

Redistribution on a GLOBAL SCALE

Following the report and analysis of the issues before UNCTAD in our cover story of December 1975, we now give our readers an interview, the *Economic Review* had with UNCTAD Secretary General Dr. Gamani Corea, in early January.

Dr. Corea discussed freely the broad patterns characterising the relationship between the industrialised countries and the Third World. We publish here some of the highlights of our interview.



Q. What in your view are the basic causes of the present confrontation between First World and Third World countries?

A. I believe myself that the basic reason for the confrontation between the rich and poor countries today is the imperative need of the countries of the Third World to cope with their economic and social problems. In conferences held recently the Third World has assumed a new sense of articulation. It is more assertive than before and its impatience has led it to apply pressures in a more intense way than before. This again brings into sharper focus the lack of an adequate response on the part of the richer countries.

Q. The U.S. Ambassador to the U.N. Pat Moynihan had termed this type of viewpoint from the Third World as "economics of envy". Have you any comments on that?

A. Well, rich people all over the world may see the demands of the poor in that light. If it is envy it is understandable envy; but envy or not there is no way of stopping the underprivileged people as well as underprivileged countries from wanting to put an end to their present state of being greatly disadvantaged. I personally do not think it is envy. It is not brooding over the fortunes of others that agitates or rouses them. What they are aware of is their own suffering. They feel the impact of hunger and malnutrition, a lack of employment, poor housing and they want all these corrected. In the process they cannot but take into account the affluence of others

and the ability of others to help. I think it too simplistic to describe this whole North South issue as being based on envy.

Q. This terminology "North South"—is it an accepted terminology? How do the Socialist Countries fit in with this terminology, say countries like China?

A. It is not, of course, something very precise or scientifically valid. As for China it has declared itself to be one of the countries of the Third World. In all its statements in international forums, the General Assembly and UNCTAD it has identified itself as belonging to the Third World. In the sense I use it the "North" covers all the industrialised countries of North America, Europe and Japan. Some of the socialist countries of Eastern Europe are also highly industrialised but I think there has been a difference in the approach of the developing countries to the developed market economy countries on the one hand and to the socialist countries on the other. In the case of the developed market economy countries the Third World countries already have so many historical links and so many traces of past relationships which they want to wipe out, that the debate and dialogue takes a different form to that with the socialist countries. But I must say that in recent months there has been a feeling that in the context of the New International Economic Order it would be important not only that the developed market economy countries change their policies for development co-operation. There is also scope for the socialist countries to make a major contribution. The

development issue is not merely one of securing redress against the effect of imperialism in the past. It is also one which would need to involve a positive and constructive relationship between the socialist countries and the developing countries.

The socialist countries do have policies of development co-operation. They provide assistance and aid to developing countries and this has been particularly helpful in industrialisation. For example, developing countries have found it difficult to secure finance from Western sources particularly for industries which happen to be in the public sector and the socialist countries have helped to establish these industries. The socialist countries have also pioneered some new modalities. For example, they have in some cases been willing to accept repayments of credits through the export of the products of industries set up through those credits. In the field of trade too the socialist countries have entered into bilateral trade agreements with developing countries which have helped to develop their markets for non-traditional as well as traditional exports. In fact trade of developing countries with socialist countries has been growing much faster than their trade with the rest of the world. But all this could be vastly strengthened

and I think that the developing countries would in the period ahead, seek an intensification of constructive response from the socialist countries.

Q. You have referred to capital transfers which in the case of western countries often take the case of multi-national companies investing in Third World countries. Now these multi-national companies have been the cause of recent concern both in the developing countries as well as in the western developed countries—the problem of the runaway shop? The developing countries have been concerned not only in regard to their economic effects but also to political effects as recently revealed in many forums in the U.S. and elsewhere and observers have expressed the view that their activities may be in a way the emergence of a re-colonisation of our countries. What are your views on this?

A. I personally do not think that the multi-nationals could be the main channel to the transfer of resources from the rich to the poor countries. Private investment has not been the major dimension in resource transfers upto now except of course for short-term lending, and borrowing from the money markets. I also don't think that the changing political and social set-up of the Third World countries would favour the emergence of the multi-nationals as the main levers of change. But, of course, where the multinationals do operate they have a strong impact and they are important actors in world trade. One needs to look at the issue in terms of both its negative and positive aspects. It is a significant fact that today multi-nationals control and possess much of modern technology, which developing countries need for themselves even if they have to adapt it to their own circumstances. Even the socialist countries have found that they could benefit from the technology which multinationals are in a position to provide. The question is how to secure these posi-

tive benefits, whilst avoiding the negative consequences which you have referred to, particularly the political and the social. This raises the question of an excessive presence of multi-nationals in societies which are not strong enough to accommodate them without major disruptions and imbalances. Here a whole complex of policies are needed. UNCTAD is trying to work out a code of conduct to regulate the transfer of technology as this is an area which is riddled with restrictive practices and all sorts of constraints. I believe that if the multi-nationals are to play a role in the future, free of the frictions and the stresses that have been associated with them in the past, they would need to operate within a guiding framework which assure the developing countries that the negative consequences can be minimised. This is one of the major challenges in the period ahead, an issue that is going to gain in importance over the next decade or two.

