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North-South Relations in the 1980s

by
Theodore H. Moran

I. Introduction

Throughout the 1970s the North-South dialogue was dominated by the debate about global negotiations to oversee massive resource transfers from North to South, the debate about a central role for commodity agreements to augment the export earnings of Southern nations, and the debate about the creation of international regulations and codes to prevent the exploitation of the South by the North via the mechanism of the latter's transnational corporations.

The Cancun meetings in late 1981 showed how resilient these themes from the past can be. It is possible, therefore, that in the second half of the 1980s they will still have rhetorical resonance in North-South relations.

However, it appears that the substance of North-South relations in the latter 1980s will be fundamentally transformed, with a different agenda (in some senses an "older" agenda) replacing the catchwords of the 1970s. In the economic sphere, the principal items will be the conditions associated with continuing Southern access to the North's direct investment (multinational corporation questions), the conditions associated with continuing Southern access to the North's industrial and consumer markets (Less Developed Country, or LDC, trade questions), and the conditions associated with continuing Southern access to the North's capital markets (LDC debt questions).

To these three economic items on the agenda of policy planners of the late 1980s will be added two major political and security topics: the prospects for recurrent domestic instability in key nations of the South, and the prospects for sustained regional wars of major destructive force (perhaps including nuclear force) among key nations of the South.

II. The Economic Agenda

The issues of multinational corporate investment, trade, and debt are closely intertwined in the impact they will have on North-South relations in the next decade.

Multinational corporate investment. The conventional wisdom of the 1970s pictured multinational corporations as all-powerful entities growing through the exploitation of Third World economies, leaving dependence and poverty in their wake. This theme is being rejuvenated in reaction to the Reagan administration's uncritical acclaim of unfettered market forces as the key to spur economic development.

While much criticism of the Reagan approach to North-South relations is justified, the 1970s and early 1980s in fact constituted a period in which many Third World nations emerged from relative impotence vis-à-vis multinational corporations to take on the more mature task of harnessing foreign investors (albeit imperfectly) for national development goals.[1]

To be sure, the evidence suggests that foreign investors are typically in a strong position to demand lucrative terms at the initiation of the investment cycle. And some transnational companies retain such strength over the course of the investment cycle: those with some combination of tightly held or highly dynamic technology, small investment requirements, clear market differentiation (brand name strength), and few competitors.

But most multinationals have stable technology, large fixed investments, standardized marketing specifications, and a growing number of local and foreign competitors. For them the balance of bargaining strength shifts predictably toward host government authorities.[2] Industries with such vulnerable characteristics include not only those centered on raw materials (petroleum, natural gas, coal, copper, nickel, iron ore, bauxite, lead, and tin), but also chemicals, petrochemicals, automobiles, electronics, textiles, and many kinds of industrial machinery and consumer products.

In the extractive sector the evidence of this shift in bargaining power toward the host is most frequently reflected in a rising government tax rate, plus demands for local ownership and control over marketing.

In the manufacturing sector, the result of this shift is more often corporate acquiescence in host demands for increased value added domestically (a larger percentage of domestic content) and for expanding levels of product exports.

The success of Third World nations, especially the larger and more resource-rich members of the Third World, in harnessing multinational corporations with higher tax rates and more effective performance requirements is a principal reason why demands for international regulation (as opposed to national controls) are likely to disappear from the substance, if not the rhetoric, of the North-South debate in the 1980s. Third World governments are turning in the direction of maximizing their freedom to attract, and then capture, foreign companies rather than submitting themselves to the discipline of an international regulatory regime. Even in those areas, such as the Andean region, in which the code approach to international investment is historically entrenched, the entry of foreign companies in fact takes place on the basis of case-by-case exceptions to the code. (The principal reason for the continuing existence of the Andean Pact appears to be the appeal of a common external tariff, permitting members such as Colombia and Peru preferred access to the lucrative Venezuelan market.[3] The unpopularity of the Investment Code is sufficiently strong that, without the trade rationale, the Pact would probably disintegrate even more rapidly than it is now.)

