstrong and Shenk note the analogy but without being too hectoring or indulging in untenable comparisons. Their text is a thoroughly workmanlike introduction, full of first-hand and vivid details on daily life, and consistently sharp in its presentation of the repression necessary to hold the Salvadorean people back from an inheritance they have actively sought at great cost for a number of decades. The book is particularly good in outlining the confusing shifts in government and policy patronised by Washington since the 'reformist coup' of October 1979—the event that opened the present civil war—as well as delineating those in the configuration of the united opposition front, the FDR-FMLN (Frente Democrática Revolucionaria-Frente Farabundo Martí Para la Liberación Nacional). The twists and turns taken in this latter process were partly a response to the regime's shift to the right and partly the

result of a post-July 1979 incorporation of centrist forces into the armed alliance formed by the left. Although the trajectory of social polarisation in El Salvador has been inexorable and extreme, many of its political features have been much more fluid and open. The FDR-FMLN is not a homogeneous body and spans a number of very disparate forces which, especially in the light of the Nicaraguan experience, are not likely to remain in harness for long should they achieve a military victory (or engage in serious negotiations with the regime). Equally, the country's dominant bloc has proved to be substantially less unified than Somoza's apparatus (as opposed to the Nicaraguan capitalist class as a whole) partly because the military is a more genuinely institutional animal, however great its operational deficiencies or dependence on unthinking slaughter, and partly because US intervention has introduced requirements that have not always been easily married with the needs of the local landowning oligarchy although this has been their objective. The authors register these developments and their consequences but do not analyse them in depth; theirs is a solidarity volume, the tenor of which is fully consonant with its aim of giving a fluent *tour d'horizon* that is fully sympathetic to the avowed aims and unity of the FDR. While its lack of discussion may prove too superficially partisan for some, this is a valuable introduction to the present crisis in El Salvador.

Thomas Anderson is the leading US scholar of El Salvador and his book on the abortive revolution of 1932 remains a central reference point for the understanding of the origins of the contemporary conflict. His most recent publication—a 250-page overview of all Central America bar Costa Rica and Panama for the Hoover Institution—embodies all the difficulties of a liberal historian being pressured into producing a rapid and coherent study that directly addresses existing political issues. However, the volume that concerns us here is that which preceded the Hoover Institution study and takes as its object of analysis the 1969 conflict between Honduras and El Salvador that eventually boiled up into a short but vicious border war. In the work under review, Anderson has retained many of the strengths of his study on 1932 in that his depiction is carefully-researched and judicious in its overall assessment of an affair that has far too often been shunted into the realm of exotic anecdote. The war was, in fact, a not untypical inter-nation crisis contrived by interested parties in order to relieve the military dictatorships of both states of the pressures of popular mobilisation for land and to siphon off through jingoism what they could not buy off or stamp out by their accustomed methods of control. If anything, Anderson is too painstaking a writer, his measured liberalism failing to capture the extremes of nationalist sentiments or the essential dynamics of political and ideological belligerence in Central America. He is altogether happier when dealing with institutional questions and painting broad canvases. The image of the 'football war' he gives us constitutes a valuable and sober rendition of one set of formal 'facts', but they lack life and are insufficiently linked to the struggles that were to take full form less than ten years later.

What Anderson lacks in terms of a comprehension of the interstices of political passions and ideological motivation is more than compensated for in Erdozain's explicitly hagiographical piece on Archbishop Romero, a figure who more than any other personified the strains of a defence of humanism in fundamentally anti-humanist conditions. There is very little that can be said of this book except that it is fulsome celebration that at least captures some of the impact made by Romero's undeniably singular character. If a more balanced and detailed study of the cleric's career is required

readers are better referred to James Brockman's *The Word Remains: a life of Oscar Romero* (Maryknoll: New York 1982), which has the merit of addressing the issues of liberation theology and unsteady papal authority in some depth and with greater sensitivity than one might at first expect from a *romerista* and advocate of the church radical if not exactly militant.

A change of spice is immediately evident in the opening pages of Pope Atkins' study of the political developments of the last five years in the Dominican Republic since his primary concern is to explore the means by which the truculent Dominican armed forces were prevailed upon to acquiesce in what transpired to be a remarkably smooth electoral exchange of power in 1978 from Joaquin Balaguer, who had ruled since 1966, to the opposition PRD led by Antonio Guzman. This success in implementing the withdrawal of an essentially authoritarian regime, albeit one that was civilian and kept to comfortably winnable electoral schedules, was celebrated with some insistence by the Carter Administration which patronised it as a part of the human rights policy that was to prove such a dismal failure in almost every other quarter. It cannot, however, be taken as a viable recipe for mainland Central America for a number of reasons, the most obvious of which are the new conditions that prevail after Somoza's fall and the fact that the Dominican Republic was invaded and unambiguously subdued by US marines in 1965. The invasion may in some respects be compared to the Indonesian coup against Sukarno in that its effects were as important on a regional scale as in the domestic context; in one case a much-needed rearguard was secured for the frontline in Vietnam, in the other the scope of Cuba's actions was cut back and Central America provided with a low-profile but powerful off-shore garrison. Pope Atkins is a military expert and at his best when considering Balaguer's treatment of his generals which was sufficiently adroit to make this a compelling account of insular Machiavellianism in its own right. The focus is, though, very limited and lacks a convincing assessment of the wider social problems that are brewing up in both sectors of Hispaniola faster than Washington appears to have perceived. If a national liberation struggle in the region should take on a predominantly anti-imperialist character, then the Dominican Republic must surely be one of the prime candidates for its sites on economic as well as strategic grounds. The fact that it has not yet taken this form to the same degree as in the mainland requires further consideration both in local terms and within a reappraisal of a zone that is far more complex in character than the awful battles taking place inside it suggest it to be. The very incompleteness of the process of national formation in Central America and the Caribbean is an indicator that while national liberation is on the agenda across the board, in itself it is not likely to resolve the social issues that have compelled its emergence. We now require discussion on a wider scale both geographically and politically.

JAMES DUNKERLEY
London

Transnational Corporations in World Development—Third Survey

UN Centre on Transnational Corporations
New York: United Nations. 1983. 380pp. np.

One of the most useful functions that the UN Centre on TNCs has served so far, at least

to the academic community, has been to produce its series of surveys on the current state of play in the international investment field. These documents, unfortunately still not published in proper book form, are replete with data, garnered painstakingly from a multitude of sources. They are particularly valuable as ready handbooks of information on the world's largest enterprises and on flows of direct investment to the Third World. The present volume, the third in the series, has about 100 pages of statistical data at the end as well as 29 summary tables in the text—these will undoubtedly mould all discussion of TNC activity for the next 4–5 years until the next survey is produced.

The written text is something of a mixed bag. As with many UN documents, much of it is turgid and bland, with some quite good analysis overlaid by UNocratic platitudes. But the stodgy style should not be allowed to put the interested reader off. There are some nuggets of penetrating insight and some excellent analytical writing (e.g. on the sharing of benefits). There are also several weak sections—in particular, the waffly and uncritical chapter on host developing country policies on foreign investment (which lumps together, in one category, countries as diverse as Brazil, with its \$1.5 billion annual inflow of TNC capital, and India, with a net *outflow*, in the 1970s), the lengthy section on codes of conduct (a singularly fruitless exercise), and the one on the 'sociocultural impact' of TNCs. Apart from the straightforward description of who has been doing what in the last few years, the best sections are those on TNCs and exports from developing countries, special industry analyses, technology transfer by TNCs, and TNCs and industrialisation strategy. I particularly recommend the excellent analysis of 'new forms' of investment and technology transfer. Although some strange UN Code of Conduct prevents the authors of the report from saying in this last section that it is the strategies pursued by host governments which have been responsible for the good or bad performance of TNCs, and that outward-looking strategies are clearly far superior to import-substituting ones, the message comes across pretty clearly. Its a pity that this section is not tied in at all with the discussion of host government policies.

A specialist in the field will undoubtedly find a slightly archaic flavour to the survey. The references are rather out-of-date, and the authors of some sections seem to be unaware of several new works in their respective areas. What is worse, the report does not have a coherent analytical structure into which different bits can be fitted, according to which the mountains of data can be analysed and from which policy prescriptions could flow. Thus, there is constant, implicit approbation of government intervention in investment and technology flows, despite the obvious costs of protecting inefficient local enterprises and setting back technical progress (as in India, the most restrictive of the major Third World countries). Efficiency in resource allocation and the realisation of dynamic comparative advantages—surely the 'bottom line' in any development strategy—are scarcely considered as the survey goes on, at great length, about the pursuit of 'national objectives' (however inefficient experience shows them to be).

A reviewer must not, however, be too unrealistic. After all, such surveys are governed by the UN requirement that member-states cannot be directly criticised. We must be thankful that, despite these constraints, a great deal of valuable information is put together and described. As an interested researcher, I would plead for a more frequent (every two years?) publication of *Survey*, in a more appetising format. Would it be too much also to ask for a better structured, more rigorous analysis?

SANJAYA LALL

Green College, University of Oxford

Inequalising Trade? A Study of Traditional North-South Specialisation in the Context of Terms of Trade Concepts

John Spraos

Oxford: OUP (with UNCTAD). 1983. 169pp. £15.00

This volume contains eight chapters. Its main body (chapters 4–8) is preceded by two chapters which survey the relevant theoretical and statistical work in a systematic and comprehensive fashion. Chapter 1 serves both as a general summary and as a 'travel guide' to the material dealt with. The final chapter contains the familiar policy recommendations of diversification and price enhancement, strangely referred to as 'controversial'.

The purpose of the book is to tackle the (almost) eternal issue of the dissatisfaction of developing countries (the so-called 'South') with the pattern of trade and specialisation which they inherited from the colonial period. This dissatisfaction relates both to their absolute poverty as well as to their relative poverty *vis-à-vis* the developed countries (the so-called 'North'). The book emphasises relative poverty and addresses the question of whether or not the 'traditional' pattern of specialisation has contributed to the alleviation or aggravation of inequality. 'Traditional' is taken to mean the pattern whereby the South specialises in and exports primary commodities in return for manufactured imports from the North. Fuels are excluded from this relationship on the grounds that the effective cartelisation of petroleum in 1973 has done justice to the South in terms of that particular product.

Professor Spraos stresses that the dissatisfaction of the South, which is substantiated by their deteriorating terms of trade (the Prebisch/Singer proposition), has been inadequately tackled using Net Barter Terms of Trade (NBTT). He rightly believes that the appropriate terms of trade should incorporate both productivity and employment, particularly since the South is characterised by chronic unemployment. This three-dimensional Double Factorial Index (DFTT) is given a rigorous treatment in a model which has market-clearing for commodities. This part of the book is good and should be compulsory reading for all those interested in trade theory.

However, in the opinion of this reviewer, the empirical work is subject to serious reservations. Although Spraos is well aware that the South is not a homogeneous group, he insists that for the purposes of the book disaggregating the group is not only unhelpful but is also a positive hindrance: 'if the expansion of tea-growing is good for Kenya, it cannot be concluded that it is good for the South as a whole, because Kenyan gains are at the cost of bigger losses by existing tea producers; while it was good for South Korea or Taiwan to have export-oriented industrialisation it does not follow that all developing countries simultaneously should aim for export orientation, because they may be scoring gains against each other and/or triggering off more protectionist responses from the North'.

Surely, the logical consequence of these important realistic considerations is to abandon, for statistical analysis, the broad dichotomy of the globe into North and South and to analyse the bilateral relationship between homogeneous groups *within* the South and the groups they trade with *within* the North, or even within the South for that matter. In other words, Spraos' assertions in this context make sense only if one believes that broad grandiose statements re North/South have some practical significance. I believe that such structures are as misleading as the classification of economists into

either 'Keynesians' or 'Monetarists'. An analysis which incorporates familiar policy recommendations that are intended to be taken seriously must concentrate on such groups as the Newly Industrialising Countries (NICs), poor agrarian economies, etc.; after all, how would one go about distributing, on a country basis, an income transfer from the North to the South which is meant to compensate for the 'inequalising trade'? In short, Spraos has fallen into a trap which he built for himself but attributes to Prebisch and Singer: at the time these two were advancing their proposition (1950), these realistic considerations were not prominent enough to merit incorporation in their analyses!

ALI M EL-AGRAA

University of Leeds

Islam in the Political Process

Edited by James P Piscatori

Cambridge: CUP. 1983. 240pp. £19.50. £7.95pb

Reading this work, one is reminded over and over again of the extraordinary diversity of ways in which Islam has been used by politicians and their opponents. This is not, of course, a solely modern phenomenon but Piscatori's work highlights very clearly the situation in our own age. And in his Introduction to the volume he cites the questions put by Edward W Said in 1979: 'Whose Islam? and when?'. It has been a cliché among students of Islam for many years that there has been a 'unique inseparability of sacred and secular' down through the ages and that it was a foolish man who tried to separate the two. Piscatori differs from this standard interpretation of Islamic civilisation: 'Throughout Islamic history,' he says, 'temporal authorities have wielded a weightier sword than that of the spiritual authorities.' Furthermore, he warns that 'the lively interjection of religion into politics and of politics into religion is not an exclusively Islamic phenomenon' and that European history has witnessed a similar kind of interaction.

Piscatori, and the authors he has collected together, are thus concerned to challenge some of the stereotyped assumptions which have all too easily arisen about Islam, particularly since the Iranian revolution. Islam has reacted, or interacted differently, according to the region in which it has flourished. This fact is analysed through case studies of eleven different, mainly Islamic, countries: Egypt, Sudan, Saudi Arabia, Syria, Iraq, Algeria, Senegal, Turkey, Iran, Pakistan and Indonesia. In each area there is a different kind of balance between politics and religion. Thus, in the case of Egypt, Fouad Ajami emphasises the subservient role of Al-Azhar University to the authorities of the day. In the Sudan it is the role of the *sufi* orders which Alexander S Cudsi stresses. The Saudis, according to Piscatori, use the *Quran* as a kind of divine constitution to legitimate their monarchy. In Syria and Iraq, however, it is emphasised by Michael C Hudson that Islam is less deeply rooted than elsewhere, and it is only one of several strands which must be taken into account in any analysis of modern Syrian and Iraqi politics.

Islam in the Political Process has a number of features in common with another recent work *Islam and Power*, edited by Alexander S Cudsi and Ali E Hillal Dessouki (London: Croom Helm, 1981), which was reviewed in *Third World Quarterly* 4(2) April

1982. Both deal with the mix of politics and religion and both may be described as academic by-products of the Iranian revolution. Piscatori's excellent collection of thoughtful and well-researched articles deserves to be read and pondered upon by all who are interested in the vitality of modern Islam.

IAN RICHARD NETTON

University of Exeter

South-South Relations in a Changing World Order

Edited by Jerker Carlsson

Uppsala: Scandinavian Institute of African Studies. 1982. 166pp. np

Since the failure of the Cancún Summit to break the stalemate in the North-South dialogue and move it forward there have been several publications on South-South Cooperation, *South-South Relations in a Changing World Order*, edited by Jerker Carlsson is one more of these and claims to identify the driving forces behind the emergence of South-South relations.

Many recent studies tend to look at South-South cooperation as a second-best alternative to North-South cooperation. These studies are also undertaken in terms of marginal changes in the dominant development paradigm and the international system that is currently in place. The contributors to the Carlsson book have tended to fall into this intellectual trap as they try to find examples of South-South cooperation in the experience of Indian multinationals or in isolated relations between Brazil and Nigeria.

South-South cooperation has to be envisaged as an end in itself, with its own logic and valuational framework. The concept implies a new relationship between people in the South, between people and resources and people and technology. The process of South-South cooperation must be a means of reducing the contradictions in the South. The heightening of contradictions as a result of selected examples of South-South relations under the existing framework of international economic relations cannot be used to illustrate a new kind of cooperative movement that still needs to be conceptualised. The papers presented in the Kungälv seminar reflect isolated examples of South-South cooperation within the present international framework which enhance the contradictions within the South. The lack of conceptual clarity will only serve to increase the fears of smaller Southern countries about the process as a whole.

After World War II, when most Third World countries emerged as politically independent nations from centuries of colonial rule, they adopted a development model which was inimical to development in wider human terms and full of contradictions even in its own terms. They also agreed to incorporation into a global economic system over which they had no control and which permitted, for the most part, the continuation of international economic relations of the colonial period and dominance of the industrialised North.

The adverse consequences of the workings of this development model within developing countries and the widening economic gap between industrialised and Third World countries needs no elaboration. Aid and transfer of technology from rich to poor countries, instead of bridging the gap have helped to create soft societies in most of the South and increased the dependence of poor countries. Further, transnational corporations in the North which control a great deal of the financial resources and stocks

of 'modern' technology have extracted high prices for their know-how and equipment. The 'borrowed' highly capital-intensive, import-substituting technology which is continuing to be implanted in Third World countries has little relation either to real factor endowment, particularly labour, or to the existing technological stock. The entire process is wasteful and the contradictions too numerous.

Throughout the 1960s and early 1970s some token attempts have been made to modify this concept of development and effect some marginal reforms in the workings of the international system. However, the 'hidden' agenda of the industrialised countries have thwarted any real progress in the North-South dialogue or on the proposals advanced by the Third World countries for a NIEO.

The current global economic crisis has added further to the problems of the poor countries which are now squeezed between stagnating growth, increasing debt and falling exports. The inability of the industrialised countries who took over the responsibility for managing the international economy has further complicated the process of change for the South. The rationale for South-South cooperation in new terms must be found within these compulsions for change and the process and institutions must be qualitatively different.

A political consensus must be arrived at in the South and must start from a common view of development as a process rooted in each society, enhancing the self reliance and meeting the material and non-material needs of all its members. Some serious thinking has recently been initiated on the paradigm shift called for and the manner in which South-South cooperation as a means for promoting collective self-reliance among Third World countries and for promoting a broader process of economic and cultural de-colonisation can be initiated.

Jerker Carlsson and his colleagues have recognised the need for more research, but research has to be preceded by evolving a new perspective. This new perspective is not evident in the book. Neither is their reference to the new action research methodology for experimenting with South-South cooperation. The South itself needs to reflect more on the question of what research and how, if South-South relations are not to be an imitation of current North-South relations.

PONNA WIGNARAJA

Society for International Development, Rome

Economic Development: theory, policy and international relations

Ian M D Little

New York: Twentieth Century Fund. 452pp. np

The Struggle for Development: national strategies in an international context

Edited by Manfred Bienefeld and Martin Godfrey

Chichester, England: John Wiley. 1982. 378pp. £24.95

Although these two books come from rather different stables, so to speak, they complement each other nicely. The former gives a useful and well-rounded survey of the literature on development theory and policy as well as an outline of recent developments in the field of international relations. The latter examines the development

problems and prospects of a number of national economies within the wider setting of the international economy. Taken together, they succeed in providing a happy combination of the general and the specific. This was obviously not the intention of the respective publishing houses, but rather one of those strange coincidences which the publishing world manages to throw up from time to time.

Ian Little's book on *Economic Development: theory, policy and international relations* seeks to explore the extent of our knowledge and perception of the nature of the development process. What lessons specifically have we learnt after four decades of theorising, planning and experiment, and what do we still need to learn? These questions are asked not, it seems, for the purpose of deciding whether or not we have got it right, but rather to survey the vast range of problems which confronts the development economist, and more importantly, to try to make sense of the various theories (some may say panaceas) which have been advocated since the end of World War II.

His book falls into six parts. Part I deals with basic notions, the sort of standard introductory ideas which are the starting blocks of any serious study on development. It then moves on to a survey of the literature covering the principal theories of planning and industrialisation between 1943 and 1960. In a sense, this is where the real meat of the book lies. The author gives a very good review of the various theoretical debates surrounding the nature, purpose and value of planning as they emerged during these years. He treats the concepts and arguments with feeling and fairness. At the same time, he provides a very lucid presentation of the different theories of development which, at that time, were coming rather fast and furious. All the big names are there; Nurkse, Lewis, Myrdal, Hirschman, Prebisch, to give just a few examples.

The resurgence of neo-classical economics after 1960 is discussed in Part III. In reality this is no more than an extension of the earlier discussion on the various types and levels of planning. A number of other issues are examined, e.g. the role of agriculture, unemployment, instability, transnationals, but it is not clear in what sense they represent a return to neo-classical economics as conventionally understood. In Part IV the author discusses the new radicalism, namely dependency and underdevelopment, basic needs and related issues. He manages to negotiate his way through this particular minefield without any casualties on either side. Part V which deals with a description and record of the developing countries seems a little out of place. Fortunately, it is a small chapter, so no real damage is done to the overall structure and coherence. The final section covers international systems and confrontations, in effect, the international economy and the whole range of problems which have beset it over the last ten years, i.e. the collapse of the Bretton Woods System, the call for a New International Economic Order, and all that has led to.

Bienefeld and Godfrey's book on *The Struggle for Development* reviews the development experience of a number of developed and developing countries in order to assess the development prospects of the developing countries generally, but more specifically, to see to what extent national and international factors determine the outcome of their development strategies. In other words, do the developing countries have a free hand in implementing their development strategies, in which case the only constraints are internal (national) or, are they constrained by external (international) factors, and if so, how serious are these factors? In a sense, this is the perennial question facing development economists, and the fact that they have not been able to come up with a definitive answer one way or the other probably means that it is likely to remain

one of the great imponderables of the discipline. Still, it is necessary to give the question a good airing from time to time.

From their analytical perceptions of the problem as outlined in the introduction it is clear that their approach is influenced by the Marxist and dependency schools. One may, therefore, be forgiven for expecting a full-blooded attack on conventional neo-classical economics, imperialism and all the other issues which are ritually trotted out on these occasions. However, it never really gets to that, due possibly to the fact that each country's experiences are rather different, and to try to pit them against a single set of ideological paradigms is really asking too much. Developing countries have to take the world as it is; they cannot wait for the millennium to usher in their development.

Bienefeld's opening chapter on the constraints and opportunities in a changing world is in effect, a very useful survey of the literature on development theory and strategies. The basic difference between this and Ian Little's survey referred to earlier is that the latter is written mainly with the layman in mind, whereas the former is for the serious student and/or researcher in the field, someone, as they say, who is already into the subject. The rest of the book deals with specific country experiences, one chapter for each of the following countries: United Kingdom, Japan, China, India, Brazil, South Korea, Costa Rica, Iceland, Kenya, Tanzania, and North Korea. There is also an appendix of some 23 tables incorporating comparative data on most of the countries covered.

