TRIALOGUE.

NORTH & SOUTH
After Cancún, Where To?

Trudeau
Pérez de Cuéllar
Bédié
Watanabe
Servan-Schreiber
Ward
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The Cancún Summit of last October brought together in one room 22 heads of state—8 from the North and 14 from the South. This itself was an achievement, but unfortunately the conference did not result in further progress in unraveling entangled North-South relations. The Chairmen's summary issued after the meeting did refer to "Global Negotiations" in a circuitous manner, but the road to a fruitful dialogue between the North and the South is still far from smooth.

Few of us would deny that there exists a considerable gap between the standard of living in the North and that in the South and that this gap is becoming wider, particularly with regard to the poorer countries. In addition, it is generally agreed that the long-term interests of the North and those of the South are interrelated. The prosperity of the North is a prerequisite for the economic advancement of the South, and an increased purchasing power in the North will provide a larger market for the products of the North. Peace among the countries of the North is needed for the security of the countries of the South, and the reverse is also true. In short, every country has a stake in the prosperity and peace of other countries.

Yet, we do not always feel the same urgency about narrowing the gap and we often differ on the method of bringing about a more equitable world. Countries of the North are preoccupied by their immediate economic problems. In order to fight inflation, they tend to feel they must cut back their aid to developing countries. Suffering from high rates of unemployment, they are afraid of possible competition from emerging newly industrialized countries. In addition, they are seriously concerned over the imminent security crisis caused by East-West tensions. This tends to draw their attention away from North-South problems.

Thus, the circumstances now prevailing in the North are not conducive to a positive attitude on the part of these countries toward a constructive dialogue with the South. However, we must realize that immediate difficulties cannot be solved by short-term expediences alone. More fundamental, long-term measures often prove more effective. A dose of medicine may help relieve pain, but only a healthy body can overcome disease. This is why I welcome the decision taken at the meeting of the Chairmen of the Trilateral Commission in Paris in November 1981 to take up the theme of "strategies for assistance to developing countries," as one of the topics on which a new task force will prepare a paper to be discussed at the plenary session in 1983.*

While I wish to leave further consideration on this subject to the task force, I might make a few comments on this theme. First, we have talked so far about the total volume of assistance by the North and the terms of such assistance, but to my mind not enough thought has been given to the effectiveness of such efforts. Aid per GNP and grant element are, without doubt, useful indices to measure the performance of aid-givers,** but to me what really matters is not the volume of the total

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*A former Executive Director for Japan of the World Bank and the International Monetary Fund, Takeshi Watanabe was President of the Asian Development Bank from 1966 to 1972. Mr. Watanabe is Japanese Chairman of the Trilateral Commission.
flow or the softness of such aid. It is the effectiveness of the aid which counts. There have been cases where a large amount of aid on soft terms was totally wasted. On the other hand, we have noticed cases where a relatively small amount of aid on normal terms has been very successful in achieving the intended goal. Although a discussion on the effectiveness of aid should not be used as a pretext to slow down our efforts, such a discussion could be particularly relevant at a time when the availability of aid seems to be limited.

My second comment is about cooperation between aid-givers and aid-receivers. It is obvious that the developing countries should play the leading role in the effort of economic development, and that developed countries or international organizations as aid-givers should play a supportive role. The whole operation can be successful only when aid-givers and aid-receivers understand each other well and cooperate with each other closely. This may sound too obvious a remark, but the two parties do not always have the same motivation. Aid-givers are sometimes more interested in the demonstration effect of a project than in the actual benefit such a project will bring to the people of the developing country. Aid-receivers are sometimes more interested in the amount of money flow than in the effective use of the investment. Such inappropriate motivations often result in what can only be called white elephants. Bilateral aid is perhaps more affected by political influences, but international organizations too can be affected, in their case by a desire to record impressive achievements. Leaders of developing countries are sometimes tempted to build prestige projects such as steel mills and petrochemical plants without paying enough attention to economic justifications. Such requests are not always judged by the developed countries on sound economic bases. They may react favorably to uneconomical projects either to express political favoritism or to gain immediate commercial profit. In saying this, I am not suggesting that wrong motivations underlie all projects under assistance. I only wish to emphasize the need to establish proper objectives for projects and to ensure a complete meeting of minds between the aid-givers and aid-receivers about them. This is essential for a successful joint-venture.

The third point I would like to make is about the relative advantages and limitations of transfer of capital through private channels. There are two channels for the private flow of money—charity and commercial loans or investments. Charity is of course very commendable and it can reach needy people perhaps more effectively. In addition, the human element in charity can help establish closer ties between people. However, the total volume of such flow is obviously limited compared to the size of the existing gap. Commercial loans or investments may also be efficient, because the profit motive dictates a careful scrutiny of the economic justifications of the projects concerned. The transfer of capital through private channels is sometimes directed to the public sectors of developing countries but it is often directed to the private sectors. As private initiatives are the most valuable contributors to the development process, it is useful to encourage private enterprises of developing countries. The IFC (International Finance Corporation) was established for this purpose. In addition there are such organizations as the ADELA (Atlantic Community Development Group for Latin America) and the PICA (Private Investment Company for Asia) which mobilize funds for investment in private enterprises of developing countries. They are performing a meaningful task. However, when you recognize the enormous size of the existing gap between the North and the South, the size of private operations, though important, is obviously much too small. Moreover, considering the political risk involved in such investments and the
worsening credit-worthiness of many developing countries through accumulated debt, we cannot be too optimistic about the possibility of a large volume of capital-flow through private channels. In addition, prevailing high interest rates certainly will discourage private flow of money in particular.

Lastly, some advocate the importance of self-help and argue that assistance tends to discourage such a spirit. I cannot agree more with their arguments in principle. I was one of the first Japanese to propose an early discontinuation of American aid to Japan after the war. I am very grateful for the American aid which was given in the critical post-war period, but I thought that an early discontinuation of American aid would help our countrymen to exert themselves to the utmost in their effort to rehabilitate our economy. My opinion was not welcomed by some Japanese at first, but before long, Japan started to borrow public funds from national and international financial organizations and eventually started to raise funds in private money markets. Japan thus joined the OECD—the club of industrialized countries—in 1964.

This experience of Japan may be taken as a good example of what can be achieved by developing nations. But, at the same time, we must recognize the fact that the existing condition in many countries of the South cannot be compared with the condition of Japan in the 1940s or 1950s. Much more investment has to be made to create those human and infra-structural pre-conditions which are necessary for them to start their process of development. Should countries gain momentum in this process, it will be advisable then to take advantage of their spirit of self-help to the fullest. But an attitude like that of the old colonialists who warned that the natives should not be spoiled only serves to maintain the gap instead of narrowing it. Moreover, we cannot shut our eyes to the fact that there exist right now absolute poverty and starving children on our globe.

According to scientists, the earth was born 4.5 billion years ago and creatures standing on two feet first appeared 2 million years ago. If you consider the age of earth as one year, human history started as late as 8 p.m. on December 31st. Since then human beings have lived in different groups, sometimes fighting, sometimes in peace. At present we are divided into groups called countries, which are considered supreme authorities, some of them rich, some poor. Some of them are strong, some weak. Population is multiplying much faster in poor countries. Natural resources are not limitless. So far we have used them to satisfy our needs, but we are at the same time creating an environment harmful to future life. And we have developed the capacity to annihilate all human beings by pushing some buttons, leaving the earth as it was 2 million years ago. Dealing with this situation is our common problem, and creating a more equitable world is a necessary step, if we are to be saved from our dangerous predicament.

*The authors of the Triilateral Task Force Report on Strategies for Assistance to Developing Countries, due to report to the Triilateral Commission in 1983, are Takashi Watanabe, former World Bank President Robert S. McNamara, and Jacques Lesourne, Professor of Economics and Industrial Statistics at the Conservatoire National des Arts et Métiers in Paris.

**The Development Assistance Committee (DAC) of the OECD indicates the aid performance of its members by official development assistance as percentage of GNP of the aid giving country. The same committee indicates the softness of the aid terms by “grant element.” Grant element is calculated by a formula taking into account the repayment period, interest rate and so on. Grant element 100 means grant without repayment obligation.
Prime Minister Trudeau of Canada, long a primary "mover" in North-South affairs, was also Co-Chairman, with President Lopez Portillo of Mexico, of the Cancún conference last October. Following are his answers to questions put to him on behalf of Triadogue by Peter Dobell, Director of the Parliamentary Centre for Foreign Affairs and Foreign Trade in Ottawa and a member of the Trilateral Commission.

**What did you hope that Cancún would accomplish? What did you personally hope to accomplish as a Co-Chairman of the Conference?**

There is always a tendency among the public to expect too much of meetings among Heads of Government and State: The meeting is a failure if leaders do not descend from the Summit with new commandments cast in stone. In the case of Cancún all of those who were involved in preparing the Summit had worked under agreed guidelines, established by all the participating countries, that the Summit was not designed to be a decision-making or negotiating conference. Only 22 countries participated in the Conference, and no matter how influential they may be individually, it is no longer feasible—nor acceptable—in international terms to think of a limited number of countries taking decisions on behalf of the rest of the world. The Cancún meeting was necessarily, therefore, informal in nature—and with no fixed agenda—so that leaders who were present could raise the topics and themes which they regarded as most important.

