

editorial

The Mexico Summit

As this issue goes to press, world leaders are assembling in Mexico for the long-anticipated economic summit meeting. Their discussions will centre on the issues raised by the Brandt Report on North-South economic relations. While many view the likely practical outcome of the summit with scepticism, there is no doubt that there is strong political pressure in the developed countries for implementation of the report's recommendations. Indeed, as the report is entitled a "programme for survival", it is highly desirable that serious consideration should be given to its proposals. Those engaged in international commercial activities will find the report of relevance to them in that unlike many other pronouncements on North-South relations which have concentrated on "aid" questions, it emphasises the importance of arms-length commercial trade between north and south but it does not shrink from pointing to major adjustments in terms of trade which are needed here. The report advocates that the developing countries should have greater representation on the World Bank and the IMF – for many developing countries this issue appears to be of overriding importance. Hopefully, governments in the South will be persuaded to take a pragmatic approach to this issue.

While the report points clearly to the dangers of protectionism in international trade, protectionist policies are now widely supported in Britain. The CBI has announced a "buy British campaign" – reflecting similar Government moves in its own purchasing function. At the end of the recent Conservative Party conference, Mrs Thatcher spoke of the irony of many people spending five days of the week making British goods and going out on Saturday to spend their earnings on goods produced abroad. Mr Edward Heath's recent controversial statement advocating major changes in Conservative economic policy made reference to the

desirability of reintroducing exchange controls (within an EEC context and as part of the European Monetary System) – this is a somewhat surprising view from a member of the Brandt Commission but Mr Heath regards this as necessary to disassociate European economies from the damaging policies presently being implemented by the USA, particularly as regards high interest rates. Lastly, the introduction of import controls and withdrawal from the EEC is now a settled part of Labour Party policy.

It is, however, hardly surprising that protectionism is widely supported since there is no doubt that domestic British industry has suffered in the face of what is in many respects unfair overseas competition. Industrialists can rightly point out that they can hardly be expected to compete against countries whose wage levels, lack of unionisation among the workforce and low health and safety standards would not be tolerated in a western society. Accordingly much trading, particularly with mass-manufacturing countries in the Far East, has got seriously out of balance. It should, however, also be said that some of these competitors also owe their trading advantages to the introduction of new technology and the elimination of restrictive practices – a challenge which must be taken up by management and trade unions in Britain.

Problems of this kind are, however, recognised in the Brandt Report and proposals are made for the countries concerned to make suitable internal reforms. Many of the report's proposals would greatly improve the climate for international trading and it is to be hoped that at the Mexico summit a serious start is made on implementing them. There is also a strong moral imperative for implementing the proposals in the light of the appalling suffering in the developing countries which is highlighted in the report; however, in our view, the proposals merit implementation even if viewed purely from an objective commercial point of view.