In place of the demand for a binding code for foreign investors, contention about the appropriate role for multinational corporations is likely to be increasingly transferred to the field of trade policy. Effective performance requirements mean more jobs and more exports controlled by the South, at least ostensibly at the expense of the North. Already, in the United States and the European Economic Community, labor groups (and some industry groups) are beginning to react in a forceful manner.

In the United States, the Labor-Industry Coalition for International Trade (LICIT) identifies twenty-five less developed countries that impose local sourcing requirements which (according to LICIT's analysis) distort trade with an effect indistinguishable from a tariff or import quota.[4] In the automobile industry, for example, LICIT identifies more than forty countries with either local content rules or export-oriented performance requirements. LICIT contends that LDC pressures on multinational corporations "distort trade by artificially increasing exports above levels that would have prevailed in the absence of the government intervention. They, therefore, function like an export subsidy by artificially increasing supplies to world markets over levels which market forces would dictate."[5]

In Europe, similar concerns have given rise to the Vredeling proposal which would require international companies to inform, and ultimately receive approval from, each community where they were already located before they could expand operations elsewhere. Like the AFL-CIO in the United States, European labor unions are beginning to argue that trade and job creation via multinational corporations constitute a zero-sum struggle vis-à-vis the Third World. (In fact, of course, the macroeconomic benefits from outward investment are not distributed in a zero-sum fashion North-to-South.[6])

Faced with this counterattack from the North on trade-cum-investment issues, with weak commodity markets, and with declining support for large North-to-South resource transfers, the Group of 77 (representing the less developed countries) has lowered commodity negotiations in its scale of priorities. The next major North-South meeting, under the auspices of the UN Conference on Trade and Development (UNCTAD VI) scheduled to be held in Gabon in 1983, will concentrate instead on investment and trade.

Trade. Throughout the 1970s the principal objective of international trade negotiations, the reduction of tariff and nontariff barriers via the General Agreement on Tariffs and Trade (GATT), were treated very cavalierly in the North-South debate. The South felt not only that it could and should be allowed to get a semi-free-ride on GATT achievements in liberalizing trade but that its members should be given special preferential treatment more advantageous than GATT treatment.

With the problems of stagnation and high unemployment persisting in the North, however, the major industrial trading states have been constricting their treatment of imports from the less developed countries.[7]

(a) Generalized System of Preferences. Perhaps the clearest focus of Northern counterattack has been the Generalized System of Preferences (GSP) which allows products from the Third World to enter the United States duty-free. Inherited from the late 1970s have been two major "competitive need" limitations on the GSP system: first, a dollar ceiling on imports ($50.9 million per country in 1982) that eliminates the preference when the ceiling is breeched; second, a market share limitation (50 percent of the US market for any single country) that likewise ends the preference. These have served to protect US industry from "excessive competition." They have also constrained investors from building large-scale efficient plants in Third World countries as a base for a major export thrust.

The new threat to the GSP system has come through the discretionary power the US Government has to eliminate products from the preference list when American

petitioners ask for relief. In March 1981, for the first time, the US Government exercised this discretionary power on an extensive list of GSP items. As US Special Trade Representative William Brock stated, this procedure represented "the first major use by the Administration of the authority to limit eligibility beyond the mandatory 'competitive need' limitations." (Imports from the Caribbean will presumably be exempt as part of the Reagan administration's Caribbean Basin initiative.)

(b) Multifibre Agreement. The second area of new protectionist policies on rhe part of the North is the Multifibre Agreement (MFA) which controls the amount of textile products that are allowed to enter the developed country economies from the South. In terms of the volume of trade affected, this agreement has the largest impact on the Third World. Blatantly restrictionist in intent and in practice, the Multifibre Agreement has nevertheless consistently been constructed, with leadership from the United States, to allow the rate of growth of imports to be greater than the rate of growth of the domestic market, i.e., the LDC market share was allowed to rise, albeit slowly.