Hopes and expectations for the Cancún Summit therefore had to be somewhat limited. After all, what could one really hope to accomplish in a two-day meeting of such an informal kind? Despite these considerations, I had always been a strong supporter of such a Summit and had given vigorous encouragement to President Lopez Portillo, when he first consulted me on the subject, to proceed with his, and Chancellor Kreisky's, bold initiative. The sort of advantages I saw were threefold:

a) In the first place, I remain convinced that the economic and political relationship between developed and developing countries, the North-South relationship as it is commonly called, is extremely important for the future peace and prosperity of this world. It seemed to me that any international meeting which would bring together Heads of State and Government to focus on North-South issues would be worthwhile. My hope was that we would be able to have a Summit that would encourage frank and open discussion among those who were there and lead to a broader international understanding of each other's problems and perspectives.

Many countries also saw the Summit as an opportunity for President Reagan to present the policies of his Administration towards developing countries and in turn for the leaders of developing countries to explain their concerns to him.

b) A second objective we had for the Summit was to identify some areas of substance on which the international community would be able to concentrate its attention in the future. Although those of us there could not negotiate for the world, I thought we could at least try to reach some consensus on what were the key issues facing us. Stated Canadian priorities, for example, were the sectors of energy, food and human resources.

c) A third objective for the Summit was the desire that we reach a satisfactory consensus on the issue of Global Negotiations. It seemed to me that the impetus which the Summit might be able to give to the launching of those particular negotiations would be the main criterion by which the rest of the world would ultimately judge the success of Cancún. In the initial days of planning for the Cancún Summit, it had been assumed that Global Negotiations would already have been launched before the Summit actually took place. Those negotiations would thus have provided a natural focus or forum in a global setting for acting on any conclusions which the leaders at Cancún might have reached. Unfortunately, the preparation of Global Negotiations had become stalled and the international community was clearly looking towards Cancún to get the process unblocked.

With respect to the second part of the question, I don't know if I had any particular hopes as Co-Chair-
man of the Conference. The fact of my co-chairmanship was of course due to the last-minute, and very unfortunate, illness of Chancellor Kreisky; I agreed to take on the role literally on the eve of the Conference because those present, particularly our host, President Lopez Portillo, thought it would be useful to have a co-chairman from the North. While I suppose my general objectives were those which I have just described, once I had taken on the co-chairmanship function my role probably became more one of stimulating and encouraging an exchange of ideas among others, trying to steer the discussion towards a general consensus. It seemed to me that, if a conference such as this were to succeed, one had to avoid simply reading set speeches at one another and try instead to have a genuine and spontaneous dialogue through which we could establish an atmosphere of greater trust and confidence.

Following the Summit, you described the outcome as “not a solid step forward.” What, if anything, was accomplished by Cancún?

Given the three major objectives I outlined above, it may take a little time before we can accurately judge the accomplishments of Cancún. However, I was very much encouraged by the meeting. The quotation attributed to me about the outcome not being “a solid step forward” is misleading. I was asked a specific question at our concluding press conference in Cancún about our text on Global Negotiations. On this particular point I did express some disappointment, pointing out that Canada had proposed a text which I thought would have taken matters a bit further and committed at least those who were there at Cancún to a more specific next step.

More generally, however, I believe Cancún met the objectives we had in mind for it. Least quantifiable, but possibly most important, is the effect of the Cancún discussions on individual participants. To the extent that Heads of State and Government returned to their countries with an altered sense of priorities, with a clearer understanding of problems, with a better comprehension of views of others, and with a heightened sense of urgency, the meeting will have proved immensely worthwhile.

Cancún identified priority concerns in a number of areas, including food and agriculture, energy, trade, and money and finance. These are now being pursued in a variety of fora. All of us there recognized, however, as was stated in the Co-Chairmen's Summary of the meeting, that the problems with which we were dealing were highly complex and did not lend themselves to quick or simplistic solutions. We thus saw our essential task as generating increased high-level momentum which could be translated into greater action and progress within the international institutions existing for these purposes.

Some three months after the Summit—during my visit to Mexico in January—President Lopez Portillo and I had the opportunity to reflect together on the discussions at Cancún and to assess developments since then. We remained convinced that the Summit had been extremely worthwhile and were encouraged by the favorable reaction of other participants. Nonetheless, we thought it would be useful to address a message to our Cancún colleagues to seek to reinforce what the President called the “Spirit of Cancún.” This “Spirit,” we stressed, must be translated into the policies which are individually pursued by national governments and into the instructions which are given to our representatives at international meetings. As Co-Chairmen, we also expressed some concern that this translation was not taking place to the extent we had all hoped at Cancún, particularly with respect to Global Negotiations. I do not, of course, expect miracles and I believe that it is only after several months, if not years, that we will be in a position to judge whether our efforts were a success or not. But I continue to believe that the global stakes were sufficient to justify the experiment— and the risk.

You led an effort to gain support for a specific commitment regarding global negotiations between developed and developing countries. The final statement by yourself and President Lopez Portillo of Mexico said only that the conference participants “confirmed the desirability of supporting at the United Nations, with a sense of urgency, a consensus to launch global negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress.” Could you explain what that statement means? Are there any initiatives under way or contemplated to launch Global Negotiations?

As I said earlier, Canada had proposed a text outlining a specific next step which we and many others thought would give an impetus to preparations for Global Negotiations. Some countries present, however, particularly some from the developing world, were a bit uneasy with the specifics and preferred a more general text. The eventually agreed language largely reflected the consensus reached on Global Negotiations at the Ottawa Summit. While I was disappointed that it lacked specificity, I suppose it did represent a half-step forward
or, as someone put it, "a flickering green light," in that it confirmed the desirability of supporting Global Negotiations on an urgent basis.

Based on the consensus reached at Cancún, it has proved possible for discussions in New York, which had been suspended for some time, to resume in earnest. In early November, General Assembly President Kittani of Iraq initiated an informal consultative process with the aim of launching Global Negotiations early in 1982. I was very much encouraged by the fact that all the Cancún countries participated actively and positively in those discussions and that, in a number of interested countries, the question was followed at the highest political level. While useful progress was made in narrowing the differences, it did not prove possible—because of the pressures of time and events—to reach agreement on the text of a resolution before the General Assembly recessed in December, and it was agreed that consultations should continue in early January.

It is now vital, however, that the momentum not be dissipated. For this reason, in our message to our Cancún colleagues, President Lopez Portillo and I focussed our attention on developments on Global Negotiations since Cancún. We stressed the need for Global Negotiations to deal with complex and interrelated North-South questions and to give urgent attention to particularly pressing problems, including food, security, energy and finance. We encouraged our colleagues, moreover, to continue to take a direct personal interest in the resumed consultations in New York, as indeed many had done.

Reports from Cancún attribute the inability to agree on Global Negotiations to irreconcilable differences between the United States and third world governments. Would you agree with this assessment? Do you see any prospect of bridging these differences?

It is well-known that the United States has a number of basic concerns about any process of Global Negotiations, the primary of which is the need to protect the competence of the specialized agencies. Indeed, the effective functioning of such bodies as the IMF and the GATT is something to which I believe all western countries are committed, as are many developing countries. Differences tend to be ones of nuance. This said, it should be noted that the United States was an active participant in the consultations at Cancún and in New York, and made constructive proposals aimed at reaching agreement on a common approach. Thus, as President Lopez Portillo and I said in our message to our Cancún colleagues, the differences do seem to be resolvable if all concerned are prepared to show a spirit of flexibility and compromise.

You were one of only two world leaders—Prime Minister Thatcher is the other—to participate in all three Summits in 1981—the Ottawa Summit in July, the Commonwealth Heads of Government Meeting in Melbourne in early October and the Cancún Summit. Do you feel that, as a result of these meetings, the world political community is any closer to understanding the nature of North-South problems or to agreement on solutions?

Although it is difficult to state with any real certainty the impact of one meeting or another on the underlying or ultimate course of world events, I am a believer in Summits—that is that Heads of Government need to focus on international problems and, through personal contact with each other, are in the best position to solve them. I feel confident that the three Summits in 1981 will prove to have played a significant role in the generation of international consensus on global economic issues.

In my view, the Summit process contributed to increased global understanding of North-South issues and their eventual solution in three important ways. First, the preparatory phase encouraged governments to reassess their own North-South policies and interests. In Canada, for example, during 1981, the Government completed a major North-South policy review in order to establish the general principles which should underlie our approach to North-South issues; a Parliamentary Task Force on North-South Relations, with members from all political parties, brought down its final report; North-South relations were addressed in Parliament during a two-day special foreign policy debate; and numerous proposals in the international domain were carefully studied. These activities might perhaps have occurred even if there had been no Summits in 1981 but the imminence of Summit deadlines—to paraphrase Dr. Johnson—certainly concentrated our efforts powerfully. As Canada and other countries prepared for the Summits, national interests in, and perceived priorities for, the international economic system were carefully refined and so clearly helped set the stage for more informed discussions.