Q. What is the difference between the patterns of technology transfer from multi-nationals to the Soviet Union etc.?

A. In the socialist countries what has taken place really is a purchase of technology for use in enterprises which continue to be owned by the State. In some of the countries which have private enterprise systems the transfer of technology has been through direct investment, part-ownership and so on. I think the social and political systems influence the particular modality that is used. But it is not only a question of a particular modality. There is also the larger question of the set-up of the country concerned, its own strength and its ability to be immune to influences. These are issues which are tied up with more complex, social and political factors. But I think that if the multinationals are to play a role in the development of the Third World countries this will need to be within an acceptable framework of rules of conduct. This would also be in the longer term interest of the multi-

nationals themselves because, if they operate in societies where there is a strong reaction to their presence which results in social and political unrest then their own security is at stake and they will find that their ability to participate is jeopardised.

Q. There is a feeling that certain developing countries like Hong Kong, Singapore, Taiwan and South Korea have achieved some development by being friendly towards and conducive to foreign multi-national investors. What are your views on this?

A. Well, development whether in Hong Kong, Singapore, Taiwan or elsewhere has undoubtedly much to do with the relationships that are established and the internal systems followed. But I wonder whether markets of the developed countries would continuously be able to accommodate exports like this. In any case the situation which prevails in Taiwan and Hong Kong does not prevail in many Third World countries.

Q. Do you then agree with the view that a country must have certain raw unaterials of its own if it is to develop?

A. Generally one would not say that development is necessarily contingent on the availability of domestic raw materials. Japan is a country which has seen remarkable development on a very small raw material base. Switzerland is another. If one has a population endowed with skills and aptitudes and talents I do not think that the lack of particular raw materials need be a major constraint. Those countries endowed with oil are in a very fortunate position but it is only very recently, that oil and some other raw materials have come to be of great value. I wouldn't say that a raw materials base is absolutely necessary although it helps.

Q. A December issue of the 'Time' magazine had a cover story on the Developing World's new stand and they have made a division of this World into 5 worlds. What is your view of

dividing the Third World into a Fourth World and Fifth and so on?

A. I do not think that this sort of thing is particularly useful. I think the factor of over-riding importance at the present time is the unity of the Third World countries in international forums. It is true that there is a differentiation within the Third World. Some countries are richer than others. There is much variety with regard to levels of development. But on the world stage the countries of the Third World have been acting as one and this is what has commanded attention. I do not think it is very productive for the developing countries of the Third World to be fragmented into groups and sub-groups as in the process whatever political cohesiveness they have had up to now would be diluted.

Q. In the Algerian Non-Aligned Conference I think there was a build-up towards the New Economic Order. Do you think the coming Colombo Non-Aligned Conference will continue this dialogue? What do you think it would turn out to be?

A. The next Non-Aligned Summit will play an important role. It is taking place after major events, the increase in the price of oil, inflation cum recession crises in the developed countries; and the proclamations on a New Economic Order. The Non-Aligned Summit here could reinforce the demand of the developing countries to secure a place in the world economy. The Non-Aligned meeting will be after UNCTAD IV and it will be an occasion to take stock of what has happened in the international community in many areas. It will be an occasion to further consolidate the position of the developing countries on many of these issues. We are now moving away from the phase when it was sufficient to present objectives in general terms. There is a need to be increasingly specific. The developing countries have been able to show a good degree of unity and cohe-

sion when making demands in general terms. This has to be extended to specific and concrete proposals.

Q. I'd like to get into a different subject—the Santiago Declaration by the Third World Forum. Could you tell us something of it?

A. I did attend and chair the inaugural meeting at Karachi in January last year where the Forum adopted a constitution. The Third World Forum was intended to be a nongovernmental association of the Third World social scientists. One of the objectives was to mobilise the Third World intellectuals so that they could address themselves to the issues which concern the developing countries in international negotiations. It was felt that the governments of developing countries would benefit from some kind of back-stopping, some kind of research when it came to negotiation in say the monetary field or in the field of commodity arrangements. I think there is a feeling that too much of the thinking on development issues has emanated from Western countries and that the developing countries' social scientists have not made their voices heard sufficiently in this. The concept of the Third World Forum was to bring these people together, to establish working groups and so on. The Third World intellectuals themselves can contribute much. Many of the concepts that the science of economic uses need, have to be questioned in terms of their relevance to dealing with actual problems in developing countries. You just don't find problems in developing countries which are purely economic problems, which are not tied up with social and political aspects. In that sense conventional economics is partial. And practising economists in our countries need to be aware of this. They must absorb the sociological essence of what is happening in their own societies.

Q. The Third World Forum looks as if it is a collection of elites from the Third World coun-

tries. When you are talking of the exchange of ideas are you then referring to the international elites meeting together in Karachi or Rome instead of New York and discussing among themselves or are you taking a much more broader perspective where Third World peoples themselves describe their own social and economic reality?

A. I do not think that anyone wants this to be an elitist body but a look of elitism is of course inevitable when you bring together people with expertise and high qualifications. There was some talk of having a kind of associate membership for the Forum which could open its doors to everybody. The idea was for the Forum to use the professional manpower and brain power of the Third World in order to serve the Third World causes better. Elitism is harmful when it serves narrow interests. The best remedy against elitism is for the persons concerned to be consciously, and at all times, aware of their privileged and unrepresentative character of their own circle.

Q. Thinking in terms of positive results, specially with all this resistance from the developed world, how far do you think we have come to realise this commodity plan?

A. Well, I think we have come to a new phase with regard to the commodity question. In the first phase we tried to focus attention on this issue as a major issue concerning developing countries, something which should be high up on the agenda for international action. We heard that this has been neglected. Over the last year and a half UNCTAD has pursued this very hard. I think that it can now be said that this battle has been partly won. I think there is, more than ever before, an awareness on the part of even the industrialised countries, that commodities is a field in which some action is now needed.