
Editorial

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The Brandt Report *North-South: A programme for survival* was published in Britain just over a year ago. Within two weeks of publication the Report had sold out and was being reprinted. (World-wide sales have now exceeded 120,000—an exceptionally high figure.) Editorials, articles and reviews appeared in all the major newspapers. Non-governmental organisations and development groups reported unprecedented interest in the Report and numerous public meetings have been held in all parts of the country. Some 30,000 copies of a summary sheet on the Report have been distributed by the Centre of World Development Education.

The Report has also received considerable attention in Government. Parliament has held four debates specifically on the Report and the subject has very frequently been raised in the course of other debates. The parliamentary committee on overseas development, a sub-committee of the Select Committee on Foreign Affairs, has been conducting hearings on the Report. The Foreign and Commonwealth Office submitted a Memorandum setting out the Government's position on the Brandt Report to the Committee last July and has recently submitted a follow-up Memorandum (unpublished) summarising further developments. A number of Ministers, including the Prime Minister, have made substantial references to the Report in their speeches.

Such interest in Britain in an international report is perhaps unique, certainly remarkable, especially for a document which some reviewers have described as badly written and even boring. Of course the widespread public attention the Report has received in no sense indicates a simple endorsement of the Report's approach or of all of its recommendations—let alone is it a guide to the practical impact of the Report on official thinking in Britain or elsewhere.

In most countries, developed and developing, the response (if any) to the Report has been muted, cautious and qualified. But this is not always the case. Mexico and Austria for instance, have seized on the opportunity presented by the proposal for a North-South summit and are energetically working for a successful outcome. The Canadian Government has put its weight behind the same cause and it is said that the United States' agreement to participate in the summit owes much to the persuasive efforts of its

neighbours to the North and South. The summit is now fixed to take place in Mexico on 22-23 October 1981.

The initial British Government reaction to the Brandt Report was cool, if not frigid. In part in response to the unexpected upsurge in public opinion, the tone of recent official pronouncements has softened. The change is evident in the extracts from various official statements presented in this *Bulletin*. But in substance, present British policy remains largely unconvinced by the central ideas and proposals of the Report, even if in some degree it is professedly sympathetic to its objectives.

Part of our intention in compiling this *Bulletin* is to focus attention on some of the critical issues, especially uncertainty and imbalance in the areas of finance, energy and food security, in order to show the need for international action and to urge a more positive British response. The world economy is deep in recession, with declining GNP being recorded in most major industrial countries. For developing countries the picture is also bleak, more so than in the mid-1970s when initial recycling, high commodity prices and often rising exports sustained a certain dynamism in a number of countries. The prospects for the 1980s in most of the poorer developing countries, but especially in Africa, are extremely dismal. In all these respects the position today, and the prognosis, look even more serious than when the Brandt Report was published a year ago.

The causes are, of course, by no means all international—as Britain's own position makes clear. But neither are they solely domestic. OECD's latest *Economic Outlook* identifies three main, interacting restraints on growth: higher oil prices, monetary policy and fiscal policy. The combination of domestic inflationary forces and foreign exchange imbalances brought on by increases in oil has led many OECD countries to adopt restrictionist monetary and fiscal policies which have greatly reinforced recessionary tendencies nationally and in the world economy. The Brandt Report makes the point that it is precisely in times of recession that the international economic environment is not to be taken as given but should be actively and consciously changed.

The cost of failing to achieve international change is much greater than is generally realised. The OECD

estimates that the GNP of the main industrial economies will probably be 6½ per cent (\$550 bn) lower in 1981 than it might have been without the latest round of oil price increases. The calculation is as follows (note that no estimate is included for losses to the adoption of monetary policies):

Two major influences affecting output in the OECD area, 1978-81
Effect on 1981 GNP level

(per cent)	United States	OECD countries less US	OECD total
<i>Oil</i> Estimated GNP effect of 1979-80 price rises in internationally traded oil of which, due to domestic energy price rises	-5¼	-4	-4½
	-2¾	-1	-1½
<i>Fiscal Policy</i> Estimated GNP effect of change in cyclically adjusted fiscal balances	-2	-2	-2

Source: OECD *Economic Outlook*, December 1980, p 13

These figures can be interpreted in two ways: as the cost to the OECD economies, substantially self-inflicted, of oil price increases set in motion by some other group of countries, essentially OPEC; or as the cost of having failed to achieve effective international agreement in this vital area which would have allowed steady and controlled adjustment, rather than the costly, abrupt and largely unregulated changes experienced in the past few years. The Brandt Report argues for an energy strategy built on a direct agreement between the OECD, OPEC and other Third World countries to achieve the former result; we live, in actuality, with the consequences of the latter. But if the losses through failure to take effective international action are so great, why has the official response to the proposals of the Brandt Report been so weak and so slow? One can group the basic reasons under several broad headings.

In the phrase of Don Mills, former chairman of the Group of 77 at the UN, the West has yet to cross the 'philosophical bridge' needed for those proposals to be seen as serious possibilities, not merely as academic speculations. In fact at least two bridges are involved.

There is, first, the bridge of economic philosophy. As Bird argues, the Brandt programme is based on international Keynesianism and it is for this reason fundamentally at variance with monetarist philosophy. This is both a weakness and a strength at the present time. As long as monetarist ideas hold sway the Brandt Report proposals are likely to be rejected on first principles. But as disillusion with the results of monetarist

policies sets in, the alternative, comprehensive analysis of the Brandt Report could well provide a frame for international policies to complement new domestic measures.

