



Pointers to the eighties: UNCTAD in Belgrade

By Frederick F Clairmonte

Despite a series of high level international conferences during 1983 no agreement has yet been reached on a coordinated strategy against the world economic crisis. In the view of Frederick F Clairmonte they "have only dramatized the economic antagonisms that have sprung from the depth of the global depression." In this article he looks at the causes of the crisis, especially the role played by transnational corporations, and argues for a redefinition of the relationship between nations and the "State/TNC/TNB power complex".

Public relations gimmickry cannot conceal the amplitude of the Belgrade debacle nor should it be allowed to do so. The sheer magnitude of the debacle follows in the wake of four major international conferences from GATT to Delhi, Buenos Aires to Williamsburg. At least in the case of Belgrade there was no need to write an obituary since its protagonists could not even fashion a ragtag final communiqué. In all of this, there is nothing to regret. What remains to be done is to perform a meticulous autopsy, within and outside UNCTAD. Whether such an autopsy is feasible in view of the malaise is arguable.

What these five high level international conferences have done, at a cost of millions of dollars and billions of words, is to dramatize the economic antagonisms that have sprung from the depths of the global depression – and there is no need to make it more palatable by giving it the mellifluous designation of 'recession'. Presumably such semantic twists by the media are engineered to make the uncritical believe that the current economic depression will give way to an enduring upturn in the business cycle (notably in the US) that will pull up the poor and developed capitalist countries now mired in permanent stagnation.

The ideological foundations of this mythology, epitomized in supply side economics and monetarism, have become little more than senile dogmatic incantations with Pinochet's Chile a blatant illustration. Rather, the only rationalization that remains is that of GATT's research director, who consoles us with the utterance that unemployment is the price to be paid for what he labels "freedom":

"employment is, it may be said, the price to be paid for freedom, and for progress that freedom makes possible",¹

an assertion which has acquired, not only in GATT but in certain other international fora, the force of a dogmatic truth. It speaks volumes of the depths of ignorance

and viciousness to which certain international organizations have sunk.

But the debacle of these major international economic conferences, dominated by Big Capital, of which the Belgrade conference is the most recent, cannot simply be gauged by the spindly constructs, not to speak of the irrelevance, of the Integrated Programme for Commodities and the Technology Code of Conduct.

There was always an ingredient of well-intentioned utopianism in these *idées forces* of UNCTAD, but what is often obscured is that within the secretariat itself such utopianism had been mercilessly pilloried, albeit by a small but vocal and by no means extinct minority. To be sure, UNCTAD's *Trade and Development Report* (1981) with all its organizational shortfalls, is a landmark of critical analysis encapsulated in the following trenchant statement, which it would on any score be difficult to match in any other international organization. The tragedy of Belgrade, and for the poor economies, was that theoretical and policy implications of this analysis were simply ignored in the name of expedience, to deploy the mildest of euphemisms.

"The ability of the OECD countries to obtain full employment on a sustained basis was not questioned. Consequently, emphasis was placed on the other requirements for a favourable *external environment* (italics mine). The measures proposed in this respect have been of a reformist character. Commodity agreements, the generalized system of preferences, codes of conduct and the like (liner conferences, transfer of technology, restrictive business practices), compensatory balance-of-payments financing and the ODA target do not challenge the foundations of the international economic system centred on the Bretton Woods agreement and the GATT. In fact, it may be argued that such measures serve to strength-

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en the functioning of the present system."²

In the scaffolding of these grand international designs that were being proffered to the underdeveloping countries as the source of their salvation – something of overriding importance had been obliterated, namely the role of corporate power. To have regarded merely the nation states in the poor countries as autonomous economic agents, as UNCTAD negotiators were peddling, was tantamount to a shibboleth that had been exploded time after time, even in several UNCTAD studies.

