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THE BRANDT REPORT :
OLD WINE IN OLD BOTTLES WITH NEW LABELS
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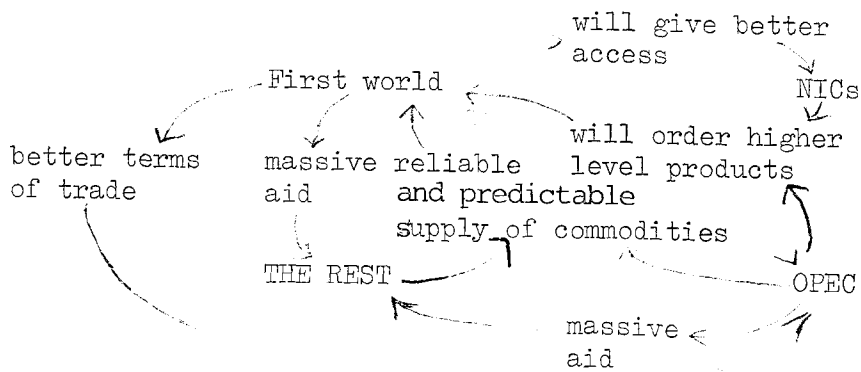
The Brandt Report is a gold mine for the internationally minded person, scholar or not, not only for all the information given but also for leading the trained or untrained eye straight to the basic point, with two important omissions to be mentioned below. The stands taken are morally irreproachable. The question is whether the analysis is of such a kind that it can lead to workable political proposals that together constitute "a programme for survival", the lofty goal the commission has set for itself. What I shall try to show is that the answer is no, that the "programme of priorities" (chapter 17 in the Report) is (i) unrealistic and (ii) even if it could be implemented would lead to the wrong results, and that this is due to some severe flaws in the analysis of the workings of the contemporary world system. It goes without saying that this in no way reflects on the moral caliber of the members of the impressive commission, nor on their intellectual capacity. It is a reflection of their world views, though, ranging from conservative to middle-wing social democrat, with the report lying somewhere in-between, with all the compromises needed to arrive at a document with which all members can identify.

My own difficulty with the report starts already with its title and the map on the outside: a world neatly divided "North-South". I think, as stated / ^{repeatedly above,} that this puts the issue wrongly from the very beginning, because there is no North, hardly any South and it is hardly between North and South that the issue is located. Thus, the state socialist countries, whether one wants to refer to them as "socialist" or not, do not enter the world economy the same way as the market or private capitalist countries do: they are much less involved in the Third world because of the absence, practically speaking, of investments and the high level of self-sufficiency in raw materials in this region of the world, the world Northeast. Second, there is no doubt an impact of deteriorating economic conditions in the world Northwest on the state socialist countries, a transmission of inflation and unemployment for instance .

- the Islamic countries vs. the others
- the countries investing in other Third world countries vs. the rest

And then there are the usual continental/geographical divides and the socialist/capitalist distinction. All of this may not be so important at the level of UN resolutions; it is at the level of concrete political action that it starts becoming important.

To bring out the point clearly, let us for the sake of simplicity operate with a division of the South into three: OPEC, NICs and the REST. The Brandt Report world model then looks something like this:



I shall comment on the scheme later, suffice it here only to point out how differently the various parts of the South enter the scheme. As will be indicated later there are considerable disharmonies of interest even within the South. Using the term "South" mystifies this by making one believe that there is a bloc, even an actor with which one can have meaningful dialogues with a broad agenda of issues assuming that South will come to terms with South once North has come to terms with South. Even leaving the state socialist countries out - which probably can

be done as they are marginal to the key issue of the Brandt Report "emergency action to avert imminent economic crisis" - any presentation in terms of only two blocks of countries in conflict is doomed to be misleading.