Secondly, the Summit discussions themselves helped define the dimensions of global problems as participants came to appreciate the differing perceptions of their colleagues on the issues involved. Such understanding, which is a vital prerequisite to a forging of shared views on what constitutes the major issues, is the key to a successful search for solutions. The 1981
meetings aided this process of defining the problems and helped, to a significant degree, to set priorities for future action in specific sectors. The Chairman’s Summary which was issued at Cancún shows the large degree of consensus achieved among the participants, not just in terms of general approaches but also on specific areas of priority. Earlier, at the Ottawa Summit, I regarded it as a major accomplishment that the seven industrial powers should be able to achieve a very wide degree of uniformity of views on relations with developing countries. This was clearly reflected in the Declaration, as well as in the intense discussions we had during this meeting. The preparatory work undertaken by our Personal Representatives prior to the Summit, in drafting a report on North-South issues, was of great value in narrowing differences and promoting common policies among Summit countries.

Thirdly, the Summits increased the commitment of key world leaders to international economic cooperation by heightening their awareness of the reality of global interdependence. At all the Summits I attended, I felt that there was a genuine and growing recognition on all sides that domestic economic problems cannot be resolved in isolation from the economic difficulties of others; that the actions of one can help—or harm—his neighbors. I recall that, in the very first paragraph of the Declaration issued at the Ottawa Summit, we wanted to bring out this overriding point that, in a world of interdependence, we wanted to tackle our problems in a spirit of shared responsibility with all our partners, including the developing countries.

Apart from any agreement on matters of substance, Summits are valued by some as opportunities for face to face contact and exchanges of views between world leaders. Are there any examples of this “educational” process that stand out in your mind from the three Summits?

There are numerous examples from all three Summits that could be cited as examples of leaders learning from each other. One outstanding occasion that I recall occurred at Cancún during the discussion of food and agricultural issues. We spent longer on the food sector than any of the others at Cancún, partly because of the real interest of leaders in coming to grips with what was widely regarded as a problem of the highest priority: that of feeding the world’s people. Mrs. Gandhi’s outline of how India had handled its food problems was brilliantly incisive and helped all participants understand that international cooperation could be supportive of, but not replace, the role played by each country in developing its own agricultural policies to feed its own people. I believe the exchanges between
Presidents Reagan and Nyerere represent another important example. These two men, who hold such different ideological views, came not only to understand each other better but also to respect each other’s evident and genuine commitment to the resolution of mutual problems.

A number of impediments to progress towards a new international economic order have been identified repeatedly over the years. What is your own assessment of the following—or other—factors: world economic troubles and, in particular, the recession in some of the major industrial countries; ideological differences concerning management of the international economy, e.g., free enterprise versus intergovernmental control by such bodies as a seabed authority; public opinion and attitudes; international economic reform versus the call for reforms within developing countries?

Undoubtedly, the pursuit of a more just and equitable international economic order has been seriously constrained by the difficult world economic situation we face today. In the early post-war years, when the first major development assistance programs were put in place, record GNP growth rates allowed governments in industrialized countries to allocate increasing sums of foreign aid without calling into question domestic program priorities. But decisions on official development assistance levels and on other North-South related issues must now take into account such factors as sluggish growth, double-digit inflation, rising unemployment, growing government deficits, a slump in world trade and major disequilibria in the balance of payments. And yet, perhaps paradoxically, I believe that in today’s difficult situation lie the seeds for future progress—for the very reason that global interdependence has become increasingly apparent. While industrialized countries must clearly work harder to “get their own houses in order,” at the same time they cannot ignore the increasing involvement—and impact—of developing countries in the world economy. As a consequence, we must—for their good and ours—increasingly seek the cooperation of developing countries in addressing international economic problems. One of the major contributions of the Brandt Report was to point out the need that developed and developing countries alike work together in pursuit of an international system which can more readily respond to the needs of all countries.

In this regard, it is not, I believe, a question of either international economic reform or reform within developing countries. The issue is not black and white and to view it as such would be simplistic. The ultimate responsibility for effecting change must, of course, lie with national governments. As I said earlier, this was made particularly clear at Cancún with respect to eradicating hunger and malnutrition. At the same time, however, international cooperation and assistance will always have a vital role to play, particularly for the poorer developing countries. Domestic action and international measures must thus be mutually reinforcing.

Similarly, I believe that the importance of ideological differences concerning management of the international economy can be exaggerated. When dogmatism and rhetoric prevail at international meetings, the search for a common approach is certainly constrained. It is only to be expected, however, that there are, and will always be, differences in perspective. The industrialized countries tend to adopt a more evolutionary approach to economic development and the international order. They place emphasis on the role of the private sector, and President Reagan clearly stresses the importance of free enterprise. Many developing countries, on the other hand, tend to take a more dirigiste approach; some even envisage a rapid and radical restructuring of international economic relations by government fiat to achieve what they define as the New International Economic Order. Behind these differences, all governments see that some degree of government intervention is necessary to foster balanced economic growth and that the spirit of private enterprise needs to be encouraged. Even in socialist developing countries there is a significant, and in some instances increasing, reliance on the private sector. Private capital flows provide a larger net flow of resources to developing countries than does official aid. Where it is not sufficient to meet development needs—particularly in the poorer developing countries where the prospects for profitable investment may be low—bilateral and multilateral cooperation must fill the gap. It was on this basis that I gave my strong support to the proposal for an energy affiliate in the World Bank.

Public opinion and attitudes are certainly a major factor in shaping the North-South dialogue. While the moral imperative of helping one’s fellow man has been a basic tenet of all cultures and peoples, the refrain in response to North-South initiatives, especially aid, is all too often “charity begins at home.” That is indeed understandable—all the more so now that economic recession in industrialized countries is playing havoc with the deep-rooted expectations people have in relation even to such traditional “basic needs” as housing. What we now need to accept, however, is that our fellow men are not just our fellow country men, but all
people in our "Global Village." In a shrinking world we need a new morality or ethic to learn to live together, to broaden the definition of "who is my neighbor." The public needs to understand better the reality and the implications of such interdependence and such interrelations. I certainly attach great importance to public information programs to broaden people's horizons and make them feel a part of the existing challenges we all face in forging closer international cooperation among states and peoples.

As Prime Minister of Canada, you began by stressing your country's national interests in world affairs but have placed increasing emphasis on the notion of "global sharing." Have you seen any significant shift in the attitudes of other political leaders concerning nationalism and interdependence? Do you think the younger generation is any more "world minded" than your generation?

First of all, I would like to state that I do not see the contradiction between the notion of an interdependent world and a world of independent nation states. Enduring, workable and mutually beneficial international agreements are built through the vigorous pursuit of national self-interest. I have no hesitation in acknowledging that now, as always, Canada's national interest is the basic determinant of our foreign policy, including our active participation in the North-South dialogue. In my view, however, national self-interest has to be defined both broadly and over the long term. There is no question in my mind that it is in Canada's own interest to promote accelerated development in the third world, both for our own future economic prosperity and for our future peace and security.

Willy Brandt, in the introduction to the Report of his Commission (the Independent Commission on International Development Issues), recalled with keen regret that, while in office, other priorities kept him from realizing the full importance of North-South issues. I would suspect that in recent years the priority attached by leaders to North-South has increased, if only because of the pressures of events and fundamental changes in the world economy: the increased power and influence of the oil producers, or the growing economic strength of the newly industrialized countries or even the deepening problems of the poorer countries. Thus, in my travels during the past year and a half, and at the Summit meetings, I have found world leaders increasingly aware of the interdependent nature of the world and the consequent economic and political imperative to foster increased international economic cooperation. It is not that leaders have ceased to be nationalists; it is that they increasingly see internationalism and nationalism as by no means mutually exclusive.

I believe that it is very difficult to generalize about the attitudes of a generation as a whole. There has always been a wide spectrum of opinion among individuals in all age groups. Certainly the upheaval of the Second World War reinforced for my generation the view that no one nation can isolate itself from world events. On the other hand, young people today, through the mass media and through their own travels, cannot escape from the imperatives of the "Global Village." Their enthusiasm and idealism are perhaps ultimately our best hope for a better world.

Are you satisfied with your own efforts to persuade Canadians of the importance of North-South issues? Do you believe that a solid foundation of Canadian North-South policy has been established?

I have long recognized the fundamental importance of public support for an active and constructive Canadian role in the North-South dialogue. My Government has consequently taken specific measures to increase the awareness of Canadians of the significance of North-South issues to Canada and to involve Canadians more fully in development issues. For many years, the Government has encouraged Canadians to become involved in specific development projects in developing countries by providing Non-Governmental Organizations with matching grants. Such projects not only fill in the gaps left by official bilateral and multilateral development cooperation but also serve to increase the understanding of Canadians of the concerns of developing countries. The Parliamentary Task Force on North-South Relations, which my Government proposed in May 1980, contributed substantially to public debate and understanding in Canada of the dialogue between developed and developing countries. The recent establishment of a "Futures Secretariat" was also intended to promote greater awareness in Canada of North-South issues. In addition, my Ministers and I have specifically set ourselves the task of explaining North-South issues to Canadians, through public addresses, debates and exchanges in Parliament, or attendance at international meetings. One can never be satisfied with results but I think Canadians are gaining a more sophisticated appreciation of the world beyond their national borders.