Apart from the immense and pervasive corrupting influences of Big Capital on the secretariat, there were other forces at work within the UNCTAD secretariat. Primarily the class origins and ideological orientations of certain of these 'negotiators' notably of the Oxbridge Group who, notwithstanding the third world origin of some of them, were culturally and politically alienated from the progressive forces within the global economy.

Psychologically this goes far to explain the public and obsequious denunciation by certain members of the negotiating secretariat of the research activities on transnational corporations. Over time this caste had developed a congenial working relation with these corporations that was extended to the permanent political missions. But such forms of cover up could be long sustained, given the nature of corporate power itself, nor did it save these negotiators from the obloquy and whip-lash of the political spokesmen of corporate capital in Belgrade.

The changing configuration

The epicentre of this change in the global economy was the transnational corporation (TNC) that now accounts for 80–90 per cent of world trade (excluding the centrally planned economies), with as much as two-fifths of all international trade transacted through TNC intra-firm transfers.

Even in these 'developing' countries

that are so-called 'exporters' of manufactured goods, around six countries have appropriated 75–80 per cent of these exports that originate, in many cases, in TNC plants and TNC dominated free trade zones. The decision of what to export, where, and at what price, is not taken or discussed at intergovernmental meetings save in the minds of a few ignorant functionaries with their illusions of grandeur.

For what was deliberately lost sight of as a matter of policy was that the locus of power was not to be found in international organizations and assemblies, the bulk of whose national representatives pathetically knew very little or nothing of international finance and the manipulations of the corporate global market. After all, it is at times more appropriate to install mechanisms in our minds to tell us that the horrors are not horrible. But the facts of global TNC power remain a grim reality that cannot be swept under the rug.

Causes of the crisis

No less significant is that it raises the question of the causes of the global capitalist crisis and who are its beneficiaries. To be sure, in the OECD group of countries alone the level of unemployment already exceeds 35 million, and it is an uncounted multiple of that in the underdeveloping countries, indebted to the tune of around 800 billion USD and climbing. True, the changes within corporate structures have been modified, notably in services, but what is glaring is the evolution of the world's giants over the last two decades. On this score, the record of power and prosperity is damnably eloquent.

Such power and prosperity goes a very long way in explaining the sheer racist arrogance of the political masters of Big Capital in Belgrade. A configuration which, despite variations, could be pithily summarized as: "Either you wogs jump into our ranks and accept what follows from it, or you'll be clobbered. For what you say is not worth saying, and frankly it's not worth listening to your whines."

Unlike Nairobi and Manila, the language of diplomacy was simply dumped in the sentimental ceremonies.

The locus of power

The unprecedented domination and control of the global market (and all its tragic political and ideological ramifications and corollaries) by TNCs remains overwhelmingly the fundamental cause of the global economic crisis and the escalating antagonisms on the world market.

What this has meant in a nutshell is that the worldwide drive to conglomeration in combination with oligopoly has constituted a source of prodigious economic power for TNCs.³

In merely twenty years⁴ the metamorphosis of corporate power is mirrored in the soaring revenues of the top 200 companies and which partially indicates the nature and direction of the global economic war. The essence of this transformation (which the negotiating sentimentalists in Belgrade chose to ignore) climbed from 18 to 29 per cent over the last two decades with sales leaping from 199 billion to 2.1 trillion US dollars, as seen in Table 1.

This wave of TNC growth and annexationism could not have achieved its present magnitude without the participation of the transnational banks (TNB)⁵. These annexationist thrusts have thus effectively blurred the distinction between the primary, secondary and tertiary sectors. It highlights some of the mechanisms of inter-imperialist rivalries.

The ongoing crisis

The ongoing crisis shows no signs of relenting, nor can it do so given the momentum of the engine of capital accumulation. Merely in the US alone business failures in the first four months of 1983 rose over 40 per cent compared to the same period in 1982.⁶ Throughout the USA more than one bank a week is failing. By end-1983, the number of failures, now

35, should easily surpass the post-depression record of 43 set in 1940.