This becomes much more complex as we make use of the third cleavage alluded to above, introducing the confucian-buddhist-westernizing countries, in other words, Japan, the four mini-Japans (South Korea, Taiwan, HongKong and Singapore) and - indeed - China, possibly also other countries in the Fourth world. It can be argued that this is the coming point of gravity of the world economy, and before the end of this century. If there is something to this then the Figure above is also misleading in a very important sense: from the Fourth world one country, Japan, is in the First World and at least four (possibly also oil-strong Indonesia and commodity-strong Malaysia) countries are among the NICs. And then there is something rather big called China - if all this is able to come together in coordinated or at least compatible action then the rest of the scheme changes completely. For inside the world Southeast, the Brandt Report New Deal could already take place, but aided by a shared civilisational ethos, a factor neglected by the Brandt Report which is very weak on history and culture. This is not what is most likely to happen, however. Japan will hardly open her markets to all the Southeast NICs, but prefer, together with them and China (that may one day become a NIC, and a major one) to dominate the world markets. To the extent that is the case, the economic conflict, as argued above, is not between North and South but between a world Northwest (without Japan) and a world Southeast (with Japan).

Semantics? Hardly, these are basic world realities. One sees different things, depending on how one divides the world. And the same applies to the second difficulty with the report, also on the title page: " of the Independent Commission on Inter-

national Development Issues." In what sense is it "independent?" Of national governments, possibly, yes. But they are not the only major forces in the world, and nobody can be independent of them all except through splendid isolation. Is the chairman, Willy Brandt independent of the German Labour movement and its natural concern with guaranteed employment in a society undergoing "structural rationalization" with all kinds of automation/robotization, and increasingly exposed to the competition with the world Southeast for markets all over the world, including in Germany itself? Would it not be strange if he did not weave the report around the theme of ensured employment by the old methods of predictable and guaranteed supply of commodities, including energy resources and markets, for products where the First world, including Germany, would have a comparative advantage?

Then the word "international", in "international development issues". The rhetoric of the report, the moral appeal, very well written and very appealing, is at the level of the suffering individual human beings of this world, and rightly so. But the analysis is at the international level and so are almost all the concrete suggestions about transfers and redistributions. Nobody, at least not the present author, will argue against international social justice. But there is a basic point about time order that is not taken into account in the pious references in chapter 8 to "the task of the south": "national policies to alleviate poverty", "social and economic reforms", "elements of an anti-poverty strategy," "the priority of agriculture", "assisting the 'informal

sector'", "social services", planning and participation. All of them very good points, but are they likely to come about when international distribution comes first?

This is a key dilemma in all development strategies, in theory and in practice: the proper time order. If certain changes have already taken place internally, creating strong people with ability to press for their fair share through appropriate institutions in a structure not too much biased against them, then no problem. Increased resources due to international re-distribution would accrue to the people through welfare state measures, above all free schooling and medical services, better exchange relations between urban and rural, and formal and informal, sectors and - perhaps above all - more opportunity to retain surplus produced at the bottom of the society, through cooperatives, communes etc. But such changes do not come about easily, and usually not through moral appeals to the elites.

Hence, the problem is and remains whether international redistribution will increase or decrease the chances of intranational redistribution.

The idea "when there is more to share then more will be shared" is rather naive for there is already more to share, and has been so for a long time; after all there has been positive growth in most countries. But nevertheless, people are more poor than before. Conclusion: all that is going to happen is that the internal gaps and contradictions will increase and that a good portion of the extra resources that come into a country in the "South" will be used to protect upper class privileges, with the power that

strengthened police and military can wield.

This is not a plea for "revolution first, then international redistribution". It is simply a reading of what has happened in most of the South during the 1960s and 1970s, with the accompanying idea that the time order matters. But the intra-project does not have to be completed for the inter-project to make sense. No social project is ever completed. What has to be done is a good start, the creation of institutions that are self-supporting and will continue to grow in the direction of steadily improving the condition of the people, and not even that is being done in most Third world countries. Hence it is very hard to believe that "international development issues" really hold the key to "survival". They are important, but as a necessary condition on top of the even more necessary condition of basic internal change. If the Brandt Report had some good ideas about how to set internal type of change into motion it would have been most welcome! - but for that purpose the composition of the commission was hardly the most fortunate one.

