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## Troublesome Walk to Manila

The developing countries may enjoy a political triumph in their tenacious struggle for the introduction of a new international economic order. On March 19, the Common Commodity Fund was finally agreed upon whose establishment the Third World had made the central demand of a raw material policy in line with its requirements. This development was no surprise any more after the Federal Republic of Germany and the United States, which initially had refused this proposal strictly, already at the end of last year signalled their preparedness for an alteration of course.

With the resolution on the institution of the Fund it is, however, not certain at all whether or to what extent the developing countries' far-reaching hopes will be realized. There are many indications that the political success will be followed by an economic disillusion. For, at the most the Fund seems to be appropriate for a certain stabilisation of raw material prices, but not for their permanent and steady increase. Other measures are required for guaranteeing a lasting raising of the raw material producing countries' export proceeds — measures considerably exceeding the narrow framework of the Fund.

Little wonder that against this background, after the first euphoria, even within the developing countries organized in the so-called Group of 77 the number of those rises that view the Common Fund with mixed feelings. Mainly the representatives of a pronounced self-reliance policy regard the Fund as an instrument with which price raising monopolistic suppliers' associations like the OPEC-cartel, which would be to their own interest, will be obstructed. Instead of a common fund, in which the industrialized countries are very influential, they prefer the solidarity fund as proposed by the Group of 77 for a long time already and which is to weld the Third World into a solid block.

Therefore the Federal Republic would not be well advised if at the 5th UN-Conference for Trade and Development (UNCTAD V) convening in Manila in May, it wished to make itself believe that with its agreement to the Common Fund it had complied with the developing countries' most important request and thus improved its relations with them decisively. On the one hand, its consent to the Fund came too late for removing the image of a political hardliner, and, on the other, at their preliminary conference for UNCTAD at Arusha, the developing countries made it already clear that they would not be satisfied at all with the present results. After the indisputable publicity success of the Integrated Programme for Commodities, also in the other areas — e.g. manufactures, trade and finance — a tendency towards tying up similar comprehensive negotiation packages has asserted itself. Extensive new institutions that, if possible, exclusively make allowance for the developing countries' objectives are being demanded.

The Federal Republic has the best chances to find itself once more in the dock at Manila. For, its opportunities to meet the well-known old and the even more extensive new demands are limited. As one of the richest states of the world with high balance of trade surpluses it cannot avoid to be blamed, like Japan and the economically particularly strong United States, that its performances for official development assistance are lagging far behind the internationally agreed 0.7 % of its GNP.

UNCTAD and the developing countries will confront them with the proposal to double their too small contributions by annual increases of 25 % within three

years. Obviously the compliance with such a crash-programme has hardly any chances for domestic policy reasons. This applies all the more since the outflows of the available small funds have come to a considerable deadlock due to the lack of suitable projects and programmes. The non-committal declaration of intent, politically perhaps to be advocated, to make efforts for a strong increase of the funds, will provoke the criticism of the Group of 77 as much as the attitude towards the new demands for packages.

In this connection the developing countries are less interested in the consistence of their combined demands than in a comprehensive registration of their wishes. The trade sector is typical for that. There, on the one hand, they are pleading with (quasi) market-economy arguments for a unilateral reduction of trade obstructions in favour of the Third World and for an extensively liberal world economy. On the other hand, regarding the same complex of subjects the developing countries are demanding that by the year 2000 they shall reach a share of 30 % in world trade. That this target – if at all – could only be attainable with the aid of manifold interventions and dirigisms is obviously not regarded as a contradiction to the above mentioned demand. Such incompatibilities between different measures are liberally ignored regarding their orientation towards the not explicitly mentioned, but doubtlessly existing target of maximising the transfer of resources from the North to the South. Considering this probable state of affairs in Manila the Federal Republic and other countries depending on free trade should find it difficult to find lines of argument that will not be disregarded from the start.

It would be reasonable to take up clear positions immediately instead of turning again to the delaying and evasive tactics of the past and later to yield anyway without gains in image or other advantages. This means that demands strengthening dirigism in the world economy and thus not useful to the developing or the industrialized countries should be rejected as early as possible in favour of more efficient approaches. This applies also to the unfortunate tendency of UNCTAD and the developing countries to strive for a reform of the world economy with ever new and bigger institutions.

Since, in the opinion of the Group of 77, among the existing trade and monetary institutions in particular the General Agreement on Tariffs and Trade (GATT) and the International Monetary Fund (IMF) are operating too much in line with the industrialized states' ideas and are not enough development oriented, a change in these areas is mainly aimed at. A development institution is being considered that will be furnished with sufficient competences for changing the existing trade and monetary order according to the developing countries' intentions. The not yet exactly defined detailed ideas are reaching from a moderate developing countries' secretariate to a super-UNCTAD.

At present a comprehensive judgement on such proposals is not yet possible if only for their diffuse formulation. But there is much to indicate that the creation of new institutions will not be a step forward but rather the contrary. Material problems recede into the background as soon as institutions receive first priority. In view of the immense economic difficulties of the developing countries an efficient policy of international cooperation should not regard it as its tasks to prove again Parkinson's indisputable observations.

Here, too, the developing countries' wishes should hardly find much resonance in the Federal Republic. Criticism of the "hardliner" seems therefore to be programmed almost of necessity. The hardened frontlines might be softened only by a constructive alternative programme of the industrialized countries. This requires first a clear definition of their own interests and objectives and a close mutual harmonisation. This hardly occurred so far before the big UN-conferences. For Manila, too, a common concept and a uniform procedure does not seem to be indicated. Thus the developing countries again united through Arusha will face a scattered group of industrialized countries, in which everybody is glad not to belong to the hardest attacked ones. The German delegation is not to be envied its position. Manila will be very troublesome for it.

*Dietrich Kebschull*