As did the Brandt Report, you have identified East-West tension as a major threat to international cooperation on North-South issues and to the stability of the third
world. These tensions manifest themselves in the non-participation of the Soviet Union and Cuba in the Cancún conference.

In a statement in the Canadian House of Commons on June 15, 1981, you observed that a major shortcoming of détente is that it has never been successfully applied outside Europe, especially in the third world. You went on to say, "The policy to be followed is to refuse to involve developing countries in the military rivalry between East and West.... That is exactly what Tito and Nehru were trying to achieve through non-alignment, and we can only hope that the movement of non-aligned countries will return to its basic philosophy." Do you have any specific ideas on how the third world can be insulated from East-West tensions?

My remarks in the House of Commons in June 1981 were very much in line with the conclusions we reached one month later at the Economic Summit. In that part of our Declaration dealing with relations with developing countries, we stressed as our first objective our desire to support the stability, independence and genuine non-alignment of developing countries.

How to promote the insulation of the third world from East-West tensions is of course a more difficult question since attitudes in three sides of a triangle are involved. At the Summit we pointed out that the contributions of the Soviet Union and its partners towards the developing countries were meager and we asked them to do more in terms of both aid and trade, while respecting the non-alignment of developing countries. So far as the developing countries are concerned, the poor record of Soviet assistance in the third world in recent years, the bad record of the economic performance of Eastern European countries, and the lessening of anti-Western sentiments which often accompanied political independence in the developing world, have all combined to suggest that the attractions of communist ideology and of the Soviet model are much less strong than they may have been in the post-war years. More and more, the developing countries want to do their own thing their own way, creating their own institutions to correspond to the needs of their own societies, and setting their own development goals. The recent performance of third world countries in the political arena shows that they have a vital role to play in the settlement of disputes within their regions.

For these reasons it seems to me that not only Canada but the industrialized democracies can forge a more mature relationship today with the developing countries. To do so, however, we obviously need to ensure that our policies help to insulate the third world from East-West contention and to demonstrate that our idea of a pluralistic world community corresponds with their objectives of independence and self-determination. Thus, our policies should show that we do not seek hegemonic relations with other parts of the world; that we want to strengthen the international institutions so that we can work together to solve our problems; that our aid, trade and investment genuinely seek to promote economic relations which are sensitive to third world societies; and that our arms exports and military assistance are designed as a contribution to international security rather than to regional instabilities.
The International Meeting on Cooperation and Development held at Cancún in Mexico on October 22 and 23, 1981, was not intended as a forum for an in-depth discussion of issues of international economic cooperation or indeed for settling such issues. The 22 participating heads of state and government were conscious that they represented only part of the international community and had therefore not sought to take decisions for the whole of that community. Their avowed purpose was first to achieve a meeting of minds concerning the serious problems afflicting the world economy with a particular focus on relationships between the North and South, and second, to give positive political impetus to international cooperation to resolve these problems. Nearly four months have elapsed since that meeting but we are still too close to the event to make a definitive judgment. Besides, the extent to which the meeting served to give impetus to on-going efforts at international economic cooperation is a matter that in the nature of things can be assessed only in hindsight. It is possible, however, to attempt a provisional evaluation.

The rationale of the Cancún Summit lay in two considerations. The first is that the world economy is in a crisis that has dangerous political and social implications for all countries. The developing countries in particular are severely affected by this crisis and are in many cases being forced to curtail their development efforts. The second is that international economic cooperation is growing weaker rather than stronger. Aid is being restrained, access to markets being limited, and international negotiations on development issues are making little progress.

The Cancún Summit was characterized by an acute awareness of these considerations, by frankness and informality, by a lack of rhetoric and recrimination and by a genuine attempt to come to grips with the real problems. Each participant went home with a greater insight into the urgency and gravity of the world’s problems, with a better understanding of one another’s perspectives and with an appreciation of the need to make compromises for the sake of progress. No radical alteration of views or reversal of positions took place on the several issues discussed, but there was a meeting of minds in a number of broad areas.

The discussion on trade, for instance, stressed the need to stem the tide of protectionism and work towards a more open trade system. It also underscored the importance of stabilizing commodity markets which are crucial for the majority of developing countries and in that context, of bringing the Common Fund* into operation without delay. In addition, reference was made to the alleviation of the global food and hunger problem, which the meeting regarded as a first priority both at the national level and in the field of international cooperation. But a good deal of the meeting was devoted to the questions of launching Global Negotiations, a proposal made at the United Nations for dealing in an integrated way with key issues in the fields of raw materials, trade, development, energy, money and finance with the participation of all countries and focussing on both long- and short-term aspects. The conclusion of the meeting on the questions was that a serious effort should be made with a sense of urgency to launch these Global Negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress.

The outcome of the Cancún Summit, then, was on the whole positive. The participants themselves felt that in relation to their avowed purposes and expectations, the event had been a useful one. They believed that a certain momentum had been generated, together with a greater willingness to address important world economic problems in the North-South context. It was therefore to be expected that this achievement would soon be translated into policies to be pursued by governments at the national level and into instructions to be followed by governmental representatives involved in the negotiating process at international meetings. However, four months after Cancún, this translation has yet to take place. On Global Negotiations in particular, agreement has still not been reached
despite some progress at the recent session of the United Nations General Assembly.

Meanwhile the world economy remains in crisis with far-reaching implications for all groups of countries—the developed market economy countries, the developing countries, the Socialist countries of Eastern Europe. The crisis has several features: high levels of persistent inflation, payments imbalances, slow growth rates, recurrent shortages and temporary gluts of petroleum, high interest rates, fluctuations in exchange rates and a slowing in the rate of growth of world trade. This situation has of course affected the developing countries more seriously than the developed countries, because of their greater vulnerability. But it affects the developed countries as well, both directly and indirectly. Because of the linkages and the interdependence inherent in the world economy, feedback reactions have become a pervasive feature of the international economic system. The impact of the crisis on the developing countries serves to aggravate the situation in the developed countries and vice versa. The following facts illustrate my point: The United States has about 87 billion dollars in loans to the developing countries. The interest payment on these loans is more than half of the total interest accruing to the United States from the whole world. Default by one or more of the major developing country borrowers could seriously shake the commercial banking system, and this could have a far-
reaching impact on the international banking system as a whole. Again, the developing countries absorb some 32 percent of the manufactured exports of the United States, and some 20 percent of the manufactured exports of the European Community countries. One job out of twenty in the United States is devoted to the production of exports to the developing countries. If the developing countries are not able to maintain this level of demand for manufactured exports, then obviously the economies of the developed countries, including the United States, will suffer.

Interdependence reaches also into the area of raw materials. Apart from petroleum, the industrialized countries depend in various degrees on a variety of supplies of raw materials from developing countries. Jeanne Kirkpatrick, the United States Ambassador to the United Nations, recently recalled that the trade of the United States with the less developed nations has expanded to the point where United States exports to those countries account for 40 percent of the total. She added that the developing countries buy 50 percent of U.S. wheat exports, 60 percent of its cotton exports, 80 percent of its rice exports, etc. With respect to imports, 45 percent of total U.S. imports, with a value of 95 billion dollars, came from the developing countries. Less than half of this was related to energy.

Nevertheless, this awareness of the facts of interdependence has not yet been reflected by a number of powerful industrialized countries in their policy making. Unless they do so soon, we may well be caught in a spiral of contraction, of ever-slowing growth in the world economy, with potentially disastrous effects on many countries. It must be accepted that the problems of the developed world cannot be dealt with in isolation from the problems of the developing world, if only because, as already shown, a large part of the market of the developed countries lies in the developing countries and vice versa. One approach to the crisis has been that recovery in the developed world must come before anything can be done elsewhere. That approach underestimates the facts of interdependence and ignores the advantages to be gained from the feedback relationships just mentioned.

But there is another aspect. In the past, the short-term problems of the world economy have been dealt with in isolation from the longer-term problems. Thus, for instance, action on problems in the monetary and financial spheres has in the past proceeded without much thought to the longer-term implications and without much regard to the processes of structural change in the world economy. Furthermore, negotiations on issues of international economic cooperation have hitherto been dealt with piecemeal and mainly on a sectoral basis. That is to say agreements are reached in respect of trade and commercial policy which are not necessarily consistent with what needs to be done in the areas of money and finance to which they are intimately related. Another factor is the problem of energy, which not only plays a central role in economic development, but has wide ramifications in the area of money and finance. Energy-exporting countries are understandably unwilling to negotiate on energy in isolation from the other aspects of international economic relations which are of vital interest to them, such as the security of their financial assets, the maintenance of the real value of their reserves, their need for technology to promote their own development.

For all these reasons there is a need for a certain amount of coordination in the treatment by the world community of the key issues of international economic relations. However, the particular format favored by the developing countries for the purpose of Global Negotiations has run into problems because it does not, in the opinion of some major industrialized countries, take full account of the jurisdiction of existing international economic institutions such as the International Monetary Fund and the GATT where—particularly in the Fund—these latter countries have the weight that corresponds to their economic power. And one of the realities of political life is that those in possession of power do not give it up just for the asking. It is not surprising therefore that the United States in particular finds it difficult to agree that negotiations of this type should be governed by the one country, one vote principle, or that the negotiations should center on the United Nations rather than in the key institutions where the United States has a weight commensurate with its economic power.