For the first time in December 1981, the US Government (under strong pressure from the Congress) sided with the more protectionist forces in the European Economic Community, eliminating by law the possibility of market share growth for the South. The new Agreement will last until mid-1985.

(c) Safeguards Code. A major item of unfinished business left over from the Tokyo Round of trade liberalization under GATT is the negotiation of a code to govern relief measures allowed to importers to help them adjust to rapid import growth, that is, a code to regulate "escape clause" activities. Over the past decade, the North has allowed itself to negotiate special bilateral or multilateral arrangements to cover large cases, first textiles, then steel and automobiles, that take on the appearance of permanent protective devices.

At the GATT Ministerial meetings in late 1982, the question of adopting a new Safeguards Code will arise again. At the present time, the predominant pressures are to relax, rather than toughen, safeguard provisions making it easier to restrict imports, and perhaps add new sectors, e.g., petrochemicals and oil refineries.

To be fair, there is evidence of resistance to protectionism, especially on the part of the United States, as well as evidence of surrender to it.

One example is shoes. In 1978, in response to a rapid buildup of shoe imports, the US Government insisted on an orderly marketing agreement to limit Third World shipments. In the spring of 1981, despite strong pressure from domestic industry groups, the Administration dropped the orderly marketing quotas to the great relief of Taiwan and Korea.

Another example is a subsidies code. A major achievement of the Tokyo Round was the negotiation of a code to control the subsidies that governments are allowed to promote exports from their own countries. In effect, the signers of the code agreed not to engage in explicit export subsidies; the United States, in response, would require domestic groups to demonstrate "material injury" caused by the imports before the US Government would adopt countervailing duties. At the time of the adoption of the code the US authorities envisioned demanding firm commitments from less developed countries to freeze or phase out export subsidies before they would be allowed to benefit from the "material injury" provision in the United

States. More recently, however, the US Government has allowed India and Pakistan to become signatories to the code with only the promise of a good faith effort to reduce export subsidies, not a concrete timetable for eliminating them.

Thus, there are some indications of a continuing spirit of trade liberalism, more prevalent in the United States than in Europe or Japan.

But, the greater weight of evidence and the more popular rhetoric in the North point toward a tougher commercial policy vis-à-vis the South with greater restrictions, stronger demands for reciprocity, and increasing pressures to keep companies from moving abroad. In short, the setting for the North-South relationship in the 1980s features a North that has gone from defense to counterattack on trade policy with strong protectionist groups propelling it forward from within politically salient sectors in each of the major industrial nations.

LDC Debt. The oil-importing LDCs managed to spring back from the energy crisis of 1973-74 fairly rapidly, reaching an economic growth rate of 5 percent in 1975 and averaging approximately 6 percent per year to 1979, down only slightly from a growth rate of almost 8 percent per year in the period 1970-73. This they managed through a massive buildup in their public external indebtedness from $117 billion (1973) to $323 billion (1979), nearly tripling in seven years.[8]

With the second energy crisis of 1979, current account balances in the Third World took a second dive from an aggregate deficit of approximately $50 billion in 1979 to more than $90 billion in 1981 (estimated). The weaker oil market over the medium term will bring relief to less developed countries. Morgan Guaranty estimates, for example, that the current account deficit of 12 major nonoil LDCs (Argentina, Brazil, Chile, Colombia, India, Korea, the Philippines, Thailand, Taiwan, Ivory Coast, Israel, Turkey) will decline from $45 billion in 1981 to $36 billion in 1982 to $31 billion in 1983 (with an assumption of OPEC oil prices of $35, $30, and $27 per barrel for the respective years).[9]

It should be noted, however, that even with this optimistic scenario, the demand for external debt financing continues to grow at 12 percent per year, and the current account deficit as a percentage of GNP hovers around 3 percent, or double what it was in the period before the energy crisis.

