

Editorial

Whatever hopes have been raised for the performance of the Reagan Administration, the prospects for the developing world would seem to be bleak indeed: Not only has the proposal for the World Bank's energy subsidiary, referred to in our last issue, been rejected by the United States, but the amount of financial assistance to be given to the Bank itself to enable it to expand its facilities for the third world has also been curtailed. And this, in spite of the fact that the World Bank has established one of the least controversial means of helping the poorer countries.

It is to be hoped that these decisions will be once again examined and possibly revised. The reasons why this should be done are persuasively set out in the communication of the European Commission to the European Council on the occasion of its meeting last March in Maastricht.¹ The Commission calls upon the Council, on the eve of the launch of the UN global negotiations and the prospect of a North-South summit in Mexico, to take a comprehensive view of the problems involved and to co-ordinate the policy of the Community that will guide its action, not only in the global negotiations, but also during bilateral or regional meetings with developing countries, at multilateral meetings, particularly in the IMF and the DAC, the Nairobi Conference on new and renewable energy sources in August, and the Paris Conference on the least developed countries in September.

In its communication the Commission declares:

Today there are grave risks to peace in those Third World regions whose destabilization would deal a serious blow to international security. Yet recent experience has demonstrated that in affirming its desire for independence, its political unity and genuine non-alignment, the Third World can be a force for international order and resistance to attempts at hegemony. This stabilizing influence of the developing countries should be strengthened.

The Community's economic interests also, the Commission goes on, "dictate a similar approach," and economic recovery and industrial restructuring of the Community will fail unless it is "assured of a stable international environment and expansion in its major markets." While reminding the Community that it finds 42 per cent of capital equipment exports in the third world, and is in turn the third world's biggest customer, the Commission calls for a determined resistance to protectionism and an intensification of international economic co-operation. The Commission is putting a detailed proposal to the Council for an overall Community strategy in the North-South dialogue, dealing particularly with energy; financing, principally through strengthening the Bretton Woods institutions; food and world food security; commercial policies and industrial restructuring; and commodities.

The Commission expressed the wish that at Maastricht the European

¹ North-South Dialogue, Commission of the European Communities, Com (81) 118 final, Brussels, 12 March 1981.

Council would confirm the Community's political will to play an active part in the North-South Dialogue "with the aim of helping to relaunch the world economy," and in particular to support the establishment of the World Bank energy subsidiary. The European Council at Maastricht expressed its interest in the opening of concrete negotiations with the third world, and instructed the Council to prepare a report on the subject for the next meeting of the European Council.

This Journal has already advocated in our January issue the merits of a "two-track" approach, whereby the long term problems could be recognized, while at the same time making efforts to concentrate on some real negotiable immediate issues. The Commission now has the opportunity of putting forward a practical and convincing agenda of short term issues which may inspire the European Council, and perhaps also induce the United States to adopt a common position with its European partners.

One of the focal points could be the United Nations Paris Conference on least developed countries, where the pressing needs of the world's poorest countries, numbering some thirty states, will be under examination. This will present an occasion for the rich countries to review their attitude to aid, and perhaps stimulate them to concentrate their aid efforts where they are most needed.

In addition to the suggestions of the European Commission, we believe that one of the ways in which world stabilization can be effectively assisted is through the conclusion and subsequent development of the global negotiations on certain specific issues. All groups should move forward to implement the Principles and Rules on Restrictive Business Practices that have already been approved by the General Assembly, and a vigorous effort is now required to make the Common Fund operational. It is to be hoped that the balanced package achieved at the Third Conference on the Law of the Sea will not be upset by lack of support from the United States, and that the industrialized countries will soon conclude the long-protracted negotiations on the Code of Conduct on the International Transfer of Technology. It may also be possible that some more enterprising steps could be taken by Group B to meet the not altogether extravagant demands of the 77 for the reform of the Paris Convention, so as to ensure that the world patent system remains intact.