Each country's study seeks to answer a specific question or at least to develop a particular thesis. In the case of the United Kingdom, for example, the question is whether its industrialisation was unique or are there relevant lessons for the developing countries? The author comes to the former conclusion. Hardly surprising! The experiences of the front runner are likely to be vastly different from those of the latecomers, particularly if the course keeps changing and more obstacles are added almost daily.

Space does not permit an examination of the other chapters, which in fact are all well-written and adequately researched. One rather gets the impression, though, that each case stands on its own. It is very difficult to draw them together in any coherent fashion or to generalise from the vast range of experiences and problems which they encompass and which on reflection are really peculiar to the individual countries concerned. Maybe this is what development is all about; each country's struggle to reconcile its internal hopes and aspirations with external realities and constraints, with the theorising and ideological posturing merely a catharsis for the faithful. This is not meant, of course, to detract from the overall value of the book. The editors have in fact assembled a very competent and interesting collection of country studies. For all that, though, they are still trees. When do trees stop being trees and become a forest would seem to be the appropriate question here.

GEORGE C ABBOTT

University of Glasgow

The Evolution of the Modern Commonwealth, 1902-80

Denis Judd and Peter Slinn

London: Macmillan. 1982. 171pp. £15.00. £5.95pb

Oxford and the Idea of Commonwealth

Edited by Frederick Madden and D K Fieldhouse
 London: Croom Helm. 1982. 167pp. £11.95

Eighty years ago, 'The domination of Englishmen over Asians and Africans seemed a natural part of the world order', write Judd and Slinn (p 8). They go on to provide a clear summary account, with thoughtful comment to raise it above the textbook level, of how the world-empire which strode so self-assertively into this century turned into the loose association of free states that we see today. By 1914 failure in one direction was apparent: 'hopes for imperial federation had foundered' (p 20). Failure on another side, less frankly admitted, was the 'brittle illusion' that hopes of Africans getting fair treatment from the white settlers to whom the South Africa Act of 1909 abandoned them, were soon turning out to be (p 26); it left no excuse for similar illusions or pretences later on in other parts of Africa. World War I could be held up as a grand display of solidarity, but it was really a crippling shock to empire, above all by launching India definitely on the journey towards independence. A still more shattering earthquake was World War II. After all, its colonies were still, even for Labour ministers, primarily buttresses for Britain's position as a world power. But before long they were having to be given up. Much of the dismantling was carried out by the Tories, who did their best to depict it as 'some kind of triumph for British statesmanship' (p 96)—as it really was, one might add, by contrast with French obstinacy in North Africa and Indochina. Whether the Commonwealth, swollen in membership but ill-furnished with common beliefs or interests, could achieve a meaningful survival, remained to be seen. It has often looked as ghostly as another Holy Roman Empire. In 1965 its first formal machinery, the Commonwealth Secretariat, was set up, but in the same year its two most populous states went to war. Judd and Slinn feel able to end by taking a hopeful view of their patient's prospects, encouraged by the Commonwealth's part in the negotiations leading to the transfer of power from white hands to black in Zimbabwe.

Alfred Beit, the German-Jewish-South African plutocrat, partner—or accomplice—of Cecil Rhodes, bestowed some of his ill-gotten gains on Oxford, in order to finance the study of imperial history; the first Beit Professor was appointed in 1905. A collection of seven essays looks back over the outcome, an ideological accompaniment of the Empire-Commonwealth transformation. Some parochial detail, less likely to be of interest outside than inside Oxford, is inevitable, but most of the material has genuine value for the history of ideas. Oxford thinking was at its most confident in the interwar period, when, as Madden says 'a missionary fervour for "Commonwealth"', owing much to 'Christian humanitarianism', was aglow (p 27). Deborah Lavin writes of its 'prophet and evangelist' (p 97), that ambiguous figure Lionel Curtis, who laboured to Christianise empire, or, as some critics may have preferred to think, to imperialise Christianity. Anthony Kirk-Greene, formerly in the Colonial Service in Africa, is very good on another luminary, Margery Perham, writing of her both appreciatively and discriminatingly. Ideology can react on the material situation it arises from, and this remarkable woman, who tramped about Africa buttonholing governors and tracking down district officers in their lairs, as well as lecturing in peaceful Oxford, had a strong influence on young men joining the Colonial Service. In 1914, 249 graduates of Balliol were or had been in the Indian Civil Service (p 70); after 1918, when an ICS man might

have to submit to the indignity of taking instructions from an Indian minister, it was the Colonial Service that was fashionable.

Margery Perham's doctrine, derived from Lord Lugard, was 'Indirect Rule' through old-style tribal chiefs. Judd and Slinn, as well as Kirk-Greene, point out how out of date this was, how oblivious of the approach of African nationalism; though they also remind us that both Lugard and Margery Perham helped to prevent the surrender of the three British Protectorates coveted by South Africa. These doctrinaires could do good in some, perhaps mainly negative ways. Oxford writings on imperial history (his own and Gallagher's not left out, and not left uncriticised) are surveyed by Ronald Robinson, whose incisive manner and deft turn of phrase make him always a pleasure to read. Heterogeneous notions were pulled together into an appearance of unity 'with a collection of mixed metaphors' (p 30). From a professional standpoint, these hopeful interwar outpourings belonged to a 'dark age of anachronism, archival poverty, and confused analysis' (pp 42-3). Richard Symonds looks over the long roll of Oxford scholars concerned with India, from William Jones of University College onward. Colin Newbury scrutinises Rhodes's record, with no disposition to make his financial doings look any more respectable than they were. Fieldhouse examines the contribution of Sir Keith Hancock, an Australian by origin and a pioneer of the economic history of empire. Its neglect before his time must be called a significant lacuna, or sin of omission. Hancock, moreover, saw the need for practical steps to promote colonial welfare, in place of *laissez-faire*. 'Commonwealth' is, after all, a curious title for a combination of a few very wealthy countries with a multitude of very poor ones.

VICTOR KIERNAN

Edinburgh

Due South: socialists and world development

Jeremy Hill and Hilary Scannell

London: Pluto Press. 1983. 106pp. £2.50pb

Due South is one of the *Arguments for Socialism* series which claims to offer a radical reassessment of topical political issues from a socialist perspective. There is perhaps no issue on which the attitudes of the British Left stand more in need of reassessment than Third World development. Unfortunately, this contribution to the *Arguments* series fails to match the need. The authors provide a *tour d'horizon* of current talking-points in the development debate, but make no significant contribution to socialist analysis.

Their approach lacks stringency. Even within the limitations of length—barely one hundred pages, or something under 40,000 words—it is not enough to dismiss the 1960s and 1970s as 'decades which produced little'. In the 1960s, in spite of a fall in the terms of trade between primary commodities and manufactured goods over the previous decade of 10-15 per cent, the rate of growth of per capita GDP in the developing countries was 2.8 per cent. According to UNCTAD calculations, between 1970-9 the developing countries as a whole achieved an annual per capita GDP growth of 3.2 per cent, ranging from the 5.3 per cent of the major petroleum exporters to 0.7 per cent for the 29 least developed countries. Of course, as averages, these figures conceal appalling inequalities both within and between developing countries, but they do correspond to significant improvements over the period in the life expectancy, infant mortality rates

and literacy rates of large sections of the population of the Third World. The cause of socialist analysis is not advanced by pretending that the international economic system, dominated as it is by Western economic interests, leaves no room at all for the growth and development of the poorer countries.

The authors rightly criticise the Brandt Report's claim that North and South have a common interest in the development of the South on the grounds that it is too general. Yet they seek to build a socialist alternative on an equally tendentious generalisation—that the workers in North and South have a common interest in fighting the 'domination of profit'. Like Brandt's claim, this may be acceptable as a moral truism but it fails as an analysis of the economic relations of the working classes of the North and South and as a guide to socialist strategy. As the authors themselves recognise, in criticising the call for import controls by the British Trades Union Congress and for an Alternative Economic Strategy, the interests of workers (North and South) do collide. Even were both sets of workers to be organised in workers' cooperatives they would remain in competition in almost any conceivable world trading system.

Although their critique of Brandt and other liberal development strategies seems to be accompanied by an unacknowledged chorus of 'Workers of the world unite', their concluding chapter of recommendations for a British development strategy is more practical. They call for the integration of development policy with overall economic policy—as in nationalisation, for example—the creation of a Ministry of Development with powers to formulate British policy in the IMF, unilateral nuclear disarmament, an end to British participation in the arms trade, funds to support international trades union cooperation, a partisan aid policy supporting progressive governments, a special fund to support women's initiatives, and greater use of non-governmental agencies in dispensing British aid.

It is a refreshingly realistic assessment of Britain's potential for helping the Third World. The question socialists have to face is: would it be less of a pipe-dream in Kinnock's Britain than it is in Thatcher's Britain?

STEPHEN MAXWELL

Scottish Education and Action for Development, Edinburgh

Environmental Health Engineering in the Tropics: an introductory text

S Cairncross and R G Feachem

Chichester, England: John Wiley. 1983. 283pp. £17.95. £6.95pb

In the Preface, the authors express the hope that 'this book will provide a useful introduction for those—whatever their specialist discipline—with the will and interest to confront the problems of environmental health in poor communities'. They recognise that the problems they discuss are of interest to specialists other than environmental health engineers and doctors and, indeed, that their solution is likely to be the product of interdisciplinary collaboration. The book is addressed, therefore, not only to students in the two major fields, but also, as the quotation indicates, to other interested parties. It is from the viewpoint of these other interested parties, particularly that of the social scientist, that this reviewer approaches his task.

The book is divided into four parts. The first deals with health and pollution and lays the foundations for the rest of the book. It consists of chapters devoted to a classification

and description of infectious diseases, to health and water chemistry, and to water quality. The second part discusses water supply. A chapter outlining aggregate provision, the operation and maintenance of water supply systems, the need for appropriate technology, the benefits of providing improved water supplies and the question of self-help in rural water supply, provides a basis for more detailed treatment of rural and urban water supply in the following chapters. These are more technical in nature and emphasise appropriate technology solutions to the problems of providing acceptable water, preventing pollution of supplies and distribution. Part III is devoted to the treatment, disposal and re-use of excreta and refuse. A brief general chapter leads into chapters on types of excreta disposal system, planning a sanitation programme, waste water treatment, refuse collection and disposal, composting and the health hazards of waste re-use. The fourth part is shorter than either the second or the third. The first chapter in it discusses engineering control of arthropod vectors, the second is concerned with dams and irrigation as factors in health, whilst the final chapter discusses schistosomiasis (bilharzia).

The appendices are devoted to the system of biological classification conventions, a very useful glossary, a checklist of water and excreta-related diseases, the life cycles of certain helminths infecting man, and Imperial and US equivalents of the metric units used in the book. A valuable feature of the book is the list of references and reading at the end of each chapter, but there is no bibliography.

The authors' concern is for the poor of the developing countries, and their approach to the subject clearly reflects this. They advocate incremental change through appropriate technology so as to make available to the poor, improvements in their environment and life-style that they can afford now and are within their technological grasp. The text is technically oriented and, whilst the authors recognise that the issues are broader, their discussion of the economic and social aspects is more perfunctory.

As befits an introductory text, the style is a model of clarity, the descriptions and explanations are simple and aided by line-drawings, diagrams and maps, and by a very liberal sprinkling of photographs. This makes the book a useful source for non-environmental engineers to refer to for descriptions of facilities that are often assumed in the social science literature. My students will be guided, for example, to the chapters on rural water supply, for its description of types of well and lifting gear, and on excreta disposal for its treatment of different kinds of latrine. Other social scientists will no doubt find other parts of the book of greater value.

Social scientists interested in Third World development and in raising the living standards of the poor will find this a useful book on an important subject that is often neglected in their literature. Others will judge the contribution it makes to the environmental engineering literature.

M B GLEAVE

University of Salford

The Management of Headquarters-Subsidiary Relationships in Multinational Corporations

Edited by Lars Otterbeck

Aldershot, England: Gower. 1981. 343pp. £15.00

This book presents the results of a symposium on the issue stated in its title. The symposium was held at the Institute of International Business at the Stockholm School of Economics in mid-1980. While the issue relates to some critical concerns of Third World countries in their dealings with multinational enterprises (MNEs), unfortunately the book does not offer much new evidence or many new views.

The management of multinational firms in terms of both internal decision-making and external relations with governments, competitors, and clients, is clearly an issue of relevance to managers and academic analysts alike. Looking at the links between a company's home office and foreign affiliates, especially in less-developed countries (LDCs), can expose many of the fundamental problems that plague host country-MNE relations. Macroeconomic studies of MNE activities and impacts on host countries need to be supplemented with microeconomic studies of individual companies, or groups of companies, as done here. While individual case studies may not provide the same weight of evidence as large-scale macroeconomic investigations, such studies do often provide a much better understanding of the motivating factors behind observed behaviour.

Six of the fifteen papers in this volume utilise data assembled by the Stockholm Institute specifically to investigate home office-subsidiary relations in six Swedish firms. These papers offer a useful number of insights into the operations of the firms studied, although almost all of their findings basically replicate those of John Stopford and Louis Wells (*Managing the Multinational Enterprise*, 1972) and Lawrence Franko (*The European Multinationals*, 1976), both of which utilised much larger groups of companies. Of these papers, the analysis by Lars Otterbeck of successes and failures in joint-ventures between the six MNEs and their local partners is most useful. Otterbeck presents a careful set of measures of characteristics, problems (and solutions) of the joint ventures and of wholly-owned affiliates of the same companies in both developed and less-developed countries. His use of relevant (simple) statistical measures, as well as brief case-presentations, in a clear analytical framework makes the most valuable use of available evidence. This is in contrast with most of the other papers, which primarily describe the survey findings rather than offering an analytical method.

The central problem in headquarters-subsidiary relations is that of appropriate decentralisation. Most MNEs change through several organisational forms (e.g., use of an international division; global product divisions; matrix structures; regional divisions), depending on internal and external conditions. Decisions on ownership of the subsidiary (whole or partial), use of profits (remittance or reinvestment), sources of personnel (home company or locally-hired), advertising policy (standardised or locally-determined), and other control variables are allocated to the subsidiary or the home office according to organisational and environmental factors, which change over time. Our understanding of these problems remains fairly limited, and studies such as several in the present volume are needed to illuminate appropriate decisions. (For example, the choice between wholly-owned subsidiary and joint-venture often is forced by an LDC government, which can require the MNE to accept a local partner in ownership. This policy, however, does *not* ensure more local control over the affiliate or more 'socially-responsible' decision-making by it, for a variety of reasons.)

Two of the most useful papers in the book explore the assignment of decision-making authority between the home office and foreign subsidiaries, and concomitant subsidiary performance. Martin Welge looked at six German firms in the chemicals industry, considering general company characteristics (e.g., size, ownership, and age) and their

correlations with headquarters-subsidiary relations and subsidiary performance. His finding that internal decentralisation tended to be associated with higher effectiveness of the affiliate adds a valuable piece of evidence to the puzzle of organisational design. Tadao Kagono surveyed 533 large Japanese firms (with 113 responses) to look at their internal structures and performance. Using different methods, but looking at similar issues, Kagono found that Japanese firms tended to perform better when their organisational designs were simpler. Also, he discovered that a firm's capacity to process information about its internal and external environments was central to its performance, so the proper organisational design is one which copes best with this load. Both of these studies add analytical and empirical knowledge to the literature.

Of the other papers, only that by David Blake is worth mentioning as an addition to our knowledge about MNEs. His study of public relations policies in MNEs takes a first step toward understanding the needs of firms in this area and toward designing appropriate company policies. Blake surveyed 159 US-based companies, with 30 responses. Broadly, he found that these MNEs are not heavily involved in international public affairs, though there were some differences in responses between firms that put this responsibility in the control of the subsidiary vs those that left it in the control of the parent. Two of the papers (by Negandhi and Baliga and Prahalad and Doz) were presented as parts of larger research projects, but the authors made little effort to make the individual papers self-sustaining—so their analyses were unclear and incomplete. The remaining papers did not present any empirical evidence, with the exception of that of Christopher Bartlett, who describes five cases of shifts in pharmaceutical company organisations.

In conclusion, the need is clear to gain a better understanding of how MNE parent firms do and should relate to their foreign affiliates. Regulators from less-developed countries may have the most to gain from such an understanding, which remains to be developed further.

ROBERT GROSSE

University of Miami

Ecological Aspects of Development in the Humid Tropics

Committee on Selected Biological Problems in the Humid Tropics
Washington DC: National Academy Press. 1982. 297pp. £13.25

In 1969 the National Academy of Sciences published *Resources and Man* which considered the effects on the global environment of man's increasing demand for resources, and the need for sound resource management without undue delay. In the volume now under review a similar approach is applied to a more geographically specific region, and practical recommendations are offered to aid-donors and developing country planners who face a basic dilemma—the implementation of development projects which will give short-term economic gain without affecting the long-term utilisation and ecological stability of a region.

In the first chapter, the difference between the economic and the ecological approach to development is discussed. It is suggested that since monetary value is inadequate as a measure of the true value of a functioning ecosystem, one of the most critical problems of development is 'knowing how and when to stop' (p 21). Priority should, therefore, be

given to research and to data collection at individual ecosystem level so that the impact of a development project in one region can be anticipated in another.

Chapter 2 defines and delimits the humid tropics and describes their bioclimates, vegetation, soils and ecosystem organisation. Maps, diagrams and a list of all the countries which include humid tropical bioclimatic zones provide a clear statement of the characteristics of the region. Ecological concepts mentioned in the text are explained more fully in boxes in this and subsequent chapters and these are a valuable aid to the non-specialist reader.

Chapters 3 to 7 are logically linked. Renewable natural resources are examined in chapter 3, which, with Appendix E, stresses the importance of, and gives practical information on, the conducting of baseline studies and surveys of organisms and ecosystems, while chapter 4 considers the vital importance of maintaining a broad gene pool as a basis for improving the genetic resource base through selective breeding.

Agriculture, which entails a rearrangement of natural ecosystems, is the subject of chapter 5. The central issue posed is the extent to which modification of the environment can proceed before the capacity for sustained productivity is lost. As the authors recognise, a great deal of future ecosystem disturbance is inevitable in the humid tropics because of projected population growth in the zone. Expansion of the farmed area and increasing demands for fuel-wood will have repercussions on forest areas, and in chapter 6 a range of forest management options from large-scale to small-holder is considered. Emphasis is given to the dangers of irreversibly causing soil loss and productivity decline through the conversion of large areas to grassland. Forest should be treated as 'a renewable natural resource instead of a potential timber "strip-mine"' (p 146). Where a decision has been made to convert forests to agricultural production, attention should be given to soil management measures which will permit sustained productivity of crops and pastures without soil degradation. Chapter 7 outlines research needs and planning priorities in this connection.

The final chapter stresses the need for an integrated approach to water resource use in the humid tropics, because every engineering action in a development project causes a host of environmental changes.

The text is supplemented by useful appendices which include an inventory of the main food plants of the humid tropics, and a comprehensive bibliography.

The book lives up to its aims of providing a statement of contemporary resource and environment issues together with 'design aids' to assist resource planners and managers. It clearly demonstrates the perils of ignoring ecological constraints in a diverse zone whose ecology is imperfectly understood.

CLIVE SOWDEN

Newcastle-upon-Tyne Polytechnic

Women and Poverty in the Third World

Edited by Mayra Buvinic, Margaret Lycette and William Paul McGreevey

London: Johns Hopkins University Press. 1983. 329pp. £25.00

This is a volume of essays aimed unambiguously at policymakers, planners and researchers on development. The message is clear—more and better data on issues related to women in the Third World are desperately needed. Again and again the

authors come up against the lack of reliable data with which to test their hypotheses concerning such things as women's real and relative poverty, women's work, women's contribution to the household economy, the number and condition of female-headed households, and demographic issues such as family planning and nutrition. Until these omissions and distortions in national and international statistics are corrected it will be impossible to resolve the debates central to the issue of women's role in the development process.

A number of excellent overviews of these debates give this collection its special character. In addition, its organisation and focus reflect its clear commitment to the formation of development policy. The two best articles form the basis for the subsequent discussion. The first is an analysis of women, poverty and development by Nancy Birdsall and William McGreevey. The second is a description of the policy issues current in the whole international discussion of women and development by Mayra Buvinic: its historical development, present trends and policy suggestions for the future.

There then follow sections on Women and Work, Women and Welfare, Women and Alternative Household Structures and Measurements of Women's Work and Welfare (14 chapters in all). Some of the articles are reviews of particular topics. Two that deserve mention are Nadia Youssef and Carol Hetler's chapter 'Establishing the Economic Condition of Women-Headed Households in the Third World' and Eva Mueller's 'Measuring Women's Poverty in Developing Countries'.

The rest of the chapters are case studies, some more illuminating than others. Certainly there are occasions where the weight of statistical analysis does not seem to be balanced by a proportionate quantity of original or revealing conclusions (*cf.* the J DaVanza *et al.* article on child care and women's market activity or M Selowsky on women's access to schooling).

Several of them however yield interesting insights into specific problems, such as J Harrington's article on lactation and nutrition in which she warns us that urging Third World women to breast feed for long periods can have deleterious nutritional effects in contexts where families are large and women have important work-roles in the market place. Similarly T Merrick's *et al.* examination of female-headed households among the urban poor of Brazil and Patricia Engle's *et al.* description of the effects of supplementary nutrition on children's IQ scores in Guatemala are worthwhile for their rich descriptive data as well as their interesting conclusions.