It is axiomatic that there is no problem with the aggregate buildup of Third World borrowing if the debtor countries are able to expand their export earnings on a continuing basis sufficiently to cover the debt service. The preceding analysis of investment and trade relations suggests, however, that the task of expanding export earnings will not be easy.

With regard to export earnings generated from the Third World extractive sector, for example, international natural resource companies remain a primary ingredient in launching projects in copper, nickel, iron ore, and bauxite as well as coal, natural gas, and (to a certain extent) petroleum.[10] Their presence plays a key role in attracting the project finance needed to bring operations on-line, even if their equity role is limited. Yet projects in the extractive sector involve the characteristics identified as most vulnerable to economic nationalism above: large fixed investments, stable technology, standardized marketing, and increasing competition. They are also large, highly visible, and politically sensitive since they involve the national patrimony. And, as indicated, the form economic nationalism typically takes is a

rapidly escalating tax rate once the investor is trapped in place. This combination of economic and political risk can be expected to have a dampening effect on new investment, inhibiting the development of new projects. Consequently, extractive industries will have difficulty in playing a leading role in generating rising export earnings in the 1980s. From 1975 to 1979 US imports of industrial raw materials (excluding fuels) from the non-OPEC LDCs, for example, expanded by 67 percent, from $1.8 billion to $3.0 billion.[11] That rate of growth may be hard to maintain.

This dynamic of foreign investor vulnerability to economic nationalism will also slow the development of indigenous LDC energy resources that otherwise might ease balance of payments pressures. The World Bank estimates, for example, that the 1981 figure of 10 billion barrels of proven oil resources of the oil-importing LDCs could be expanded to between 55 and 100 billion barrels by the end of the decade. With a vigorous development effort (80 percent financed from private sources) the nonoil LDCs could expand production by an incremental 1.2 mbd, 60 percent higher than current production.[12] This could result in a net foreign exchange saving of $15 billion per year. But the vulnerability of foreign private investors to the squeeze of economic nationalism, a phenomenon largely independent of the ideological perspective of the host country authorities, will greatly retard the possibility of realizing such projects.

One way to alleviate a hypothetical "investment gap" in the LDC extractive sector is to allow the World Bank to play a more vigorous role in providing a political umbrella that shields foreign lenders and investors against political risk. The Bank's "presence," backed in the extreme case by cross-default clauses (meaning that a default against any private lender constitutes a default against the World Bank as well), provides a measure of protection to foreign providers of capital and expertise.[13] The Reagan administration is currently pushing the Bank in just the opposite direction, however, trying to limit its involvement in the LDC energy sector.

With regard to LDC exports of manufactured goods, the preceding analysis suggested that protectionist practices in the North are increasing for textiles, electronics, and a broad range of labor intensive goods in which the South might be expected to have a comparative advantage, for steel, chemicals, petrochemicals and other capital intensive industries in which state-owned enterprises are prominent, and for automobiles, industrial machinery, consumer durables and other industries in which foreign investors are governed by performance requirements.

This dampens the confidence one can have that exports of manufactured products from the South will be able to provide the needed growth in foreign exchange earnings. From 1975 to 1979, US imports of manufactured products from the non-OPEC LDCs grew by a remarkable 188 percent, from $8 billion to $23 billion (while the LDC debt position neverrbeless deteriorated dramatically, as shown before).[14] This provides an idea of the path LDC exports of manufactured products will have to duplicate or surpass, despite increased obstacles, to keep the international financial system in equilibrium (or rather in manageable disequilibrium).

The danger is that pressures to constrain the LDC trade sector will constrain the LDCs' ability to service their debt. And if the South's trade sneezes, the North's financial markets will catch cold.