Let me then return to the international Keynesianism implicit in the Figure above. It looks so convincing at the first glance. The First world gives to the Third world what it asks for: better terms of trade for raw materials/commodities (including energy); and access to First world markets for the industrial products of the NICs - and in addition to that massive increases in aid, including an emergency program. Of course, given the present economic situation the

First world can only do this if the Third world gives something in return, and that something is the old combination of raw materials and markets: a predictable, guaranteed supply of commodities/raw materials, including oil, and a guaranteed and predictable market for more sophisticated products. That way everybody will gain, the economies of the First world will start running normally again, unemployment will decrease, perhaps down to close to zero, and the total process will generate enough surplus to help the rest of the Third world. What could be better than that!

But behind this, and in addition to the assumption that the time order for international versus intranational redistribution is immaterial, lurks the second assumption, of harmony of interests. To explore the validity of this assumption, let us look at what the three parts of the Third world are supposed to do, admittedly from a somewhat cynical, but also quite realistic angle.

From the OPEC point of view: obviously, better prices for oil was not a concession granted by the First world but simply something the OPEC countries obtained and continue to obtain by playing the market fairly much the same way as any (near) monopolistic seller can do. There was nothing mysterious about it, simply a question of announcing new prices on a take-it-or-leave-it basis. But this means there is nothing the First world can concede except willingness to continue buying. The only card the West can play is the threat of really developing alternative sources of energy, but that seems still to be for the

future. The market will ^{basically} remain a sellers' market for some time to come and OPEC aid will probably mainly go to their Arab and Muslim brothers and in the fight against Isreal.

As to the predictable price - why should OPEC prefer that to unpredictability, ability to play the market as new situations emerge? Why should they enter any kind of long term agreement, however dynamically formulated, that would tie their hands? Just to take an example: how could any long term formula take into account the possibility that two major oil suppliers, Iran and Iraq might come close towards destroying each other's oil supply potential for some time, thereby pressing the prices up because of reduced supply?

And as to the demand for high level products - why should that demand necessarily go in the direction of the Northwest? For passenger planes, military hardware of all kinds, and university study places the Northwest will probaly remain the main supplier for some time to come. But for many other highly sophisticated products the world Southeast may offer both better and cheaper products and be just as close; the Southeast bordering both on the Indian Ocean and on the Pacific . And if the socialist countries could offer something, why should they not buy from them if advantageous for some reason or another, e.g. if less expensive? After all some OPEC countries do so already, or have done so, for military hardware, and to some extent for passenger planes and study places. To have been a colonial power is an ambiguous thing: there are ties, some of them positive, there is even nostalgia for the

orderliness of the old days . But some of the ties are negative. The balance is bound to oscillate still for some time to come. But in general the OPEC countries would be stupid not to trade with the NICs, particularly those in the Southeast and Japan.

Then, the NICs. Here one may talk about concessions as the NICs by and large compete with domestic producers in the First world, e.g. in the field of textiles. The First world countries are in a better position here, they can demand a quid pro quo. But it is far from obvious that they will get what they want, for what they want is to maintain the old division of labour between the sophisticated and the more elementary, between the "cooked and the raw". And why should the NICs accept that division of labour, except for a small group of products and for a limited period of time? Why should they assume that they are only capable up to here, not a step further, e.g. that they can never make airplanes when they have already (South Korea, for instance), proven their ability to build highly sophisticated ships? If military hardware is the matter why should the NICs not also be able to make that, perhaps not at the same level of sophistication but sufficient for some wars, and at least competitive with some of the left-overs from production cycles generations old, recycled to the Third world from the First and sometimes from the Second?

The answer to this would be that if they do not buy some thing they cannot sell anything either. But that is only an important answer as long as the First world is a (near)

monopsonistic buyer. The First world has been in that position for some time, among other reasons because Third world countries may have preferred First world products to those of their fellow countries in the Third world, for reasons of quality, price and snobbishness. But this is rapidly changing, with increasing Third world solidarity and sales networks, and with decreasing faith in the assumption that everything from the First world is good by definition. Hence, again the harmony picture is based on assumptions that no longer necessarily obtain, or will not obtain for long.