NICI NELSON

Goldsmiths' College, University of London

The Challenge of Development in the Eighties: our response

Edited by Anthony Jennings and Thomas G Weiss

Oxford: Pergamon Press. 1982. 123pp. £7.95

This book constitutes a collection of essays, the majority of which were first presented at a colloquium on 'Britain and the Third Development Decade' organised by the Commission for International Justice and Peace (CIJP), held at Westminster in March 1980. The essays are penned by contributors drawn from among the ranks of government, trade unions, academia, and the church. Despite their analytical variations, they succeed in conveying a well-meaning, spirited, and united concern for an

issue that is of profound importance to modern Britain and, indeed, the world. Although the *raison d'être* that inspired this book is posed by the editors in somewhat liberal, if not over-simplified, terms, the book merges successfully the varied and suggestive responses of the contributors to the challenges and practical demands that the task of halting world poverty and an even greater divide between the North-South continuum, will present to the developed industrialised world throughout the next decade.

As a generalised account of the range of development problems in the 1980s, the book's main focus is the structural feature in the modern world of the 2,000 million or so destitute and poor marginalised peoples, whose predicament, if subjected to further neglect and ambivalence, cannot but result in serious consequences for them, as well as for the industrialised world. The urgent amelioration of this condition is only possible by the instituting of positive development (aid) programmes emanating from the industrialised centre. This urgent need of the present however, reflects a shameful indictment against the governments of the Western world in the past.

For example, judging from the performance of the governments of the Western world over the past two decades *vis-à-vis* the poor and developing world, the governments of the more successful developed nations have been donors of the least beneficial aid programmes to the poor countries. Whereas countries like Denmark, Sweden, Norway, and the Netherlands, for example, were able to attain a target of 0.7 per cent per annum of GDP over the last two decades for the purposes of aid to poor countries, the US, UK, West Germany, and Japan, on average, managed only 0.3 per cent of GDP.¹ The performance of the socialist countries, we are told, taken as a whole, 'has been particularly disappointing'. There have been disappointing failures also in the areas of trade expansion and infrastructural developments within poor countries based on the free-enterprise system as a means of creating wealth; and the debates about world economic development as conducted in the West are normally couched in Eurocentric terms.

Perhaps the most irritating shortcoming of the analyses presented in this book is the neglect of any discussion about the ideology of aid from the point of view of Western governments, against a background view of the structural limitations of Western national capitals to consider extended supplies of aid as a priority in their surplus-allocation programmes, especially when caught in the grip of severe competition or crisis, both nationally and internationally. The contributions of Richard Jolly (ch. 1) and Thomas G. Weiss (ch. 2) are the closest we get to this, as they explain and evaluate the historical importance of the strategies that have emerged in the last 20 years, and the circumstances in which poor countries have begun to try and influence the developmental policies of governments within the industrial nations during the 1980s. The absence

¹ These figures, nevertheless, are not representative of 'success stories'. The World Bank's *World Development Report 1983* suggests that official development assistance (ODA) is unlikely at present to rise above the present average of 0.35 per cent of the GDP of rich countries. But this is still nowhere near the fashionable target of 1 per cent of GNP that was originally produced by the World Council of Churches and subsequently adopted by the UN and UNCTAD at the end of the 1960s. Even McNamara (as recently as 1977) admitted that 'Concessional aid from OECD has not been increasing in real terms. The final figures for 1976 reveal that (sic) (ODA) was 6 per cent below the estimates made a year ago . . . ODA as a percentage of GNP has fallen from 0.42 in 1966 to 0.33 in 1976. The 1976 ratio is . . . less than one-half of the 7 per cent goal accepted by the UN General Assembly in 1970'. R S McNamara, *Address to the Board of Governors*, Washington DC: World Bank, 1977.

of this theoretical focus from the contributions to this book suggests a strongly entrenched belief among the contributors that aid is a form of disinterested munificence. Nowhere was I able to find systematic suggestions of a rebuttal to my suspicions, and the book therefore stands and falls on its ignorance of the international political significance of aid.

The contributors' recommended measures for 'action', apart from betraying the need for detailed examination of particular cases before concrete recommendations can be made, is couched in terms of encouraging Western governments to think and act on the basis of enlightened self-interest and spiritual enlightenment, which brings to mind the persuasively argued but now infamous recommendations of the Pearson Committee.² Credit must be given however, for the awareness that economic catastrophe is now a real possibility if no policy changes *vis-à-vis* the Third World are made, and that the current crisis has become a matter of survival for us all. The measures recommended in this book would significantly restructure the relationship between the North and South, although not immediately. The big question is whether they will ever be implemented by the nations of the advanced world.

On this question I remain somewhat pessimistic, but the essays in this book tell us in a tone of conviction and urgency, why optimism should not remain elusive. The editors' final words are important: 'Even if mutual survival is not at stake in the next ten years, the needless deaths of innocent people that occur daily are a condemnation of society, undermining the very basis upon which it is built and destroying the vision of what humankind is ultimately about. A variety of responses to the challenges of development in the 1980s are not only possible but also are necessary. The only unacceptable responses are self-satisfaction and inaction'.

Despite my mixed reactions to this well-produced book, my reading and deliberation of it was enjoyable, if only because it is written in easily understood terms. It will strike a chord among members of legislative bodies whose task it will be to implement the International Development Strategy of the 1980s. Finally, the CIJP's efforts to foster a continuing dialogue about development in the 1980s from the proceeds of this book, deserves praise.

EVERTON A PRYCE

University of Essex

Third Cinema in the Third World: the aesthetics of liberation

Teshome H Gabriel

Ann Arbor, Michigan: UMI Research Press. 1982. 147pp. £27.75

The most one expected from the first book in English on Third World films was an overview map cursorily unifying Solanas and Getino's seminal essay 'Toward a Third Cinema' and ideas from diverse, fugitive articles, reviews and interviews from the last twenty years. Teshome Gabriel, an Ethiopian film professor at UCLA, has done this and much more.

A mercifully brief discussion of neo-Marxist concepts of ideology in cinema finds major points of identification with Third World film orientations on class, religion and

² L B Pearson, *Partners in Development*, London: Pall Mall, 1969.

sexual ideology. But Gabriel, using Fanon and Cabral as supports, then decisively, and I think correctly, isolates significant determinants of Third Cinema ideology in a Fanonian attitude towards violence, the replacement of the proletarian worker by the peasant as principal agents of the drama of revolution, a crucial shift from the individual to the group as protagonist and focus, and a renewed emphasis on the significance of culture. For culture remains an area where even ideological allies can easily mistake each other's meaning.

Gabriel's clarifications of the sources of film meaning go beyond his theoretical interjections. He also carries the discussion of Third World film styles and aesthetics past the usual generalities and slogans into concretely illustrated interpretations of individual films and cultural stylistic orientations, often set in graphic juxtapositions. These probings are responsible for a range of insights into singularities of pivotal films from Cuba, Senegal, China, Chile, Ethiopia, Argentina, Bolivia, South Africa and other national cinemas. They interact with each other to offer a cumulative corroboration of the theories proposed. They also advance the understanding of films from cultures other than one's own.

Through Gabriel's perspective, we can see Third World cinema not as under-developed but as a fresh beginning, possibly even for world cinema. It is in his view, a cinema of intervention, into the quandaries of Third World societies, and into the captivity of mass audiences by the entertainment of alienation.

The committed screen of the Third World is the best hope yet that cinema can be used for humanity, not against it, after a century of misguidance.

This monograph is far from exhaustive. Gabriel will himself want to revise his characterisation of Chinese cinema (and perhaps of Third Cinema as well) once he sees the films reintroduced to the West by the British Film Institute in 1980. But he does more than clear the bush; he lays a foundation.

Once its preposterous price is reduced (I hope, through a paperback edition) the arguments of this book may well help to rearrange the criticism and interpretations of liberationist cinema prevalent in the world today.

CLYDE TAYLOR

Tufts University, Medford, Massachusetts

Modernisation and Revolution

Bill Brugger and Kate Hannan

London: Croom Helm. 1983. 60pp. £5.95pb

Modernisation and Revolution is essentially an extended review article in which the joint authors seek to discuss and to evaluate the principal trends in the development of a literature on revolution and modernisation since 1945. They confront, to begin with, the problem of definition. There are four ways of defining modernisation (ethnocentric, multilinear, objective idealist and technological determinist) and three of defining revolution (cultural, political-economic and narrowly political), though, as they stress, these categories are not mutually exclusive.

Leaving aside the ethnocentric view of modernisation, which, though traditional, has

by definition relatively slight explanatory power, they devote their attention in the first instance to the multilinear view, under which they group not only Marx and Engels themselves, but also their derivatives, Wittfogel, Barrington Moore and Konrad and Szelenyi. Each has in turn been welcomed by social theorists and no less strongly attacked by historians. Among the 'objective idealists' we find not only Hegel, Saint-Simon and Comte (as we might expect) but also the Social Darwinists, the anarchists, Pitrim Sorokin and W F Wertheim, whose self-confessed idealism they see as 'extremely stimulating' (p 28). 'Technological determinism', as argued by Burnham, Chalmers Johnson and Alvin Gouldner, they dismiss on the whole as flawed and unconvincing. 'There is also probably little disagreement that some kind of revolution in the political economy sense of the word is necessary to modernisation', they conclude (p 36). The key question is, must it be a violent one? It seems that it must, as they alternatively accept (with Moore) that 'there has been no major society in East nor West which has not undergone a violent revolution in the course of its modernisation', or (with Wertheim) 'that the violent overthrow of regimes is not absolutely necessary to every modernisation process but is so likely as to make the question rather ridiculous' (p 37).

For those of us who believe that the process of political modernisation, if indeed it has any meaning at all, consists precisely of arriving at a society in which violence is *not* used to settle political/economic disputes, this conclusion is hardly encouraging. Part of the problem, I would suggest, stems not from the categories of modernisation employed, but from the categories of revolution. The authors, who do not appear to be familiar with the history of the concept of revolution fail in consequence to tackle at the outset the implications of the root meaning of the term. By defining a category of the 'narrowly political', therefore, they exclude the overlapping area of the 'broadly political', which underlies all the possible ways in which the violent overthrow of rulers, governments and regimes contributes to the alteration of the socioeconomic structure—or otherwise. They do, however, as few other writers do, recognise clearly that behind Moore's blithe belief that in the major revolutions 'in each case the violent overthrow of the *ancien régime* involved less human suffering than (sic) the regime it replaced' (p 37), lies not only an unqualified felicific calculus but also a suspect theory of 'exactly what constitutes human suffering'. It is by no means an unreasonable argument for absolute social immobility to point out that any political action which is known in advance to be bound to cause suffering to fellow human beings can only be morally justified if it is certain that these consequences will be better than the conditions which would otherwise prevail. In the nature of social life, this can never be the case, and the arguments for actions of this kind, therefore, must needs rest on much less confident foundations. When it comes to revolution, it is not at all certain that morality is on anyone's side!

In the second part of the monograph, the authors seek to extend the discussion to the contemporary problems of the Third World. Diffusionism and dependency theory they see as a mirror-image, but the uncertainties of social science do not, they argue, excuse the social scientist from seeking to understand, and, if necessary, to advise upon, the processes he observes. The reformist reaction against dependency theory, therefore, is futile. The social scientist who has to deal with the problems of modernisation has explicitly to confront the issue of revolution. Is it necessary or is it not? If it is, how does it work? What are the links between political violence and economic modernisation? How reliable are they? These are but a few of the important questions raised by this useful

little monograph, and it is to be hoped that the authors will now themselves apply their own talents to their further exploration.

PETER CALVERT

University of Southampton

Materials for Learning: how to teach adults at a distance

Janet Jenkins

London: Routledge and Kegan Paul. 1981. 209pp. £7.95

In the beginning (1840), there was Isaac Pitman and the new postal service. Jointly, they provided accountancy courses during a historic period of British development. Pitman's Institute, its educational methods and its technology have been widely copied and remain an important means for the dissemination of ideas and skills (particularly those to do with commerce) throughout the world. The advent of radio brought a second generation of 'distance education', used notably to promote new agricultural methods to widely separated farming households. In the last twenty years television has begun to be used as a part of formal education, contributing most obviously to higher level education through 'universities of the air', such as Britain's Open University. In each case these technologies allowed a few teachers to reach large numbers of scattered students at low cost.

Janet Jenkins has set out in this book to condense some of the lessons of these three generations of distance teaching in order to construct a 'how to do it' manual. The book shows how to create the materials (books, radio and films) for basic, non-formal teaching of adults. It has chapters on 'planning for distance teaching', choosing between alternative media, 'writing simply', 'using pictures', making TV and radio programmes, and so on. The author has drawn widely on the experience of teaching in many countries. The work of Paulo Freire (summarised as: 'if the subject matter is related to experience . . . learning is more likely' p 26) is inevitably described, but many other successful examples of literacy programmes, agricultural extension work, and health and nutrition are drawn upon.

I think this is a useful book. Janet Jenkins has summarised many 'do's' and 'don'ts' of distance teaching. I enjoyed, for example, one educative anecdote about a Kenyan animated cartoon. The cartoon showed a star issuing from the mouth of a satisfied gourmet, provoking questions from the audience: 'Is he spitting something out?' From which we learn that symbols easily understood and therefore convenient shorthand in one culture may leave students bemused in another.

My dissatisfactions with the book amount to the usual reviewer's request for another book altogether. I want more on the social organisation of distance teaching, less on its artefacts. On this Janet Jenkins comments, ' . . . it is likely to be relatively easy to prepare distance learning materials well, compared to the problems in working out the way they are to be used' (p 173). For basic education, I think that is correct.

More substantially, there are two related and commonly-held assumptions which run through this book: that educational methods can be separated from content and that education is apolitical. Neither assumption is universally true. It is assumed that education is a process by which unproblematic skills are passed on without controversy to passive recipients. It can be argued that the greatest successes of distance teaching

have arisen where the reverse is the case: where controversial skills and ideas have been communicated to assist their recipient's struggles for a better life.

BEN CROW

The Open University, Milton Keynes, England

The Egypt of Nasser and Sadat

John Waterbury

London: Princeton University Press. 1983. 475pp. £38.70. £10.90pb

This book presents a masterly and comprehensive analysis of the political economy of Egypt under the regimes of Nasser and Sadat.

The book has five underlying themes, each elaborated upon in a part dealing with it.

In Part 1, the author attempts to couch the Egyptian case within a framework built around issues of relevance to developing countries. These issues relate to two main points of contention: the degree to which a regime and its state apparatus can rebuild class alignments at the expense of divorcing itself from domestic class interests and the degree to which the regime is the captive (willingly or unwillingly) of Northern economic and geopolitical interests. There follows an extensive discussion of these two questions within standard theories: dependent development, two-gap models, etc. With respect to the use of the concept of *dependencia* in the analysis of developing countries, any conclusions are bound to be debatable. On the other hand, the analysis of the demographic reality and class alignments can be more concretely substantiated, as indeed it is, and is most relevant for understanding the issues raised in the rest of the book.

Part 2 directs itself to the state apparatus used by Egypt's leaders to remake its economic character. Embodied in this process is the act of the state assuming full responsibility for allocating resources and taking over ownership and supervision of the means of production. This part provides an excellent and perceptive analysis of Egypt's economic policies from the emergence of the public sector during the Nasser era to Sadat's 'open door' policy (*infitah*). It is rich in detail which hitherto would not have been available to Western readers. The author has no doubt succeeded in making it possible for the uninitiated in the ways of Egyptian politics and economic decision-making to form a clear picture of what was happening from 1952 to the end of the Sadat regime. The many tables compiled from published and unpublished statistics must also be commended.

Changes in the economic structure, through growth, stagnation or reallocation and redistribution, create new interests, affect the old and bring about new class alignments.

Part 3 focuses on the problems associated with these processes. It provides a fascinating, factual and comprehensive overview of the social equity and income distribution problems of Egypt, the overextended educational system and the importance of land tenure and the rural class. Again, Professor Waterbury demonstrates a depth of knowledge and analytical insight into Egypt's problems that is quite exceptional.

Part 4 deals with Egypt's politics of containment. As in other countries, government control of the economy induces regimes to establish political arrangements supportive of containing those who would be shouldering the price of economic growth or

stagnation. In this respect, both Nasser and Sadat subordinated politics to economics and propagated an illusion of political participation, while imposing the reality of economic docility. This part admirably covers the rise and part played by the Arab Socialist Union as well as the various instruments of control used by the two regimes.

Part 5 deals with the role played by foreign actors in influencing the policy-making process. This includes the role of the superpowers, the IMF, IBRD and the Arab oil-producing countries. The dynamics of Egypt's relations with these actors is very informative and sheds particular light on some of Egypt's current enormous economic problems.

This is a scholarly work of high merit. It fills many voids in the factual knowledge of what happened in Egypt in the 1960s and is particularly rich in insights on the post-Nasser period.

The Egypt of Nasser and Sadat should be required reading for all those interested in this strategically crucial country, including Egyptian economists, politicians and concerned citizens in general. They stand to learn a lot from the events of this period.

M A LOUTFI

UNCTAD, Geneva

Foreign Trade and Economic Controls in Development: the case of united Pakistan

Nurul Islam

New Haven, Connecticut: Yale University Press. 1982. 271pp. £22.75

Nurul Islam's study of foreign trade and economic controls in Pakistan covers roughly two decades from Independence to the period before the creation of Bangladesh in 1971. The book is divided into three parts. Part 1 deals with an overview of growth and planning in Pakistan during this period. Although this brief exposition might be of interest to those who are unfamiliar with conditions in Pakistan, it is not particularly well integrated with the main part of the book, and the reader might be excused for wondering what it was all about at the end of Part 1. However, there are sufficient references to relevant conditions in Pakistan in Part 2 to make the main portions of the book reasonably self-contained.

Part 2 provides a very lucid description of the evolution of the system of direct controls inherited from the British at Independence. Nurul Islam guides the reader through changes in the exchange control mechanisms at different points in the country's history and describes the emergence of quantitative restrictions. Similar exercises are carried out for the main form of import controls; commercial and industrial licensing and import tariffs; and, the regulation and promotion of exports. The book carries a very interesting account of the intricacies of the 'Export Bonus Scheme', which, in effect, amounted to a multiple exchange rate system. Direct domestic controls, including investment licensing as well as the control of production, prices and distribution, are also discussed, although in somewhat less detail than trade and exchange controls. The justifications for this elaborate machinery of controls are described by Islam early in Part 2, and these are: (i) to counter the initial unequal distribution of assets and income across households and regions; (ii) to perform short-term price adjustment in periods of shortages; and (iii) to correct for divergences between private and social costs and benefits. However, according to Islam, the controls were introduced in an *ad hoc*

fashion, and once introduced, not only remained in force long after the cause had been forgotten, but led to a proliferation of controls in other sectors. Attempts to liberalise the control system in the early 1960s coincided with a brief period of growth, an easy balance-of-payments situation and the inflow of foreign assistance. The Indo-Pakistan war in 1965, successive harvest failures, and a drop in foreign aid led to a reintroduction and strengthening of the system of controls.

Part 3 examines some of the consequences of controls in a wide range of fields. Here Islam is on rather tricky ground, as most of the issues considered are contentious and this part is really a partial literature review. Given that much of the book is a review of secondary sources, the absence of a complete list of references is a considerable disadvantage. The analysis in part 3 shares some of the problems of research in Pakistan in the areas of allocational efficiency; factor intensity and productivity; savings, investment and income distribution, and regional development—that is, poor data and inadequate analysis. Although Nurul Islam recognises that domestic resources cost (DRC) analyses of interindustrial disparities should be based on appropriate shadow prices of domestic inputs and marginal world prices, and that a reduction in DRC differences may not necessarily improve allocational efficiency, he uses such estimates of DRCs as evidence of a misallocation of resources. In arguing that capital intensity in Pakistan industries is too high, Islam uses the results of a suspect study which showed that capital intensity in Pakistan industry was greater than in Japan, and greater than or equal to that in the United States! Similarly, Islam evaluates the effects of controls on intersectoral and inter-regional resource transfers on the evidence of some very crude analyses. His conclusion is that the system of controls led to greater sectoral, regional and household inequality, and an 'inefficient' allocation of resources—precisely the opposite of what the controls were intended to achieve. Although the conclusions may well be correct, they are based on some questionable secondary sources. The question that still needs to be asked is whether things would have been any better in the absence of direct controls: would businessmen have invested more in East Pakistan and backward areas of West Pakistan? Would the urban and rural poor have been better-off without distribution controls? Would the pattern of industrialisation have been any more 'efficient'? These are difficult 'as if' questions that need proper research. Perhaps the most important omission in Nurul Islam's book is a full consideration of alternative government policies, although there is a passing reference to domestic tax and subsidy policy. Given that Nurul Islam has been a member of a previous Taxation Commission of Pakistan, this is an area in which he should have had some valuable insights. The analysis should have been in terms of what happens to government revenue and who gains and loses under different control and tax policy regimes.

EH TISHAM AHMAD

University of Warwick

Who Shall Succeed? Agricultural Development and Social Inequality on a Philippine Frontier

James F Eder

Cambridge: CUP. 1982. 264pp. £20.00

Development D  b  cle: the World Bank in the Philippines

Walden Bello, David Kinley and Elaine Elinson

San Francisco: Institute for Food Development Policy and Philippine Solidarity Network. 1982. 256pp. \$6.95pb

These two books attempt to assess the consequences of Philippine development. They were written from extreme polar positions. *Development D  b  cle* views Philippine development efforts from a neo-Marxist, global perspective, with a time dimension that is largely confined to the period since the imposition of martial law in 1972. *Who Shall Succeed?* looks at Philippine development by utilising 'modernisation' theory in its 1950s form, a micro-level territorial scope, with a time-spread from the 1930s to the 1970s. Normally, a reader would gain much from the synergistic effects generated by such contrasting views of reality. Unfortunately such is not the case with these two studies of Philippine development. The trouble lies largely with the Eder book.

Who Shall Succeed? is a study of a small *barrio* (near a municipal city) that had been a frontier settlement site during the 1930s-1950s. Eder attempts to account for individual economic success and failure among the immigrants, with most of the book based on detailed studies of four who were conspicuously successful and four who were failures. He is a good anthropologist in this, making effective use of participant observation, a battery of statistical tools, a wealth of (often trivial) data, various sociometric charts, etc. Where he fails is at the level of theory, the dangers of reductionism, and the lack of openness about his values.