III. Political-Security Considerations

Looked at from the point of view of the policy planner in the political-security field, the late 1970s and the early 1980s may seem like an endless series of crises in the Third World: Iran, Afghanistan, Ethiopia, Somalia, the western Sahara, Nicaragua, El Salvador, Guatemala, Vietnam, Cambodia. In general, however, the past decade has been a period of relatively robust economic growth and political stability in the Less Developed World.

There are numerous reasons to expect the stresses and strains on Third World societies to rise dramatically in the 1980s. Economic growth will be lower, with weaker rates of job creation and scarcer revenues for governments to spend on social programs. For some key countries, notably Mexico, Venezuela, Nigeria, Egypt, Iraq, and Indonesia, the cutback in oil earnings requires a contraction of popular expectations that places a heavy strain on political institutions.[15]

More broadly, to pursue the theme advanced in the preceding section, the less developed countries will have to face more directly the adjustment to higher energy prices in the 1980s that they have largely avoided in the 1970s (because of the escape valve of larger international borrowings).

In the last five years the prevailing wisdom on how the LDCs could best handle the adjustment process has undergone an about-face.[16] During the early part of the Carter administration 1977-78, there was mounting criticism of the International Monetary Fund's traditional "shock treatment" to rectify balance of payments difficulties. Rather, it was hoped that larger amounts of bridge financing to help a country adjust to an imbalance between imports and exports, longer transition periods, and eased conditions to get the IMF loans could promote "adjustment without tears."

By now, optimism about easy adjustment has faded. Even liberal analysts are admitting that easy adjustment has tended in recent years to mean no adjustment, that shock treatment has by itself an important, perhaps indispensable therapeutic effect.

To be sure, the debate about what conditions the International Monetary Fund and the commercial banks should demand as a requirement for further lending is far from settled. But the locus of the debate has shifted dramatically back in the direction of recommendations that will place a tremendous burden on democratic political institutions. Fiscal austerity, rises in domestic food and energy prices, removal of government subsidies, reductions in real wage levels, higher levels of unemployment, large devaluations: all will hit hard on lower, lower middle, and middle classes.

The ability of LDC political institutions to withstand such strains without an increase in repression and authoritarianism, which will in themselves generate further reactions, is cast into doubt.

The possibility of recurrent domestic upheavals in areas of political and security importance for the United States—in Latin America, the Middle East, South and Southeast Asia, parts of Africa—is disturbing for three reasons: first, it may lead to regimes strongly hostile to the United States (a la Khomeini in Iran); second, it may spill over into regional conflicts as governments in power attempt to consolidate a slipping grasp on public opinion through foreign adventure, or as opponents seek neighboring support; third, it may offer trouble-making opportunities for the Soviet Union.

The new element that will exacerbate the problems for policy planners in the 1980s is the rapidly expanding capacity of Southern societies to produce, and exchange among themselves, increasingly destructive weapons and armaments. The array of weapons and of sources available to rebel groups in El Salvador, like those available to Somoza in Nicaragua after the United States ostensibly favored an arms embargo, are the beginning of a change in the availability of arms that will plague the 1980s.

The Third World is already building the capacity to produce reasonably sophisticated aircraft (Argentina), submarines (Yugoslavia, Argentina, Brazil), air-to-air and surface-to-surface missiles (Argentina, India, Korea), armored vehicles (Brazil), avionics and electronic equipment (India, Brazil, Argentina), and high performance fast boats and small naval vessels (Singapore, Argentina) with large amounts of indigenous technology.

More ominously, major portions of the Third World armaments capability are being created as a by-product of nationalistic pressure put on foreign corporations for coproduction arrangements, technology sharing agreements, and sales contracts. This is the military counterpart to the expansion of host country bargaining strength vis-à-vis multinational corporations analyzed under the heading of performance requirements in the earlier section. The contract for Mirage fighter-bombers between the government of India and Dassault-Breguet of France, for example, was won against British, American, Soviet, and Swedish competition on the basis, in part, of a provision that "manufacture will be transferred gradually to India, giving Indian engineers experience in modern aircraft technology."[17] In the case of weapons technology, there is a worrisome parallel with the international nuclear industry fifteen years ago when international companies began to offer dangerous dual-use technology as a "sweetener" to win commercial contracts.

