

Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

## UNCTAD: Institutional checks

Intereconomics

*Suggested Citation:* Hamburg Institute of International Economics (HWWA) (Ed.) (1968) : UNCTAD: Institutional checks, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 03, Iss. 11, pp. 324-325,  
<https://doi.org/10.1007/BF02930043>

This Version is available at:

<https://hdl.handle.net/10419/138054>

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# COMMENTS

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## *Pakistan*

### **Modesty Leads to Success**

Successful development work need not be concentrated onesidedly on building up industrial production—this is convincingly shown especially by recent experiences of Pakistani planners. During the third budget year of Pakistan's Third Five-Year Plan (1965/1970), the Governor of the National Bank of Pakistan, M. Rashid, proudly pointed to a growth rate of the country's GNP of 8.3 per cent. The main contributory factor for lifting GNP growth beyond the planned average rate of 6.5 per cent p.a. seems to have been the fact that the Plan focuses much of its efforts on agriculture and its improvement. So, modernisation of the methods of working the land, increasing the size of the areas under the plough, and the use of improved seeds, combined to boost overall harvest results by 16.3 per cent, and grain production even by 21 per cent. Should Pakistan succeed in continuing with this rising trend, self-sufficiency in food production and a considerable saving of valuable foreign currency may become an attainable goal in the foreseeable future.

However, in spite of farming being accorded priority, industrialisation is not being neglected by Pakistan. But in this field, too, the country's leadership uses its good sense to stick to programmes that are realisable and keeps away from super-planning of super-utopias. Pakistan's next industrial aim is the expansion and modernisation of its textile industry. Well thought-out export promotion programmes and increased activity of government agencies negotiating for the dismantling of obstacles hindering deliveries to industrialised countries have been characteristic of the work of recent months. It appears desirable that western governments examine Pakistan's requirements regarding trade policies with particular benevolence, for expansion of traditional commerce might strengthen the country's innate energies enabling it to help itself. ke.

## *IMF*

### **What's To Be Done With Gold?**

The first question to be debated during the recent annual meeting of the International Monetary Fund was that whether the IMF or other currency authorities ought to resume their gold purchases from South Africa—and this discussion soon degenerated into a US-South African "confrontation".

After the dust had settled, the result was a gentlemen's agreement, underwritten also by the US, which will enable South Africa to sell gold to the national issuing banks forming the Bank for International Settlements, provided the price of gold drops for a certain minimum period below US \$35 per ounce troy. This, however, hardly affects the endeavour to make the international currency system progressively more and more independent of gold, through having split the gold market and through having introduced special drawing rights. The new arrangement will, of course, not have perpetual validity though, as is usual with gentlemen's agreements, no formal time limit has been set for its remaining in force, but this also means that it can be terminated at a moment's notice. Looking at the situation soberly, South Africa will find that its gold production has only been granted a period of grace for adapting itself, without fear of a recession, to the requirements of a free market. An intermediate regulation of this type is also in the interest of the leading countries of the international currency system, for South Africa might be able to manipulate the supplies of the precious metal to the gold markets, so that unceasing fluctuations would be the result, thus inescapably undermining gold's reputation as the currency metal even further and leading to its over-hasty demonetisation.

The international myth of gold has been destroyed, anyway, after all the world has seen that the metal's value is mainly an object of private speculation in the free market. For this reason, it is to be highly welcomed that a sufficiently big majority of countries was evidently prepared in Washington to work speedily for an early use of special drawing rights. re.

## *UNCTAD*

### **Institutional Checks**

It has become clear some time ago, but at least since the meeting at New Delhi, that world trade conferences do not only produce few tangible results but form a positive stumbling block to practical progress because of the rigidity of their methods of deliberation and the extreme length of their duration.

That is why the suggestions on organisational reform made by the UNCTAD Council—in its concluding report on its 7th session—deserve of particular attention. An especially sensible proposal seems to be the projected separation of functions between the World Trade Conference and the Council of UNCTAD.