Eder built his book on research guided by the development concepts of the post-World War II era: 'modernisation' theory. He does not, however, make this explicit, so that he escapes having to deal with the considerable critical literature that set of concepts gathered. This atheoretical stance permits him to assume as unproblematic the capitalist transformation of agrarian societies, largely to blame the victims (frequently using terms like 'lazy', 'drinks too much', etc.), and to take an almost worshipful view of individualistic economic avarice. Secondly, Eder takes reductionism to an absurd extreme. His model for a social science of development would necessitate studying every *barrio* in the Third World, and every individual in each since 'individual attributes' determine success and failure.

Eder's attachment to an individualistic, frontiersman ethic seems to cause him to play down vitally important features of *barrio* development. He notes that *only* 23 per cent own no land (p 10) but does not analyse trends. He notes the extremely dramatic rise in the price of land by 1970, and that half the land is owned by absentee landlords, but refuses to discuss the matter since the owners live outside the *barrio*. He notes the rise of a new form of human exploitation in fish-gathering but does not include it in his analysis. And, most importantly, he buries any mention of martial law in one brief footnote (even though he returned for a year of further fieldwork during the middle of the martial law era), and with it any recognition that the central government (in a political system that is highly centralised) might play a role in development, the one task the Marcos regime attempted to push during the 1970s.

The larger portion of the fieldwork for the book was done before martial law and before the dramatic shift in development paradigms. Eder seems to recognise this: he pulls in 'Marxist' theory in a 'dependency' form (based on one 1974 book) in the final few pages to explain status differentiation but limits it to *intra-barrio* variables, an odd

twist. This attempt to rescue his work from the datedness I have described fails completely. Nonetheless, *Who Shall Succeed?* has its interesting chapters depicting the rich tapestry of *barrio* life on the frontier.

The authors of *Development D  b  cle* have written an impressive book, carefully crafted, solidly documented, theoretically sophisticated, and open about its value commitments. The authors (in addition to the three listed, Vincent Bielski, David O'Connor and Robin Broad each contributed to one or more chapters) have, except for one, had extensive research experience in the Philippines, and all have had deep involvement with the theoretical and empirical problems of development. They were able to acquire, through the help of allies in the World Bank, some 6,000 pages of primary Bank documents covering a time period during which the Bank played the central role in planning Philippine development policies. These documents gave the authors an insight into Bank plans, how the Bank negotiated with responsive Philippine officials for their implementation, how the Bank moved in force only after Marcos had created the authoritarian political setting within which it could operate without public criticism, and how the Bank responded to increasing signs that its development strategies were failing, signs that were clear by the end of the 1970s.

Substantively, *Development D  b  cle* examines the Bank's development policies for the Philippine countryside and for Manila. Rural development schemes, consistently sold by the Bank as designed to help small farmers, have, by the Bank's own studies, left the great majority of peasants eating less than before its programmes were begun. As the Bello team concludes: 'If there is a phrase that captures the essence of this process wracking the Philippine countryside, it is "growth with immiserisation"' (p 97).

Similarly, the Bank's urban policies, again advanced to 'help the poor', have failed. Programmes to provide better housing for slum dwellers are pushing increasing numbers out of centrally-located sites as these are forced ever closer to market values, and thus to rents that the great majority cannot afford. Export-oriented industrialisation, another Bank urban development programme, has done little to relieve unemployment and has contributed strong pressures on the regime to repress labour to keep it 'competitive'.

Finally, the Bank's relentless drive to 'open' the Philippines—i.e., to destroy any remaining semblance of tariff protection for local entrepreneurs—has had heavy costs. Its determination to force Filipino manufacturers to become competitive globally or go bankrupt contributed to plant closings in the early 1980s and involved the Bank ever more deeply in internal Philippine politics. Since the Bank is not subject to any political controls, this means continued support for authoritarian decision-making in the Philippines.

Despite the 'top-down' view of development underlying *Development D  b  cle*, Walden *et al.* have not ignored the local forces involved in the development process in the Philippines, and certainly not the consequences to Filipinos from policies generated by an elite group in Washington allied to a narrow class of private and public Filipino entrepreneurs who treat the Philippines as if it were a rural, frontier *barrio*.

ROBERT B STAUFFER

University of Hawaii

Israel in Lebanon: the report of the international commission to enquire into reported violations of international law by Israel during its invasion of Lebanon

The International Commission

London: Ithaca Press. 1983. 282pp. £4.50pb

This report by an International Commission of jurists and scholars headed by Sean MacBride considers whether Israel was guilty of crimes under international law in its invasion of Lebanon. It also implicitly raises two more general kinds of questions. The first are legal, political and ethical. Certain frameworks and conventions define crimes against peace, war crimes, and crimes against humanity. Yet what sanctions can be imposed, and by what body deriving its authority from what sources when states break such laws? Can reference in international agreements since the 1899 Hague Convention II to 'the usages established between civilised nations . . . the laws of humanity, and the requirements of the public conscience' be anything more than pious rhetoric?

The second kind of question is implicit in statements such as the following:

We know what is a city. A city is houses. The house you take, you put here fire, you take it from the left, you take it from the right. We know about it. I didn't realise the problem of citizens living there and stuck in the middle of the fire (Israeli soldier on the taking of Sidon.)

We were shooting and shooting and suddenly these two old men popped up 20 yards away with a crate of Pepsi-Cola. They told us they were bringing us drinks. Had they been 200 metres away, they would have been targets . . . At what distance does a human being become a target? Is it a question of distance? (Israeli soldier after the battle for Ain el-Hilweh refugee camp.)

One can respond to both kinds of interrogations by saying that the usage of civilised nations is a bad dream, and that a human being is a target whenever the person with the gun says he or she is so. Or one can continue to assert the importance of the rule of law, however often defied, in the belief that world opinion or that of its own citizens may eventually call the agencies of a particular state to account.

One can inquire, take evidence, record, document. And one can judge, or at least furnish material on the basis of which others may make their own judgement.

The Commission has attempted to do this, and though its findings are based on evidence restricted by the Israeli government's advice to its citizens not to testify they are nonetheless all too persuasive. They show that the invasion was an unjustifiable act of aggression. They demonstrate the almost total disregard for civilian life by a government having at its disposal one of the world's most highly sophisticated military machines. They detail the characteristics and use of fragmentation and cluster bombs, and of phosphorus. The first turns the insides of the body to porridge, contributing to the extraordinarily high ratio of dead to wounded of 1:1 (rather than the more 'normal' 1:4). The second leaves lungs exhaling smoke and human tissues too hot to touch.

We are reminded of the destruction by bombardment by air, sea and land of large areas of the cities of Tyre, Sidon and Beirut with their predominantly civilian populations, and of the systematic razing of refugee camps. The Commission's conclusions point to the systematic and deliberate terrorisation of civilians, the inhumane treatment of prisoners, and a brutality that has made many Israelis for the first time question the 'purity of arms' doctrine and the nature of their own society.

Above all, the Commission soberly demonstrates what may happen when a state holds that another people are not a people and have neither identity, nor homeland, nor

finally humanity. That state degrades itself and its citizens no less than it violates the fundamental rights of others.

MICHAEL GILSENAN

University College London

Islam and the Politics of Meaning in Palestinian Nationalism

Nels Johnson

London: Kegan Paul International. 1982. 111pp. £9.95

In this pithy and extended essay, Johnson draws on the disciplinary postulates of a particular school of social anthropology to convey the roles which an Islamic symbol complex played in the Palestinian nationalist movement at different historical junctures in its development; additionally, he tries to show the socioeconomic factors or groups which might explain these different roles. The author assumes, correctly of course, that Islam played an important role in the formation of Palestinian nationalism. After all, probably eighty-five per cent of Palestinian Arabs are Muslims and have been influenced by Islamic norms, history and sensibility and have taken part in the overall struggle of the Islamic people in transforming their societies. It was inevitable for Palestinian Arabs as Muslims to draw upon Islamic norms, history and symbolism in forming their ideological and operational expression to British imperialism and its Zionist instrument in Palestine as the Mandate was imposed upon the country. But stating this in no way denies the presence of other symbol complexes or ideological tendencies that informed Palestinian nationalism. For as Palestine was subjected to different types of socioeconomic pressures, and as it underwent social and economic transformations, more secular issues and formulations became more clearly apparent. The author is quite alert to the multiplicity of elements in the formation of Palestinian nationalism but directs his scholarly attention primarily to the Islamic component.

Johnson demonstrates the complex roles of Islam in the politics of Palestinian nationalism by carefully analysing the leadership of the Palestinians and its politics during the first period of the Mandate up to 1935 when it was dominated by the highly fractious Notables whose politics revolved around the Supreme Muslim Council with its leader Hajj Amin al-Husayni and the opposition led by the Nashashibi; by analysing the basis—ideological and structural—of the revolt of Shaykh al-Qassam and his principally peasant supporters; and finally by analysing the politics of the Palestine Revolution led by Fatah. For each, Johnson deals with the rhetoric of the movement, the political programme and the type of socioeconomic class that either pushed for those programmes or as they were affected by them. It is clear from the analysis that Islamic symbolisms played a more conspicuous role in the Mandate period in that the Notables were able to maintain their control of the lower classes by appealing to Islam, whereas Shaykh al-Qassam utilised different and more radical expressions of Islam to mobilise the peasantry for militant action that threatened both the hegemony of the Notables as well as the actual control of British imperialism. Islamic symbolism plays a less conspicuous role in the politics of the Palestine Revolution in its post-1965 phase.

Basically, Johnson is correct in his assessments although there are some difficulties with his interpretation that arise from his excessive dependence on selected source material. He is aware that a great deal of the historical and political literature that deals

with the Palestinian movement stems from external and often not rigorous observers (although we are getting better material as time goes on). I think that it is important to test the hypothesis that the hegemony of the so-called Notables was being challenged by multiple sources, one of which was Shaykh al-Qassam. For in the late 1920s and after, the rise of a labour movement, the development of an incipient elite made up of professionals drawn from the middle class that has no affiliation with the Notables, the rise of the communist movement and the commercial bourgeoisie with its power in the cities contributed to the weakening power if not influence of the Notables; the political expression of these groups was clearly more secular in tone and less traditional in style. It is this structural transformation that helps to explain in part the assumption of an entirely different type of leadership with a different type of symbol complexes in the period following the dismemberment of Palestine. I would venture to suggest that that leadership would have assumed power had the Palestinians remained on their soil after 1948. Our sympathy for the revisionist observers of the Palestinian scene—Kayyali, Hirst and Kanafani—who accept the Fanonian and Maoist suggestion of the revolutionary thrust of the peasantry, should not lead us to minimise the role of the urban population in combating imperialism and Zionism in Palestine. After all, the first use of British air raids was not against the rural population but against the old quarter of the city of Jaffa (in the name of urban removal) and most major uprisings were initiated in the cities of Palestine. An analysis of the urban basis of the revolt might reveal a less crucial role for Islam than is assumed. Be that as it may, Johnson has made an important analytical contribution to the study of Palestinian nationalism, its basis and its rhetorical expression.

IBRAHIM ABU-LUGHOD

Northwestern University, Evanston, Illinois

Long-distance Water Transfer: a Chinese case study and international experiences

Edited by Asit K Biswas, Zuo Dakang, James E Nickum and Liu Changming
 Dublin: Tycooly International. 1983. 417pp. £42.00. £24.50pb

Long-Distance Water Transfer considers large-scale mass transfer from water-surplus to water-deficit regions in order to further the economic development of the latter through agricultural and industrial improvements. In 1980 the Chinese Academy of Sciences and the United Nations University co-sponsored an investigative tour by Chinese and foreign experts, followed by a Symposium in Beijing focusing on: a) the necessity for China to make a large-scale south-to-north water transfer, and b) the likely impacts of such a transfer. The book is largely based on that seminar, and deals with a topic which has been controversial for the last two decades—not least because technological advances have allowed increasingly large transfers to be made, transfers which can generate considerable social and environmental impacts.

The first part of the book (chapters 1 to 5) attempts to outline the general considerations for long-distance water transfer projects and experiences gained from projects (and proposals for projects) already undertaken in various parts of the world, including Egypt, Japan and Texas. The second part of the book (chapters 6 to 29) examines the Chinese proposals for south-to-north river diversion, which, if carried out, will be one of the largest water projects ever undertaken.

In chapter 1, Biswas stresses the need for careful consideration of the costs and benefits (including secondary and tertiary costs and benefits) and the desirability for those transfers already implemented to be studied to provide information for those planning future projects. Chapter 2 explores the large transfers made in Egypt and their impacts on environment and agriculture. Surprisingly, nowhere is the Jonglei Canal discussed—a strange omission as there is a considerable literature on it, including environmental impact assessments. A useful overview of water management and the environment is given in the third chapter, including a brief discussion of the On-Farm Water Management Development Project initiated in 1976 by Pakistan to combat Indus basin irrigation inefficiencies. Chapter 4 surveys Japanese water transfer projects. The Texas Water Plan (1968 proposals for large-scale diversion of Mississippi water to Texas—proposals which were largely not implemented) is discussed in chapter 5, and illustrates the need for planners to consider environmental and social aspects as well as engineering and economic matters (the former two were neglected by those compiling the Texas Water Plan).

The coverage of chapters 6 to 29 reflects the complexity and multidisciplinary character of inter-basin transfer planning. The Chinese proposals are outlined in chapters 6 and 9 (chapters 14 and 23 consider the need for the transfer and possible alternatives and might have been better placed alongside chapter 6). Chapters 7 and 8 examine the natural conditions in the regions likely to be affected by the transfer, and the land use and crop allocations proposed. Chapters 10, 11 and 12 deal with environmental impact assessment of the proposed transfer: 10 is a largely theoretical exploration of the impacts that might be generated; 11 considers the identification and prediction of impacts; 12 focuses on the assessment of impacts. The present water use and institutional circumstances of the North China Plain (the recipient region) including water rights, inter-provincial relations and irrigation management are examined in chapter 13. The present environmental characteristics (e.g. water resources, potential evaporation and field water consumption, etc.) are considered in chapters 15 to 22 and 24. Chapters 25, 27 and 28 consider specific impacts which the south-to-north transfer might generate: on atmospheric water balance in the proposed transfer region; on seawater intrusion in the Chang Jiang Estuary; on fish stocks and on the ecosystem of the Huang-Huai-Hai Plain. Chapters 26 and 29 deal with water quality and population in the transfer region and experimental study of improving saline-alkali soils in Shandong Province respectively (these two chapters, like 14 and 23, seem out of place and should perhaps have been included with chapters 15 to 22).

On balance *Long-Distance Water Transfer* is a most useful text for anyone interested in river diversion, Chinese agricultural development, irrigation or environmental impact assessment. Apart from the sometimes rather confused layout of the chapters, the standard of presentation is high.

CHRIS BARROW

University College of Swansea

Project Evaluation in Regional Perspective: a study of an irrigation process in northwest Malaysia

C Bell, P Hazell and R Slade

London: Johns Hopkins University Press (for the World Bank). 1982. 326pp. £24.00

Peninsular or West Malaysia has produced more than four-fifths of its rice consumption since the early 1970s compared to about three-fifths at political independence in 1957. This move towards self-sufficiency has involved a near-doubling of domestic rice production in the 15 years following independence, so that by the mid-1970s, Peninsular Malaysia was producing about a million tons of rice a year. Almost all of the increase in production came from double-cropping using high-yielding seed varieties which, in turn, required massive investments in irrigation schemes.

Nowhere was this 'Green Revolution' more evident than in the main 'rice bowl' area around the Muda river in the small north-western states of Kedah and Perlis. This area of a quarter of a million acres now produces about half of Malaysia's unmilled rice (or *padi*) following an investment between the mid-1960s and mid-1970s of more than 200 million ringgit—more than £40 million—with something like half of this being financed by loans from the World Bank.

Project Evaluation in Regional Perspectives is about the Green Revolution in Muda. It results from research carried out for the World Bank and the Food and Agricultural Organisation between 1972 and the end of the 1970s. The object of the research was to look at the benefits—particularly the indirect ones—generated in the Muda region by the investment in irrigation. The three authors, two of whom work in the World Bank, describe the techniques used to study these benefits. The techniques included Social Accounting Matrices (SAMs) and a programming model called TIGER.

The authors claim that while the Muda scheme produced a high social rate of return, it has failed to generate self-sustaining growth in the Muda region, with most of the surplus being transferred outside the area. Unfortunately, in none of the ten chapters of the book is there a discussion of alternative policies for inducing reinvestment of this surplus in the region. There is, however, some discussion of policy issues in chapters 9 and 10, and most non-specialists will want to go straight to these, skipping the rest. Indeed, since the book comes to many of the same broad conclusions as other Muda area studies which have not used SAMs and TIGER-like models, it is tempting to suggest that the authors would have better spent their time using less static and more disaggregated methods of investigation. One of the major conclusions is that the double-cropping in Muda has not given rise to the same distributional strains as have similar Green Revolution schemes in India, partly because in Muda, land ownership in the early 1970s was relatively equally distributed and many tenancies were linked with kinship. Unfortunately, the book's coverage since the mid-1970s is somewhat meagre, and from other more recent research, there are suggestions that some of the social tensions characteristic of the Green Revolution elsewhere have appeared in Muda in the late 1970s and early-1980s.

Those readers who find delights in SAMs and TIGER-like models may want to spend £24 on this book, but to those with a more general interest in Malaysia or the Green Revolution, my advice is—first skim through chapters 9 and 10 of the book in a library, and *then* decide whether to buy it.

CHRIS EDWARDS

University of East Anglia

117 Days

Ruth First

London: Penguin. 1982. 144pp. £1.95pb

Black Gold: the Mozambican miner, proletarian and peasant

Ruth First

Brighton, England: Harvester Press. 1983. 256pp. £30.00

It's hard to write of detention in solitary confinement without lapsing into self-pity. Ruth First achieves this in her account of 117 days' imprisonment under the notorious South African 90-day detention law, which can be indefinitely renewed. Confined in a cell, eight feet by six, she was forced like others in similar circumstances, then and now, to live through the mediated world of sounds penetrating the thickness of brick walls and multiple locked doors. In that claustrophobic environment, with all the fears of repeated interrogation sessions lurking beyond that door, she still manages to introduce strains of humour into her account—as in the naming of the wardresses by the sounds of their voices—Raucous, ShriII, Pained, and Competent.

Ruth First joined the South African Communist Party as a young girl and avidly flung herself into full-time political activity, assisting the great Miners' Strike of 1946 and earning her living as the Johannesburg editor of a number of radical newspapers. Her friends and comrades formed the leadership of the African National Congress. Ruth's detention occurred at a time when the movement was moving away from the frustration of civil disobedience campaigns in the face of an obdurate white settler state to armed struggle. In Ruth's words, '... Sharpeville, where the grotesquely sprawled bodies in the bright sunlight had shown the world the meaning of Nationalist rule, demonstrating to South Africans that you could not fight terror with spontaneous anger and appeals for a change of heart by the oppressor'. This was the time of the Rivonia trial, when the majority of the movement's leadership were arrested, setting back the course of the South African struggle a decade or more. The torture of detainees, now a matter of routine, was first revealed, including the death of Looksmart Solwandle Ngundle, an ANC activist. In later years, Steve Biko and Neil Aggett, amongst many others, were to follow as martyrs in detention.

Some prisoners at that time, like Ruth, were soon released. Others, such as Harold Wolpe, escaped. Yet more, like Nelson Mandela and Walter Sisulu, still languish in detention. The sun has risen and set over eight thousand times since they were jailed. They do not know if they will ever see that sight again.

Ruth escaped the clutches of the *apartheid* state temporarily. She moved into exile in England but continued her political work, notably in the international campaign for disinvestment from companies operating in South Africa. It was in the context of organising a student occupation of a university in the early 1970s, over just this issue, inspired by her co-authored book *The South African Connection*, that I first met Ruth. The strength of will and political determination which had seen her beat her prison captors inspired her solidarity campaigning. She became an academic, writing widely and influentially on all of Africa. Then, with Frelimo's victory against the Portuguese colonial power, a new opportunity to return to Southern Africa arose.

As she recorded in this book, first published in 1965, and now reprinted with a preface

by a fellow activist of those times, Ronald Segal, 'We who chose to be involved in politics did not, could not, define the reaches of Government counter-action'. The tentacles of the apartheid state which failed to crush Ruth's spirit in detention in the early 1960s, succeeded with a letter-bomb which she opened on 17 August 1982, in Maputo, Mozambique. I had spoken with her a couple of days before, in the same room where she had opened the letter which blew her apart with such force that it destroyed the outside wall of her office. The strength of her argument and the justice of the cause she propounded were more than a match for the apartheid state terror to which she fell victim.

In 1977, Ruth First took up the post of research director in the Centre of African Studies at the Eduardo Mondlane University in Mozambique. It was there that she initiated a collective study on migrant labour to the South African gold mines. The results were produced first as a report for the Mozambican government and now as a book. At this point I should declare a self-interest as I was one of the core members of full-time staff at the Centre during that period who undertook the research. However, it was very much Ruth's own initiative and sufficient time has now elapsed for me to undertake a detached appraisal of the work, both its strengths and weaknesses.

South Africa's economy has grown on the backs of migrant labour both from the 'Bantu reserves' internally and from the surrounding states within the region. Mozambique came to provide a large body of the workforce on the gold mines. Gold has in the past, remains in the present, and will continue in the future to be the mainstay of the South African economy. *Black Gold* is a comprehensive and detailed study of the effects on the south of Mozambique of providing a third of all its able-bodied males every year for four generations to work on those mines.

Given the weakness of the Portuguese economy, the colonising power was obliged to rent out the labour in the south of the country to mining capital in South Africa and invite in foreign capital to use the land and labour of the northern two-thirds of the country. In this regard, the book analyses the country in terms of 'colonialism by proxy'. A series of State to State agreements were made between South Africa and Portugal to regulate the labour recruitment system and all that it entailed, by way of deferred payments, guarantees of certain flows of transit trade through the Mozambican port of Lourenço Marques etc. The operations of the Witwatersrand Native Labour Association (WENELA) were truly astounding. The labour monopoly the Chamber of Mines enjoyed through WENELA, enabled them to operate the cheap labour system with a speed, efficiency and callousness to human suffering that must have been the envy of many less fortunate entrepreneurs. As the book says, 'It was the existence of vast catchment areas of tied labour which enabled the mining companies, operating through their monopolistic labour recruiting body, to force reductions in the wages of mine labourers in the early years of the industry, to undermine the resistance of African workers in South Africa to these reduced levels, and to maintain consistently low wage levels over decades'.

