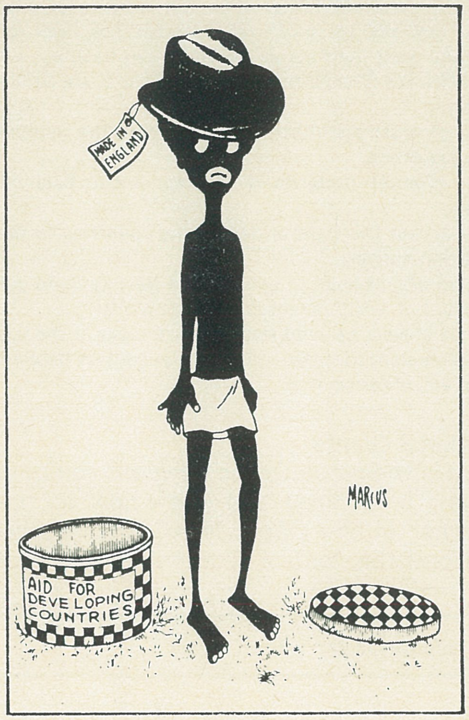
Rich World, Poor World

"Every man has a right to a decent life before any individual has a surplus above his needs."
Julius Nyerere.



Traditional Aid: The values of a dying epoch.

The material gap between the rich countries of the world and the poor countries of the world has never been wider, and the trend is for it to get worse, not better. Less than a quarter of the world's people earns three quarters of the world's income. Half the people in the world earn less than NZ$50.00 a year.

At the present growth rates, many countries will never catch up to the rich because their rates are slower. Even the poor countries with faster rates could take centuries - it would take Pakistan over 17 centuries to catch up to the United States.

What caused the gap? Is it that some nations have more energy, drive, and will to achieve? Research answers "no", people in the poor world are just as quick to seize opportunities and just as ambitious. We are not the deserving rich - they are not the undeserving poor.

One reason why the rich countries became so rich is that they had the chance to organise the world around them to suit their needs. The same chances, such as surplus land and large potential markets, do not exist today for the poor countries to follow the same path of development.

Imperialism and colonialism prevented the emergence in many countries of the conditions necessary for economic development. Not only did these forces help create an initial inequality, they then worked to widen the gap. British industry in the 19th century was protected from Indian competition by 75 per cent duty on imports. Even today, rich countries still tend to protect themselves from competition from the poor.

Other contributing factors to the wealth gap have been
- the difference in natural environments (poor infertile soils, climatic conditions, the proliferation of weeds, pests, and disease in hot regions)
- isolation of communities by natural barriers (causing limitations on markets and communications)
- the burden of hunger on a nation (hungry people are passive and non-productive)
- the green revolution (which failed to meet expectations - one of its by-products was the creation of more hungry people)
- the world shortage of fertilisers
- the high oil prices (which left the rich world with less money to give in aid and the poor world with less money to buy necessities)
- and the existence of elitist governments in poor countries, with deeply entrenched interests against development.

Yet another factor is the control over the use of technology which is tightly held by the rich countries.

Aid

Aid and investment policies of the rich countries have often benefited the givers more than the receivers. The benefit for the receivers has been further offset by a brain drain from the poor countries to the rich. The present trade policies of the rich countries are also nearly the mirror image of what they would be if the gap were to be narrowed.

Up to now, much aid from the rich has been for political or strategic reasons - to provide a bulwark against the further spread of communism or to enable docile poor countries to maintain large armed forces. Short-term benefit for the giver conflicted with the needs of long-term development for the receiver.

Distribution of aid has been most uneven. The poor countries which got the most were already half way up the ladder and, within countries, progress has been weighted in favour of the rich. So the one per cent aid target is by no means a cure-all and can indeed do more harm than good. This is no excuse however for doing nothing at all or for reducing aid.

Yet aid from the rich countries is being reduced. Over the past decade it has steadily declined and gifts of food have declined from eight million tons to seven million tons in the same period. Meanwhile the amount of grain eaten by animals in the rich world is greater than the total amount eaten by the people of India and China put together.

Internal policies of our government are based on eliminating poverty and inequality. External policies should be based on the same sets of values. It is, essentially a "question of will".

The late Secretary-General of the United Nations, U Thant, said that development will never be realised "unless it is rooted in the hearts and minds of millions of citizens everywhere . . . unless it can win their sustained support".

