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THE BRANDT COMMISSION AND THE MULTINATIONALS

PLANETARY PERSPECTIVES

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Community. The ACP countries defied the French distinction between the French and the British ex-colonies and negotiated as one unit.

Both France and Britain tried to convince their former colonies away from this position, but they were confronted with hostility from the unified bloc of old Associates who feared for their aid and trade benefits, and the newcomers who considered Yaoundé a horrible market solution set up to exploit African resources without compensation.⁴⁶

Negotiating as a group, the ACP countries rejected the free trade principle and the notion that the price for duty-free entry of the developing countries' main products into the EEC should be reciprocal trade benefits. Reciprocity between unequal partners is a contradiction, they argued. Nine months into the negotiations, the applicant countries gained strength from the declaration of the NIEO. The G77's performance within UNCTAD was another source of inspiration. ACP ambassadors in Brussels met in regular sessions to prepare positions. An ACP secretariat was established, supported by staff permanently based in Brussels and supplemented by a continuous flow of ACP experts. There were also preparatory meetings of ministers around the Third World. The secretariat was important for the establishment of the ACP as a disciplined united working group.⁴⁷ The fact that in February 1975 the Convention was signed not in Brussels but in Lomé, Togo, was a symbolic gesture.

The ACP bloc's celebration of the 1975 Lomé Convention as a big success reflected the initial difficulties that had beset it through the EEC's attempt to divide the Associates from the Associables. The term "association" in the treaties of both Rome and Yaoundé shifted to more politically correct terms like "cooperation" and "development" in Lomé. The convention was presented as radically different from the colonial slant that had been adopted in the association agreement of 1957 and which continued in Yaoundé. The agreement in Lomé contained a large-scale development package that was given in exchange for a guarantee that oil prices would not exceed a certain threshold.

Lomé was hailed as one of the EEC's greatest achievements, especially in terms of its core idea of respect for the independence and individuality of the partners, and as the beginning of new relationship between industrial and non-industrial countries.⁴⁸ The Lomé Convention was not perfect from the ACP's perspective, but it had potential, and it sent signals to the developing world about a possible new approach to trade between rich and poor. It broke up neocolonial francophone Eurafrica. Its perhaps most significant impact was the welding of the ACP countries into one negotiating unit in what looked like a filiation of the G77.

The reactions to the NIEO in the north, and the north/south "Dialogue" in Paris

The Trilateral Commission (TC) was a privately financed lobbying initiative founded to influence North/South negotiations. An informal group of 275 prominent businessmen, labour leaders, scholars, statesmen, and politicians

from North America, Western Europe, and Japan met for the first time in 1972, convened by David Rockefeller “to bring the best brains in the world to bear on problems of the future.” Rockefeller was one of the heirs of the Standard Oil fortune. The backdrop of the TC’s establishment in 1973 was the disastrous image that the United States had suffered since 1971 and the divergent viewpoints on American currency policy since the collapse of the dollar that same year. The implicit goal was to shore up the United States’ threatened hegemony.

A thirty-five-member executive committee managed activities between annual meetings from three secretariats, in New York, Paris, and Tokyo. Annual meetings were closed to the public and the media, but the commission launched publications in which it propagated the idea of reconciliation between the North and the South and tried to mitigate polarisation.

Initially, the TC’s main concern was the free-floating dollar and its inflationary pressure. It was also concerned by a 10 percent customs duty imposed by the United States to stabilise the sinking dollar. The TC feared that it would lead to protectionism and nationalism in the other countries of the Western camp, where the duty was seen as an affront. There was also concern about the NIEO, which the TC saw as a threat, taking a particular stand against the NIEO’s push for the regulation of offshore corporations. Rockefeller thought of the authors of the NIEO as “the revolutionary left and radical politicians,” with their “persistent call for punitive taxes and crippling regulation of multinationals.” Zbigniew Brzezinski, a mastermind of the Trilateral Commission and from 1977 advisor to President Carter, warned of the contagious threat of global anarchy.⁴⁹ A Democratic, Brzezinski was a match for Kissinger in terms of foreign policy. With Brzezinski as the TC’s first president, it became an instructive foreign policy seminar for Jimmy Carter and other key members of his later administration. Through it, figures such as Samuel Huntington, Richard Cooper, Cyrus Vance, and Michael Blumenthal became embroiled in academic, business, and political arguments. We will come back to the TC in Chapter 5.