Future plenary sessions of UNCTAD are to deal only with questions of principle, which means that they should restrict themselves to indicating objectives and to pointing out along which general avenues such overall targets ought to be approached, leaving to the Council the task to elaborate practical and acceptable solutions, and to prepare ways and means of tackling them. It will of course always remain an open question whether progress in the field of procedure may not again be vitiated by the lack of coordination between the work of the UNCTAD Conference, the Council of UNCTAD, and the numerous committees of the Organisation. Parkinsonian growth of the UNCTAD machinery, leading to the proliferation of committees and special commissions, is on the best way to splitting up and making inoperative the modest existing possibilities of cooperation and communication. There is much overlapping of authority between the Council and some committees, which adds to the difficulties encountered by the work of the organisation, by setting up conflicts when decisions have to be reached, and by duplicating work. And last but not least: nobody has yet found out on whom, and to what extent, decisions made by the Council are to be binding. The human race will be compelled to go on waiting and doubting whether wishful thinking about establishing harmonious equilibrium between differing interests, through international cooperation, may one future day bring UNCTAD resolutions to practical fruition. ogm.

#### *Peru*

### **Another Military Junta**

The Peruvian President, Sr Fernando Belaúnde Terry, has been overthrown by a military junta headed by General Velasco, one year before his term of office should have ended in the constitutional way.

Together with Sr Eduardo Frei, the Chilean President, Sr Belaúnde Terry had had the reputation of being Latin America's most progressive president in favour of reforms. Both Frei and Belaúnde were aware of the fact that only speedy economic and social reform could serve as an effective defence mechanism against the dangers of communist revolution. Whilst he was in office, Sr Belaúnde Terry was especially interested in developing Peru's infrastructure and in opening up the country's interior. In order to promote industry, strict import controls and measures of export promotion had been enacted. Far-reaching measures of agricultural reform were embarked on, in order to eliminate the social evils of an antiquated class structure in land-holding. But, in spite of a reform of the tax system and of tax increases, the expensive programme of reforms induced an accelerating devaluation of the Peruvian currency. Thus, it was hardly to be wondered at that unbridled inflation led to loud protests against the reforms among the well-to-do, conservative parts of the population. This conflict between the Conservatives and the government had been smouldering for some time, until it

exploded and thus came into the open through the military coup.

Both the officer corps and the Roman Catholic Church, who are decisive citadels of power and at the same time defenders of the conservative interest in Latin America, will have to learn that the dissatisfaction of the toiling masses will not simply vanish under pressure of dictatorships or prohibitions. Only comprehensive programmes of reform, based on rational economic policies, having the support of all parts of the population, can offer safety against South America looking for a way out of the slough of underdevelopment along the path of communist subversion. crm.

#### *Nigeria*

### **Touchstone for Africa**

Over five years after Nigeria's independence had been solemnly proclaimed, four of the most influential Nigerian politicians, among them the Federal Prime Minister, Sir Abubakar Tafewa, were killed by the rebel bullets of army officers of a younger generation. This apparently brought Africa's model democracy, which had been so highly praised in the West, to the brink of disaster within a brief period. On the other hand, the two military revolts of 1966 also put into reverse, perhaps only temporarily, a centrifugal trend by which the crystallisation of a Nigerian nation might have been prevented, whilst regionalisation would have remained paramount and political parties would have returned to their origin as tribal lobbies.

In view of the fierceness of the Nigerian civil war, Europe was soon in the grip of a wave of sympathy for the starving Biafran population. This, however, also brings about an obvious risk for anybody favouring the reunification of Nigeria, for he will swiftly be suspected of being in favour of genocide and man-made famine. People who react like this, however, blind themselves to the incontrovertible fact that Nigeria, whose territory is about four times as large as the Federal Republic of Germany and whose population of about 24 million people consists of about 250 distinct tribes speaking more than 200 different languages, would be fated to complete collapse in the case of a successful Ibo uprising. All over tropical Africa, conditions are similar, and re-tribalisation, as has been attempted in Nigeria, would eventually "Balkanize" the whole of the continent within a comparatively brief period.

All this means that Nigeria has become the touchstone of African development. As Nigeria is blessed with rich crude oil reserves and many other natural resources, this state, after overcoming civil war, might become the strongest political unit of tropical Africa, provided, of course, that it will be possible to reintegrate its Ibo population successfully. At present, it looks as if this need will be met, but only the years to come will show, whether genocide has laid waste Biafra or whether reason was on the side of the stronger battalions. hg.