Vienna UNIDO conference advises starvation for the Third World

by Mary Lalevée

Third World industry ministers attending the United Nations Industrial Development Organization (UNIDO) fourth general conference in Vienna were in for a rude shock if they arrived in the former center of the Austro-Hungarian Empire hoping that the governments of the "advanced" sector would declare their intention to help their former colonies industrialize. From the outset on Aug. 2, they heard that it was their own domestic policies which were to blame for the crisis they are facing. They should expect no help from the advanced sector, but let free-market forces go to work so that the "recovery" allegedly taking place in the advanced sector, would come to them, too.

The "industrialization" projects proposed by the U.N. organization amount to a piddling $209 million over five years. In December 1980, the United Nations General Assembly had declared the 1980s to be the Industrial Development Decade for Africa; yet the objectives of this decade—now almost half over—are no where near being met. The program had planned for Africa to achieve a paltry 1.4% share in world industrial production by 1990, compared to current share of 1%. Other goals included the achievement of self-sufficiency in food, building materials, clothing, and energy to satisfy the basis needs of the people of Africa. Yet the executive director of UNIDO, Dr. Abd-El Rahman Khane, pointed out in his opening address to the conference that if current trends continue, Africa will still have to import 80% of simple agricultural tools in the year 2000.

'Painful adjustments'

All the advanced countries had to offer to the developing sector countries was brutal "advice." Their public statements were moderate compared to their statements in private discussions, according to one diplomat from southern Africa. The first two days of the conference were dominated by speakers from Europe, who called for Third World countries to make "painful adjustments" to "adapt" to the world economic crisis. Jim O'Keefe, minister of state for foreign affairs of Ireland and president of the Council of the European Community, instructed developing countries to create "reasonable conditions" for foreign investors and to maintain an "open market"—a theme which was taken up by other speakers, who stressed that developing countries should be "flexible" on repatriation of profits to investors from the industrialized sector.

The European Commission had issued a paper shortly before the conference stating bluntly that "industrialization is not necessarily a priority" for Third World nations—the equivalent of condemning millions of people to death.

The British Minister of State for Foreign and Commonwealth Affairs, Timothy Raison, said that Third World countries had "overestimated" market demand, and that they had not foreseen or reacted adequately to changes in demand and prices. Exactly how they should have reacted to falls in prices for their commodities he did not explain. "Misfortunes have been compounded by mistakes," he cooly commented, instructing Third World countries that their approach "must be based on realism," and holding up Britain as a model.

The West German representative, Development Minister Jürgen Warnke, repeated the charge that developing countries are to blame for their own problems. "External factors cannot be held responsible for all the difficulties facing our countries, be they developing or industrialized," he said. "Many international problems are the result of deficiencies in national policies such as continuous budget deficits and subsidies for inefficiency, which now have to be corrected in an adjustment process painful both at the national and international level." Among these "deficient" policies, he said, are "too many industrial projects and complementary investments in infrastructure." Instead, he recommended "more emphasis on small and medium-sized industries . . . better utilization or rehabilitation of existing industrial capacities [rather than] new investment."

The "Third Worldist" pseudo-opposition to this club-waving came from the secretary general of the British Commonwealth, Shridath Ramphal, who attacked the International Monetary Fund and the "creditors' cartel" which refuses to lend to developing countries, in a press conference just before the start of the UNIDO meeting. The wily Ramphal hinted that the Commonwealth finance ministers' meeting in Toronto, Canada, shortly before the IMF and World Bank meeting there in September, may come up with a (British Empire-style) alternative to the IMF.

The Swiss representative, Ambassador Philippe Levy, proceeded to hold up Switzerland as proof that countries with no raw materials and dependent on the international market can still develop—to counter the argument of Dr. Abd-el Rahman Khane that Third World nations' dependence on outside economic markets was acting as a brake on their development. Levy said that the economic policies of the developing countries had prevented growth. Large deficits, high inflation rates, poor management of resources, growing indebtedness, and incapacity to adapt to international economic developments were the results, he said. Developing countries should "regain the trust of investors," by moving "to increase the maneuvering room of private enterprise, reduce government intervention in the economy, follow liberal trade policy favoring free access to markets, and establish a favorable climate for investments by respecting the free transfer of capital and revenue."

A delegate from one of the Sahel nations commented bitterly that this would mean industry would never develop in his country, for infant industries had to be protected or they would never grow. Indeed, all of today's industrialized nations practiced a healthy protectionism at the start of their industrialization.

The United States sent a conspicuously low-level delegation to the conference, indicating that little importance was attributed to the meeting.

The Soviet representatives also had nothing to offer: Denunciations of the "imperialist circles' exploitation of developing countries" have never been known to advance the process of industrialization, nor does the fact that African countries like Mozambique and Ethiopia are forced to divert hard-earned foreign exchange from food purchases to pay for Soviet equipment. "Soviet conditionalities are worse than the IMF's," said one African delegate in private.

Africans demand industry

Third World delegates repeated again and again that industrialization was essential to solve the problems facing them in the long term. The Somali delegate, for example, said that "Somalia wants industrialization to become an important part of the economic development of the country. Industry is limited in scope in Somalia and must be developed. An essential infrastructure for industrial development is required."

In an attempt to stress the seriousness of their plight, one delegate from a French-speaking African country urged that the declaration to be issued by the developing sector countries should state that African nations had been "aggressed" by drought. "I know it sounds strange in English," he said, "but to say Africa has been 'affected' by drought just does not show how serious the situation is."

UNIDO, supported by the developing countries, had proposed the creation of an Industrial Development Fund to spur industrialization of the developing sector, but this was rejected by the advanced countries, which declared their support for "existing financial institutions" like the IMF.

Representatives of the Club of Life attending the conference circulated proposals for an emergency African food aid and infrastructure development program (see *EIR* Aug. 7, "Emergency Food for Africa: A Plan to Get It There *Now*), which were received with interest by the African delegations.

Documentation

'We must revive industry'

Speech by Dr. Abd-El Rahman Khane, executive director of the United Nations Industrial Development Organization, in Vienna Aug. 2:

It should by now be common ground that the international economic environment in the last few years has acted as a major constraint to the industrialization efforts of developing countries. . . .

What we need is an agreed, massive, and integrated international effort that will bring the contribution of developing countries into play to invigorate the international economy. . . . Protectionism has not only to be halted but must also be rolled back. This will provide some relief to developing countries by helping them to increase their exports of manufactures.

But the consequent increase in export earnings will not help if an adequate solution cannot be found to the debt problem. If the debts are to be repaid, conditions must be created to help such repayment. Important among such conditions will be the ability of the developing countries to revive their industry and export manufactures and processed and semi-processed goods at fair prices. . . . It is necessary that the total export earnings of developing countries are not committed to debt servicing beyond a reasonable percentage, consistent with the maintenance of adequate levels of internal productive activity in each country. I consider a debt service ratio of 25%, including capital repayments, as a reasonable upper limit in this respect.

Pending the necessary steps to be taken, adequate financial resources should be provided urgently for industry, compatible with the overall requirements of each country, so that existing capacity may be utilized; as a next step sufficient financial flows should be made available for new industrial investments. . . .

Concerning Africa, the question has been raised as to whether the entire effort of the international community should not be concentrated on agriculture. I must say that such a question overlooks the contribution that industry could make to African agriculture. To cite only one example, if current trends continue, more than 80% of simple agricultural tools and implements used in Africa by the year 2000 will still have to be imported.