Another problem may be that the need for coordinated treatment of the key issues of the world economy has not yet been universally accepted. But the question arises: Can one not recognize the desirability of coordinated action in these areas without necessarily accepting the format proposed by the developing countries? The need for such treatment is inescapable in view of the reasons that I have advanced.

The particular format for negotiations should of course be a matter for agreement on the basis not only of the realities of the economic power of the developed countries, but also the realities of our interdependence and the need to involve all countries in the endeavor. It ought to be possible to work out a formula which respects these realities, but if the major industrialized countries are unable to accept the necessity for a coordinated approach, then an opportunity to realize a potentially positive sum game will have been lost. In that event Cancun will be harshly judged by history.

*An UNCTAD-sponsored agreement adopted in 1980 which is designed to offset primary commodity price fluctuations by helping to finance price stabilization schemes.
Ma quando gli dico
i fortunati che han visto l'aurora
sulle isole più belle della terra,
al ricordo sorride e risponde che il sole
ci levava che il giorno era vecchio per loro.

Cesare Pavese, I mari del Sud

But when I tell him / he is among those fortunate ones
that have seen the aurora / on the most beautiful isles of the
world / on the day that morning, he smiles and replies that
the sun must rise on a day that was old for them.
In late February 1982, we asked the newly-nominated Secretary-General of the United Nations, Javier Pérez de Cuéllar of Peru, for his assessment of the prospects for progress in North-South relations and his view of the U.N.'s role in this area under his future stewardship. Following are the Secretary-General's main points in conversation with Triologue's Editor.

Sizing-Up the Results of Cancún
I should note at the outset that the expression "North-South" is an oversimplification, albeit a convenient one: After all, we find even in the North countries that are experiencing development problems, while some countries in the South have attained substantial levels of development. It is, however, a relevant one; presently the developing countries have common characteristics—growing population, structural unbalance, and economies which are heavily dependent on policies and decisions taken by the developed countries.

Having said this, the problem with Cancún is, I think, that too many people expected concrete solutions to emerge from that conference. Cancún was meant only to allow a preliminary, informal exchange of views, and perhaps to prepare the ground for further encounters which I hope will take place. From the start it would have been naive to expect spectacular results from a conference whose real purpose was, essentially, to create a favorable atmosphere for a renewed North-South dialogue, and not to solve all the problems: In the first place, none of the preparations that would have been necessary for this preceded the conference; furthermore, Cancún gathered only a selection of countries, which certainly could not have had full powers and authority to decide upon issues affecting practically the entire international community. What has been achieved at Cancún does amount to something: The documents produced there and the letter which was sent to all of us by the two Co-Chairmen of the meeting, President Lopez Portillo and Prime Minister Trudeau, represent very positive and helpful steps forward. In that sense, Cancún has attained its objectives. It has helped the dialogue. The value of the mere fact that we sit at the same table and talk to each other should not be underestimated, especially considering the enormity and complexity of the issues at stake.

"Global Negotiations" and the Role of the United Nations
I have always favored a "global" negotiation, bearing on the whole gamut of North-South issues, and I am greatly satisfied that it should be held in the framework of the United Nations, for it is the only existing forum for the discussion of such problems: All interested countries are member-countries of the U.N., all are automatically present around the table; in addition, one of the great advantages of such a long-standing forum is to make it much more difficult for any member to avoid its responsibilities and escape participation, as is often the case in other, ad hoc international conferences.

As Secretary-General, I will do everything in my power to play the role of a catalyst. This is what I have attempted to do, with the collaboration of the Director-General for Development and International Cooperation, Jean Ripert, ever since my appointment: to try to push the countries from both North and South to the negotiating table. This explains, for example, Mr. Ripert's attendance at the "South-South" meeting in New Delhi at the end of February, where he went not as a "participant," of course, but to be available to the interested parties and learn their views. What is essential, in my view, is for the countries of the North and the South alike to come to the negotiation with an open mind. The fact that I come from the South does not mean that I think all the concessions ought to come from the North. Flexibility is required from both sides—What is involved in this negotiation is much too important for us to engage in it with inflexible positions: It is truly the future of the world which is at stake; in the last analysis, all our political problems are related one way or the other to North-South relations. This is why I consider it my moral and professional obligation tirelessly to promote this "dialogue."

The United States, The Other Industrialized Countries, The Third World: A Dynamic Process
I believe it is an oversimplification to put the blame for lack of progress on differences between the United States and other member states. It is too easy to make scapegoats of the Americans. What we should do,
rather, is encourage them to join in the dialogue, and I am convinced that in time they will understand the necessity for them to do so. To be the first economic power in the world implies enormous responsibilities—be it only towards one's own people and for one's national prestige in the world—and I am sure the American Administration will see that it must be present and participate.... It was encouraging, for example, to see the United States revise its initial position and decide to rejoin the Law of the Sea negotiation; similarly, the fact that the U.S. surmounted its strong initial reservations, went to Cancún and appeared—partly under pressure from its allies—more flexible and forthcoming, is extremely positive.

...Europe, for its part, has a crucial role to play in this context. As the Europeans have already demonstrated in some of their recent initiatives, it is in their interest not to let the world become polarized again by East-West tensions, and they are objectively helping to keep the North-South dimension alive and high on the international agenda. However, we have to ask ourselves two questions: First, will the superpowers let Europe play its role? It is essential that they come to realize the necessity, and advantages for all, of such an independent role. Second, will Europe itself be able to play this role fully—will it be able to surmount its internal divisions. Europe is vitally needed as a "force for propositions" in North-South affairs. It may not be
playing this role as fully as it could; yet, its efforts in the search of compromise are very positive—as is, for example, the action of Prime Minister Trudeau, of Chancellor Kreisky, or that of Japan or the Nordic countries of Europe, each in their own ways. All these countries are actively working to set in motion the process of negotiation—for they realize it serves not only their own immediate economic interests, but also our shared long-term political and economic interests.

It is vital that our friends in the third world recognize the need also to show an example of flexibility—and I sense that the leading countries of the third world do realize that necessity. Obviously, if both the other industrialized countries and the developing countries make a show of flexibility, the United States will have to define a more forthcoming position.

The Long Road to a New International Economic Order

I come from the third world; to me, a "new international economic order" is clearly necessary. But we have to keep in mind that international economic relations will not be transformed overnight—this is a very long, very slow process, involving profound structural changes, which for some of them could well take over a generation, if not a century. As we try to find ever broader common denominators among us as to what this new order should be, I think it is imperative that we remain always realistic and always prudent; few things can be more cruel and dangerous than to create great hopes and premature expectations.

On the other hand, it is equally imperative not to lose sight of the urgency of our problems, and not to wait until there is agreement on everything before we start to work in those areas where a common denominator and a solution are achievable.

We may not be able to agree today on all the elements of a new economic order. Yet, it seems obvious that some important changes and adjustments need to be brought to the existing international economic "rules of the game"—to reflect, among other things, the fact that the world has become more interdependent, that it now counts a much greater number of partners than at the time when Bretton Woods, the GATT and the other post-war institutions were created. We are faced with an international economic crisis to which the existing system is not responding effectively. The fact that structural changes in international economic relations may take a very long time should not make us feel that we are in no rush; on the contrary, faced as we are with today's crisis and the attendant dangers of an erosion of international cooperation, we must counter-attack without delay. In so doing, we should be guided by pragmatism, and concentrate on what is feasible now; but also by a determination to keep present in everybody's mind the great urgency of the present situation—one which, as usual, has implications far beyond the economic sphere per se: Think, for instance, of its potential social consequences in both South and North; or think even, in a parallel area, of the dangers of the proliferation of arms and the impact it already has on the South (on the continent where I come from, Latin America, it is a source of alarm).

Message to the Tri lateral Countries

The most important thing is to keep the dialogue alive. I would therefore ask of the "trilateral" countries flexibility, and a better understanding of the problems of the developing countries; and I would urge not only their leaders but their public opinions to realize the formidable political stakes involved in this North-South dialogue.

Transposing an old European saying—"When the U.S. sneezes, Europe catches a cold"—I would also remind America, Europe and Japan that when you, in the North, have a cold, the South catches pneumonia, and more often than not with no available antibiotics! In other words, the industrialized countries must take the true measure of their own economic crisis and harmonize their policies in their own interest. By curing their "cold," they will also protect the others from a potentially deadly disease. It is imperative therefore that they agree among themselves—not behind the back of the developing countries, but to contribute to the general well-being by putting first their own economic affairs in order. We now see alarming, "everybody-for-himself" trends in the industrialized world. By coordinating their actions—instead of launching into interest-rate wars and the like—the countries of the North will reduce the others' fever....This, I should add, does work both ways: Malaise in the South has serious implications in the North. Such is the lesson of today's interdependence: our commonality of interest in the last analysis on these matters of survival.
Henri Konan Bédié
President, National Assembly of the Ivory Coast

The Spirit of Cancún
Rekindling the North-South Dialogue

The Summit Meeting of heads of state and government of 22 industrialized and developing countries, held in Cancún on October 22 and 23, 1981, translated into reality a proposal formulated by the Brandt Commission in an effort to rekindle international cooperation and, in particular, cooperation between North and South, in order to promote the development of poor countries.