It is possible that if we continue to ignore these problems in the hope that they will go away (which they won't) events will take a more violent turn. "If it is difficult to awaken the masses, it is also difficult to calm them down when once awakened. They cannot all be killed or imprisoned forever."

Surely it would be better to help evolve a just world order and a stable world economy. The process of widening the gap has now acquired its own momentum. Forces built into present economic mechanisms will divide the world in the future at an accelerating rate. this trend can only be halted by deliberate, positive policies.

The Values Party

- Endorses the belief expressed in the Arusha Declaration [Tanzania 1967], "That there are more important things in life than the amassing of riches, and that if the pursuit of wealth clashes with things like human dignity and social equality then the latter will be given priority".
- Believes that an equitable distribution of wealth between nations is a prerequisite for the establishment and maintenance of a stable world economy. The world needs a stable-state world economy for the survival and well-being of mankind. With a stable population we could provide more than token assistance for needy populations overseas.

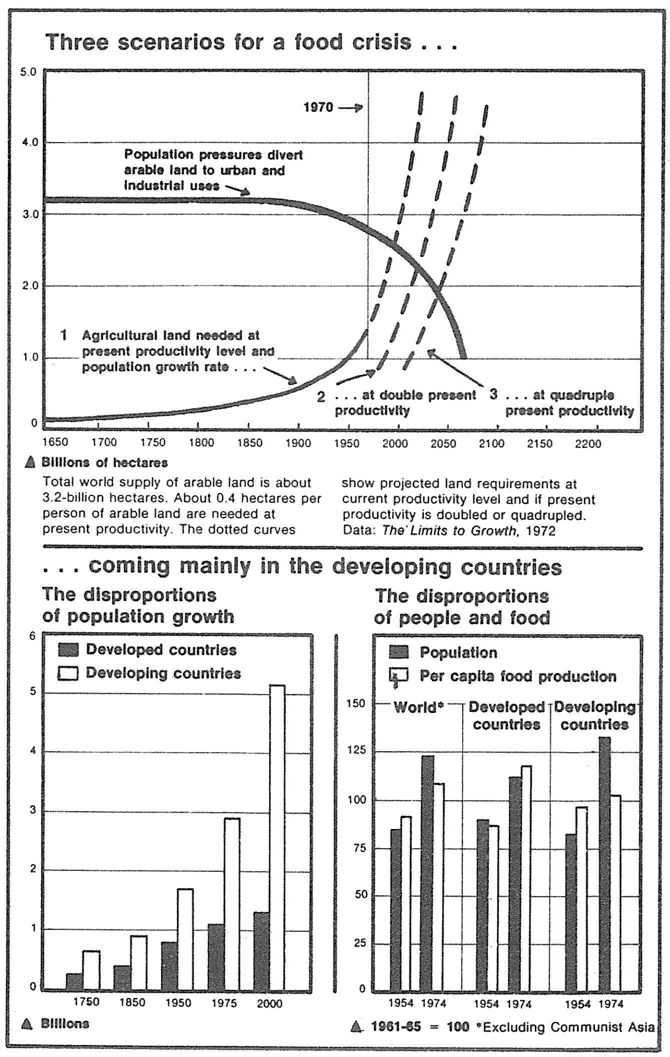
New Zealand should support an international tax on the national incomes of rich countries, graded according to their ability to pay, to create conditions in poor countries which promote self-sustained development and which compensate for the uneven incidence of world resources and development opportunities.

The Values Party believes

- New technologies need to be developed which are more appropriate for poor countries.
- New Zealand should encourage the building of stockpiles of food under international control to meet threats of suffering in the future.
- New Zealand should re-examine all our relationships with poor countries - with regard to aid, private capital flows and ownership, trade and labour migration - to see how they could be restructured to narrow the development gap.
- The aid New Zealand gives developing countries should be "as well as" not "instead of" a fair system of trade.
- We must give three main kinds of assistance: relief aid, development projects, help with political, economic and social change.
- New Zealand's immediate aid target should amount to not less than one per cent of our gross national product [government plus private flows] and of this total, 70 per cent should be government assistance.
- Whenever government aid takes the form of money it should be given by way of grants rather than loans and should never be "tied". Where loans are given, these should be on soft terms.
- Whether we in New Zealand approve or disapprove of ideology conducive to the development of a poor country is irrelevant and should be no excuse for withholding equitable aid or giving preference to countries whose values accord with our own [provided that we are sure the aid will reach those who need it].
- The scale and type of assistance we give should be dictated by the needs of the recipients rather than the short-term advantage to ourselves. They, not us, must decide what the local culture can assimilate and what their actual expertise can handle.
- We must beware of exporting our way of life along with assistance programmes.
- We must promote self-reliance and increase the independence of developing countries.
- We must promote patterns of development in balance with the environment.
- We must accept the right of developing countries to design their own population policies.
- There is an urgent need to educate the New Zealand public about the dimensions of world poverty and human misery.
- The people of New Zealand should share more in the processes of aid and development through such things as contact between interest groups and volunteer service.