The study provides carefully compiled and detailed statistical data as evidence to back up its arguments. But there is also a careful balance maintained with the vividly chosen qualitative material, in the form of work songs and interviews compiled and collected by Alpheus Manghezi, who must be singled out for special congratulation for the work he has done. A profile of the mine labour force is provided, the frequency and length of contracts explored, wages, work experience and skills described. Six miners' work

histories are provided which make fascinating reading. Perhaps the most important conclusion of the study is that even though men may spend such a large part of their lives in a subterranean proletarian existence, they still maintain their peasant base. The goal of the system after all, was to cheapen the labour by removing the burden of the cost of reproducing that labour to the peasant economy.

A large section of the book is given over to exploring the nature of the peasant base and, as in the case of the miners, an extensive questionnaire survey was employed by a large team of research assistants. The interdependence of the mine and peasant economies becomes very apparent from the data collected. In a concluding chapter entitled 'Workers or Peasants?' the authors write, 'We have tried to show how these peasant societies, far from constituting some 'traditional' sector distinct from the so-called 'modern' sector, as dualist theory would have it, were deeply penetrated: accumulation by mining capital in the highly industrialised South African economy was based on labour extracted from these and other peasant societies in the region'. Over time peasants became dependent on wages earned on the mines for their own reproduction and for the purchase of basic necessities. 'Mine wages were needed to ensure the reproduction of the peasant economy; and that peasant economy in turn reproduced successive generations of miners'.

It is here, with its categorisation of the 'worker-peasants' that the study is at its weakest, as essentially we are dealing with male miners and female peasants with the family articulating the two. The role of the female peasantry tends to drop out of focus altogether, which is a serious shortcoming. A further danger that has to be dealt with more carefully, might stem from a too extreme interpretation of South African capital's hold over the country to the neglect of a study of Portuguese capital's own influence, which should not be ignored.

Notwithstanding these qualifications, and a final one concerning the ridiculous price the publishers have placed on the volume, this is an essential book to get for the library. It is by far the most detailed social scientific study carried out on mine labour in the region and marks a major contribution to our knowledge of the political economy of Mozambique. It is a substantial final monument to Ruth First's contribution to the African liberation struggle. And no terrorist letter bomb can destroy that.

BARRY MUNSLOW

University of Liverpool

Imperialism and Fascism in Uganda

Mahmood Mamdani

London: Heinemann. 1983. 115pp. £2.85

Mahmood Mamdani may be among the half-a-dozen most brilliant social scientists to have emerged from East Africa, but this book is not the best evidence of that. What the book does demonstrate is that Mamdani is also among the cream of East Africa's polemicists. The book does at times attain sheer eloquence as it attributes Idi Amin's 'fascism' to the long-standing imperialist machinations of the external world. This is an exciting book—full of fireworks. But it is a polemical book rather than a scholarly work.

What was the character of Idi Amin's regime? Did Amin really preside over a socio-economic *system*? Was the system fascist? Indeed, what is 'fascism'?

Mamdani tells us: 'Fascism is neither a child of backwardness nor of advanced industrialisation. It is really a product of imperialism in crisis' (p 35). Mamdani does not tell us when imperialism is *not* in crisis. Imperialism seems to be in perpetual crisis. Why did it produce fascism in Uganda but not in Tanzania? In South Africa but not in India? In Hitler's Germany but not in Churchill's Britain?

For a socialist, Mamdani sounds singularly disdainful of unemployed urban workers. He calls them 'urban riff-raff'. Idi Amin had decided to tap this reservoir of the unemployed and recruit them into his army. Instead of criticising the way the recruitment was done, or the lack of adequate training for the new recruits, Mamdani seems to be objecting as a matter of principle to what he calls 'the recruitment of the urban riff-raff into the army' (p 43).

Mamdani is no Frantz Fanon. Fanon had had a basic sympathy for the lumpen proletariat, and regarded this stratum as potentially transformative and creative. Mamdani shares the wider Marxist disdain for lumpen stratum.

It was I who coined the term 'the lumpen *militariat*' and applied it quite early to Idi Amin's army. Mamdani seems to attribute 'the lumpen character' of Amin's army mainly to the recruitment of 'urban riff-raff'. Amin's army was in fact 'lumpen' even before he became Head of State. As architect of Obote's army in Uganda's First Republic, Idi Amin had been recruiting from the *lumpen peasantry* even before he started recruiting from the 'urban riff-raff' in his own presidential days.

Without mentioning my name, Mamdani takes me to task for distinguishing between tyranny (centralised violence) and anarchy (decentralised violence) in Uganda. I had argued that not all the violence in Uganda was orchestrated by the regime (by the tyrant). Quite the contrary, the latter years of the Amin era had at least as much violent anarchy as violent tyranny. (See 'Between Development and Decay: anarchy, tyranny and progress under Idi Amin', *Third World Quarterly* 2(1) January 1980 pp 44–58).

Mamdani argues that the tyranny and anarchy in Uganda were both part of fascism. He then goes on: 'Now, certain learned professors have tried to split the institutional aspect of fascist terror from its individual aspect, to limit the fascist responsibility to the former ("centralised" violence) while divorcing fascism from the latter ("decentralised" violence or "anarchy"). To do so is not only to become an unconscious apologist for Amin's fascism; it is also to apologise in advance for future fascist regime, thus paving the way for it' (p 44).

What Mamdani prefers to ignore is the fact that Uganda's anarchy has persisted even after Amin's fascism has been removed. Obote's second administration may indeed be 'bourgeois', but is Mamdani accusing it of being also fascist? If he is not, then the elimination of fascism in Uganda has not resulted in the elimination of decentralised violence. I was, therefore, right in distinguishing the tyranny from the anarchy.

Mamdani is right in his insistence that leading individual participants in a system are not the same thing as the system itself; yet he himself seems busy scoring old points with former ideological adversaries of his days at the University of Dar es Salaam. Wadada (Dan) Nabudere comes in for special attack in this book. So do such other 'learned opportunists' as Edward Rugumayo and Wanume Kibedi (and Yash Tandon?). Kibedi is also denounced as an 'American agent'—though this neo-MacCarthyite charge is not supported by any evidence. Is Mamdani letting individual trees blind his vision of the systemic forest?

If Soviet supporters are applauding all this outburst of Mamdani eloquence, they have

evidently not got to the second half of the book yet. Mamdani argues that the militaristic foundations of Amin's fascism were as much the creation of Soviet military support as they were the result of Western economic imperialism:

When it comes to dealing with neo-colonies (like Uganda), both the Soviet Union and the United States see the military as the only well-organised disciplined force to 'concentrate weak and scattered economic organs' around. But the U.S.S.R. has a greater preference for highly militarised regimes. Because its own economy is highly militarised, it is in the field of military technology that the U.S.S.R. can compete successfully with the United States (p 76).

Although Mamdani does not follow his own analysis through, his book helps to illustrate that the Amin regime was in part a product of two external conflicts—the East-West conflict and the Arab-Israeli conflict. In the case of the Semites, Amin had to choose between the two Semitic peoples. He replaced the Jews with the Arabs as allies. In the case of the Soviet Union and the Westerners, Amin did *not* have to choose. He simply combined Soviet military support with continuing economic linkages with the Western world.

What Mamdani's book ignores entirely are the indigenous causes of the Amin regime. Once again a Third World writer has proved incapable of accepting any part of the responsibility for our own sad, sad predicament. The external world has a lot to answer for—but so have we! Mamdani seems to think that the only Third Worlders who are pernicious are those who are agents of external powers. Living in Uganda, Mamdani ought to know better than that. There are Third Worlders who are evil in themselves. Idi Amin may have been one of them. His latter-day struggle against imperialism helped to mitigate the intrinsic evil within him. It did not compound the evil, as Mamdani asserts.

ALI A MAZRUI

University of Michigan, Ann Arbor

The Angolan War: a study in Soviet policy in the Third World

Arthur Jay Klinghoffer

Boulder, Colorado: Westview Press. 1980. 229pp. £18.00

The Soviet and Cuban intervention in Angola in support of the forces of the MPLA was obviously a very significant event from the point of view of the level of Soviet commitment to liberation movements in the Third World and the willingness of the Soviet Union and Cuba to openly commit themselves to provide substantial material support, and the provision of troops in Cuba's case, to an ally which was only one of a number of movements competing for power in the aftermath of colonialism. It was an event that sent shockwaves reverberating through the corridors of power in the West, particularly Washington, and in Peking also. However, it is easy to take the Angolan events out of their historical and regional context and inflate their importance. The Soviet actions in Angola were important because they represented a very clear Soviet statement of their continued support for the cause of national liberation in Southern Africa and demonstrated the Soviet Union's ability to intervene, though only to intervene in the sort of favourable circumstances that were evidenced during the crisis in Angola, on behalf of a liberation whose credentials were accepted by the Soviet Union. The Soviet role in Angola certainly influenced American thinking on Moscow's ideas about détente and the durability of détente. But it is an exaggeration to say, as Klinghoffer does, that Angola 'has already joined Yalta and Vietnam as pulsating

schizoid facets of the Western political psyche'. Western politicians were worried by the Soviet Union's willingness to supply arms to the MPLA and logistical support to the Cuban troops in Angola, but later events, such as the Soviet military intervention in Afghanistan, have had a far more long-lasting and fundamental influence than Angola.

In the regional context, Angola and the Soviet role were of greater import. But here again, one must be careful not to overstate the effects of the MPLA's victory. Geographically, it was an important victory for the prospects for African nationalist movements in Namibia and South Africa, and, to a lesser extent, Zimbabwe; but to say that, as a result of the events in Angola, liberation movements in Southern Africa increasingly turned to the USSR would be to make Angola more of a causal factor in the relationship between Moscow and ZAPU of Zimbabwe, SWAPO of Namibia and the ANC of South Africa, than it was. After all, each of these movements had a history of close relations with Moscow that paralleled the relations between the MPLA and Moscow, and Moscow had been providing weapons and military training well before the events covered by Klinghoffer's book. Klinghoffer also suggests that the MPLA victory in Angola led to a working alliance between the MPLA, ZAPU, SWAPO and, possibly, the ANC. Whilst one cannot deny that these movements enjoyed close contacts and cooperated with one another, the relations pre-dated the Angolan conflict; one can trace their links back to the January 1969 conference of liberation movements (Soviet-supported ones) in Khartoum. He also, somewhat inaccurately, says that, following the events in Angola, ZANU began to receive Soviet arms and that it became possible that the Soviet Union and Cuba might relegate China to a secondary role as far as ZANU was concerned. Klinghoffer unfortunately does not offer any evidence to support this assertion and makes no reference to the fact that the only Soviet arms received by ZANU were those loaned to it by Mozambique and Ethiopia. The Soviet Union, to quote Zimbabwean Foreign Minister, Witness Mangwende, did not give ZANU 'a single penny', let alone weapons.

Questionable conclusions apart, the book is a mine of interesting and useful information about the Soviet and Cuban roles in Angola, the US responses and the position of the Chinese. Klinghoffer's narratives are meticulously footnoted and well-written. Although one can take issue with some of his general conclusions, those offered at the end of each chapter on the significance of, for instance, the Southern African context of the Soviet role in Angola, are generally reasonable though perhaps somewhat predictable.

The lay-out of the book and the presentation of the narrative do not lead to easy reading, nor to a good overall impression. Rather than give a general narrative of the course of events in Angola followed by analyses of the different factors involved (for example, the effect of Chinese involvement, the relationship between events in Portugal and those in Angola), the author chose to deal with each factor separately and to give a series of narratives dealing specifically with the effect of different aspects of the Angolan crisis on Soviet actions. Unfortunately, this artificially separates interacting factors and makes it harder for the reader to weigh up Klinghoffer's conclusions and to compare the effects of different events on the final outcome. One's attention and concentration are further diverted by Klinghoffer's attempt to put forward two competing hypotheses in a number of the chapters (those dealing with the internal dynamics of Angola, the effect of the Portuguese connection, the Southern African context, the continental African context, the global setting, American dilemmas and Chinese involvement). In each of

these chapters one hypothesis basically defends Soviet actions whilst the other takes the line that they were unwarranted by events or were an attempt to establish Soviet domination. Klinghoffer puts forward a narrative to support each hypothesis and then discusses them and always comes to a conclusion somewhere between the two. This seems a most unsatisfactory device for analysis as in none of the cases where it is used can the complex events be reduced to two competing hypotheses. Furthermore, the hypotheses are so obviously 'straw men' that are to be knocked down at the end of the chapter that it is a temptation to skip them and go straight to the end of each chapter to see what the author really thinks. The device also cuts up the narrative and makes it harder still for one to combine all the competing factors in the Soviet-Angolan nexus in a coherent analysis.

In judging the author's conclusions about the most important influences on Soviet actions, it is hard not to come to the conclusion that he rather underplays Soviet fears of the Chinese role in Southern Africa and perhaps overstates the relationship between Soviet interest in the Portuguese revolution and Soviet interest in Angola and Southern Africa. One also gets the impression that he misses the unique combination of factors in the Soviet-Cuban intervention that makes it unlikely that it would be repeated elsewhere in Southern Africa; these were: US fear of another Vietnam, Chinese inability to match Soviet arms supplies, and, perhaps most important of all, South African intervention on the side of the forces opposing the MPLA.

Overall, the book is rather disappointing, both because its conclusions are questionable and its structure cumbersome and a hindrance to understanding and appreciating the interplay of competing forces in Angola. In addition, Klinghoffer fails to make any rigorous analysis of Soviet statements on particular events or to differentiate between Soviet sources (for example, between *Pravda* and Radio Peace and Progress). One must acknowledge, though, that it is still a useful book and that its bibliography and footnotes will be invaluable to those studying Soviet policies in Southern Africa.

KEITH SOMERVILLE

University of Southampton

Imperialism in East Africa (vol 2: Imperialism and Integration)

Dan Nabudere

London: Zed Press. 1982. 188pp. £16.95

Even before the publication of this book, Dan Nabudere had already established a reputation as a powerful Marxist scholar, partly through the debates that took place in the 1970s at the University of Dar es Salaam, where he was a professor of law, and partly through a number of publications including his seminal work, *The Political Economy of Imperialism* (1978). In this book, he continues the work started in Part One of this volume, *Imperialism and Exploitation* (1981), in which he re-casts the history of Kenya, Tanzania and Uganda. In this work, as much as in earlier ones, Nabudere criticises the conceptual frameworks of many scholars, both of leftist and rightist persuasions. But his interpretation of Marxist-Leninism appears no more than an uncritical acceptance of Mao's ideas.

This book is divided into two main sections. The first section focuses on the bilateral integrative mechanisms utilised by the British and German authorities over their

colonies during the first phase of modern imperialism. It examines forces behind this type of imperialism that arose during the 1880s, in which Germany, previously a power with no colonies, found itself in the scramble for new territories, pitting itself against more established imperialists like Belgium, Britain, France, Italy, Portugal and Spain.

The author ingeniously points out how intra-imperial rivalries led to the type of policies pursued by the colonial powers. For instance, he argues that in that early period, a section of the British finance capital which was linked to the old landed class interests, pushed for the introduction of a white settler agricultural economy and engaged in large estate farming in the Kenya highlands and the Tanganyika (now Tanzania) highlands of Kilimanjaro. They also sought the establishment of a political federation of the countries in East and Central Africa. These policies were, however, at variance with the interests of the industrial and financial sections of British capital, associated with the Manchester and Liverpool textile monopolies who preferred peasant production to settler agriculture. He argues that the local people's opposition to colonialism, together with intra-imperialist rivalries and working-class struggles in Britain, eventually led to the collapse of British colonialism and its integrative mechanisms. But they were soon replaced by neo-colonial mechanisms.

In the second part, the book examines the forces that were responsible for putting the United States in a global hegemonic position, and how it used that position to enter the East African region. It points out that the multinational corporate strategies adopted by US monopolies to penetrate new areas previously under foreign control, forced other monopoly groups, particularly the British ones, to resort to the same tactics to defend their existing markets.

These strategies included encouraging import substitution in the three territories, which the British monopolies had previously controlled as a single market. The changing political circumstances and the ensuing competition with the American, West German and Japanese firms dictated the change of tactics on the part of the British monopolies. Nabudere argues that this monopolistic competition first fashioned and determined the individual neo-colonial economies and then created conflicts which dealt a blow to pan-African aspirations. It sabotaged attempts to establish an East African Federation in the 1960s and led to the collapse of the East African Community in 1977. The author further says that multinational corporate integration, in modern conditions of intensified monopolistic rivalries and the still rising national anti-imperial movement, is inconsistent with regional integration. This is not necessarily so where the monopolies themselves need a growing market.

Nabudere's argument that regional integration has no advantage over development on the national level as far as economic development is concerned, is neither backed by facts nor is it theoretically sound. Much will, however, depend on how large the state in question is, how rich it is in human and material resources, and what one's definition of economic development is. Even on the issue of sovereignty, Nabudere would find it really difficult to argue convincingly that the role of the state in world affairs has not diminished over the past forty or so years. With the multiplication of international organisations, especially after World War II, states have traded away part of their sovereignty in the process of making these organisations strong. See, for instance, what the International Monetary Fund does to the poor countries—a situation which is nonetheless regrettable. Anyone who argues that sovereignty is obsolete is wrong; so

are those who fail to see that it has diminished. In spite of this, many readers will find Nabudere's book lucid and fascinating.

SAMUEL M MAKINDA

Australian National University, Canberra

Female and Male in West Africa

Edited by Christine Oppong

London: George Allen and Unwin. 1983. 402pp. £18.95. £8.95pb

Changing relations between women and men in West Africa are illustrated through twenty-two case studies, ranging from a portrayal of relations between the sexes in Nigerian high-life music to the links between economic activity and family among women in a Ghanaian canoe-fishing community, drawn together under five sections. Most of the material presented is based on ethnographic field research conducted at a microlevel.

Inspiration for the book derives from the objective of activating interest among women and men from all walks of life, including lay persons, academics, administrators and policymakers. This ambitious aim is reinforced by three others. First, to remedy the perceived lack of analytical emphasis given to informal relations between the sexes as opposed to more formal, legal and political relations. To this end, individual chapters examine the interaction of women and men in the domestic sphere and wider social environment (or spheres of reproduction and production), as well as contrasts in their expectations and behaviour, highlighting the wide cultural diversity of the region. Second, to draw out the complementarity and interconnectedness of female-male relations as well as inherent conflict, diversity and tension. Third, and related to this, to provide an escape route out of the 'currently pervasive neo-sexist trap' of feminist analysis.

That most of the chapters are couched in terms which are inaccessible to all but a small minority well versed in the terminology of ethnographers, anthropologists and proponents of structural functionalist modernisation theory prohibits readership of the scope imagined. Moreover, the combination does not provide a recipe for an action-manual aimed at a popular audience. As a resource of substantive materials to be dipped into selectively and critically, however, it will serve as a useful asset on university library shelves, not least because it raises as many questions as it provides answers.

Part one sets out to furnish the reader with a statistical, and implicitly broader contextual, framework in which the presentation of subsequent case studies is rooted. As such it is crucial in laying down the parameters of what follows. It is also the weakest section of the book. Women are defined acritically as wives, child-bearers and child-rearers, although a growing number of women in West Africa have not experienced marriage, pregnancy or motherhood. A determined reader is forced to wait until chapter nine for the question as to 'Who is a wife?' to be posed and discovers only in section five and the postscript that the equation women-marriage-children is far from universally applicable in practice. Various dimensions of women's differential social experience are raised, but no real attempt is made to grapple with the dynamics behind the 'facts' presented, let alone to probe the links between women's dual responsibilities in production and reproduction, or the ways the two interact and conflict, although the

distinctive feature of West African societies is pinpointed as being a pattern of high fertility combined with exceptional levels of economic activity. The concept of 'female economic activity', as many other concepts used, is not adequately problematised, and is ultimately reduced to the level of production. Little attention is devoted to the many time-consuming and arduous tasks (for example, water and fuel collection, child-care, household chores) most women engage in on a daily level without recognition or remuneration. Official statistics are seen to be severely defective in accounting for women's economic activities, but are employed nonetheless in causal fashion.

The methodological and conceptual problems evident in the introductory section run, to varying degrees, throughout the chapters which are somewhat arbitrarily divided into sections. Most reflect an inherent ambiguity and strain between complementarity versus diversity, consensus-cooperation versus conflict-tension deriving from the theoretical model which informs the book. This gives rise to two problems. First, a tendency toward description rather than critical analysis. Many different expressions of women's subordination are highlighted at the level of behaviour and expectation, but the modes that subordination takes and the mechanisms which sustain, perpetuate and change its form are never confronted head on. Second, conflict is ultimately reduced to a theme or strand which leaves many aspects of female-male relations, either totally or partially hidden from view.

From a feminist point of view these ambiguities and tensions are manifestly apparent in quotes such as '*so-called female subordination* is often a facade hiding a large degree of equality between the sexes' (p 246) and '*there is evidence for and against the view that Ghanaian traditional society is male dominated*' (p 272, my emphasis) which pervade the 373 pages or so. Rather than hypothesising the bases and precise manifestation of women's subordination and oppression, the book actually hypothesises the very existence of those social phenomena, which leads it into many a circular argument.

That contributors to the book appear uncertain as to whether women really do suffer sexual discrimination and male dominance at all may be in part attributed to the denigration of analysis which concentrates on the study *of* women, *by* women, *for* women, clearly stated in the preface. The argument that women should not be analytically segregated out and that issues of concern to women need to be taken seriously by men as well is a powerful one in its own right. Used as an apology for rejection feminist analysis, it serves little purpose unless that analysis is replaced with another, more convincing frame of reference. The articles taken singly and together do not manage, however, to develop an alternative nor do they convincingly challenge that which exists, although some new and interesting insights are provided at the microlevel.

