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**Article**

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## Gloomy Prospects for UNCTAD VI

The Sixth United Nations Conference on Trade and Development, which is due to open in Belgrade in June, should be the high point of the year as far as the North-South dialogue is concerned. However, the economic background against which UNCTAD VI is being held is anything but favourable. In the industrialised countries the economic recession is still far from defeated, the OPEC countries are faced with the collapse of the oil price cartel and the Third World is suffering as a result of the decline in commodity prices, lower export earnings and higher debt burdens. The deterioration in the situation itself fosters great hopes in a conference such as UNCTAD. Many developing countries are looking to it to produce the long-awaited turn for the better.

Feverish attempts are therefore being made at countless preparatory conferences to devise a common and promising negotiating strategy and to put together packages of demands. The decisive coordination meetings of the Group of 77 and the summit conference of the industrialised countries in Williamsburg are still to come, but the broad outlines of the approach that is likely to be adopted at UNCTAD are already discernible.

The difficulty the developing countries will have marching in step was revealed at the meeting of non-aligned nations in Delhi. Nevertheless, in spite of their sharply conflicting interests, they do seem to be falling in behind a common approach in which the demands for a radical change in the world economy through the early introduction of the New International Economic Order have been shelved for the time being. Under the influence of India, the new spokesman of the non-aligned countries, a relatively pragmatic two-part strategy is emerging.

The strategy comprises the continued pursuit of the long-term objective of fundamental reform of the world economic and monetary system on the one hand and a short-term programme of immediate measures on the other. Over the long-term the aim is to achieve global negotiations within the framework of the UN General Assembly covering all the problems relating to trade, commodities, currencies, finance and energy in an all-embracing way. Over the short term, however, emphasis will be placed on the more pronounced sectoral approach, which will be pursued in the other United Nations organs and special agencies such as UNCTAD, UNIDO or the FAO.

In their official addresses, the Presidents of the developing countries will therefore probably use UNCTAD VI once more as a lever to open the door for the global negotiations. The working sessions, however, will concentrate on subjects that have already been on the agenda several times in the past in one form or another. Which questions are likely to be prominent is clear from the catalogue of immediate measures presented by the Indian Prime Minister Indira Gandhi, which bears a remarkable resemblance to the second Brandt Report.

Apart from the proposal for increased cooperation among the developing countries themselves, the Third World is primarily concerned to increase the direct and indirect transfer of resources. The Belgrade conference will therefore probably hear a renewed demand for the immediate attainment of the 0.7 % target, with the LLDCs receiving especial consideration. The same applies to the often expressed proposals for an increase in quotas and SDR allocations within the IMF, increased lending by the World Bank, the expansion of the resources of the IDA and, especially, for the calling of a world debt conference with the aim of cancelling the liabilities of Third World countries. In the trade field the need for the

removal of all protectionist measures against developing countries will again be invoked and the conclusion of binding agreements demanded, while in the commodities sector the more speedy completion of the buffer stock agreements and ratification of the Common Fund will probably continue to be the focus of attention.

The probability that these demands will be repeated by the spokesmen of the developing countries is matched by the equal likelihood that they will again be evaded or rejected by the industrialised countries. The expectation that this will occur is all the greater as ever increasing doubts are being felt about the developing countries' claim that within an interdependent world economy increased support for them will generate growth.

The West is most likely to lend great moral support on the points that entail little cost; this is true especially of the agreement on increased economic and technical cooperation among developing countries. The Third World representatives can also reckon on generally warm verbal agreement with regard to the elimination of protectionism, although the West will probably be unable to do more than pay lip service to the principle, as the politicians have greatly restricted the scope for the early fulfilment of this justified request by means of innumerable protective practices and subsidies in view of the domestic economic problems in their own countries. The raising of official development aid will also remain an empty promise, for the budget problems in most of the industrialised countries have made attainment of the 0.7 % target even more remote.

In these cases it may still be supposed that an effort will be made to meet the demands, but some of the central points in the Third World's catalogue of measures must be expected to receive a firm No, albeit expressed in conciliatory terms. This is likely to be the fate of the proposal to call a world debt conference and of any attempt to change or attenuate the fundamental components of the world monetary system. Not only do the industrialised countries rightly consider that such measures would reward and thus perpetuate inefficient economic policies in many Third World countries, but they also fear that they would give renewed stimulus to inflation, which they have just brought under control with great difficulty, and would consequently curb growth. For them it is axiomatic that growth as an accompaniment to accelerating inflation must remain an Utopian dream.

The demands for a global dialogue as understood by the developing countries to realise their ideas of a new international economic order will probably also meet with outright rejection. It appears neither possible nor particularly meaningful to attempt to discuss, let alone solve, all the problems of development in a conference attended by all the involved parties as well as by all the uninvolved. The inefficiency of such an event, which would be a bureaucratic nightmare, is not hard to predict.

So that they do not arrive at the negotiations completely empty-handed, the industrialised countries will have to confine themselves to a small number of points. Hence it can be expected that they will take a conciliatory line on the question of an expanded or additional system to stabilise export earnings. Some suggestions pointing in this direction might come from the European countries, as they in particular often appear to see such a system as a sensible alternative to the demands of the UNCTAD Integrated Commodity Programme, which go too far for their liking. The USA might, with support from the World Bank, offer an intensification of private-sector economic cooperation, mainly through a multilateral expansion of the means available for guaranteeing direct investment. However, few other innovations of substance are taking shape, and the Williamsburg summit is unlikely to produce further fundamental changes in this regard.

Once again the signs therefore bode ill for a revival of the North-South dialogue and for the success of UNCTAD from the point of view of the developing countries. The breakthrough for which they hope is unlikely to occur. In view of the high expectations and the developing countries' harder line revealed at the meeting of the non-aligned nations, the Belgrade conference must be judged a success if it manages to maintain a pragmatic dialogue and to avoid an open break leading to confrontation.

*Dietrich Kobschull*