However, the basic argument why the NICs might not like to enter into a new division of labour would be, in my mind, that by doing so they would forego the chance of developing their own industries in the fields reserved for the First world. After all these industries where the First world still has an advantage are not that old; they may actually be only ten-twenty years ahead of the most advanced NICs. How much time would it take to catch up? So much that it would be worth while tying ones-self to an agreement long lasting enough to be interesting for the First world? Maybe in some very few fields, but in general not. And one is reminded of the fate of Spain in the sixteenth century, very rich due to the robberies in South America, "recycling" their riches in the direction of England and the Low countries as it was not considered very becoming for people high-up to make things themselves, they bought them. After some time Spain was made poor through her riches precisely

because she did not have to learn how to make things, and England/Low countries became, of course, the cradle of capitalism. The OPEC countries may be headed for this. The NICs are hardly that unwise.

Then, from the point of view of the rest of the Third World. Is it so obvious that aid is what they need most? Of course, any cabinet minister in a poor Third world country, long on projects and short on funds, particularly after the loans have been serviced, will be in favour of aid, particularly untied, particularly in the form of grants or soft loans. But did the countries with an adequate standard of living today develop that way? And was this the method for the socialist countries that have ensured for its people at least the abolition of material misery, if not much more? In short, where is the country that actually developed the Brandt Report way, is there such a country anywhere? Or, did countries develop either the Japanese way by systematically substituting capital and research for labour till in the end highly capital - and research - intensive products could compete on the world market and the value added could flow into Japan, or else by withdrawing from the world market for a period, developing the domestic productive assets to the maximum? In other words, either by doing what the rich capitalist countries had done before them, or by being more self-reliant, socialist or not! But this is not the Third world country as envisaged by the Brandt Report. The Third world country participates in the market by delivering the commodities, fetches good prices for

them, is a recipient of aid, and obliges through internal reform. There cannot possibly be many such countries in the world, so participatory, yet with a humility the West never had.

From the First world point of view: is it so obvious that this really will solve their problems? If the problem is unemployment, then the approach seems ill suited, for high level sophisticated products are generally not produced through sufficiently labour intensive processes to be really helpful in countries with a big labour stock and an unemployment rate bordering on 10%. On the other hand, if the production process is made more labour intensive, then, with current prices for labour the products would hardly be competitive with what the NICs relatively easily should be able to make - for instance with some Japanese technical assistance. But even if it could work for some years it would only be a stop-gap measure. The Northwest can still for some time deliver capital goods, even factories with the key in the door, and make money. But what happens when there are enough factories in the Third world to supply Third world markets, or even world markets? Moreover, if the demand from Third world countries, particularly OPEC and NIC countries, can be met through capital- and research-intensive First world production processes, is it not likely that the First world will find capitalist suppliers willing to sell even if unemployment is not alleviated the slightest? And is it not relatively reasonable to assume that this was the basis for the conservative-social democrat compromise, even harmony, that is the essence of the

Brandt Report: the conservatives thought that this could bring profits, the social democrats that it could bring jobs?

Thus, the conclusion becomes as stated in the beginning the policy recommendations are unrealistic because they are based on an assumption of mutual interest, even harmony ("We grow together or we go down together") that is unrealistic given the general structure of the world economy, and the uneven development. But even if recommendations could be implemented, and that is the second argument, the net result is likely to be continued increase in the gap between poor and rich in most of the Third world countries, reinforcement of the world division of labour, and no appreciable decrease in the unemployment in the rich countries because the trend towards even higher productivity will be given a new lease on time with the orders supposedly flowing in from the Third world. All of this because of the blatantly wrong implicit assumption that it does not matter much what comes first, inter- or intranational redistribution.

But that conclusion points a little further, to a more political conclusion. Are we not in the Brandt report once more facing the idea that the Third world has to solve the problems of the First world? It started with the spices to keep our meat through the lean seasons, continued with all kinds of tropical products, then with soldiers during the First and Second world wars to help the colonial powers win those wars against those who had none or very few colonies, then guest workers. Now the Third world (particularly OPEC and ~~NTC~~) economy is asked to bail out the First World economy - an economy that seems to be rapidly becoming the

coloured man's burden? And given the overriding concern in the Brandt report with international affairs that burden is even pushed on to the poor coloured man, or actually woman, since ultimately she is the one on whom the pressure falls most heavily as she runs the dwindling informal, subsistence sector that ultimately is the shaky basis of it all! Is this not a little too much in the old Western tradition, when stripped of its humanitarian rhetoric? Is it not simply the old structure, doomed to generate the same old problems?