CAROLINE ALLISON

Institute of Development Studies, Brighton

US interests in Africa

Helen Kitchen

New York: Praeger (with Georgetown University's Center for Strategic and International Studies). 1983. 106pp. \$6.95

American policy toward Africa has been episodic, unpredictable and most often reactive to real or imagined Soviet intrusions. What factors, then, should the United

States take into consideration in shaping a coherent, and perhaps more congenial, policy toward African states? That is the question that Helen Kitchen, Director of African Studies at Georgetown University's Center for Strategic and International Studies, asks in this book. It is part of her project (supplementing the monthly *CSIS African Notes*) to 'de-mystify and unsimplify' Africa, a task she started in 1981 with vigour when she replaced Chester Crocker who had joined the Reagan Administration as Assistant Secretary of State for African Affairs.

The book is interesting and thought-provoking, though concise. It looks at past policy failures, points out the intricacies of African politics, and suggests guidelines for future American policy towards Africa. It looks also at the phenomenon of aid, discusses the role of the media, and illuminates weak points in Soviet strategy. Some of Washington's policy problems have stemmed from the failure of policymakers to see African problems in their local contexts. The tendency to see the Soviet Union behind every African conflict has elicited inappropriate responses which have in turn led to dismal failures.

This problem has been compounded by what Dr Kitchen calls the 'weakness of institutional memory', the changes in policy approach that accompanies the election of a new party into power. The desire by the new policymakers to begin with a 'clean slate' not only lowers the credibility of the US, but often means that negotiations with other governments keep dragging on much longer than they would otherwise be. Dr Kitchen questions also the wisdom of running African policy from two bureaux in the State Department, namely the Bureau of African Affairs which handles sub-Saharan issues including Chad, Sudan and Western Sahara, on the one hand; and the Bureau of Near Eastern and South Asian Affairs which, though tied up with problems of the Middle East and South Asia, deals also with Morocco, Libya and other North African states.

She argues that one reason the US has not yet developed a clear set of guidelines on its interests and diplomatic objectives in Africa is that it lacks a policy planning component focused on broad historical goals and options. Without a conceptual approach that takes into consideration long-term African and American interests, Washington's Africa policymaking will remain primarily an adjunct of US security interests in Europe, the Middle East and Asia. She says that, for many years, the major US commitments of senior-level attention in Africa have all been approached as missions that were expected to have a definite beginning and end.

Dr Kitchen suggests that a coherent US policy toward Africa requires the development of an institutional mechanism for determining what developments and trends involve interests that are vital to the US over the long run. They have to get their facts correct and consistently support African efforts to prevent or resolve regional problems that could escalate into direct or surrogate conflicts between the East and West. While encouraging the development of the regional economic building blocks envisaged in the 1980 Lagos Plan of Action, the US should also seek to maintain access to resources and trading partners and dialogue with African leaders, irrespective of the shifting ideological commitments of the governments involved. She also suggests that the US government should be cautious of making rhetorical commitments or threats which neither public opinion nor Congress can support, but at the same time it should seek to operate throughout Africa as a positive force confident of its own values and worth, instead of operating reactively to a Soviet presence that is an inevitable phenomenon of the post-colonial era.

In this book, Dr Kitchen leans neither to the Democratic nor to the Republican

Administrations. She rides also above the narrow policy perspectives of various policymakers. Even as John Marcum of the University of California, Santa Cruz, has observed, the author 'consistently refuses to get caught in reductionist dichotomies, for example, globalists versus regionalists, and moves discussion of such issues to a constructive level of informed, commonsensical review'. Indeed, most readers will find her analysis lucid, but controversial. At the same time, they will find unconvincing her apparent effort to isolate US African policy from the general malaise afflicting the entire US foreign policy.

SAMUEL M MAKINDA

Australian National University, Canberra

Soldiers of Perón: Argentina's Montoneros

Richard Gillespie

Oxford: OUP. 310pp. £19.50

Although in many ways it makes very depressing reading, Richard Gillespie's detailed and comprehensive account of the Argentine Montoneros is a valuable contribution to the literature on recent times in Latin America. The Montoneros (their name was taken from the term for the small irregular armies that roamed Argentina's countryside in the nineteenth century) were Latin America's most important urban guerrilla movement of the 1970s. They were especially prominent (and probably won their widest support) during the short interlude of democratic politics that occurred between the abdication of General Lanusse's military regime in 1973 and the installation of General Videla's in 1976. These were the confused years when the Perónist government, first under the ailing Perón, and subsequently under his widow Isabelita, struggled unavailingly to break the demi-secular Argentine cycle of militarism and ineffective democracy.

The Montoneros, whose roots can be traced to right-wing Catholic nationalist traditions as well as to the revolutionary Marxist trends of the 1960s, had earlier attached themselves to the left wing of the singularly capacious Perónist coalition, in the belief that Perón himself, once restored to office, would be transmogrified into a true revolutionary nationalist—a sort of older, Argentine version of Fidel Castro. Nothing in the General's previous career warranted such an assumption. (True, in his Spanish exile, Perón *had* often made ambiguous pronouncements which allowed an almost infinite range of interpretations.) The Montoneros thus lived from the start in a world of illusion. Perón simply failed to live up to the role in which he had been cast. Nothing daunted, the Montoneros then became victims of a further illusion: a strategy of armed struggle, they felt, would save the day for revolutionary nationalism. This posture, backed up by ruthless armed actions of various kinds, failed to convince the bulk of 'orthodox' working-class Perónist supporters—still less, of course, the millions of non-Perónist Argentines. It also had a fatal effect on the already shaky political situation, by helping to intensify a climate of uncertainty and violence which eventually brought on the military intervention of 1976 and the wave of indiscriminate repression that followed. In the notorious 'dirty war' of the later 1970s, victory inevitably went to the Argentine armed forces, at an altogether hideous cost. By any criterion, this story is a tragedy of the first magnitude. (I am not sure that Gillespie's rather cool tone really brings this out.) Whether the story as such throws much light on the viability of urban

guerrilla strategy for revolutionary nationalists in Third World countries is, in my view, very much open to question.

Argentina's strikingly European society and relatively high level of development (back in the 1920s it was very credibly classifiable as one of the world's seven richest nations) meant in the 1970s that it was far from possessing the profile of a 'typical' Third World country. It had no disaffected peasantry to be mobilised; its sizeable middle class saw no conceivable advantage in revolutionary nationalism of a 'socialist' kind; its large working class, for the most part, was loyal to the hard-to-define (but in the end very roughly 'social democratic') Perónist tradition. Using Mao Zedong's famous analogy, there was no sea for the fish to swim in. It may be assumed, I think, that revolutionary nationalism is far from dead in Argentina—but it is unlikely to gain much ground in the future unless its advocates radically alter their tactics. This seems to me to be the main lesson to be learned from Gillespie's precise, well-documented and clinical book.

SIMON COLLIER

University of Essex

The Demographic Structure and Evolution of a Peasant System: the Guatemalan population

John D Early

Gainesville, Florida: University Press of Florida. 1982. 207pp. \$20.00

This study of the population of Guatemala seeks to examine demographic changes from 1940 in the context of sociological change. This is done using two major sources of data: first, vital registration statistics and national censuses; second, ethnographic data. After the introduction, the book is divided into four distinct sections.

The first section is methodological and involves an examination of the vital registration statistics and national censuses. Although these data are exceptional for a society in the earliest stages of demographic transition, there are clearly problems of underenumeration and Early develops some techniques to revise the data, formulated with the use of ethnographic data, which could be applied in other developing countries. Early examines the difficulties of using national censuses in a later section, where he notes the problem of cultural bias.

The second part, composed of three chapters, considers mortality, fertility and the resultant natural increase at the national level, as well as reactions to it such as fertility control, migration and acculturation. Whilst many of the conclusions are not surprising, Early does provide some interesting ethnographic details which bring life to what might have been a rather dull presentation of statistics. Some of the most interesting comments, however, appear to be specific to Guatemala. For example, with respect to migration there is a very high level of migration from one rural sector to another in spite of the heavy influx to Guatemala City, a situation which is not common in most Latin American countries at least. Other interesting observations relate to the changing size of the Mayan Indian population relative to the Ladino population. Acculturation over the last few decades has resulted in a decline in the Indian population relative to the Ladino population, but Early suggests that this trend may not continue, as Indian mortality is likely to fall whilst its fertility is maintained, whereas Ladino fertility is likely to decline.

This would mean that for the first time since the sixteenth century the Mayan Indian population would increase at a greater rate than the Ladino population.

Having examined the demographic data available at the national level, the remaining and largest section studies the Maya community of Santiago Atitlán, the demographic structure of which can be said to be transitional between Phases I and II of the demographic transition. As a complement to this, Early develops a typology of Maya acculturation based on the wearing of Indian clothing as an index of acculturation, showing that acculturation begins in Phase II of the demographic transition as a response by the traditional Maya to the problem of high population increase in the face of land shortage.

The book is an interesting and successful attempt to combine the use of quantitative and qualitative data. Such data are not normally available for a long time period for societies in the early stages of the demographic transition and as such the study is of added interest. Whether similar patterns of change have occurred or are occurring in other developing countries is questionable; clearly, the land tenure system in Guatemala has strongly influenced acculturation and demographic change. The relevance of this study for other societies in a similar stage of transition can only be judged by ethnographic research, which Early strongly advocates and demonstrates.

LINDA NEWSON

King's College, University of London

Human Cargoes: the British slave trade to Spanish America, 1700-1739

Colin A Palmer

London: University of Illinois Press. 183pp. £11.95

As part of the settlement of the War of the Spanish Succession, Spain granted to the British crown in 1713 the *asiento*, or the sole right to supply the Spanish colonies in the New World with slaves for the next thirty years. Professor Palmer's book is the first serious attempt to examine British trade with Spanish America under the *asiento*. It focuses primarily upon the commercial activities of the South Sea Company which was given sole responsibility by the Crown for fulfilling the slave contract. In practice, the Company found it impossible to enforce its monopoly but still delivered, according to Professor Palmer's calculations, some two-thirds of the slaves supplied by British traders to Spanish America during these years. Using documentary materials from British and Spanish archives, Professor Palmer describes in some detail the Company's trading methods and investigates the distribution of its slave purchases in West Africa and their sale in the New World. It seems that between 1713 and 1739 the Company dispatched over 130 ships to Africa for slaves, most of which bought their 'human cargoes' at either Angola or the Gold Coast and then sold them at Buenos Aires. However, it also appears that Company agents were very active buyers of slaves for other markets such as Havana and Porto Bello in the British Caribbean islands, particularly Jamaica. It is suggested in fact that 59 per cent of the Company's slaving voyages originated in Jamaica. Such activities soon became a source of conflict between the Company's agents and British sugar planters.

However, this book is more than simply a study of the South Sea Company's trading methods, for Professor Palmer looks, albeit briefly, at the activities of illegal slave

traders, investigates, by means of newly-discovered data, the sex, age, health and prices of slaves in Spanish American markets, and offers some estimates of both the volume and profitability of the British trade with Spanish America before 1739. He argues that, despite the Company's continual failure to achieve its targets for slave deliveries, British traders as a whole probably supplied more slaves to the Spaniards than some historians, notably Philip Curtin, have estimated. Furthermore, the evidence available leads Professor Palmer to conclude that the Company made very respectable profits on paper from the 140,000 or so slaves it delivered to Spanish buyers. Such arguments may not receive universal acceptance—the Company may have had difficulty in practice in realising its profits, for instance—but they will surely guarantee that this pioneering and interesting study of what was a relatively small but significant segment of the British slave trade will attract the readership it deserves.

DAVID RICHARDSON

University of Hull

Technology and Competition in the Brazilian Computer Industry

Paulo Bastos Tigre

London: Frances Pinter. 1983. 186pp. £16.50

One of the major industrial policy questions facing Third World countries in the 1980s will be how to respond to the opportunities and problems created by the microelectronics revolution. Paulo Tigre's study of the evolution of the Brazilian computer industry is one of the first studies which documents the efforts of a developing country to establish a computer industry. It is a timely and important contribution to our understanding of an issue that is confronting governments throughout the Third World.

The study documents the aggressive and so far largely successful interventionist policies of the Brazilian government to 'reserve' important segments of the sector for local industrialists in the face of strong pressures to open up the market to foreign firms. There is a good analysis of the effects of the presence of multinational computer firms which shows convincingly that the competitive strategies of MNC subsidiaries creates substantial barriers to entry for indigenous firms. The role of licensing by local firms to acquire foreign technology is evaluated. Among other interesting findings many local firms (60 per cent) are found to resort to licensing, not because they lack the capabilities but because competitors did so and because it would take too long to develop the products themselves.

In one important case, the government prevented all local firms from licensing foreign disc-drive technology with the intention of forcing these firms to develop their own technology which they did successfully. However, where licensing does occur a development relationship is often established which limits the freedom of local firms. The most important constraint lies in the area of exporting where, despite government's insistence that contracts cannot contain export restriction, licensors use various reasons to restrain exports by licensees. In Tigre's sample only 6 per cent of firms using licensed technology had good export prospects compared to 55 per cent of the firms who had developed the technology themselves.

The Brazilian experience has some important policy implications for other developing countries, although the specific characteristics of the Brazilian situation must always

be borne in mind when assessing its specific validity for other countries. Clearly, the nature of the technology, despite being science-based and skill-intensive, does provide numerous opportunities for local firms to develop an independent technological capability to supply products to the domestic and export markets. This finding in itself is encouraging in light of more general fears that the new electronics technologies have opened wider the technological gap between developed and developing countries. However, if local markets are opened to MNCs then local firms are likely to have a much more difficult time surviving on their own. This suggests the need for some form of protection for new firms along typical infant industry lines—but one issue that Tigre's study does not address is how long such protection needs to be in place, nor whether it need be a blanket form covering all firms or be targeted towards specific firms and specific products. As far as the acquisition of foreign technology is concerned, clearly it is essential in certain areas. However the choice of supplies is crucial here. Tigre found that large centralised MNCs were very reluctant to transfer know-how and skills without equity participation. Smaller, more decentralised, suppliers were found to be the most cooperative in allowing local firms to gain access to design technology which is so crucial in the computer industry. Most important, this study shows that for countries which possess an attractive market and have a fair degree of existing skills in this field, State intervention can successfully extract a greater share of benefits from the intervention of technology market than might otherwise be the case.

KURT HOFFMAN

University of Sussex

Recent Publications

BOOKS*

- Abdalla, I et al: **Images of the Arab Future**. London: Frances Pinter (for United Nations University). 1983. 242pp. £16.50.
- Agarwala, P N: **The New International Economic Order: an overview**. Oxford: Pergamon. 1983. 349pp. \$35.00.
- Al-Mani', A A and Al-Shaikhly, S: **The Euro-Arab Dialogue: a study in associative diplomacy**. London: Frances Pinter. 1983. 156pp. £15.50.
- Amin, S: **The Future of Maoism**. New York: Monthly Review Press. 1983. 154pp. £3.85pb.
- Archer, C: **International Organisations**. London: Allen and Unwin. 1983. 193pp. £10.95. £5.95pb.
- Asher, M G and Booth, A: **Indirect Taxation in Asean**. Singapore: Singapore University Press. 1983. 242pp. S\$20pb.
- Barry, T, Wood, B and Preusch, D: **Dollars and Dictators: a guide to Central America**. Albuquerque, New Mexico: Resource Center. 1982. 263pp. \$5.95pb.
- Batley, R: **Power Through Bureaucracy: urban political analysis in Brazil**. Aldershot, England: Gower. 1983. 214pp. £15.00.
- Becker, D G: **The New Bourgeoisie and the Limits of Dependency: mining, class and power in 'Revolutionary' Peru**. Princeton, New Jersey: Princeton University Press. 1983. 419pp. £30.20. £8.60pb.
- Bergad, L W: **Coffee and the Growth of Agrarian Capitalism in Nineteenth-Century Puerto Rico**. Princeton, New Jersey: Princeton University Press. 1983. 242pp. £23.90. £12.60pb.
- Bidwell, R and Smith, G R: **Arabian and Islamic Studies**. London: Longman. 1983. 282pp. £19.95.
- Booth, D and Sorj, B (eds): **Military Reformism and Social Classes: the Peruvian experience 1969-80**. London: Macmillan. 1983. 210pp. £20.00.
- Bruneau, T C: **The Church in Brazil: the politics of religion**. Austin, Texas: University of Texas Press. 1982. 235pp. £22.95.
- Chazan, N: **An Anatomy of Ghanaian Politics: managing political recession, 1969-1982**. Boulder, Colorado: Westview. 1983. 429pp. £24.00.
- Cheema, G S and Rondinelli, D A (eds): **Decentralisation and Development: policy implementation in developing countries**. London: Sage. 1983. 319pp. np.
- Chopra, S (ed): **Studies in India's Foreign Policy**. Amritsar, India: Guru Nanak Dev University. 1983. 564pp. RS.100.
- Cohen, R (ed): **African Islands and Enclaves**. London: Sage. 1983. 279pp. £19.50.
- Collins, J, Lappe, F M and Allen, N: **What Difference Could a Revolution Make? food and farming in the new Nicaragua**. San Francisco: Institute for Food and Development Policy. 1982. 185pp. \$4.95pb.

* The inclusion of a book in this list does not preclude a review in a subsequent issue.

- Corbin, H: **Cyclical Time and Ismaili Gnosis**. London: Kegan Paul International. 1983. 212pp. £11.95. £6.95pb.
- Dawisha, A (ed): **Islam in Foreign Policy**. Cambridge: Cambridge University Press. 1983. 191pp. £17.50.
- De Schweinitz, K: **The Rise and Fall of British India: imperialism as inequality**. London: Methuen. 1983. 275pp. £13.50. £6.95pb.
- Engberg, Pedersen, P: **The United Nations and Political Intervention in International Economic Processes: the case of technology transfer**. Copenhagen: Centre for Development Research. 1982. 140pp. np.
- Evans, G: **The Yellow Rainmakers: are chemical weapons being used in South East Asia?** London: Verso. 1983. 202pp. £3.95pb.
- Garthwaite, G R: **Khans and Shahs: a documentary analysis of the Bakhtiyari in Iran**. Cambridge: Cambridge University Press. 1983. 213pp. £25.00.
- Goldblat, J and Millan, V: **The Falklands/Malvinas Conflict: a spur to arms build-ups**. Stockholm: Stockholm International Peace Research Institute. 1983. 63pp. £2.50pb.
- Hart, D: **Nuclear Power in India: a comparative analysis**. London: Allen and Unwin. 1982. 159pp. £12.00.
- Hartmann, B and Boyce, J: **A Quiet Violence: view from a Bangladesh village**. London: Zed Press. 1983. 285pp. £12.95. £5.95pb.
- Hooke, A W (ed): **The Fund and China in the International Monetary System**. Washington: International Monetary Fund. 1983. 187pp. np.
- Humana, C: **World Human Rights Guide**. London: Hutchinson. 1983. 224pp. £9.95. £5.95pb.
- Jaidah, A M: **An Appraisal of OPEC Oil Policies**. London: Longman. 1983. 150pp. £4.75.
- James, J: **Consumer Choice in the Third World: a study of the effects of advertising and new products in a developing world**. London: Macmillan. 1983. 178pp. £20.00.
- Jones, C A: **The North-South Dialogue: a brief history**. London: Frances Pinter. 1983. 153pp. £16.00.
- Jones, S, Joshi, P C and Murmis, M (eds): **Rural Poverty and Agrarian Reform**. New Delhi: Allied Publishers Private (distributed in the UK by Dereham Books). 1982. 383pp. £10.00.
- Joseph, J: **Muslim-Christian Relations and Inter-Christian Rivalries in the Middle East: the case of Jacobites in an age of transition**. London: State University of New York Press. 1983. 239pp. £38.25. £12.70pb.
- Krass, A S et al: **Uranium Enrichment and Nuclear Weapon Proliferation**. London: Taylor and Francis. 1983. 296pp. £15.00.
- Kursunoglu, B N et al (eds): **Energy for Developed and Developing Countries**. Lexington, Massachusetts: Lexington Books. 1983. 190pp. £24.00.
- Loup, J: **Can the Third World Survive?** London: Johns Hopkins University Press. 1983. 244pp. £8.95pb.
- Makler, H et al (eds): **The New International Economy**. London: Sage. 1982. 336pp. £17.95.
- Mason, L and Brown, R: **Rice, Rivalry and Politics: managing Cambodian relief**. London: University of Notre Dame Press. 1983. 218pp. £15.00. £7.50pb.
- Moran, E F (ed): **The Dilemma of Amazon Development**. Boulder, Colorado: Westview. 1983. 347pp. £21.75.

- Morrison, C E: **Threats to Security in East Asia-Pacific**. Lexington, Massachusetts: Lexington Books. 1983. 221pp. £22.50.
- Murphy, K J: **Macroproject Development in the Third World: an analysis of transitional partnerships**. Boulder, Colorado: Westview. 1983. 196pp. £17.25pb.
- Musallam, B F: **Sex and Society in Islam**. Cambridge: Cambridge University Press. 1983. 176pp. £17.50.
- Mushkat, M: **The Third World and Peace**. Aldershot, England: Gower. 1983. 260pp. £15.00.
- Nash, J and Fernandez-Kelly, M P (eds): **Women, Men and the International Division of Labour**. Albany, New York: State University of New York Press. 1983. 461pp. \$49.50. \$14.95pb.
- Neu, H and Bain, D (eds): **National Energy Planning and Management in Developing Countries**. Dordrecht, Holland: D. Reidel Publishing. 1983. 441pp. np.
- Oberai, A S (ed): **State Policies and Internal Migration: studies in market and planned economies**. London: Croom Helm. 1983. 347pp. £15.95.
- O'Connor, A: **The African City**. London: Hutchinson. 1983. 359pp. £15.00. £7.50pb.
- Palmberg, M (ed): **The Struggle for Africa**. London: Zed Press. 1983. 286pp. £17.95. £5.95pb.
- Parkinson, J R (ed): **Poverty and Aid**. Oxford: Basil Blackwell. 1983. 264pp. £19.50.
- Pearce, J (ed): **The Third Oil Shock: the effects of lower oil prices**. London: Routledge and Kegan Paul (for the Royal Institute of International Affairs). 1983. 109pp. £4.95pb.
- Ritter, A R M and Pollock, D H (eds): **Latin American Prospects for the 1980s: equity, democratization and development**. New York: Praeger. 1983. 330pp. £28.95.
- Serageldin, I et al: **Manpower and International Labour Migration in the Middle East and North Africa**. London: Oxford University Press. 1983. 138pp. £22.50.
- Shirley, O (ed): **A Cry for Health: poverty and disability in the Third World**. Frome, England: Third World Group for Disabled People. 1983. 96pp. £2.50pb.
- Skinner, R J and Rodell, M J: **People, Poverty and Shelter: problems of self-help housing in the Third World**. London: Methuen. 1983. 195pp. £6.50pb.
- Skully, M T: **Merchant Banking in ASEAN: a regional examination of its development and operations**. Kuala Lumpur: Oxford University Press. 1983. 200pp. £12.00pb.
- Tabari, A and Yeganeh, N: **In the Shadow of Islam: the women's movement in Iran**. London: Zed Press. 1983. 239pp. £15.95. £6.50pb.
- Velasco-S, J: **Impacts of Mexican Oil Policy on Economic and Political Development**. Lexington, Massachusetts: Lexington Books. 1983. 237pp. £23.00.
- Wallerstein, I (ed): **Labour in the World Social Structure: explorations in the World-economy: vol. 2**. London: Sage. 1983. 254pp. £19.50.
- Westermeyer, J: **Poppies, Pipes, and People: opium and its use in Laos**. London: University of California Press. 1983. 336pp. £24.95.
- Wionczek, M S (ed): **World Hydrocarbon Markets: current status, projected prospects and future trends**. Oxford: Pergamon. 1983. 285pp. np.
- Yeung, Y M (ed): **A Place to Live: more effective low-cost housing in Asia**. Ottawa, Canada: International Development Research Centre. 1983. 216pp. np.