The Brandt Commission had been created at the initiative of then World Bank President Robert McNamara to encourage further the momentum of ideas on third world development which the so-called “Development Committee” of the IMF* and IBRD** had been trying to promote. In turn, this committee— which I had the honor of chairing from its inception in 1974 until 1976— had been an offspring of the Commission on the reform of the international monetary system.

The First Development Decade, organized by the United Nations at the beginning of the 1960s, had received widespread support from the international community, and the hopes it had created were confirmed ten years later by all young nations. In sharp contrast, the 1970s ended in disenchantment; on the whole, the Second Development Decade was marked on the economic and social fronts by a retreat from the positions that had previously been won with such difficulty.

The disorderly fluctuations of the major currencies; the successive oil crises; the acceleration of inflation throughout the world; the recession affecting most economies; the rise of protectionism in the industrialized countries and their disengagement with respect to development aid— all these factors, among others, caused profound distress among the developing countries in the past few years and have clouded their futures with grave uncertainties.

To remedy this deplorable situation, the international community decided upon an exceptional effort of concertation to rekindle the North-South dialogue. This led to the United Nations conference on Least Developed Countries in September, 1981, and one month later, to the Cancún Summit.

The first of its kind, the Cancún Summit is clearly a major event in the recent history of international relations. On the one hand, it has halted the process of disintegration which had affected for several years relations between industrialized and developing countries; on the other hand, it also offers a renovated platform for the North-South dialogue.

At the time, the results of Cancún were diversely measured. It is undoubtedly too early to detect what concrete impact, if any, the conference will have; yet, the agreement in principle to hold “global negotiations” on the world’s economic problems in the framework of the United Nations is by no means a negligible outcome. The very principle of such “global” negotiations, within the United Nations, implies that, from now on, negotiations between North and South will take place in the presence of all the parties concerned. This represents a considerable step forward. It would be most interesting, in particular, to know the true dispositions of the Socialist countries towards the problems of third world development. The principle of global negotiations, by providing the broadest possible basis for dialogue between North and South, can only lead to a more realistic approach to the problems of economic relations between industrialized and developing countries.

The Interfutures Report of the OECD*** on the long-term perspectives of the world economy, has shown that, in the event of a sharp break between North and South, the projected average income per capita in the year 2000, in the industrialized and developing countries alike, would be markedly inferior to what it would be if the status quo were to prevail. On the other hand, strengthened North-South integration and wider participation by the third world in international trade would provide an overall improvement in economic activity and income. In taking these data into account and reaffirming the importance of interdependence to ensure the proper working of all our economies, the Cancún conference demonstrated a pragmatism for which we can all be thankful.

Furthermore, in confirming the competence of existing specialized institutions for the promotion of development— particularly the World Bank and the Interna-
tional Monetary Fund—the Cancún Summit also demonstrated a great deal of realism. We can only hope that implementation of this policy will bring us back to the effectiveness which characterized the work of the Development Committee (IBRD/IMF) and the “Interim” Committee (IMF).

During the last decade, just about anything seems to have been a pretext for calls for the creation of new institutions. To be sure, it is necessary at times to broaden and redefine the functions of some international institutions and to adjust their modes of intervention. It is now clear, however, that lengthening the list of these institutions does not assure the development of poor countries. The consensus which came out of Cancún on this also deserves to be emphasized; it corroborates the general view that this conference marks a turning point in the way we apprehend development problems.

This is all the more true since leaders representative of the world community committed themselves in Cancún to try to bring about an international economic order in which all nations have the same opportunity to realize their potential, and where the developing countries in particular would be able to grow and develop themselves in an order respectful of their own values. Clearly, a new spirit is presiding over relations between rich and poor countries.

**Aid: No Longer the Central Issue**

Having said this, we should observe that the sacrosanct issue of aid has not been at the center of the Cancún discussion: In my view this constitutes perhaps, paradoxically, the most significant result of the conference.

Real transfers of resources to the countries of the South were traditionally considered as the necessary and sufficient condition for economic and social development. Yet, the fact that the Cancún Summit did not address the issue of the volume of aid, leading us to conclude logically that financial aid was not considered as the cornerstone of development, seems to me to be a fundamentally important conclusion of the conference. In this attitude towards aid, I would like to see an implicit willingness to adopt a new approach to the problem of development. This idea is not yet more than implicit, “between the lines” of Cancún. It may not have reached its maturity, but I am convinced that a new and very fecund road lies ahead of Cancún’s premises.

We can now be certain that, at the dawn of the Third Development Decade, whatever progress can be achieved in the countries of the third world will not result from a mere repeat of what has been done in the past 20 years; in other words, we are convinced that we will not make significant new progress by merely continuing on the same course.

The global negotiations announced at Cancún will bear on a number of critical points—among them, the financing of development; the third world’s indebtedness; international trade liberalization; the developing countries’ access to the market for industrial goods; the stabilization of the prices of raw materials; and the deterioration of the terms of trade. This is not the place to examine in detail current prospects in all of these areas after Cancún. I wish rather to focus on the question which, in the above enumeration, seems fundamental to me: the remuneration for raw materials produced by developing countries. This issue is particularly vital because the developing countries draw most, if not all, of their resources from the export of primary products, and because a satisfactory solution in this area would result *ipso facto* in a lessening of difficulties in most other areas, and to a generalized easing of the constraints now hampering relations between North and South.

To be sure, the conditions affecting the production and exchange of raw materials are extremely diverse. The situation of tropical products, however, is comparatively uniform—and it is at the heart of the problem facing most developing countries.

Generally speaking, in the tropical food and agribusiness sector, the situation could be summarized as follows: Production takes place almost exclusively in the developing countries, while the products in question are consumed primarily in the industrialized countries. The rates at which these products are exchanged are determined on specialized markets, located in some of the major countries of the North. This situation cannot be satisfactory, at least for developing countries; I am convinced that there is room for considerable improvement in the market system, and that this is where a definitive solution of the development crisis of the countries of the South lies.

In the industrialized countries which adhere to economic liberalism, one often invokes the dogma of supply and demand to justify the existence and operation of raw material markets. The market is considered in this case as a regulator—one that is inspired by economic rationality and permanently adjusts supply and demand. This justification is not innocent—we do not know that the industrialized countries’ market operators have ever voiced the slightest complaint against that system.

**Limits of the Market System**

It should be noted that the extravagant range of price variation in short periods has no resemblance to any process of structural adjustment; it is rather the sign that the markets in question are prey to speculation. This is how the price of cocoa, for instance, after hav-
ing risen by some 20 percent from 1976 to 1977, has fallen by almost 50 percent since then; similarly, the price of coffee, after having doubled from 1976 to 1977, gradually crumbled and is lower in 1982 than it was six years ago. We are well aware that the futures markets do offer a means of financing the commercialization of primary products; this means, however, is far too unstable, for it is too dependent upon the prevailing conditions in money and financial markets.

The limits of the market system also appear very clearly if we agree to consider objectively the general conditions under which the supply and demand for tropical products meet. We have already alluded to the location of the markets as a source of distortion. In addition, generally speaking, the parties involved in these markets do not have access to the same information, either quantitatively or qualitatively; consequently, they are not in the same positions and cannot therefore reach an equitable equilibrium in the market.

Let there be no room for misunderstanding. We are not questioning the market system per se; we know only too well that the highest economic and social performances by any human communities have been achieved in the framework of that system. What we question is merely the mechanistic application of the law of supply and demand under conditions of excessive disparity and inequality among the parties involved.

It is not acceptable that the work of the developing countries' producers of basic goods, particularly in agriculture, should receive a remuneration that is essentially haphazard. The production of each worker in the countries in the South must be remunerated justly—that is, it must take into account the cost of the factors of production and a profit-margin allowing him to feed and clothe his family, secure the education of his children, amortize his capital, and set aside some precautionary savings. This demand is perfectly natural and reasonable; yet, it is still far from being universally accepted. It is regrettable that institutions for international cooperation seem to be able to measure wealth better than poverty. Yet, it will be necessary in the end for the rich countries to become aware of human conditions in the developing countries—and for them to perceive that misery and deprivation are too often profiled behind gestures as banal as the drinking of a cup of tea, coffee or chocolate. The industrialized countries assure at home a stability of resources and purchasing power to diverse socio-economic groups; similarly, for the sake of equilibrium and peace in the world it is indispensable that the developing countries be in a position to do the same, particularly for their agricultural workers; and for this to happen, a consensus must be reached by the international community at large.

I firmly believe that the Cancún Summit was an important step towards the realization of such a consensus. Indeed, the preoccupations of President Houphouet-Boigny of the Ivory Coast which were expressed on this occasion about the inequity of North-South trade relations make it no longer possible to nurture the illusion that the market effects a pertinent adjustment of supply and demand; every industrialized country is now on notice that it is responsible for its speculators before the community of nations.