The prospects for the future include not only more reliable aircraft, fast boats, light tanks, armored personnel carriers, and submarines but increasingly sophisticated guidance systems, avionics, communications, night-vision equipment, wire-guided missiles, fire-control electronics, radar, surveillance equipment, and cryptographic systems. Current technology controls weigh lightly on local partners; and reverse engineering is a continual possibility.

This trend has four dangerous implications: (1) regional conflicts in the later 1980s may become more dangerous and destructive than before (i.e., in the Persian Gulf or the Caribbean near the concentration of exposed petroleum facilities), (2) the United States and the Nato alliance will be less able to exercise influence by denying weapons sales (even if they could muster the political will to work together) because of the augmented production and sales within the Third World, (3) the possibilities for dangerous arms falling in the hands of terrorist groups will rise (i.e., simple hand-held antiair missiles effective against routine commercial aircraft operations), (4) the impact on US and Allied operations will not be negligible (i.e., with the proliferation of high performance fast boats armed with elemental Harpoon-type missiles or aircraft with precision-guided rockets).

Ultimately, of course, the prospect that regional armed conflicts might not remain conventional cannot be dismissed. Indeed, for middle-level states living in proximity to richer and more developed rivals who are building impressive conventional military forces the nuclear option may appear as a relatively cheap and efficient means of restoring the balance of power. The absence of reliable delivery systems, command-and-control capacities, and second-strike capability means that the

temptation for preemption in any crisis will be strong, generating a hair-trigger "use 'em or lose 'em" strategy on the part of the Third World nuclear power. Crisis stability in regional conflicts, already fragile today, could deteriorate precipitously over the course of the 1980s if LDC states decide to go nuclear.

In brief, not only is the probability of regional crisis rising but the potential for massive destruction, conventional and nuclear, is growing.

IV. Conclusions

I have argued that the substance of the North-South debate is likely to change dramatically over the course of the 1980s, from a highly rhetorical preoccupation with global negotiations, commodity agreements, and international regulations to prevent exploitation by multinational corporations to a more realistic, and tougher, struggle to preserve access to the North's capital markets (LDC debt questions), to preserve access to the North's industrial and consumer markets (LDC trade questions), and to preserve access to the North's direct investment (multinational investment questions). In each of these areas there are mounting pressures from important political constituencies in the United States, Europe, and Japan to constrict the flow of investment and loan capital from the North to the South, and the flow of products from the South to the North.

The outcome of the struggle between preserving a reasonably open international economic order or moving in the direction of a more confined semi-mercantilistic order cannot be evaluated merely in terms of global economic efficiency or global social welfare. It must also be measured in terms of international stability and international security.

The argument presented here is not a repetition of the naive liberal refrain that freer trade and investment bring peace and democracy to the world, nor is it an espousal of the conventional conservative assertion that what the world needs is a larger dose of American capitalism. What is argued here is that a constriction of the relatively open international economy will have clearly identifiable adverse security implications for the United States and its allies. Given the growth in indigenous weapons-building capabilities in the Third World, and the expansion of sophisticated "Northern" military technologies via coproduction and licensing agreements, outlined in the paper, the prospect of social upheaval and regional instability in the Persian Gulf, Latin America, South Asia, and parts of Africa could be especially destructive and damaging to US national interests. To this must be added, of course, the possibility of further nuclear weapons proliferation.

For policy planners of the 1980s, this analysis carries four broad implications. First, the United States has a national security interest as well as a national economic interest in working to maintain a relatively open international economic system. In this effort, demands by the North for reciprocity and discipline on the part of the South clearly have a place. But unimpeded flows of capital, goods, and services should be the objective, not a simple mercantilistic jockeying for national advantage.

