

THE THIRD WORLD LOOK AT 1992 EUROPE

— Francois Houtart —

Canon Houtart, a Jesuit, was personal friend of the legendary Camilo Torres. A sociologist, he taught at the Catholic University of Louvain, in Belgium. He is the founder of the Centre Tricontinental (CETRI). He has had long standing contacts with national liberation and evolutionary movements throughout the Third World, such as Sandinistas. The President of the Vietnam — Belgium Friendship Society and a frequent visitor to Hanoi, he has also lectured in Guinea-Bissau, Nicaragua and Mozambique. He is the author of a book on Religion and Ideology in Sri Lanka.

It is very important to stand from the Third World's perspective and questioning, when speaking about Europe 1992. We will speak first about economic Europe, which stands in the logic of the market. Our second point will be Europe facing the main Third World continents: Africa, Asia, Latin America.

I. ECONOMIC EUROPE IN THE LOGIC OF THE MARKET

1. The Europe of transfers

The first thing to say is that Europe is essentially ambivalent. There are no doubt very good elements in the construction of Europe, in the 1992 perspective: the going down of nationalisms, a certain economic balance — weight to the USA, an interlocutor vis-a-vis the East, an eventual partner for the Third World. These are real and certainly positive elements. But when you start studying these things a little closer, you realize that the basic perspective is biased by the logic of capitalism, despite the best of wills. It is indeed a logic. The reproduction of capital exacts profit, especially at a time of spectacular technological progress. Facing the Third World, the construction of Europe, as it is being carried on in the 1992 perspective, means a transfer of surpluses through new mechanisms. Indeed, in 1986, the transfer of Third World surpluses to the Europe of the 12 amounted to US\$ 30,000 million; 1987: 35,000 million; 1988: 43,000 million. "Between 1982 and 1988, the South has effected net transfers of US\$ 280,000 million to the North".¹

Facing this, there is the European humanist discourse over culture, history and values. This discourse is not integrated into the actual economic construction. For indeed, 1992 will be the entry

into a hard, deregulated, competing Europe, dominated by a market economy itself expected to produce the best results on the economic plane and thus to solve the whole of social problems. The "common house", often spoken of these days, has in fact very different meanings when President BUSH declares that Hungary is the daughter coming back home, when President GORBACHEV intends to set up a balance-weight to American domination, when JOHN PAUL II, considering Christianity as Europe's cultural and common heritage, would like to re-establish an ideological hegemony.

But we must not forget the transformations of the socialist world. They question anew the logic of planned economy with the enormous danger — when willing to unblock civil society, to drop dogmatism and to relaunch production — of doing away with any theoretical thinking and getting lost in pragmatism. Finally, there is also the Atlantic Alliance, which regularly makes Europe lean towards solidarity with the USA. We can thus say that, in the years to come, Europe is going to represent a real challenge for the Third World. Remains to be seen how this is translated into facts.

2. The agricultural policy, paramount challenge vis-a-vis the Third World

The European policy has aimed at increasing agricultural production. On the level of cereals, for instance: 1950=30 million tons, 1975 = 96, 1984 = 150, 1987 = 200 million tons.² Over the last twenty years, the European cereal yield per hectare has actually doubled, without any virtual increase of the European con-

sumption. This results in exporting the surpluses in one way or another: between 1978 and 1985, European exports of cereals have increased by 122%.³

But we also know that Europe's agricultural policy is to subsidize the agricultural prices to keep up farming. Third World countries thus become the recipient of the surpluses. Half the European exports of cereals are directed to the developing countries, with an annual profit of ECU 15,000 million for Europe. Between 1970 and 1980, the developing countries' imports have passed from an average of 16 to 31.5 kilos per head. The yearly cost of those imports for the non oil-producing countries runs into the US\$ 16,000 million. The buyers of European corn are mainly the upper, the westernized or the middle classes of the Third World countries. New feeding habits are being created. Usually, both the USA and Europe begin by food relief to progressively create customers. Let us take an example, not European but North American: US food help to Bolivia has virtually discouraged and caused the collapse of local production. Today Bolivia is borrowing to buy corn from the USA.⁴