It is not the liberal system, where private initiative can fully bloom, that is questioned here; but liberal society can only perpetuate itself if it is based on social justice. The unbridled operation of the law of supply and demand in relations between countries having reached very different levels of development has led us to today's crisis; The kind of competition which is the foundation for the free enterprise system and the dynamism of capitalism is not justified when the vital needs and very lives of men are at stake. It is desirable that, in the case of economic relations between rich and poor countries, it be brought to bear only when the factors of production have been guaranteed a minimal remuneration.

The Western industrialized countries, which invoke the principles of liberalism to avoid acceding to the developing countries' claims concerning remuneration for their primary products, know very well how to flout the sacrosanct law of the market when their own interests are at stake. How else is it possible to explain the "aid" which they grant developing countries in the form of technical assistance, gifts, or favorable loans? These are certainly not inspired by the market economy, but by geopolitical considerations.

Could it be that development aid is the least costly means for the industrialized countries to ease their consciences, after they have covered up the sinister dealings of their speculators? And instead of that aid, which is often likened to charity, wouldn't it be more rational to remunerate suitably the developing countries' producers? The latter are not asking for anything else. Obviously, North-South relations are still tainted by ambiguity, and we are aware that their improvement will require not just a patch-up, but truly a revolution of some sort. All the advanced countries have both moralized and normalized their economic dealings within their own confines; thus, thanks to the action of officially recognized trade unions, wages are no longer left merely to the law of supply and demand; similarly, agricultural prices result from contractual policies in each of these countries as well as within broader regional frameworks such as the European Economic Community. The rich countries must now try to do the same in their relations with developing countries, par-
particularly with respect to exchanges in primary products. This is essential for extricating the raw materials’ markets from this law of supply and demand which, having been set up on inequitable bases inevitably leads to the rule of the mightiest. Regulating the system of exchange of raw materials on the international market appears to be the cornerstone of the new North-South cooperation.

When such a reform is accomplished, we can expect progress on all fronts of the struggle against poverty in the world: Bilateral aid will be able to smell gradually in the crucible of multilateralism; the decentralization of international organizations will go in tandem with the strengthening of regional development aid institutions.

This new relationship between North and South will no longer have the appearance of a one-way street; it will be based upon the solidarity and complementary of industrialized and developing countries—the latter providing the international community with a regular supply of primary products and, later, semi-finished goods, as well as a strong guarantee for private investments on their territory.

The organization of relations between rich and poor countries which prevails to this day owes more to attitudes of domination than to a rational, conscious system: It is not surprising, therefore, that this organization should no longer be capable of meeting the challenges now facing humanity: widespread hunger, illiteracy, misery, war. The urgent necessity to replace the traditional scheme with a new economic and social order is gradually becoming obvious to all lucid observers of international affairs. However, the question is: Can this truly lead to action at a time when most institutions (political parties, governments, etc.), Western public opinion, and even more so the public opinion in the Eastern bloc, are kept in the dark and allowed thereby to perpetuate the current inequities in international exchanges.

If the spirit of Cancún is to have a chance to accomplish what is good and useful for the countries of the South, a large and vigorous mobilization of international institutions and public opinion will be needed. This is why the North-South dialogue must be addressed in its broadest political dimensions, for ignorance—as Plato said—is the cause of wickedness and evil. The ignorance of hundreds of millions of men of the fact that an increased well-being in the developing countries cannot be dissociated from increased well-being in the advanced countries, is the cause of the major obstacles we have to surmount.

At the risk of repeating myself, I wish to stress that the will of political leaders at the top is not enough. The North-South dialogue must be brought down to the level of political parties and all the other institutions and groups which animate the political life of the Western world. The objective is to establish for all people a right to economic and social development which will reflect that deeper need of mankind for a solidarity which alone can secure its future in peace.

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*International Monetary Fund.
**International Bank for Reconstruction and Development (World Bank).
***Organization for Economic Cooperation and Development.
Jean-Jacques Servan-Schreiber

"Industrialized" and "Developing" Countries:

In his controversial book, *The World Challenge*, simultaneously published in 1980 in twenty-one countries, Jean-Jacques Servan-Schreiber passionately argued that the new microcomputers "by their very nature, can work the miracle of true Third World decentralization" and in the end "solve the essential problem of hunger and poverty in the Third World."

Building upon the ideas discussed among Mr. Servan-Schreiber's "Group of Paris" and sketched out in his book, President François Miterrand of France launched on January 27, 1982 the World Center (for Microcomputer Science and Human Resources), with Mr. Servan-Schreiber as Chairman, to serve as "a crossroad of ideas and expertise" in placing "personal computing" at the service of world development.

The founder of France's leading weekly news magazine *l'Express* and author of *The American Challenge* in 1967, Mr. Servan-Schreiber was a close adviser to Premier Mendès-France in the 1950s; he also served as President of France's Radical Party, member of Parliament from Lorraine, President of the Region and Cabinet Minister in the 1970s.

In a conversation with "J.-J. S.-S." in Paris, on February 9, 1982, *Triologique* editor François Sauzey asked him to recount the initial diagnosis and path that led to his proposals and subsequent creation of the French World Center; and to outline the next steps necessary in his view to insure that the global Renaissance he thinks possible does not become our countries' "Road Not Taken."

**Genesis of an Idea**

...My initiative did not stem so much from a "diagnosis"—a pretentious word at best—as from a deeply held conviction. A man of the North, a Frenchman, a European, one who belongs to what we call the "developed West," I have long felt that we ought to start by listening to the people of the South. It isn't so much a matter of figuring out what we want to "teach" them or impose upon them; first, we have to listen to them for a change. For me this is an old conviction: At the time of the Algerian war, when I was drafted like most young French, I experienced the phenomenon of colonialism in its naked truth; and at the close of the French war in Indochina, I had worked with President Mendès-France in the shared certitude that an end had to be put to these kinds of enterprises. Thus, for over 25 years, the phenomenon of the emergence of the "South," against the seemingly eternal yoke of the "North," has been a familiar experience and one of fundamental importance for the men of my generation.

Then came the Taif document, presented in 1980 by Sheik Yamani, the Saudi Oil Minister, to his colleagues from the Gulf. This eminently "southern" document called explicitly for a "transfer of technology" from North to South—the expression recurs at least 20 times in the 45 pages of the paper. Having studied the document, I started to work with a number of political leaders and government officials from the Gulf and elsewhere; one of them, a young and brilliant man from Kuwait, was Ali Khalifa al-Sabah, his country's Oil Minister. I asked him very frankly: Do you know precisely what kind of technology you would like to see thus transferred? He answered me, just as frankly: No. We then agreed to sit down—not just he and I, but also a number of other officials and experts from Europe, Japan, America, the Arab World, etc.... And we tried in repeated sessions across the world to figure out what should be our response to this "Call from the South" worded in the Taif document—a response which ended up being what we called "a transfer of knowledge," rather than mere technology.

Take the countries of the South—most of them truly under-developed countries, even if we continue to call them, with a misleading euphemism, "developing" countries. For us, the question, simply put, was this: How can these countries reach in a short period—say, within one generation instead of five, as we used to think—a level of development and creativity comparable to ours?

Meeting after meeting of our group (every six weeks on all continents), we arrived at the conclusion that the response was what can only be called the other face of computer technology. Not the face, often intimidating and repelling, which we are used to—i.e., huge systems, robots, and their frequent corollaries, unemployment and human tragedies, generating in turn a widespread fear of technology and fear of the fu-
ture. Quite to the contrary, it was another face of electronics which we fell upon and tried to reveal: the training power of microcomputers. Its fundamental characteristic is to be human; it directly addresses the individual, it can be handled in a simple and personal fashion by anyone, from the youngest age (5, 6 year-olds) to the oldest (I have known men and women in their 70s whose creative functions were revitalized by a personal dialogue with the computer). Accordingly, what we tried to push to the surface is this human brand of informatics—one which allows us to envisage the possibility that man may indeed win the race with the robots. A dramatically new horizon was opening up.

"Third" and "Industrial" Worlds: Joint Challenge, Joint Response

What is the concrete meaning of this new horizon? For the sake of brevity, let us simplify: 100 years ago most men and women worked the land. Today, in a developed country like the United States, agriculture employs 3 percent of the active population. What has happened to agriculture in a whole century is now happening to industry in one decade. A terrible truth, often concealed under niceties or complicated formulas, which we have to face head-on. During the 1980s, industrial manpower will be chased out of our factories as the peasants were chased from the land. If we do not face, and prepare for, this phenomenon, it will lead us to disaster—a catastrophe the human toll of which is beyond belief.

An early hint: There are today well over 10 million unemployed in the member countries of the Common Market, over 10 million in the United States, over 30 million in the OECD countries, etc. Clearly, we cannot continue on this path: We must address and find ways to surmount this human tragedy. To do so, we must avoid "rear-guard" solu-
tions—we must not try, for example, to keep at all cost our manpower in the factories (lest we condemn it to eventual misery and extinction). On the contrary, since they have to leave the plant, it is our mandate to find ways to give these men and women that other future they need— another formation, another quality of life. And this is precisely what the new microcomputer science has revealed it can do! We are not trying to turn men into robots, but precisely the opposite: The more our robots become sophisticated, widespread, precise, the better! For they will proportionally free the field of human activity, and elevate men towards those kinds of endeavors which call upon those truly human faculties, and which no robot will ever be able to substitute for: intelligence, affectivity, creativity, all things that make us men. In my view, this opens before us a truly creative horizon, one that is superior to anything we have achieved in the past—but only on the condition that we become aware of it and devise the means to realize it.