PAMPHLETS

- Barracough, S: **A Preliminary Analysis of the Nicaraguan Food System**. Geneva: United Nations Research Institute for Social Development. 1982.
- Cook, P (ed): **Employment, Peripheral Activities and Development**. Manchester, England: University of Manchester. 1983.
- Cornelius, W A and Montoya, R A (eds): **America's New Immigration Law: origins, rationales, and potential consequences**. La Jolla, California: University of California. 1983.
- Dwyer, D J and Williams, S W (eds): **Progress in Third World Urban Studies: the contribution of British Geography**. Keele, England: University of Keele. 1983.
- Ehrhardt, R: **Canadian Development Assistance to Bangladesh**. Ottawa, Canada: North-South Institute. 1983.
- Farrington, J and Abeyratne, F: **Farm Power in Sri Lanka**. Reading, England: University of Reading. 1982.
- Goybet, C: **The Second Convention of Lomé: EEC aid to the ACP countries (1981-1985)**. Brussels: Bureau D'Informations Européenes. 1982.
- Grindle, M S (ed): **Issues in US-Mexican Agricultural relations: a binational consultation**. La Jolla, California: University of California. 1983.
- Hofmann, M: **Development Potential and Policies in the South Arabian Countries**. Berlin: German Development Institute. 1982.
- International Development Research Centre: **Absorption and Diffusion of Imported Technology: proceedings of a workshop held in Singapore 26-30 January 1981**. Ottawa, Canada: International Development Research Centre. 1983.
- Ishikawa, S: **China's Food and Agriculture: performance and prospects**. Berlin: Institute of Economic Research, Hitotsubashi University. 1982.
- Islam, R, Khan, A R and Lee, E: **Employment and Development in Nepal**. Geneva: International Labour Organisation. 1982.
- Jacobsen, J: **Promoting Population Stabilisation: incentives for small families**. Washington: Worldwatch Institute. 1983.
- Kabeer, N: **Minus Lives: women of Bangladesh**. London: International Reports. 1983.
- Kalbermatten, J M, Julius, D S, Gunnerson, C G and Mara, D D: **Appropriate Sanitation Alternatives: a planning and design manual**. London: Johns Hopkins University Press. 1982.
- Keddie, N R and Hooglund, E (eds): **The Iranian Revolution and the Islamic Republic**. Washington: Middle East Institute. 1982.
- Lappé, F M and Collins, J: **Now We Can Speak: a journey through the New Nicaragua**. San Francisco, California: Food First. 1982.
- Matthews, R: **Industrial Strategy and Technological Dynamism in Machine Tool Manufacture: comparative perspectives on India and Japan**. Lund, Sweden: Research Policy Institute. 1982.
- Pakistan Democratic Forum: **Movement for the Restoration of Democracy (MRD)**. New York: Pakistan Democratic Forum. 1983.
- Sampson, M W: **International Policy Coordination: issues in OPEC and EACM**. Denver, Colorado: University of Denver. 1982.
- Secretary-General of Organisation for Economic Cooperation and Development: **The Generalised System of Preferences: review of the first decade**. Paris: OECD. 1983.

- Sinha, S: **Planning for Rural Industrialisation: a review of developing country programmes.** London: Intermediate Technology Development Group. 1983.
- Stone, J C: **Experts in Africa.** Aberdeen, Scotland: Aberdeen University African Studies Group. 1980.
- Third World Forum: **Imperatives of South-South Cooperation** (Report on a meeting organised by the Third World Forum). Cairo: Third World Forum. 1982.
- United Nations Conference on Trade and Development: **Central America and the Caribbean: crisis, people and NGOs.** Geneva: UNCTAD. 1983.
- United Nations Industrial Development Organisation: **Handbook of Industrial Statistics.** New York: United Nations. 1982.
- United Nations Industrial Development Organisation: **Information Sources on Grain Processing and Storage.** New York: United Nations. 1982.
- United Nations Industrial Development Organisation: **Information Sources on the Pesticides Industry.** New York: United Nations. 1982.
- Whitaker, B (ed): **Teaching About Prejudice.** London: Minority Rights Group. 1983.
- Wiking, S: **Military Coups in Sub-Saharan Africa: how to justify illegal assumptions of power.** Uppsala, Sweden: Scandinavian Institute of African Studies. 1983.
- Young, R: **Canadian Development Assistance to Tanzania.** Ottawa, Canada: North-South Institute. 1983.

ARTICLES*

GENERAL

- Adams, N: **Towards a Global System of Trade-Preferences Among Developing Countries.** Trade and Development (4) 1982.
- Amin, S: **After the New International Economic Order: the future of international economic relations.** Trade and Development (4) 1982.
- Brzoska, M: **Third World Arms Control: problems of verification.** Bulletin of Peace Proposals. 14 (2) 1983.
- Clairmonte, F and Cavanagh, J: **Transnational Corporations and Global Markets: changing power relations.** Trade and Development (4) 1982.
- Dallin, A: **Soviet Policy Toward the Third World.** Viertel Jahres Berichte (91) 1983.
- Dore, I I: **International Law and the Preservation of the Ocean Space and Outer Space as Zones of Peace: progress and problems.** Cornell International Law Journal 15 (1) 1982.
- Galtung, J: **The Palme Commission Report on Disarmament and Security: a critical comment.** Bulletin of Peace Proposals 14 (2), 1983.
- Hager, W: **North-South Trade and Socio-economic Autonomy: a peace formula.** Trade and Development (4) 1982.
- Hietanen, A: **Towards a New International Sports Order?** Current Research on Peace and Violence (4) 1982.
- Hofmeier, R and Schultz, S: **German Development Aid Policy in Transition.** Viertel Jahres Berichte (91) 1983.

* For further reading see *International Political Science Abstracts*, *Journal of Economic Literature*, *Public Affairs Information Service*, *Current Contents*, *Key Economic Science* and *Sociological Abstracts* from which some of the listed material is drawn.

- Huntington, S P: **US Foreign Policy and the Third World**. Viertel Jahres Berichte (91) 1983.
- Kransdorff, A: **Multinationals and Third World Countries: a gap in credibility**. Multinational Info (2) 1983.
- Meissner, F: **In Search of Marketing Technologies Appropriate for Developing Countries**. Approtech 5 (2&3) 1982.
- Savané, M: **Another Development with Women** (special issue). Development Dialogue (1-2) 1982.
- Shields, M P, Tsui, S W and Vogel, R C: **An Application of Parity Progression Ratios to Developing Countries**. Journal of Developing Areas 16(4) 1982.
- Väyrynen, R: **The transformation of Global Economic and Security Orders: directions for research**. Current Research on Peace and Violence (4) 1982.

AFRICA

- Asobie, H A: **The Influences of Multinational Corporations on the Management of Public Enterprises in Nigeria**. Africa Development 8 (1) 1983.
- Ekstrom, T: **Forestry and Development: the possibilities of Central and West Africa**. Raw Materials Report 2 (1) 1983.
- Ekwe-Ekwe, H: **Africa and Devil on the Cross: revolutionary themes in the Ngugi novel**. Monthly Review 35 (2) 1983.
- Over, A M: **Two Approaches to Projecting the Effect of Scale on the Cost of a Primary Health Care Program in a Developing Country: the case of Niger**. Présence Africaine (124) 1982.
- Shaw, T M and Chazan, N: **The Limits of Leadership: Africa in contemporary world politics**. International Journal 37 (4) 1983.
- Stein, J G: **Leadership in Peacekeeping: fate, will and fortune in the Middle East**. International Journal 37 (4) 1982.

ASIA

- Al-Ameen, A W: **Kuwait's Role in International Development Finance**. The Search 4 (1&2) 1983.
- Arndt, H W: **Financial Development in Asia**. Asian Development Review 1 (1) 1983.
- Beblawi, H: **Gulf Foreign Investment Co-ordination: needs and modalities**. Arab Gulf Journal 3 (1) 1983.
- Dabdab, N J and Mohyuddin, B I: **Oil-based and Non-oil-based Industrial Development in the Arab Gulf Region**. Arab Gulf Journal 3 (1) 1983.
- Dickinson, J M: **State and Economy in the Arab Middle East: some theoretical and empirical observations**. Arab Studies Quarterly 5 (1) 1983.
- Geraedts, H: **The PRC's Policy of Technology Acquisition: some aspects**. Cooperation and Conflict 18 (2) 1983.
- Harik, S E and Harik, B E: **Effects of Labour Mobility: the case of the Arab countries of the Middle East**. The Search 4 (1&2) 1983.
- Hart, T G: **Sino-Soviet State Relations 1969-1982: an attempt at clarification**. Cooperation and Conflict 18 (2) 1983.
- Hasanuddin, B: **The Pattern and Structure of Industry of the ASEAN Region**. Indonesian Quarterly 11 (1) 1983.

- Hiemenz, U: **Growth and Efficiency of Small and Medium Industries in ASEAN Countries.** Asian Development Review 1 (1) 1983.
- Hussain, A: **Human Rights and Super Power Politics: the case of Southwest Asia.** Strategic Studies 6 (1) 1982.
- Kavoussi, R M: **Economic Growth and Income Distribution in Saudi Arabia.** Arab Studies Quarterly 5 (1) 1983.
- Kianuri, N: **Iran: the arduous path of the Iranian Revolution.** World Marxist Review 26 (3) 1983.
- Lirenso, S: **State Policies in Production, Marketing and Pricing of Food Grains: the case of Ethiopia.** Africa and Development 8 (1) 1983.
- Mahmood, S: **Indian Involvement in the 1971 Crisis of Pakistan.** Strategic Studies 6 (1) 1982.
- Mukandala, R S: **Organisational Form and Control of Parastatals in Tanzania.** Africa Development 8 (1) 1983.
- Naya, S: **Asian and Pacific Developing Countries: performance and issues.** Asian Development Review 1 (1) 1983.
- Onoye, E: **Readjustment and Reform in the Chinese Economy: a comparison of the post-Mao and post-Great Leap Forward periods.** Developing Economies, 20 (4) 1982.
- Oshima, H T: **Asia's Contribution to World Economic Recovery in the 1980s.** Asian Development Review 1 (1) 1983.
- Panglaykim, J: **ASEAN Private Sector on the Move.** Indonesian Quarterly 11 (1) 1983.
- Presley, J R: **Trade and Foreign Aid: the Saudi Arabian experience.** Arab Gulf Journal 3 (1) 1983.
- Sadli, M: **ASEAN Industrial Cooperation.** Indonesian Quarterly 11 (1) 1983.
- Schiefer, H B: **The Possible Use of Chemical Warfare Agents in Southeast Asia.** Conflict Quarterly 3 (2) 1983.
- Sicat, G P: **Newly Industrialising Countries and World Markets.** Asian Development Review 1 (1) 1983.
- Siika, M: **China and the Nordic Countries, 1950-1970.** Cooperation and Conflict 18 (2) 1983.
- Stubbs, R: **Malaysia's Rubber Smallholding Industry: crisis and the search for stability.** Pacific Affairs 56 (1) 1983.
- Tacke, E: **Performance and Development Needs of Asian Agriculture.** Asian Development Review 1 (1) 1983.
- Unwin, T: **Agriculture and Water Resources in the United Arab Emirates.** Arab Gulf Journal 3 (1) 1983.

LATIN AMERICA

- Beiguelman, P: **The Destruction of Modern Slavery: the Brazilian case.** Review 6 (3) 1983.
- Bennett, J R and Thomas, J: **Reporting Tio Sam's 'Free World' Dictatorships in the Caribbean Basin.** Current Research on Peace and Violence (4) 1982.
- Bunker, S G: **The Cost of Modernity: inappropriate bureaucracy, inequality, and development program failure in the Brazilian Amazon.** Journal of Developing Areas 16 (4) 1982.
- Child, J: **The Falklands/Malvinas Conflict and Inter-American Peacekeeping.** Conflict Quarterly 3 (2) 1983.

- Haage, S: **The Jari Project in Brazil**. Raw Materials Report 2 (1), 1983.
- Lewis, V: **In Honour of Sir William Arthur Lewis, 1979 Nobel Laureate (special issue)**. Social and Economic Studies 29 (4) 1980.
- Munroe, T: **Jamaica: when the oligarchy is in power**. World Marxist Review 26 (3) 1983.
- Simms, E and Rankine, L B: **Factors Contributing to the Growth and Development of the Root Crop Industry in Jamaica**. Social and Economic Studies 28 (4) 1979.
- Stifel, L D and Arbab, F: **University for Rural Development: an alternative approach in Colombia**. Journal of Developing Areas 16 (4) 1982.
- Zuvekas, C: **Land Tenure in Haiti and its Policy Implications: a survey of the literature**. Social and Economic Studies 28 (4) 1979.

Information for Authors

Third World Quarterly welcomes contributions on important Third World matters; preference will be given to those which deal succinctly with an issue which is both important and clearly defined. Articles which are narrative or descriptive and lacking in analytical content are unlikely to be accepted. Comparative articles are welcome but should incorporate a balance of empirical evidence and theoretical speculation. The writing style should avoid academic jargon and colloquialism, and manuscripts should be carefully checked for errors. Brief articles (2,000 words) dealing with a single point, setting out results or research, a conference report or comments on a previous article, are also welcomed.

Articles submitted to *Third World Quarterly* should be original contributions and should not be under consideration by any other publication at the same time: if an article is under consideration by another publication the author should clearly indicate this at the time of submission; if published in *Third World Quarterly* it cannot be reproduced in whole or substantial part elsewhere without permission from the Editor of *Third World Quarterly*. The Editor is responsible for the selection and acceptance of articles, but responsibility for errors of fact and opinions expressed in them rest with their authors. Copyright in articles published in *Third World Quarterly* is retained by the journal.

Full names of the authors as well as academic and professional affiliations should be given together with the full address to which correspondence should be sent.

Authors are not expected to correct proofs of accepted articles. Every effort will be made to avoid errors and contributions will be checked at both galley and page-proof stages.

Authors are entitled to twenty-five offprints and five copies of the issue in which their article appears free of charge.

Presentation of Manuscript

- Authors should submit two double-spaced typed copies (in English) on one side of A4 opaque paper. An additional copy should be retained by the author as manuscripts are not returned to authors.
- The length should not normally exceed 5,000 words. Titles should be kept as brief as possible.
- An abstract should be submitted with the manuscript; this is to comprise a one-paragraph summary of the main points of the article in not more than 150 words.
- Allow one inch margin on left-hand side and number manuscript pages consecutively throughout the manuscript. Broad divisions and section headings should be clearly marked where appropriate.

- Footnote numbering should be clearly marked in the text and the notes placed at the end of the manuscript, not at the bottom of the relevant page.
- Tables (including graphs, maps, figures) must be submitted in a form suitable for clear reproduction on a separate sheet of paper and not within the text. Each table should have a brief descriptive title. Place all footnotes to a table at the end of the table. Define all data in the column heads. Every table should be fully intelligible without reference to the text. If camera-ready artwork cannot be provided by the author, our printers can undertake the preparation of tables within certain financial constraints.
- If any figure, table, or more than a few lines of the text from previously published material are included in a manuscript the author *must* obtain written permission for republication from the copyright holder; the original source should be clearly noted and acknowledged.
- For punctuation, spelling and style, follow the *Oxford English Dictionary* and the *Oxford Dictionary for Writers and Editors*.

Footnote Style

- In the case of books, the author, title of the book, place of publication, publisher, date of publication, and page numbers should be given in that order: e.g. J S Kirk, *Middle East on Trial*, London: Bodley Head, 1977, pp 3-9.
- In the case of articles, the author, title of article, name of the journal, volume number, issue number in brackets, the year and the page numbers should be given in that order: e.g. J Birks, 'Migration in the Middle East', *Middle East Review* 5 (4) 1979, pp 27-32; or in the case of articles/chapters within books: J Birks, 'Middle East Labour' in *Middle East Today*, S Sinclair (ed), London: Frank Cass, 1978, pp 28-36.
- Reference to privately circulated or mimeographed material should also contain full references including the name of the appropriate department of the institution concerned.

Third World Quarterly will do everything possible to ensure prompt publication once a contribution is accepted. This will be facilitated if all manuscripts and illustrations conform to the form and style detailed above. Manuscripts that do not follow this format may be returned for resubmission.

Authors are strongly advised to examine issues of *Third World Quarterly* in conjunction with the reading of these notes.

Deletions and Alterations

If the Editor is of the opinion that articles provisionally accepted for publication need to be shortened or particular expressions deleted or rephrased, such proposed changes will be submitted to the author for approval prior to publication. Corrections of errors in punctuation, spelling and style will *not* be submitted for approval if they do not alter the meaning or sense of the original manuscript.

Two
timely, new
publications
from . . .

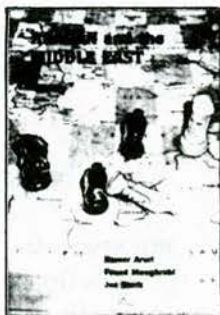
aaug PRESS

REAGAN and the MIDDLE EAST

Naseer Aruri, Fouad Moughrabi, Joe Stork

Three articles provide a comprehensive analysis of President Reagan's Middle East peace plan, its context, objectives and consequences, within the framework of the administration's conception of American objectives. In particular, they examine the key part played by Israel in the United States' Middle East strategy, and the secondary role to which America's Arab allies have been relegated.

Monograph #17 \$5.50 paper



PALESTINE IS, BUT NOT IN JORDAN

Sheila Ryan and Muhammad Hallaj

An extremely timely expose of the Zionist myth—now propagated by the Begin government—that there is already a Palestinian state in Jordan.

Information Paper #24 \$3.50 paper

"By selective historical abstractions and creative technique, [the claim that Jordan is a Palestinian state], manufactured by Israeli officials, not only denies the Palestinian his homeland, but denies the basis of his just struggle."

—Faith Zeady, from her introductory note

The Association of Arab-American University Graduates, Inc. (AAUG), a non-profit, educational and cultural organization, has a full list of publications, provides speakers on U.S. policy, Arab world issues and the Palestine question, and conducts information campaigns on vital human and civil rights issues in the Middle East and in the United States.

Membership is open to all persons interested in furthering the aims of the Association.

TO ORDER: Mail this form with your check to: AAUG Press, 556 Trapelo Rd., Belmont, MA 02178 (617) 484-5483

Name _____

Address _____

City _____ State _____ Zip _____

Please send me: Qty Price

Reagan and the Middle East _____

Palestine Is, But Not in Jordan _____

Postage and handling:
Orders totaling \$2 and less add 50¢;
orders over \$2 add \$1 first book, and
40¢ each additional book.

Postage and Handling _____

TOTAL ENCLOSED _____

☐ Please send me information
on membership in the AAUG

☐ Please send me your free
Catalog of Publications



The Institute of Arab Studies announces
the publication of

**AFTER THE PALESTINE-ISRAEL WAR:
Limits to U.S. and Israeli Policy**

by

Khalil Nakhleh and Clifford A. Wright

One year after the war in Lebanon the new political map in the Middle East remains unclear. In this first analysis of the aftermath of the war the objectives and meaning of U.S. and Israeli policy are examined. (130 pages)

- Available only by order from the Institute of Arab Studies
- \$7.95 a copy (U.S. dollars). 20% discount on orders of five or more copies.
- Add for postage as follows:

U.S. & Canada:

No charge for book rate. \$1.00 per copy for first class.

Other countries:

\$1.00 per copy for surface mail. \$2.00 per copy for air mail.

Please send me _____ copy(ies) of your monograph *AFTER THE PALESTINE-ISRAEL WAR: Limits to U.S. and Israeli Policy*.

Enclosed is my check or money order (payable to the Institute of Arab Studies, Inc.) for \$_____.

PLEASE PRINT CLEARLY THE INFORMATION NEEDED BELOW

Name: _____

Address: _____

City: _____ Country/State: _____ Zip: _____

Mail this order form with your check to: Institute of Arab Studies, Inc.
556 Trapelo Road, Belmont, MA 02178, U.S.A.

OAPEC BULLETIN

First published in Arabic in October 1975
and in English in November 1975.

Highlights the progress of cooperation
among the Arab countries and between the
Arab and other countries with special
emphasis on oil and energy.

Contains articles, statistics, calendar of
forthcoming conferences and seminars, and
official information.

*Annual subscription (Arabic and English
editions—airmail)*

Individuals KD6 or US\$24.

Institutions KD12 or US\$48.

*Annual bound volume (back issues) KD15
or US\$60.*

OIL AND ARAB COOPERATION

Quarterly journal in Arabic, with abstracts
in English.