A third aspect of the agricultural policy is the growing cost of the dependence of Third World countries. One example will suffice to show the complexity of all those problems. The years 1973-74 witnessed the oil crisis and the rise of the price of fertilizers. This meant, for the developing countries in 1974, an extra expenditure of US\$ 10,000 million. Now, in the same period, in 1972, there was a bad harvest in the USSR, who bought 24 million tons of corn from the world market. At the same time also, anchovy was disappearing from the Peruvian coast for unclear reasons. This fish, used as cattle fodder, was replaced in Europe by cereals. Consequently, the following year in 1974, the price of cereals was multiplied by 2.5. That was also the time of famines in Africa, where food aid by the Western countries went down from 12.7 million tons in 1971 — which was not a famine year — to 5.7 million tons in 1972.⁵ This shows how the interlinkage between these different problems creates an ever greater dependence, of Africa in particular, to which we shall revert later when speaking of this continent.

A fourth aspect of agricultural policy is food aid, the disposal of surpluses. Indeed, Europe can no longer sell all its production. This disposal as food aid entails serious indirect effects. It discourages local production, as prices become too low, but encourages European agrobusiness export with subsidized export prices. It absorbs the potential markets of the developing countries thus outrun by Europe, which subsidizes its agricultural products to export them onto the world market. We shall revert to this point later when speaking of Latin America.

Still a final word. The cereal world market, taken as example here — about the same could be said about meat or milk products — is controlled for 90% by five transnational corporations.

II. THE RELATIONS BETWEEN EUROPE AND THE DIFFERENT THIRD WORLD CONTINENTS

1. Africa

The history of the relations between Africa and Europe is of course a colonial history. Today, it can be expressed most clearly in terms of relations with the APC countries (Africa, Pacific, Caribbeans), i.e., 66 countries.⁶ This actually covers mainly the African countries, former European colonies. Here is a recent declaration of Mr. Seydina Oumar Sy, for over twenty years Senegal's ambassador to Belgium and to the Common Market, now the trade minister of a country far from being socialist: "1992 will mean a broader market with a ferocious competition and the ruthless crushing of the weak. The only solution for Third World countries and for Africa is to try and establish a relation of strength".⁷ This is logical. But Africa is divided, has little power and a devalued image. How can it question European interests when economics is finally the only thing that matters. Relations with Africa are thus relations of dependence. The APC agreement, especially aimed at Africa, was initiated in 1963 by the Yaunde (Cameroon) Conference and followed up by what was called Lome I in 1975.

In 1975 the idea had been to establish privileged relations with the former colonies, with a threefold orientation. First, a financial aid, i.e., money credits; then what was termed "stabex": stabilizing

export prices, and last the free access of some Third World products to the European Community. After ten years, in the 80s, an evaluation revealed that this policy had resulted in an increased dependence of Africa vis-a-vis the European Community.

Africa had actually met with a degradation of its economic situation. Its annual GNP increase was just 0.8% versus an economic increase of 2.7% for the whole of the developing countries. Now there was a 1% annual decrease in food production, thus 10% over 10 years,⁸ and the African debt had multiplied by 9. This meant that mechanisms had not functioned, or had functioned in some unforeseen way. Why? On the whole, the basic reason lies first in the very insufficient financial means — an average of US\$ 4 per capita — put at the disposal of Africa in the framework of the Lome agreement, presented as a model in opposition to US relations with Third World countries.

As for transfers, after Lome II (the second Lome conference), they accounted for less than 20%, because of population and inflation increases. During the Lome III negotiation, the African countries were asking for a financial aid of ECU 8,000 million over 5 years. The EEC was ready to grant them 7,500 million, which amounts to US\$ 2,000 million per year or the sum returned to the U.K. for its adhesion to the European Community. Now, these US\$ 2,000 million were for 66 countries, which means that the financial means for a suitable financial aid had not been brought out.