Multi-national Giants

The world is the marketplace for giant companies with the money, technology and know-how to reach into every corner of the globe. Their vast resources put them beyond the control of any one nation. Yet they



dominate the economies of many developing countries and their business decisions affect millions.

The top ten of these "multi-nationals" have higher incomes than more than 80 individual countries. It is likely that in 25 years, 300 monopolies will control 60 per cent of the world market. The trend is for more and more goods and services to be controlled by fewer companies.

These giants operate according to what is most profitable for them, not on the basis of an individual country's need. So profits are repatriated, not ploughed back to finance housing, clinics or schools in the host countries. Yet the host countries offer cheap non-unionised labour, tax holidays and even ready-built factories in return for the benefits they believe foreign investment will bring.

Countries which try to control these huge enterprises must contend with the companies' political influence as well (for example, the downfall of the Allende Government in Chile because it challenged United States business interests).

Multi-national corporations have an unprecedented ability to transfer technology, capital and management skills rapidly across international frontiers on reprehensible terms and conditions.

Many features of their operation resemble the international traffic in drugs. A giant corporation "exploits the weakness or the ignorance of the buyer; it attempts to get the customer 'hooked' on the product (by letting him establish markets and acquire experience); it uses monopoly control of supply; it uses debt as a means of exerting control; it often depends on the corruption of government officials; and the profits it makes resemble those of illegal traffic rather than those of legitimate trade."

The Values Party disapproves of international traffic in technology by means of package deals, which force poor countries to buy more than they want, pay more than they expect, and get less than they anticipate. These deals often "lock-in" poor countries to buying other over-priced technologies from the same source, or to obtaining raw materials, machinery, repairs and spare parts from an expensive source. The vendors in such deals are often in a supremely strong bargaining position and can stipulate what products their customer may manufacture, in what quantities he may produce them, at what prices he may sell them, and to what uses he may put them. Thus a feudal relationship of lord and vassal develops.

The Values Party also disapproves of the system of "transfer accounting" which is now standard practice with many multi-national companies. By means of this system as many channels of payment as possible are established so that it is virtually impossible for a poor country to police all these channels or impose limits on them. Thus the vendors can avoid paying taxes on large slices of their profits by inflating prices of raw materials, or raising charges for overheads and "research costs".

Even more blatant than over-pricing is the strategic non-use of patents in poor countries. The giant patent-holder thereby prevents local or other firms from starting production, for example of cheap anti-biotics, which thus influences enormously the price of health in a developing country.

Big companies can use pressure and bargaining power even against countries as powerful as Britain so it is not difficult to imagine the pressure they can bring to bear and the "bargains" they can strike with poor underdeveloped countries.

Take one example - the group Hoffman La Roche. They reacted in 1973 to price-cuts announced by the British Government with threats to block certain exports to Commonwealth countries, to transfer facilities for manufacturing out of Britain, and to site new research investments outside of Britain. The same company a few years earlier sold two products to Colombia: the over-pricing on the first (librium) was 6478 per cent and on the second (valium) was 6155 per cent.

Economists estimate that the poor countries pay between $4,000 million and $9,000 million a year in "invisible" payments for technology to giant companies.

The Values Party

- **Condemns strongly all foreign control in New Zealand business.**
- **Would do away with double tax agreements with foreign countries as they apply to companies.**
- **Give the New Zealand Government the right to attend negotiations between parent companies and their New Zealand-based subsidiaries.**
- **Require all imported technology to be itemised into its component parts so that the content of package deals in technology could be scrutinised.**
- **Support United Nations action to give control of raw materials to the countries where they are situated and not to companies which exploit them.**

The proposed United Nations Charter of Economic Rights and Duties would have the effect of legalising nationalisation.