Second, there must be a recognition that domestic conflict and regional violence in the Third World are unavoidably growing in probability of occurrence. This perception should strengthen rather than weaken the efforts of the United States, in cooperation with the Allies, to contain the spread of technologies and equipment (conventional and nuclear) that could enlarge the damage from local conflicts in ways outside the control of the donor governments.

Third, given the prediction that the economic setting points to increasing levels of dissension and upheaval in the less developed countries, the United States and its partners must enhance their capabilities to intervene effectively to counter possible Soviet attempts to take advantage of this.

Finally, the policy planners of the 1980s must understand the need for a robust economic setting to undergrid a robust security position. This requires steady growth, high productivity, strong technological innovation, low unemployment, and rapid adjustments to freer trade. This recipe may not constitute a sufficient condition to guarantee the national defense, but it does constitute a necessary condition.

NOTES

1. For an analysis of the evidence on both sides of the dependency debate, see Theodore H. Moran, "Multinational Corporations and Dependency: A Dialogue for Dependentistas and Non-Dependentistas," *International Organization*, Winter 1978.
2. A summary of the determinants of corporate bargaining power can be found in Theodore H. Moran, ed., *International Political Risk Assessment: The State of the Art* (Washington, D.C.: Landegger Program in International Business Diplomacy, Georgetown University, 1981).
3. Based on interviews with government and business officials in the Andean Pact region, November 1981.
4. Labor-Industry Coalition for International Trade, *Performance Requirements: A Study of the Incidence and Impact of Trade-Related Performance Requirements, and an Analysis of International Law* (Washington, D.C., March 1981).
5. *Ibid.*, p. 2.
6. For an analysis of the impact of outward investment by American firms on the US economy, see C. Fred Bergsten, Thomas Horst, and Theodore H. Moran, *American Multinationals and American Interests* (Washington, D.C.: Brookings Institution, 1978).
7. The following analysis of trade issues draws on extended group discussions of the subject chaired by Professor Gary Hufbauer at the Georgetown University International Law Institute. These are summarized in Gary Clyde Hufbauer, ed., *U.S. International Economic Policy 1981: A Draft Report* (Washington, D.C.: Georgetown University Law Center, 1982).
8. The figures on LDC debt are taken from Roger D. Hansen et al., *U.S. Foreign Policy and the Third World: Agenda 1982* (New York: Praeger for the Overseas Development Council, 1982); and Morgan Guaranty Trust's *World Financial Markets*, monthly, various issues.
9. Morgan Guaranty, March 1982.
10. Cf. Raymond F. Mikesell, *New Patterns of World Mineral Development* (Washington, D.C.: British-North American Committee, National Planning Association, 1979).
11. Hansen, et al., Annex A-8.
12. World Bank, *Energy in the Developing Countries* (Washington, D.C., August 1980).
13. For an analysis of the role of the World Bank in offsetting political risk, see Theodore H. Moran, "Does the World Bank Have a Role in the Oil and Gas Businesses?," *Columbia Journal of World Business*, Summer 1982.
14. Hansen, et al., Annex A-8.
15. On modernization and political instability, see Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).
16. For the debate about IMF conditionality and the LDC adjustment process, see William Cline and Sidney Weintraub, *Economic Stabilization in Developing Countries* (Washington, D.C.: Brookings Institution, 1981); and C. Fred Bergsten, The Institute for International Economics, "IMF Conditionality," conference held 25-26 March, 1982. Pierre Landell-Mills, "Structural Adjustment Lending: Early Experience," *Finance and Development*, December 1981; and "IMF Is Said to Cut Off Over 25% of Loans Made to 15 Ailing Nations, a Record Level," *Wall Street Journal*, 19 April 1982.
17. "India Chooses French Jet Over a Soviet Plane," *The New York Times*, 18 April 1982.

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