For "stabex" (stabilization of export prices), a fund of ECU 550,000 million had been foreseen (1 ECU = ± 1,4 US\$). But, for only the period between 1980 and 1981, two products like coffee and cocoa went down, which meant a loss or a lack of revenue of ECU 715,000 million. The actual compensation for the exports of the Lome Convention countries covered in 1980 only 52% of the real losses and 42% in 1981. There was a steady proportional decrease of this figure.⁹ In other words, the fund foreseen to stabilize the exportations did not match the fall of world prices. Between 1981 and 1985 the developing countries

lost US\$ 60,000 million, which resulted in a 0.7% GNP increase for the OECD countries (the industrialized countries of the capitalist world), whereas their help to the developing countries amounted to 3.5%.

Finally, the foreseen commercial co-operation did not actually work. From 8.3% of the 1970 European market, the APC countries passed to 5.6% in 1980. The trade balance of the APC countries, which enjoyed a bonus of ECU 600 million in 1976, suffered a deficit of ECU 1,700 million in 1980. In addition, the European Community laid down a certain number of conditions for its economic aid and the stabilization of some prices, like the protection of European investments, the respect of human rights, which was often interpreted by the APC countries as interfering in their own affairs. So much for the African overview.

2. The Arab World

(Editor's note: this article was written before the Gulf War). The energy crisis and Europe's dependence upon a key production of the Arab world (oil) have marked the relations between those two regions. The oil crisis resulted however, to a certain extent, in a more rational use of energy. Thus in 1973, Europe was depending for 61% upon oil energy, of which 98% were imported. In 1976, this dependence had dropped to 46% oil energy, of which only 74% were imported. The estimate for the year 2000 foresees a dependence on oil energy of only 40%. In 1973, the Arab countries supplied Europe with 88% of its oil for only 60% in 1986.¹⁰ The result: a certain decrease in the negotiation power of those countries vis-a-vis Europe.

For other Arab countries, the most important problem lies in the agricultural policy. Indeed, a certain number of markets relied especially on Maghreb countries. Now, Europe has passed from agricultural underproduction to overproduction, at least for some products. It also imposed import taxes to privilege home buying, and distributed some surpluses which caused a gradual closing down of trade with the Maghreb countries. This is protectionism. But it is the former colonial metropolises which forced

those countries to export cash crops. In 1974, the Arab countries were disappointed when taking stock of the situation. Indeed, it is not only a matter of an economic policy but of an attitude which, in the Middle East conflicts, very often oscillates between "wait and see" and a standpoint favourable to Israel and fairly close to the USA.¹¹

3. Latin America

There is a strong decrease of Latin American exportations to Europe. Indeed, Europe's agricultural policy, the Lome agreements and taxes on imports like those of bananas resulted in the following: if Europe represented 26% of Latin American exports in 1970, it accounted for only 17% in 1985 with a drop of 38% between 1980 and 1985.¹² The USA keeps increasing its influence in economic exchanges and Europe's policy towards Latin America is more and more conditioned by US policies. Let us take Argentina, for example. In 1960, it ranked seventh among the countries exporting to Europe, but only 24th in 1970.¹³ Worse still, not only does Europe buy less from Latin America but it has become a competitor, for instance on the cereal market with its protectionist policy. Thus Spain, which once bought cereals from Argentina, has now turned to the European market. In 1986, this meant for Argentina a loss of US\$ 200 million income.¹⁴ At the same time, Europe was obliged to make concessions to the USA because of the economic strength of the later, which obviously over-powers Argentina. The same is true of meat. Whereas Europe used to import meat from several countries, it has today an overproduction of 500,000 tons of meat per year and is competing on the same markets as, for instance, Argentina, Uruguay or Central America.¹⁵

Another and third aspect of Europe's relations with Latin America is that the latter does not have an organ of negotiation with Europe. There is the free exchange zone, ALALC in the South, CARICOM, the Central American common market, the Andean Pact, all of which have known different fortunes. But Latin America as such presents itself in a dispersed order, heterogeneously.¹⁶

