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Common Fund a Matter of Time Only

At Geneva the developing countries are rushing through their integrated commodity programme. Contrary to the anticipations of many representatives of the industrial nations the negotiation schedule passed by UNCTAD IV at Nairobi is being strictly adhered to. The concord between the countries of the Third World united in the Group of the 77 has given the UNCTAD decisions more inherent dynamics and more significance under international law than all too often thoughtlessly supposed.

The fact that now mainly technocrats are the spokesmen let the initially keen interest of the broad public in the events in and around the UN-building at Geneva again drop off. Indeed, after the great spectacle, that in 1976 was enacted on the stage of Nairobi, the discussions of primary commodities as e.g. tungsten or hard fibres sound anything but exciting. And there is the additional exaggerated extension of matters to be discussed, so that even experts find it hard to remain always up to date. For, besides the numerous UNCTAD-commissions and committees for instance also the UN Conference on the Law of the Sea, the FAO, the UN General Assembly, the EC in the North-South dialogue or the OECD are discussing or discussed primary commodities.

The reduced public interest and the impeded transparency of the negotiated matter may also be decisive for the fact that the softening of the originally very tough position of the opponents to the Integrated Programme has hardly been commented on. Already before the beginning of the negotiations of the Common Fund — the central instrument of financing — the western hardliners lost much ground. After the vote at Nairobi they could still maintain rightfully on the basis of their reservations that to begin with it should be cleared up if a common fund be required at all, before going into details about its organisation.

At the latest since the last summit conference in London and the conclusion of the North-South dialogue in Paris this bastion does not exist any more. For, since the industrial nations as a whole consented to one common fund — without, it is true, meaning the fund of the developing countries — what is at stake in the negotiations is only the construction of the whole thing.

UNCTAD Secretary-General Gamani Corea has won an almost decisive round vis-à-vis the raw material producers of the Third World as well as the industrial nations opposing commodity agreements. For, should the establishment of a common fund succeed as a first step towards the realisation of the Integrated Programme, then the conclusion of an agreement on price stabilisation and the establishment of buffer stocks is only a question of time still. The comprehensive regulation of international raw material markets, which the developing countries have advocated for decades, is no longer a utopian issue.

Noticing how former tough opponents of any form of commodity agreements and of the Fund seem to be increasingly pleased by individual agreements as "a choice of evil", the question arises why proportionate proposals have not been made earlier. For, the all-embracing Common Fund would have hardly been pushed up so emphatically to become the central subject of negotiation of the Integrated Programme, if the states sticking to the principle of free enterprise would have abandoned their rigorous rejection of commodity agreements earlier. They did not make use of this chance.

The developing countries will hardly consider the present turn to a softer attitude to be a concession, after they have made the acceptance of the Common Fund a question of principle. Moreover, this correction of course is much too late in order to prevent the construction of the Fund once more. The open encouragement of the fund-concept by the Netherlands and the Scandinavian nations as well as
the support of the plan by the EC Commission has brought the last fighters for
the free market economy and its mechanism into an ominous isolation. Since
they, as usually, neglected to prove energetically the advantages of a free enter-
prise concept, there was nothing left to them than a harsh refusal, that for foreign
policy reasons alone is impossible, or a gradual yielding.

The changed and more amiable attitude shown above all by the United States
and the Federal Republic of Germany, the formerly hard opponents, must turn
observers thoughtful. Is it possible to believe e.g. the German Foreign Minister
that it can be realised only now that a common fund and the numerous agree-
ments to be concluded simultaneously will not ruin the free market economy?
Was it really found out only now that damage will not necessarily be done to the
developing countries? Must the so often evoked advantages of the market econ-
yomy not look quite dubious in the eyes of the developing countries? As a tactical
measure that basically is only to prevent a change of the status quo, but which
by all means can be put aside owing to changes in the field of foreign policy?

The development within the scope of the Integrated Programme thus far evokes
serious consequences for the future. For, who against this background intends
to take up the cause of free enterprise will find this to be very difficult —
last but not least because of the fact that the USA and the EC obviously pursue
internally a renaissance of protectionism.

In this situation the negotiations might have been turned once more towards a
new direction if the developing countries' attention would have been directed to-
wards the East-bloc states. For, these states know with an astonishing skill how,
on the one hand, to support the Third World's demands verbally, but, on the other,
to remain completely outside the discussion regarding financing problems. Their
steadily and stereotypically advanced argumentation that the present problems
be consequences of colonialism whose abolition be not their responsibility, but
that of the West, is not at all plausible. Such a hypothesis does by no means dis-
perse from the moral obligation of an increased financial support of the develop-
ing countries. Although the western nations as well as the developing countries
are aware of that, this subject is left outside the discussions for inconceivable
reasons. The New International Economic Order and the Integrated Commodity
Programme renounce the financial and economic inclusion of a large part of the
world. Demands are almost exclusively made on the rich western nations.

In Geneva they would still have many opportunities to question individual aspects
of the future fund. Problems of the final financing, the distribution of shares and
votes, the operations to be financed and the kind of interference with different
commodity markets will for a long time remain the cause for comprehensive dis-
cussions. Before the start of the November-negotiations it was frequently sup-
posed that the overall concept of the Common Fund simply had to fail owing to
the strongly differing initial positions of the parties.

After the conclusion of the first major round of negotiations concerning the Fund
it would however seem to be ominous to stick to this illusion. There remains much
to be cleared up, but taking the long discussion of the introduction of preferences
as a parallel, there is much to indicate that the break-through has been accom-
plished. At Geneva it has been shown that the Fund as such is generally regarded
as being necessary and sensible and that also in difficult details a gradual yield-
ing can be noticed. This is not only for the fathers of the programme a triumph
over the advocates of the uncompromising free enterprise principle, but also a
victory over those developing countries which, although advocating a fund, did
not like the idea of supporting it with their raw material proceeds. Just after the
UNCTAD-conference of Nairobi this group distinctly appeared to gain ground.
After the Geneva negotiations it will hardly be possible for them to break out of
the front-line of solidarity.

The western industrialised nations would be well advised to take the necessary
consequences from the present negotiations. It would be careless to continue
underestimating the developing countries' political strength, their ability of carry-
ing through their intentions and their negotiation power. This means that gradual
yielding and improvisation must be replaced by a common concept of the indus-
trial nations which has to be worked out early.

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