Like other institutions of its kind, the TC invited conspiracy theorists who tended, through giving it extra attention, to lend it more weight than it deserved. Its goal was closer cooperation among non-communist industrial regions and between them and the Third World, though it was only interested in the Third World outside of its NIEO’s demands. It wasn’t significant in the power it wielded as much as the fact that it provided a forum in which Western elites could receive encouraging pats on the back and persuade themselves that the future wasn’t as gloomy as it looked. In this sense, it prepared and heralded a breakthrough for neoliberalism and the European Community’s internal market.

The procedure with which the NIEO resolutions had been passed in the United Nations’ General Assembly at its sixth special session on 1st May 1974 was vigorously debated around the world. The United States and the European Community were taken by surprise when a determined G77 majority requested

a vote on its radical programme. Did a majority decision ensure its implementation? At the ordinary General Assembly session in the autumn, the United States' ambassador to the United Nations, John A. Scali, attacked the G77's approach in an inflammatory speech:

Unenforceable, one-sided resolutions destroy the authority of the United Nations ... The function of all parliaments is to provide expression to the majority will. Yet, when the rule of the majority becomes the tyranny of the majority, the minority will cease to respect or obey it, and the parliament will cease to function.⁵⁰

The American ambassador was saying that the majority is not a majority if the minority consists of powerful states, in particular the United States. This was a provocative statement which enflamed emotions. In the aftermath of the sixth special session, developing countries took a harder bargaining position and became less willing to make major concessions. They felt that developed countries had been unappreciative of the compromises made by the G77. Some delegates did not believe that developed countries had been sufficiently earnest in the negotiations, referring to some low-ranking delegates of other countries. It became more difficult for the less militant in developing countries to play a conciliatory role. Some from developed countries occasionally felt that the new power that the developing countries experienced had intoxicated them.⁵¹

However, the bigger picture behind the negotiations was a sense of a global crisis in the wake of the collapse of the Bretton Woods system. With mass unemployment at a level that provoked memories of the 1930s, the NIEO reinforced feelings in the North of a fundamental, multifaceted, systemic crisis – a crisis of governability. The determined performance of the G77 even provoked feelings of paranoia in the North and the fear that the NIEO's goal was to "capture the structure of international organizations created by the United States after World War II." Voices emerged in the North that recommended "just saying no" to the NIEO.⁵² By 1977, it was clear to leaders like Tanzania's president Julius Nyerere that the North was not going to comply with the South's demands. Boumediene's untimely death in 1978 deprived the G77 of its most forceful leader.⁵³ The visionary NIEO demands were watered down by developed countries to an aim to solve global poverty. As ul Haq had said, the Third World moderated its initial power when it effectively became a negotiating trade union. However, the political leaders and economic elites in the North, supporting the interests of the multinationals, were not interested in negotiation, only in diverting and diluting the South's protest, and reducing it to nothing.

After the NIEO had presented its demands, a North/South dialogue convened in Paris to mitigate the hemispheric confrontation. This was in December 1975, less than a year after the Lomé Convention had been signed and a few months after the seventh special session of the UN General

Assembly had met to debate the NIEO. That special session aimed to redistribute income; protect commodity prices; ensure “control” of the economy and economic transactions; and accelerate the flow of technology.⁵⁴ The French president Valéry Giscard d’Estaing had proposed the Paris conference in October 1974, after the United Nations’ April session on the NIEO, and he wanted it to deal with oil. This was in line with Kissinger’s strategy of dividing the supporters of the NIEO between oil producers and the rest. The concept of Less Developed Countries (LDC) was introduced to support this intention. The oil-producing countries did not belong to the LDCs.

The South sought unity while the North tried to divide it. In February 1975, non-aligned states who supported the NIEO organised a conference on raw materials. Representatives from 110 Third World governments met in Dakar with the explicit aim of keeping the NIEO countries united. Leopold Senghor, the president of Senegal, said that the Third World had to use its natural resources to break traditional patterns of world trade. OPEC countries met in Algiers in March and supported the Dakar resolutions.

After preparatory meetings in April and October 1975, members of D’Estaing and Kissinger’s Conference on International Economic Cooperation (CIEC) gathered in Paris in December. There were eight representatives from developed countries (Australia, Canada, the EEC, Japan, Spain, Sweden, Switzerland, and the United States), seven from OPEC-countries (Algeria, Indonesia, Iran, Iraq, Nigeria, Saudi Arabia, and Venezuela), and twelve from other developing countries (Argentina, Brazil, Cameroon, Egypt, India, Jamaica, Mexico, Pakistan, Peru, Yugoslavia, Zaire, and Zambia). Work was divided between four panels, on energy, raw materials, development, and finance.