In conclusion: there are of course many positive elements in the report even if the basic construction is faulty in the mind of the present author. The suggestions for changes of the Bretton Woods system seem meaningful. To join UNCTAD and GATT into one organisation perhaps less so as this may deprive the Third world of its de facto secretariat - but then the Third world will probably come up with its own secretariat to counter the expertise of the OECD, the European Community and other bodies anyhow. And the GATT free trade assumption is probably totally unrealistic and will break down when the Northwest really starts building tariff and non-tariff barriers against the Southeast.

Most positive, however, is the (old) idea of a world tax on governments as a source of revenue to carry out world social welfare tasks. This could be coupled with increasing multi-lateralisation of all kinds of technical assistance. The current system, permitting countries and regions of countries to process human misery through the instrument of bilateral or regional

assistance into foreign policy instruments should be scrapped as what it is: a continuation of colonialism with other means, combined with the usual Western missionary zeal in trying to form the societies of other peoples in our image. Bilateral aid agencies should be local branches of UNDP, just that. A world tax levied and disbursed collectively, through UN organs, would be an institutionalisation of world solidarity. There would be obvious imperfections characteristic of heavy bureaucracies, but that may be a price we have to pay in order to get out of the current manipulatory practices, using technical assistance to aid the donor country and the recipient country elites more than those really in need. The Brandt report should have developed this further, and certainly not in the direction of a tax on arms trade that will only serve as conscience money and increase the prices to the buyer.

But all of this are among the kind of things that will take place at the surface of the world, in the thin layer of negotiating and cooperating elites. And this is where the model fails: international keynesianism may create some richer countries in the Third world but not richer people, except at the top, the elites. All one can reach through international restructuring would be poor countries, not poor people.

Let us look at reality, not at sentimental and moralizing rhetoric:

North in Malaysia Uniroyal plantations (American Holding Company) has one of its plantations, Harvard Estate, 8,000 acres, 1,400 rubber tappers, most of them Indians. The salary is a little above US \$2/- per day. The house of the manager and his private property covers twice as much ground as the plots of fifty of the tappers together. Fifty families share one public toilet; water and electricity are always scarce; unemployment is increasing; when they become too old they can no longer live on the plantation where they have worked all their lives, etc.

A little further north in Southeast Asia we find the same picture:

South in Thailand, Tombol Nogplap in the Hua Hin district, Dole Thai, owned by Castle & Cook, an enormous transnational corporation in agrobusiness, heavy industries and real estate, has a plantation - about 250 km from Bangkok. Ten thousand acres, 3000 workers cultivating pineapple to be transported to the headquarters in San Francisco. First they bought the ground, squeezing out the peasants living off the soil, then they offer the jobs to the landless, and they pay slightly below US \$2/- per day. Sometimes there is no work, then there is no salary either, only waiting. The local director earns thirty times as much as the workers. The work is heavy, the sun burns, chemicals used for spraying burn on the skin. There are six workers in each room, machines make so much noise that they cannot talk together, managers have their own club with swimming pool, tennis, bar and golf - the company pays the golf bill, good for business. Vast sums of money leave the country.

Is there any hope for these workers in any of the proposals of the Brandt commission? - apart from the pious hope that the developing countries will themselves initiate reforms, socially just distributions of income, general participation in the development process? Nothing serious as far as one can see. To fight hunger smacks of emergency and catastrophe help, not of lasting solutions that can only come about by giving the poorest direct access to soil, water, seeds, credit and technology. Health and education are excellent but insufficient if the material basis is missing. To produce for export gives no guarantee at all for a better standard of living; it may even reduce that standard as productive assets are absorbed in the export sector.

No. The West has to find other ways of coming to grips with its overproduction problem and sooner or later it will probably have to be by decreasing rather than increasing the productivity. And the survival of those really in need will continue to depend on their only real source of hope : their own self-reliant struggle.