The second philosophical bridge concerns international politics. To many in the West the developing countries primarily matter, if at all, not because of their economic importance, let alone because of any Western concern with development, but because of their political rôle in East-West relations. The Brandt Report treats this view as seriously outdated. It calls for a fundamental reappraisal based on the growing economic and strategic importance of developing countries in the areas of energy, food, key commodities and export markets. Over the second half of the 1970s the developing countries were the most dynamic part of the world economy and did much to sustain employment and economic growth and offset decline in the domestic economies of the West. The statistical tables at the end of this *Bulletin* illustrate the extent of interdependence in certain critical areas between Britain and other industrialised countries and the Third World.

Philosophical bridges are important because they open the way for changes of political direction. The Marshall Plan was adopted in 1947, with a far greater commitment of resources than the Brandt Report calls for, because the governments concerned accepted a political commitment to act, not because the proposals had all been exhaustively explored in advance. Many of those who respond positively to the Brandt Report draw heart from this example.

The Brandt Report proposals add up to broad line of approach, not to a detailed blueprint. It is true that much analytical work remains to be done to elaborate the detail and sort out the conflicting issues more thoroughly—and with more analytical rigour—than the Brandt Report itself chose to do. That very process will support the argument for a universal need for international change; and it is only on the basis of demonstrated material interest that any government can be expected to take major political decisions.

But our main purpose in compiling this *Bulletin* is to present a cross-section of the wide variety of response which has greeted the Brandt Report outside official circles, and to give the key sections of the official position itself for ease of reference. For this reason a far higher proportion of material than is normal in an academic journal consists of pieces which have been published elsewhere; and we are especially grateful to all the individuals and publishers who have generously allowed us to reproduce material.

The *Bulletin* opens with an introductory summary review of the progress made on the Brandt Report in

the year since its publication by the Rt Hon Edward Heath MP, the single British member of the Brandt Commission.

The section which follows, *The Official Response*, comprises a number of Ministerial statements and the core of the Foreign and Commonwealth Office Memorandum to the Parliamentary committee already mentioned. Its cautious tone (or refusal to indulge in North-South rhetoric, as the Government would have it), did much to ensure lively public and Parliamentary interest in the subject thereafter.

The next section, *The Public Response*, falls into three parts. It includes first, extracts from statements made by representatives of major groups outside Government: the Anglican Church, the Confederation of British Industry and the Trades Union Congress. This is followed by a selection of the more pithy, pointed and thorough-going statements on the Brandt Report made in the House of Commons by a wide range of MPs.

The extracts were chosen to bring out important points in ordinary language and to reflect, as far as possible, the overall balance of the debates in terms of the treatment of disputed points. Following this, Laishley describes the activities of the non-governmental organisations and development pressure groups in the campaign to rouse opinion behind the Brandt Report—which in fact initially lagged behind, rather than led, a spontaneous and still largely unexplained upsurge in public interest. Several development groups have reported that no issue before has aroused such strong grass-roots interest and support as the Brandt Report.

The third and longest section, *Commentaries*, includes three book reviews, two critiques of the FCO Memorandum and three substantial analytical contributions.

The reviews by Stewart, Bird and Henderson provide three different perspectives on the Report: Stewart writes from a structuralist viewpoint, Bird gives a technically detailed analysis of the economic arguments and Henderson writes as a committed free marketeer, sceptical of the possibility of effective, co-ordinated international action. The papers by Singer and the Society for International Development are critiques of the views put forward in the FCO Memorandum. Green's paper extends to an all-encompassing list of reasons, at different levels of abstraction, to explain the negative response, with replies to each in turn. Vaitos argues that the Report is fundamentally misconceived with respect to the real interests of the developing countries and the heterogeneity of the industrialised nations, and that it is unlikely to be adopted for these reasons. Michael Lipton puts forward

a strong case for the need for official reappraisal of the risk of default by heavily indebted developing countries—and for the inherent tendency for the situation to recur: the two points together make an argument for a radical reorganisation of the financial system. He analyses the instability as well as the inequities of the existing financial system and argues for the need for policies in this area to be urgently revised in favour of the sorts of measures put forward in the Brandt Report.

If the Brandt Report were to be taken seriously in Britain, what would this imply? First, there would undoubtedly be a change of economic philosophy in Government thinking and approaches. As explained, the Brandt Report is built on international Keynesianism, not on national monetarism. While Brandt gives high priority to reducing inflation internationally as well as nationally and studiously avoids measures which would stimulate it, analysis of these issues is essentially Keynesian (or as development specialists might call it, 'structuralist'), not monetarist. As Bird recognises, this difference is fundamental.

Taking Brandt seriously would also mean the adoption of an *international* strategy for the resolution of Britain's own economic problems. Obviously there must always be a solid domestic core to any country's economic policies—and Britain is no exception. But in the case of Britain, this approach would mean that the international framework of recession, imbalance and vulnerability within which domestic policies were set, would be regarded as a variable not as a given. This approach would be consciously outward looking and would encompass a new and positive form of economic diplomacy. Britain would seek through its numerous international economic involvements, not damage limitation, but international expansion, structural changes and a framework of greater stability and equity.

This would not of course be easy. Britain is not alone at the moment in adopting restrictive economic policies domestically and damage limitation strategies internationally. The United States and most other industrial countries (and some developing countries too) are doing the same at the moment—and there is pessimism about the possibility of major international economic action.

It takes an optimist to imagine a lead by Britain in this gloomy situation. There is no objective reason why Britain should not *support* such a lead, built on its international interests, using its international position and contacts to pioneer a new economic diplomacy for the next decade. The North-South summit would be a good place in which Britain could take note of the large stakes which all countries have in an international change of strategy, and begin to reconsider.