Many developing countries viewed the CIEC as a dilatory move or, at best, a side show of the United Nations’ debate on the NIEO. Developing countries argued that the panels should be tied tightly together, while the United States argued for “parallelism” and lax connections. The developing countries maintained that Kissinger was fooling the Third World with commissions that talked about raw material prices in jawboning sessions while the oil cartel was dealt with separately. The Conference got off to a bad start, not helped by the fact that the NIEO was also being discussed in the Organisation of Economic Cooperation and Development (OECD). In May 1975, Kissinger had elucidated the United States’ negotiating strategy when he declared that it was time to end the theoretical debate about the pros and cons of creating a new world order or improving the existing one. It was time to deal with reality, not rhetoric.⁵⁵

In November 1975, a month before the Paris gathering, D’Estaing, backed by German Chancellor Helmut Schmidt, had called the leaders of four other countries to a summit at Rambouillet southwest of Paris: the United States, the United Kingdom, Japan, and Italy. The EEC, as the EU was called then, sent an observer. This gathering of the Group of Six became G7 the following year when Canada joined the club which became institutionalised as a self-selected

representation of the industrial-capitalist countries in the North. (1998–2014 when Russia was a member it was called G8.) It was created by a European initiative that aimed to solve the monetary crisis by transferring dollar hegemony to a collective European, North American, and Japanese monetary regime. There was no place for developing countries in this trilateral perspective, at least not in monetary terms. The United States resisted the idea of expanding the number of guardians of the dollar standard. D'Estaing and Schmidt had both been finance ministers and, the year before, had both become their country's leader after, respectively, the death of Georges Pompidou and the resignation of Willy Brandt (see Chapter 6). In the vacuum created by the travails of the dollar and lack of American interest in expanding the monetary regime to Europe and Japan, D'Estaing and Schmidt set about creating what might be described as a New European Economic Order. They circumvented rather than confronted the NIEO's proposal by establishing European priorities and searching for an alternative standard to the dollar.

Despite their disagreement about the role of the dollar, the determination to resist the G77 unified the G7. Schmidt was explicit at the first G7 summit at Rambouillet in November 1975: "It is desirable to explicitly state, for public opinion, that the present world recession is not a particularly favorable occasion to work out a new economic order along the lines of certain UN documents." "International dirigisme" had to be prevented.⁵⁶ Schmidt continued:

We must find a way to break up the unholy alliance between the LDCs and OPEC. But we cannot say so in so many words. We should do this in the CIEC by discussing the balance of payments problems of the LDCs and showing how they are being damaged by this situation. We can make the point that the newly rich [oil-producing] countries have to take part in new developmental aid in accordance with their new riches. We will also have to convince the LDCs of our genuine interest in their well-being, by helping them in the area of raw materials.⁵⁷

The confrontation of the NIEO bridged the Transatlantic dispute on a new monetary order after the dollar collapse. The French and German leaders dropped discretely their brave plan for a European alternative to the dollar. G7 became a forum to confront G77. The first G7's goal of Transatlantic currency unity replacing the US-led dollar order failed but the G7 front against G77 bridged the Transatlantic-Japanese currency tensions recreating unity. Schmidt's division of G77 into "the newly rich" oil-producing and the least or less developed oil-importing countries was entirely in line with Kissinger's approach. At Rambouillet, Kissinger pushed to consolidate the G7 as a firewall against the NIEO, with OPEC as its main artillery. "Military action would of course, be inappropriate, but it might be possible to develop the idea that increases in the price of oil were not 'free' in general economic and political terms." The G7 was established at Rambouillet in readiness for combat against the G77.⁵⁸

The target was the oil producing G77 countries. However, the conflict between G7 and G77 dealt with more than oil. At the core of the conflict was the multinationals as much as the oil. The multinationals were, as we saw, the target of the NIEO campaign. As strong was the commitment in the G7 to defend them. The multinationals became the future hope for the crisis-ridden G7 governments with their collapsing Fordist production regime (see next chapter). The G7-G77 clash after Rambouillet was frontal and fundamental.