But such mutations within and between the leading capitalist actors are by no means confined to the advanced capitalist economies, but to the poor ones as well. Mexico is a case in point where the small and medium-sized plants are being eliminated at a rapid clip, a trend that is paralleled by massive and continuing capital flight.⁷

The political implications of the TNC generated crisis and the accelerated drive to capital concentration is the opening up of their economies to foreign investors, i.e. the TNCs. Mexico once again offers an illustrious dossier since, up to the present,

its ruling class authorized foreigners to own only a maximum of 49 per cent of Mexican companies with few exceptions. These road blocks of an earlier era have now been liquidated to permit foreigners to be majority owners of Mexican firms, indicative of a configuration that departs from the realities of the sixties.

Belgrade: The legacy

At least it is to be hoped that Belgrade will mark the end of an illusion, if not at least the beginning of the end. For what analysis and economic policy will have to be focused on is the relation of both developed and poor countries (and the so-

cialist countries are by no means to be excluded as seen in Poland's economic fiasco) to the world market. This applies to France no less than it does to Pinochet's Chile, but there should be no illusions that such a global redefinition of their relationship to the world market, and the corporate forces that dominate this market will be uniform or wholly acceptable to all policymakers.

This was another of the prime myths of UNCTAD's negotiators who believed in the transcendence of their global truths, truths that assumed that the sheep could co-exist peacefully with the wolves. And all that was required was a slickly drafted resolution. In short, verbal semantics would become a con-man's painless substitute that would dispense with rigorous study of the dynamics of global corporate power.

Indubitably, however, what the Belgrade bankruptcy brought to the fore is the brute realities of the TNC dominated world market which must be seriously pondered by those emergent socio-political forces genuinely striving to redefine their nations relationship to the State/TNC/TNB power complex.

While there will be those who will continue to prattle on the gains of the 'internationalization of capital' (the sanctimonious slogan of the TNCs, the World Bank and GATT), the moment has once more to recall the earlier verdict of the younger John Maynard Keynes on national self-sufficiency made in 1933. Indeed, it has relevance not merely to the poor world, but to large segments of the developed world as well.

Such an arduous reformulation is called for because what is known as "national development policies" is one which is being shaped at a staggering pace by the TNC giants in alliance with its creatures, the IMF and the IBRD.

"I sympathize, therefore, with those who would minimize, rather than with those who would maximize, economic entanglement among na-

Table 1

Changing profile of the top 200 industrial corporations (1960-1980)

Country	Number		Sales (G USD)		Per cent of sales	
	1960	1980	1960	1980	1960	1980
USA	127	91	144.6	1 080.4	72.7	50.1
Germany (FRG)	20	21	13.4	209.0	6.8	9.7
UK	24	16 1/2 ^a	19.6	199.5	9.9	9.2
France	7	15	3.5	161.0	1.8	7.5
Japan	5	20	2.9	155.2	1.5	7.2
Netherlands	3	5	6.4	89.6	3.2	4.2
Italy	3	4 1/2 ^a	1.9	69.5	0.9	3.2
Canada	5	5	2.6	32.5	1.3	1.5
Switzerland	2	4	2.0	31.9	1.0	1.5
Belgium	1	2	0.5	14.5	0.2	0.7
Sweden	1	2	0.4	11.0	0.2	0.5
Rep of Korea	—	2	—	10.0	—	0.5
Others	2	12	1.1	91.1	0.5	4.2
Total (excl USA)	73	109	54.4	1 074.8	27.3	49.9
Total	200	200	199.0	2 155.2	100.0	100.0
World GDP^b			1 162.2	7 548.0		
Top 200 as per cent of GDP			17.7	28.6		

Notes:

Countries were selected with more than one corporation in the top 200 in 1980, ranked according to 1980 sales.

^a Corporations owned by interests in two countries are counted as one-half.