Such is, in short, the response which we were prompted to offer to the Taiif document, and more generally to what I feel is a dramatic, challenging call from the South. That initial response, confirmed through many regular consultations around the globe, led to President Francois Mitterrand’s launching of the World Center in Paris at the end of January of this year*— a center gathering scientists from 15 nations, committed to work jointly to find ways to achieve this renaissance. For it is our common chance of a renaissance such as we may not have seen in the past 500 years.

**THE Choice of the 1980s**

Nothing is fatal—nothing has been decided yet: Open before us are the “right” road and what I am convinced is the “wrong” road. The latter is that in which the already awesome power of electronics can transform itself into some kind of super-colonialism. Imagine, for instance, America, Europe and Japan trying to impose their programs and their machines upon the countries of the South: the result would be an even harsher and more inhuman form of colonialism—truly, a colonialism of the mind. And there is the other road—that which we now know can lead to a future of dignity and equitable development for all. The choice between these roads remains to be made, in all our countries— even Japan, which has done such pioneering work in micro-informatics—the debate is still open between the “conquerors” and the “globalists.” Indeed, no country is guaranteed against the return of the old demons of nationalism and the appetite for conquest.

What the new technology of microcomputers boils down to is the courage to trust men. Unless we have this fundamental trust, we will end up with huge computer networks, hyper-centralized data banks, and men will be turned into mere receptacles deprived of the slightest autonomy. The other option is to allow every man to elaborate in practice his own program and fashion his own destiny. Such is the collective choice we will be forced to make in the 1980s.

**What Readiness in the North?**

For the most part, the so-called “developed,” “industrialized” countries—whose industries we see collapsing every day, even in the United States—have shown themselves to be rather skeptical and “conservative” in the face of this global challenge. France may have been an exception; yet, paradoxically, the two industrial nations which have turned out to be the most reluctant are Germany and the United States. Germany botched its scientific/informatic revolution; having realized this, it is now trying to catch up, but its slow start causes it to remain hyper-cautious and distrustful. As far as America is concerned, its impressive scientific and technological creativity hasn’t permeated yet the social and industrial fabric of the country—the U.S. has not yet put its formidable potential to full use. On the other hand, what has struck me and our Group most in the past two years was the immense appetite we witnessed on the part of the developing countries: their understanding that it is now possible for them to skip the “industrial manpower” era—which they know would be, if anything, even more painful for them than it was for us; their understanding that they can enter, on their own terms, the era of modern technology and share in its potential for a flowering of human faculties via the promises of the newest sciences.

**“Global Negotiations”**

...All this talk of “Global Negotiations” is in my view, if I may say so, a kind of marmalade—it only means a resignation to eternal failure. As a man who dared to dream of a united Europe, Jean Monnet, once said, brilliantly in my view, we should abrogate the very word “negotiation”: There is nothing to be negotiated; what we have to do is come together to a realization of, and face up to, our common needs. This has perhaps never been truer than it is today.

If we help spread the culture of modern informatics throughout the world, if people take advantage of the new science to fulfill their own needs, then our world will advance toward full development. There seems to be so little to be negotiated there—these are matters where our interests are so common: We, Northerners, cannot get out of our present impasse unless the third world grows and develops; and the third world cannot get out of its present
What is needed is simply the extension of the soft infrastructure of computerized society: the means that link every workplace, in every location, to a worldwide network of knowledge, the means that make it possible to combine all essential information with human work, the means that disseminate the elements necessary for on-the-spot training of people according to their needs.

...Everyone who has devoted himself to Third World problems over the past thirty years, often using India as an example, has come to the same conclusion: the strategy was all wrong. In attempting to industrialize Third World countries without delay, we have, with rare exceptions, aggravated their problems. We have uprooted men from their land, and they have then crowded into sprawling cities. With no reasonable expectations, and based on the hope of a high growth rate that has proved to be deceptive, we have followed the most antinatural path: abandon the land, which can provide nourishment, and congest the cities, which no longer provide work. What should have been done was to decentralize jobs and build up the villages with the aid of computerization.

...The technology of information is based on people. It enables them to work in their own areas, their own villages, and thus helps stem the rural exodus. It makes the choice of crops to be planted, the preparation of the soil, and so forth more intelligent and helps gauge the interplay of supply and demand in a more rational way. Information technology is more effective in dealing with problems of distribution.

From The World Challenge

A Mission for Europe?

I am neither a French nationalist nor a European nationalist. To each country its culture, its vocation, its genius. But, if we insist upon singling out Europe’s distinctive features, we could say that Europe has given up “imperialism” for good—this already represents quite a progress. Even if it wanted to, Europe no longer has the means to pursue imperialist goals. Furthermore, Europe’s ancient culture and its age-old habit of dealing in concepts—I have witnessed it innumerable times—make it well-equipped to draw closer to each other positions (civilizations?) often very far apart. I have seen in many instances in our successive meetings (between Arabs and Japanese for example) how this particular “talent” of Europe for concepts can bring remote points of view close to reconciliation and gear them to tangible action. This may well be a domain in which Europe has a special contribution to make.

What Next Steps?

First, in order to shun all possible impression of superiority and nationalism, it was important that our newly created World Center be truly international. It is remarkable in this respect that the director of the Center should be an American scientist (Nicholas Negroponte of M.I.T.). Furthermore, from the start we will have third world representatives on the governing board of the World Center—Arabs, Asians, Africans who will participate fully and from the very beginning in the conception of our work. They will be those who guide us, those who decide: My role as Chairman of the Center is only to create the best possible conditions for them to make their own choices together.

In the process, I think we will discover very quickly something which, once again, is not “negotiable.” The unemployed population of our countries, in their tragic human distress, are very close to the third world. Those who speak so often of the third world as of some far-away land should visit the suburbs of Paris, or Provence (where you have an 11 percent rate of unemployment, and double that figure for the youth!) or Pittsburgh, or Detroit: This, too, is a third world. I believe that our work will lead us to find that the problems of the third world—rediscovering for men activities that truly rely on the development of everyone’s human faculties, instead of creating more plants and factories that are already obsolete—are identical to ours. We will, I think and hope, discover this fraternity before the future which will lead us to work together on an equal footing. This heightened realization of our identity of purpose in confronting our challenge is our next step.

An Agenda for the Versailles Summit

The 1982 Summit of the Heads of State and Government of the industrialized countries is to be held in France, in Versailles, in June. I think it would be a great pity if the Summit’s agenda were to be purely routine—that is, if it were mainly occupied, as usual, with such issues as the price of raw materials, money supplies, rates of inflation, etc.—all issues which we know in advance will not find solutions in such a forum. If so, the Summit may well be majestic, it may appear very solemnly purposeful and give rise to hope, but in the end we will fall again into the same old doldrums. If, on the contrary—and I know that a few of the statesmen involved have proposed this—we decided to devote this important Summit Conference to one single theme, namely, employment—the employment of men in both the North and the South—and the potential contribution of the new technologies to the training of men to new jobs, then I believe we would have a flexible, creative agenda, one that could lead to tangible measures.

*We didn’t choose the first countries where the early projects of the World Center will be initiated; they came to us. First, it would run contrary to our very concept and vision of the future to think that Paris is going to become the center of the world—obviously, an absurdity! The world will never again be centralized; on the contrary, it will be more and more decentralized, “de-multiplied.” The Paris World Center can only be the beginning of a network of other centers across the world with a common purpose to put this extraordinarily powerful new science at the service of the formation and development of men in all countries. Several countries came naturally to associate themselves with us in this project: Japan has decided to set up the World Center of Tsukuba, which is already in the works; and will become fully operative in 1985; there are also three centers in the United States, at M.I.T., Stanford and Carnegie Mellon—three large universities that are specialized in microcomputer technology and artificial intelligence—which are already closely working with us. There is one center in the Gulf, the Center for Scientific Research of Kuwait. Then we have other countries which do not yet have scientific centers but which are moving in that direction, such as Senegal, Ghana, and the Philippines. The leaders of these countries come to us, they send over their students and their engineers; in short they decide to form themselves. It is crucial to remember that no program will ever be imposed from the outside; they will develop their own programs according to their own needs.*
Photographs

2 Berkeley, California.
14 New York City.
16-17 Southern Mexico, and New York City's skyline
19 New York City.
23 Ruins at Teotihuacan, Mexico.
27 Outside Nuestra Senora de Guadalupe, Mexico City and micro-computer.
31 New York City.

All photographs by Paola Piglia
In the Next Issue of Trialogue...
A report on the April, 1982 annual plenary conference of the Trilateral Commission in Tokyo. Main topics under discussion: The GATT System and Intra-Trilateral Trade Tensions; Sharing Global Responsibilities Among the Trilateral Countries; Economic Dealings With the Soviet Union and Eastern Europe.