First published in summer 1975.

Explores the role of oil in promoting Arab
economic and social development and
pan-Arab cooperation.

Presents information on diverse aspects of
the petroleum industry.

Contains statistics, legal documents, book
reviews, and Arabic and English biblio-
graphies.

Annual subscription rates (airmail)

Individuals KD5 or US\$20.

Institutions KD15 or US\$60.

*Annual bound volume (back issues) KD15
or US\$60.*

Order from Information Dept., OAPEC,
P.O. Box 20501, Safat, Kuwait.



COOPERATION AND CONFLICT

NORDIC JOURNAL OF INTERNATIONAL POLITICS

Published quarterly for the Nordic Cooperation Committee for International Politics, including Conflict and Peace Research, by Universitetsforlaget, Journals Dept., Oslo, Norway. It is the only journal in the English language devoted to studies of the foreign policies of the Nordic countries and to studies of international politics by Nordic scholars.

The subscription price per volume (1983 rates), payable in advance, is: Institutions: USD 24.00 (NOK 140,—), Individuals: USD 19.00 (NOK 112,—), Students: USD 12.00 (NOK 70,—).

Editor: Lauri Karvonen, Department of Political Science, Åbo Academy, 20500 Åbo 50, Finland.

Orders can be placed with Universitetsforlaget, Subscription Division, P.O. Box 2959 Tøyen, Oslo 6, Norway, and US Office: P.O. Box 258, Irvington-on-Hudson, NY 10533, USA.

Contents Vol. XVII, No. 3, September 1983:

RAIMO VÄYRYNEN:

Economic Fluctuations, Technological Innovations and the Arms Race in a Historical Perspective

HÅKAN WIBERG:

Measuring Military Expenditures: Purposes, Methods, Sources

NILS PETTER GLEDITSCH,

OLAV BJERKHOLT,

ÅDNE CAPPELEN:

Conversion: Global, National and Local Effects. A Case Study of Norway

BERTIL DUNÉR:

The Intervener: Lone Wolf or ...? Cooperation Between Interveners in Civil Wars

COOPERATION AND CONFLICT

ORDER FORM

I wish to become a subscriber from No. 1, 1983

☐ Institutions USD 24.00 (NOK 140,—)

☐ cheque enclosed

☐ Individuals USD 19.00 (NOK 112,—)

☐ please send invoice

☐ Students USD 12.00 (NOK 70,—)

Name:

Address: 17a

Issues will be sent to you as soon as payment is received.

UNIVERSITETSFORLAGET, P.O. Box 2959 Tøyen, Oslo 6, Norway

UNIVERSITETSFORLAGET

DEVELOPMENT AND CHANGE

Editors Sipko de Boer, Martin Doornbos, George Irvin, Kurt Martin, and Henk van Roosmalen Institute of Social Studies, The Hague

An interdisciplinary journal devoted to the critical analysis and discussion of current issues of development. **Development and Change** receives articles from all the social sciences and intellectual persuasions which contribute to an understanding of Third World problems. Recurring subject areas include problems of rural development, education and manpower planning, the impact of multinational corporations, the transfer of technology, the role of bureaucracy, the rate of development and worker participation, and industrialization.

CONTENTS OF VOLUME 14, NUMBER 4, OCTOBER 1983

- Gordon White* Socialist Planning and Industrial Management: Chinese Economic Reforms in the Post-Mao Era
Uhn Cho and Hagen Koo Economic Development and Women's Work in a Newly Industrializing Country: The Case of Korea
Truong Thanh-Dam The Dynamics of Sex Tourism: The Case of Southeast Asia
Gary Anders The Role of Alaska Native Corporations in the Development of Alaska
Richard Hogg Irrigation Agriculture and Pastoral Development: A Lesson From Kenya
Paul Mosley The Politics of Evaluation: A Comparative Study of World Bank and Ukoda Evaluation Procedures
Henry Bernstein and Howard Nicholas Pessimism of the Intellect, Pessimism of the Will?
Andre Gunder Frank What is to be done with Artificial Straw Men?

Development and Change is published quarterly in January, April, July, and October

Subscription Rates

	1 year	2 years	3 years
Institutional	£34.00	£66.00	£99.00
Individual	£15.00	£30.00	£45.00
Single copies	£9.00		



**SAGE Publications • 28 Banner Street
London EC1Y 8QE • Telephone: (01) 253-1516**

ÉTUDES INTERNATIONALES

Volume XIV, no. 3, Septembre 1983

Directeur: Jacques LÉVESQUE.

Directeur adjoint: Gérard HERVOUET.

NUMÉRO SPÉCIAL

LE NOUVEL ORDRE INDUSTRIEL INTERNATIONAL

SOUS LA DIRECTION DE MAXIME A. CRENER ET ALAIN ALBERT

AVANT-PROPOS

GILLES PAQUET:	LES MUTATIONS DE NOTRE ÉCONOMIE-MONDE: DES RÉVOLUTIONS SANS MIRACLES
LYNN MYTELKA:	LE CAPITALISME FONDÉ SUR LA CONNAISSANCE ET LE CHANGEMENT DANS LES STRATÉGIES DES ENTREPRISES INDUSTRIELLES
ALAIN ALBERT ET MAXIME A. CRENER:	LES NOUVELLES POLITIQUES INDUSTRIELLES: LE CAS DES TÉLÉCOMMUNICATIONS
ROGER GUIR:	LA « SOUS-FILIÈRE » BUREAUTIQUE DANS L'EN- SEMBLE ÉLECTRONIQUE: PERSPECTIVES INTER- NATIONALES
FRANÇOIS LACASSE:	« DOMESTIQUER » L'INCERTITUDE: LES SOCIÉTÉS D'ÉTAT COMME INSTRUMENTS D'ADAPTATION AUX CHANGEMENTS ÉCONOMIQUES INTERNATIONAUX
PATRICK ROBERT:	LES MODALITÉS ET LES CARACTÉRISTIQUES DU PROCESSUS D'ADAPTATION DE L'INDUSTRIE CANA- DIENNE À LA CONCURRENCE INTERNATIONALE

CHRONIQUE DES RELATIONS EXTÉRIEURES DU CANADA ET DU QUÉBEC

DIRECTION ET RÉDACTION: Centre québécois de relations internationales, Faculté des sciences sociales, Université Laval, Québec, Qué., Canada G1K 7P4, tél: (418) 656-2462

SERVICE DES ABONNEMENTS: Les demandes d'abonnement, le paiement et toute correspondance relative à ce service doivent être adressés au Centre québécois de relations internationales, Faculté des sciences sociales, Université Laval, Québec, Qué., G1K 7P4, Canada

ABONNEMENT ANNUEL: Quatre numéros par an
Régulier: \$20.00 (Can.)
Étudiant: \$15.00 (Can.)
Institution: \$40.00 (Can.)
(tous pays)

ÉTRANGER
\$25.00 (Can.)
le numéro: \$7.00 (Can.)

MAZINGIRA

The International Journal for Environment and Development

Editor: Asit K. Biswas (Canada)

Published by Tycooly International with the support of UNEP. **Mazingira**

* provides original and authoritative information on the protection and management of the environment at global, regional and national levels

* informs technical experts, policy makers and concerned individuals about environmental aspects of the development process

Editorial Board

Asit K. Biswas (Canada)
W.K. Chagula (Tanzania)
Robert S. McNamara (USA)
Mohammed Kassas (Egypt)
Sean MacBride (Ireland)
Enrique Peñalosa (Colombia)
Ignacy Sachs (France)
M.S. Swaminathan (India)
Shigeto Tsuru (Japan)

Subscription Rate: 1 year (4 issues) \$10.00 UK £6
2 years (8 issues) \$18.00 UK £11

Individuals and development institutions in developing countries are entitled to a reduced subscription rate of \$6.00 per year.

SPECIAL BULK SUBSCRIPTION RATES:

An excellent tool for increasing awareness of vital issues, NGO's and other organisations may purchase Mazingira bulk subscriptions (minimum 10) at half price:

	Developed Countries	Developing Countries
10 subscriptions	\$ 50	\$ 30
50 subscriptions	\$250	\$150
100 subscriptions	\$500	\$300

☐ Please send me a free specimen copy of Mazingira

☐ Please enter subscription(s) to Mazingira for year(s). I enclose cheque for £/\$..... All cheques should be made out to "Mazingira".

Language (delete as applicable) English/French/Spanish.

Name

Address

All orders and enquiries should be sent to:

Tycooly International Publishing Limited,
6 Crofton Terrace, Dun Laoghaire, Co. Dublin, Ireland.

ASIAN SURVEY

A Monthly Review of Contemporary Asian Affairs

Articles in 1983:

March 1983

PERVAIZ IQBAL CHEEMA · The Afghanistan Crisis & Pakistan's Security Dilemma

ROBERT C. HORN · Afghanistan & the Soviet-Indian Influence Relationship

P. S. GHOSH & R. PANDA · Soviet Factor in Indian Politics

April 1983

EDWARD L. RADA · Food Policy in China

May 1983

FRANK LANGDON · Japan-U.S. Trade Friction

June 1983

DONALD E. WEATHERBEE · Brunei: *The ASEAN Connection*

July 1983

MONOHAR SINGH GILL · The Development of Punjab Agriculture 1977-80

ATUL KOHLI · Parliamentary Communism & Agrarian Reform: *The Evidence from Bengal*

G. THIMMAIAH & A. AZIZ · The Political Economy of Land Reforms in Karnataka

October 1983

THE PACIFIC COMMUNITY: · A Special Issue

Rates: In the U.S., \$30.00 for individuals. \$55.00 for institutions, and \$17.00 for students for one year. Subscribers elsewhere should add \$4.50 postage. Single copies are \$4.00 for individuals and \$5.00 for institutions. Back issues from volume 14 are available at \$6.00 each plus postage.

University of California Press

Journals Dept., Berkeley, CA 94720

THE CHINA QUARTERLY

The leading international journal
for the study of twentieth century China

Issues contain
Articles, Book Reviews, Comments,
Research Notes, Recent Developments,
Quarterly Chronicle and Documentation

Issue No. 95 (September)

Hong Kong Symposium

TREATY, GRANT, USAGE OR SUFFERANCE? SOME LEGAL
ASPECTS OF THE STATUS OF HONG KONG

Anthony Dicks

THE INTERNATIONAL POSITION OF HONG KONG

Lucian W. Pye

LIFE IN THE CITIES: THE EMERGENCE OF
HONG KONG MAN

Hugh D.R. Baker

RURAL SOCIETY: HONG KONG'S NEW TERRITORIES

James L. Watson

THE GOVERNMENT OF HONG KONG: CHANGE WITHIN
TRADITION

Brian Hook

GROWTH, PUBLIC POLICY AND HONG KONG'S
ECONOMIC RELATIONSHIP WITH CHINA

Christopher Howe

Review Articles:

PERSPECTIVES ON CHINA'S FOREIGN POLICY

Michael Yahuda

CHINA THROUGH SHADED GLASSES

Martin King Whyte

EDITORIAL OFFICE:

School of Oriental and African Studies
Malet Street, London WC1E 7HP

FOR SUBSCRIPTIONS WRITE TO:

Publications (THE CHINA QUARTERLY)
School of Oriental and African Studies
Malet Street, London WC1E 7HP

SUBSCRIPTION RATES:

£15 or U.S.\$30 a year, post free

Full-time students £7.50 or U.S.\$15

Individual copies £3.75 or U.S.\$8.50



Hundreds of books are published every month from East and West on Islam and the Muslim world. It is humanly impossible for individuals to keep up with the information explosion. This unique quarterly publication of the Islamic Foundation aims not only to introduce but to give a comprehensive and critical evaluation of books on Islam and the Muslim world with due consideration to the Muslim viewpoint. The reviews are written by scholars of Islam and area specialists. The four issues are published in Autumn, Winter, Spring and Summer.

No scholar or library concerned with the contemporary world, whose future is now inextricably linked with that of the Muslim world, can afford to miss this important journal.

THE MUSLIM WORLD BOOK REVIEW

- Keeps abreast of important periodic literature on Islam and the Muslim world.
- Critically evaluates issues in important books through in-depth and short reviews.
- Contains comprehensive bibliographies on some important themes of immense interest to scholars and researchers.

SEND YOUR SUBSCRIPTION NOW

To: The Subscription Manager **Muslim World Book Review**

Please enter my subscription for MWBR. I enclose cheque/PO

for £/\$ (Make cheque payable to the Islamic Foundation)

Name:

Address:

City

Area Code

County

(Please write in capital letters)

Annual subscription rates: Please tick.

☐ Individuals £6.00 (\$14.40)

☐ Institutions £10.00 (\$24.00)

☐ Single copies £2.50 (\$6.00)

Overseas by Air:

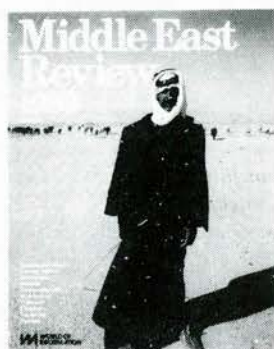
Please add £4.00 (\$9.60) for yearly subscription or £1.00 (\$2.40) per single issue to cover postage.

Advertising — send for rates

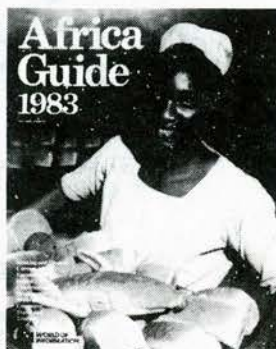
THE ISLAMIC FOUNDATION

223, London Road, Leicester, LE2 1ZE. Tel: (0533) 703555

Note: The Islamic Foundation (one of Europe's leading publishers of Islamic books), has published over sixty titles on Islam for readers of all age groups. Some of the books are also available in German, French, Dutch, Portuguese and Spanish languages. For further information and a free copy of catalogue write to the Sales Manager at the above address.



The World of Information Quartet



**A comprehensive, lively and practical business service
on the world's fastest-growing and exciting markets**

Every year we examine over 150 countries in detail. We all live in a world where a civil war thousands of miles away can push the value of our currency down, where a border conflict can push the price of fuel up. We can choose to ignore the world around us, or attempt to understand it better. Helping you understand it is our business, by providing the factual background and the analysis necessary to make sense of it.



To order your copy forward this coupon to:
**World of Information, 21 Gold Street,
Saffron Walden, Essex, England.**

Name

Company

Position/title

Address

Zip/Post code Country

Subscription prices:

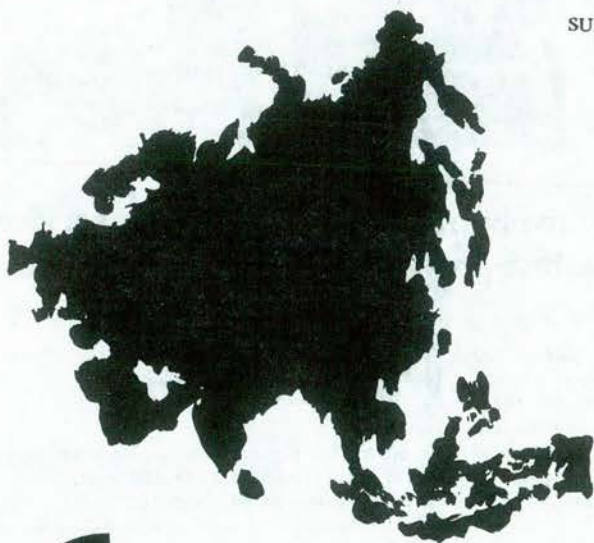
UK/Europe	£17.00	US\$30.00
Middle East/Africa	£21.00	US\$37.00
USA & Rest of the World	£25.00	US\$43.00

Titles (please tick) MER ☐ AG ☐ LAR ☐ AP ☐

*A Quarterly Journal of contemporary ideas, thoughts
and happenings—offers you an instant insight into the political,
economic and social problems and issues of the Asian countries.*

ASIAN AFFAIRS

SUBSCRIBE NOW : SUBSCRIBE ANY TIME YOU LIKE FOR
AT LEAST A YEAR.



SUBSCRIPTION RATE

Yearly—Tk. 100.00

US \$ 24.00

UK £ 12.00



CENTRE FOR DEVELOPMENT RESEARCH

ARTS BUILDING, UNIVERSITY OF DHAKA
G. P. O. BOX NO. 4070, DHAKA, BANGLADESH.



DEVELOPMENT RESEARCH DIGEST

SUMMARIES OF CURRENT BRITISH RESEARCH ON DEVELOPMENT

editor: Zoë Mars

Using mainly unpublished British sources, the **Digest** summarises selected current research and thinking on development themes.

current issues

- no 7 **Women and Development** — assesses what research on women should be doing now, beyond demonstrating the extent of women's oppression, to explain and change power structures. Looks at women and the family, in the labour force, and as affected by economic contraction and ideology, from village India to Khomeini's Iran. Summer 1982 £3.50
- no 8 **Basic Needs and Income Distribution** — asks what are the distributional and political costs for Third World governments of really attempting to provide basic levels of nutrition, health care and employment. Problems of definition and strategy are tackled, through case material from Africa, Latin America and Asia. Winter 1982 £3.50

The subscription for no 9 (on Urban and Industrial Policy) and no 10 (on Agriculture and the Rural Sector) appearing in Spring and Autumn 1983, will be £6.50. A variety of combined subscriptions with other IDS publications is available.

back issues

- | | | |
|------|---|-------|
| no 1 | Urban Growth and Poverty | £1.50 |
| no 2 | The Green Revolution and Rural Technology | £1.50 |
| no 3 | Technology and Development | £2.50 |
| no 4 | Education and Development | £2.50 |
| no 5 | Organising for Health | £3.50 |
| no 6 | International Issues | £3.50 |

Postage included for subscriptions; add 50p for individual copies. Available from: Publications Office, Institute of Development Studies at the University of Sussex, Brighton BN1 9RE, England.

Survival

Survival, the bi-monthly journal of the International Institute for Strategic Studies, is devoted to identifying and analysing major issues of international politics, security and strategy. Written for both the specialist and the informed layman, it contains original articles by distinguished authors in these fields, reprinted articles and important documents and an authoritative book review section.

Annual subscription of 6 issues £12.00 (\$20.00) post free from:

IISS Subscriptions Department
23 Tavistock Street
London WC2E 7NQ

Available Now

Text of a Public Lecture delivered by the commonwealth Secretary-General on the occasion of the 150th Anniversary of the Abolition of Slavery Act (1833) and the death of William Wilberforce.

'Some in Light and in Some Darkness': the long shadow of slavery
by Shridath S Ramphal

Third World Foundation Monograph No. 12
Paperback: 240 x 150mm. 32pp. £1.50
ISBN 0 907962 20 3

Name

Address

.....

..... Country.....

Please send me.....copies of Third World Foundation Monograph No. 12 at £1.50 each

I enclose remittance of.....

Return to:

Third World Foundation
80 New Zealand House, Haymarket, London SW1Y 4TS, England

new community

Journal of the Commission for Racial Equality

Dealing with all aspects of ethnic and race relations and
migration in Britain and internationally.

Editor: Sheila Patterson

Volume XI, Nos. 1/2, Autumn-Winter 1983

contains a special section on:

Ethnic Communities and Ethnic Business

(Guest Editor: Robin Ward)

includes

PETER WILSON on *Bank Finance and Ethnic Minority Business*

TREVOR JONES on *Segregation and the Asian Community*

ALAN BROOKS on *Black Businesses in Lambeth*

Plus articles by **Donley Studlar** and **M. Le Lohé** on the ethnic vote and ethnic candidates in the 1983 election; **Nadine Peppard** on race relations training; **Lewis Killian** on U.S. census data; **Czarina Wilpert** on guest workers in West Germany; and **Michael Banton** on Everett Hughes

Annual Subscription –

Institutions £12 (US \$24); Individuals – £9 (US \$18)

Back Numbers – £4 (US \$8); Single Copies – £3 (US \$6)



New Community Subscriptions,
Elliot House,
10/12 Allington Street,
London SW1E 5EH
Telephone: 01-828 7022

South-South Strategy

The strategies for development, negotiations and cooperation pursued by the Third World for the last twenty years have produced unsatisfactory results.

The balance sheet is a study in failure.

If the South is to establish an equitable relationship with the North, it must organise itself into a cohesive political and economic force — this is the conclusion arrived at by the contributors to this book, South-South Strategy.

The book examines the issues that must be faced before the developing countries can evolve positive and resolute policies for political, economic and cultural cooperation among themselves.

Edited by Altaf Gauhar, the contributors to this important new book are all eminent strategists of South-South cooperation — statesmen, economists and scholars.

Their views and conclusions are fundamental reading for anyone interested in the North-South dialogue.

Send for your copy now by filling in the coupon below, with a cheque for £3.95/\$5.95.

Please send me a copy of South-South Strategy for which I enclose a cheque for £3.95/\$5.95 made payable to Third World Foundation.

Name _____

Address _____

Third World Foundation, 13th Floor, New Zealand House,
80 Haymarket, London SW1Y 4TS

REVIEW OF **African** Political Economy



Special Issue — Sudan

No.26



Subscription (3 issues) £6 individuals (UK & Africa). US\$15 (Elsewhere); Students £4.50 (Sterling only). Cheques (US\$ on US Banks, International M.O. or Sterling) payable to **ROAPE**, 341 Glossop Rd., Sheffield S10 2HP, England.

**To all who thought the
Third World was invented
by Brandt and returned
to obscurity by Reagan:**

In October 1981, the nations of the world met in Cancun to resolve a major problem: how to reconcile the challenge of a growing South within the existing North-led world economy.

Cancun answered only a few bare questions, but the challenge remains.

The 10 fastest-growing economies in the world are in the South. In 1981, their collective exports totalled \$136.7 billion – with imports hitting \$160.5 billion.

Third World nations, as a whole, will buy some \$500 billion in goods and services during 1982 – from each other, and from the industrialised North.

South is the voice of this vital Third World marketplace.

Every month, South is packed with hard business information and uncompromising comment – about trade, politics, economics and culture.

South is all you need to know about Third World business. Like you've never been told before.

Subscribe today, by sending in the coupon inside.

**Think again,
every month**

South

The Third World magazine

Fill in the subscription form inside