^b Excluding socialist countries.

mons. Ideas, knowledge, science, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and above all, let finance be primarily national.

The decadent international but individualist capitalism, in the hands of which we found ourselves after the war, is not a success. It is not intelligent, it is not beautiful, it is

not just, it is not virtuous – and it doesn't deliver the goods. In short, we dislike it and we are beginning to despise it.

We do not wish, therefore, to be at the mercy of world forces working out or trying to work out, some uniform equilibrium according to the ideal principals, if they can be called such, of laissez faire capitalism. We wish . . . to be our own masters and to be as free as we can

make ourselves from the interferences of the outside world.”

That, and not the incoherent platitudes of certain international 'negotiators' is the first stage in the framing of a genuine New International Economic Order. In this respect, the debacle of Belgrade becomes a pointer to a new and innovative path. Or is it?

Table 2
Profile of top 100 banks, 1981

Country/territory ^a	Number of banks	Assets (G USD)	Per cent of total assets	Profits (G USD)	Per cent of total profits
Japan	24	1 097.6	25.1	88.4	20.8
USA	12	650.7	14.9	91.2	21.4
France	8	509.2	11.6	35.8	8.4
Germany, FR	11	464.3	10.6	45.9	10.8
UK	5	344.5	7.9	42.1	9.9
Italy	8	258.1	5.9	28.6	6.7
Canada	5	240.6	5.5	34.5	8.1
Netherlands	4	160.4	3.7	2.5	0.6
Switzerland	3	141.9	3.2	12.8	3.0
Belgium	4	100.2	2.3	12.2	2.9
Spain	3	67.5	1.5	6.7	1.6
Brazil	1	65.1	1.5	5.3	1.2
Sweden	3	64.6	1.5	3.1	0.7
Australia	3	60.0	1.4	7.1	1.7
Hong Kong	1	52.1	1.2	—	—
Islamic Rep of Iran	1	23.9	0.6	1.1	0.3
India	1	20.5	0.5	1.9	0.5
Israel	1	19.2	0.4	4.2	1.0
Mexico	1	18.4	0.4	—	—
Australia	1	18.2	0.4	1.7	0.4
Total	100	4 377.0	100.0	425.1	100.0

Notes:

^a Countries ranked by banks' assets.

^b Profit figures not provided for banks in the case of: France (3), Hong Kong (1), Netherlands (2), Japan (1), Italy (1), UK (1), Sweden (1), Mexico (1).

Source:

Trade and Development: An UNCTAD Review, "Transnational Corporations and Global Markets: Changing Power Relations", A UN Publication, No 4, Winter 1982.

Notes:

¹ *Le Temps Stratégique*, Geneve, été 1982.

² *Trade and Development Report, 1981*, p 24. A United Nations publication Sales No E.81.II.D.9 TD/B/863/Rev 1.

³ By means of the strategy of cross-subsidization, the conglomerate operating in several independent sectors is ideally positioned to deploy its earnings from various profit centers to subsidize losses in temporarily depressed lines of business.

⁴ For an extensive treatment of the process see F F Clairmonte and J Cavanagh, *Trade and Development: An UNCTAD Review* "Transnational Corporations and Global Markets: Changing Power Relations", Winter 1982 (E.83.II.D.1).

⁵ See F F Clairmonte *Le Monde Diplomatique*, Mars 1982. Le capitalisme financier.

⁶ A very large leap from last year's average and more than two and a half times the number recorded in 1975, the peak failure year of the 1973–1975 recession.

⁷ According to *The Economist* (1983-04-30) and which I suspect to be a gross underestimate, Mexicans are reckoned to hold some 30 billion USD in assets abroad, Venezuelans 18 billion USD. At least 12 billion USD left Brazil last year. And the capital flight out of Chile in 1981 was around 1 billion. Perhaps the most outstanding example is that of Nicaragua, where an estimated one-quarter of total exports left the country in 1982. ■