A 4th aspect is that of Latin America's indebtedness.¹⁷ Half of these debts are towards Europe, particularly to private

banks which had lent a lot of money at the time of the European petro-dollar surplus.¹⁸ Finally, the policy of a generalized system of preference allowing some Third World countries to introduce manufactured goods into Europe, actually excludes 70% of Latin American products.¹⁹ If we speak of Central America more in particular, things are possibly a little different, but not much. In 1985 there was an agreement between the European Community and Central America. The favourable element is that Europe consumes more and more mild coffee rather than arabica coffee, which is produced mostly by Africa and Brazil.²⁰ Central America finds itself, together with Colombia, in a better position. But, on the other hand, Europe has taxed banana imports by 20%, to avoid competing with the APV markets. Central America has lost practically its whole sugar market in Europe, as the latter now exports its own subsidized sugar. At recent meetings, the Central American countries expressed their disappointment about the EEC cooperation agreement, as European aid to Central America and Panama reaches a bare US\$ 50 million.

4. Asia

Agreements in Asia were especially those with ASEAN, the association of the Philippines, Malaysia, Singapore, Thailand and Indonesia, representing several hundred million inhabitants. In 1980, there was a first agreement between the European Community and ASEAN. These countries happen to belong to an area with a very important economic future. This agreement provoked an enormous boom in the exchanges between Europe and the five ASEAN countries. Between 1981 and 1987 there was a 55% increase of economic exchanges.²¹ The ASEAN countries increased their exportations to Europe by 46%. In 1986, Europe was accounting for 16% of ASEAN exports. Now Europe exports capitals, establishes links by financing exchanges of businessmen and of students in economic management. But in some ASEAN countries, especially the Philippines and Indonesia, there are also great fears about the European agricultural policy, for instance, for vegetal oils and facts which represent 12% of the Filipino exportations alone.²²

In this country, after President MARCOS' overthrow and Cory AQUINO's new era, the GNP increased to 7% in 1988, after a drop in the last years of the dictatorship. What are, however, the conditions of this growth? First, a demand from international organizations like the International Monetary Fund and the World Bank to open up ever more the Filipino market to the international market. Then there was the inflation of the debt which, in three years grew by US\$ 4,000 million. Which means that in 1987 the Philippines had to pay 42% of their national budget just for the servicing of the debt. It was still of 40% in 1988. At the same time, the income per capita dropped from 600 to 500 dollars.

This actually meant an enormous increase of poverty and a decline of social services, because the economic growth benefited mainly the highest social classes and, in some measure, the middle classes. Why? Because the basic logic of Marcos' regime had not changed under Cory Aquino. It is the integration into the world market, without much decision power and with a political elite at the service of this economic model. But the European Community participates, at least in principle, to this type of policy by supplying a few hundred million dollars to the mini-Marshall plan set up by the USA and amounting to US\$ 10,000 million (this global figure also comprises a whole series of already existing programmes), whereas this plan is conditioned by the US possibility to keep their military bases in the Philippines.

III. A EUROPE OF CONTRADICTIONS

It is quite clear that Europe's development as an economic power is happening in the logic of capitalism, more decently called market economy. It is altogether a logic of accumulation, a logic of quick reproduction of capital, a logic of interdependence or rather of emphasized dependence of the developing countries. The great mechanisms underlying the relations between Europe and the developing countries are of different orders. There is first the satellization of Africa, i.e., the integration of this continent into the system of the European market, with some immediate advantages in return. It is then the marginalization of Latin

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America which is becoming ever more dependent on the USA. In this way, a certain international division of the market is being established. It is, finally, an opening to the Pacific, to the ASEAN countries in particular, mainly through the transnational corporations, as there is an expanding market in those regions.

In fact, even if there are some moderating political mechanisms, through the new dimension of the markets, the Europe of 1992 will mean, vis-a-vis the Third World, a reinforcement of the economic logic of capitalism and a new stage in the transfer of surpluses to the central countries. Consequently, it is very important to make an analysis of the contradictions thus created. Indeed, what is going to happen and which is already brewing up for 1992, not only does not contradict the fundamental logic of capitalism, but ought rather to strengthen it on account of the crisis of the planned economies. Thus, this requires the application of dialectic thinking, for contradictions are going to develop within the European capitalist system. Indeed, the reproduction and

the amplification of the relation of domination over the Third World will but emphasize them.

Notes

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