For the OECD countries, the CIEC talks were used as a means of gaining time. Oil had been OPEC's weapon, but it turned against them. Increasing the price of oil increased the lure for Western companies to invest in oil exploration, for example in the North Sea and in the United States. The cost of oil exploration in such places was higher than in the Middle East, but after 1973, it yielded profits. Also, from around that time, it became possible to substitute oil with more expensive alternative sources, in particular nuclear energy. Furthermore, OPEC began to consider it safe to invest their oil profits in the West. They bought arms from Western producers to such an extent that OPEC regimes grew more dependent on the West than they were before.⁵⁹

The CIEC limped to a confused end in June 1977. An 18-month "dialogue" between the rich North and the poor South, which had begun without much enthusiasm or hope, finished on a spiritless, joyless note. A hastily drafted report was presented for adoption to an exhausted audience at the Conference's last plenary meeting. The report, approved by delegates without much enthusiasm, made a nostalgic reference in its stark preamble to the Conference's initial decision to introduce an "equitable and comprehensive program" for international economic cooperation.

Reaction to the results of the Conference were mixed. While both sides made a feeble effort not to call the dialogue a failure, they insisted on having their appraisals recorded separately in the final report. The "Group of 19" developing countries, which had come to Paris to implement the recommendations of the United Nations' seventh special session in September 1975 (which was a follow-up to the sixth special session in April 1974) were visibly dejected. They found the CIEC's conclusions fell "short of the objectives envisaged for a comprehensive and equitable program of action" designed to create a new international economic order. They noted "with regret" that "most of the proposals for structural changes in the international economic system" and "certain proposals for urgent actions on pressing problems" had failed to receive the rich countries' support. For their part, the "Group of Eight" developed countries "regretted" that the Conference had not found it possible to reach agreement on "some important areas of the dialogue such as certain aspects of energy cooperation."⁶⁰ But they "welcomed" the cooperative spirit in which the Conference had taken place and expressed their determination to maintain that "spirit" in their continued future dialogues with the Third World. The hypocrisy, not to say perfidy was unmistakable.

The North/South Dialogue in Paris was a largely unsuccessful attempt to channel the South's frustrations about both the NIEO's loss of momentum and the South's dependence and lack of development two decades on from decolonisation. Except for those economists and social democrats who wished to comply with southern demands, the North's attempt to channel southern frustration aimed at extinguishing the power of its protest, making it manageable and compatible with northern business interests. Nils Gilman refers to the trend in the North's response as shifting between "Machiavellian inversion (led by conservative geopolitical realists like Henry Kissinger)" and "unrelenting and direct opposition (led by an emergent cadre of American neoconservatives like William Simon, Daniel Patrick Moynihan, and Irving Kristol, the last of whom characterized the NIEO as 'mau-mauing' the North)."⁶¹

Henry Kissinger, Secretary of State from 1973 to 1977 and Ronald Reagan's advisor from 1980, was determined to stop the NIEO in its tracks. The question was how. But between the Ford and Reagan administrations was Jimmy Carter, whose four-year presidency from January 1977 should not be seen as a clear rupture. However, despite the considerable continuities and his much-attested weakness, Carter represented a different approach, emphasising human rights and the need to understand the Third World's problems. It was during Carter's presidency that the president of the World Bank got the idea of channelling southern protest into a campaign against world poverty. Acknowledging the NIEO's demands, he got them focused on poverty. This was the situation that triggered the Brandt initiative. It is easy to understand the huge amount of scepticism with which the developing countries greeted this development for initiative, and we will return to that in Chapter 6.

The ambiguities of the NIEO

The NIEO tried both to confront and transcend the development and dependence dichotomy, and to establish its own alternative, which one might label interdependent independence. Metaphorically or allegorically the NIEO developed a class struggle perspective with the South as working class and the North as bourgeoisie. However, unlike in Marx's analysis, the struggle did not end in revolution and a final victory for the South, but in the North's soul-searching and self-critical insight that a moral imperative and political necessity required concessions and the definition of mutual interests. However, mutuality remained mainly undefined. The forum for the class struggle was the United Nations. The fact that its resolutions, when they were formulated by the Third World, could be "brushed away as mere rhetoric was nothing unusual in the initial phases of a trade union movement," Mahbub ul Haq observed. He found some consolation in the historical reference to the power struggle in the labour markets in the North, as we saw.⁶²

The poor's real bargaining power was their ability and willingness to disrupt the lifestyle of the rich. The rich had far more to lose from confrontation