

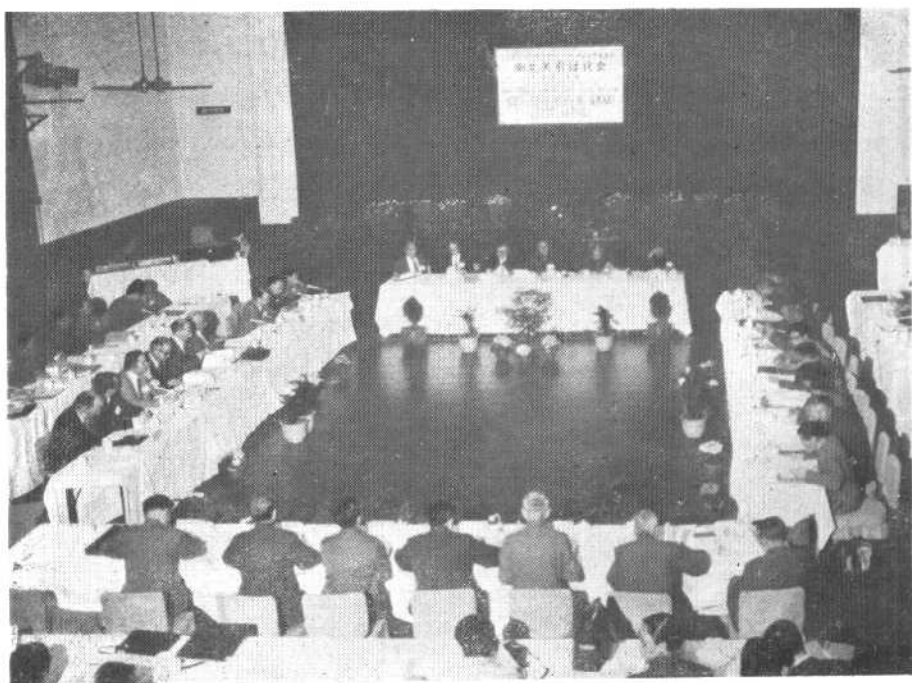
NORTH-SOUTH RELATIONS

Problems and Perspectives

**Summary of an
International Seminar**

March 30-April 2, 1983

Jointly organized by
**The Shanghai Institute for International Studies
The Friedrich-Ebert-Stiftung**



上海国际问题研究所与西德艾伯特基金会联合举办“南北关系讨论会”会场全景。

The Seminar on North-South Relations is in session.



上海市市长汪道涵在讨论会开幕式上致欢迎词
Mayor Wang Daohan of Shanghai delivers the welcome speech
at the opening ceremony.



汪道涵市长同讨论会两主席李储文教授和卡尔-海因茨·佐恩教授亲切交谈
Mayor Wang has a cordial conversation with the Co-Chairmen of the Seminar, Prof. Li Chuwen (middle) and Prof. Sohn (left).



中方学者宦乡在讨论会上作题为“南北关系的现状、症结和前景”的发言
The Chinese scholar Mr Huan Xiang makes a speech entitled the Present Situation, Key Problems and Perspectives of the North-South Relations.



参观同济大学，欧方学者正在同该校学生交谈

The European scholars chat with a Chinese student when visiting
Tongji University, Shanghai.



学者们正在参观上海汽
轮机厂

Visit to the Shanghai
Turbine Factory.

杨溥涛 摄
Photoed by
Yang Putao

PREFACE

The Seminar on North-South Relations, co-sponsored by the Shanghai Institute for International Studies (SIIS) and the Friedrich-Ebert-Stiftung (FES) of the Federal Republic of Germany, was held from March 30 to April 2, 1983 in Shanghai with the participation of twenty Chinese and ten European scholars. The Co-Chairmen of the Seminar were Professor Li Chuwen, Senior Consultant of the SIIS, and Professor Karl-Heinz Sohn, member of the Board of Trustees of the FES and Chairman of the Board of Managing Directors of the German Development Company (1974—83); the Co-Secretaries-General were Mr Chen Qimao, Director of the SIIS, and Dr Klaus Grimm, Coordinator of Academic Exchanges with Asian Partners, FES.

Mr Wang Daohan, Mayor of Shanghai, delivered the welcome speech at the opening ceremony saying, "The question of North-South relations is an important topic worthy of world attention. China belongs to the Third World, and we share a common destiny with the large number of the developing countries. We resolutely support the developing countries in their just demand for establishing the New International Economic Order (NIEO). By thorough discussions and study, the participants will understand each other's view points, and

find as much in common as possible, so as to propagate the significance of North-South dialogue, thereby improve their relations in concerted efforts and accelerate the course of establishing the NIEO."

Mr Willy Brandt, former Chancellor of the FRG and Chairman of the Independent Commission on International Development Issues (ICIDI), asked Professor Sohn to convey his warm regards and best wishes to the Seminar.

The Seminar received twenty theses and discussed the following topics: I. Assessing and Approaching the Situation of the North-South Relations; II. The Policies of the North Countries towards the North-South Relations and Their Impacts; and III. The Improvement and Prospects of the North-South Relations. The whole Seminar was proceeding in a friendly, warm and harmonious atmosphere. Being attentive to others' speeches and frank in expressing own views, the Chinese and European participants drew on collective wisdom and absorbed all useful ideas as well as sought common ground while reserving differences, thus making the Seminar a success. They appreciated the recommendations and proposals of the Brandt Report and Memorandum for improving the North-South relations, felt urgent in solving the present deadlock of the North-South dialogue and in taking immediate measures without neglecting long-term objectives, acknowledged China and West European countries as good and equal partners in their future trade and economic relations as well as in the promotion of the North-South relations, and appreciated and supported developing countries' policy of self-reliance and their efforts for South-South cooperation. At the Seminar there also existed

some differences between the two sides on certain questions.

This Summary is co-edited by the SIIS and the FES and the translations and typings are undertaken by people concerned from the SIIS.

Next is the Summary of the Seminar.

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1. ASSESSING AND APPROACHING THE SITUATION OF THE NORTH-SOUTH RELATIONS

1. The Present Situation, Key Problems and Perspectives of the North-South Relations

Main Speaker: Huan Xiang

Nine years have passed since the North-South relations was placed on the agenda of international affairs in 1974 when the Declaration for the Establishment of a New International Economic Order and Programme of Action were adopted at the Special Session of the United Nations Assembly. During the years thereafter, the world has been full of tension, turbulence and crises and the economies of the Western developed countries are suffering from stagnation and recession, interwoven with unemployment and inflation... Many of the developing countries are confronted with grave difficulties in food and energy. The disparity between the poor and the rich in the world is growing. And the deadlock in the North-South dialogue remains unresolved all these years. In one word, the relations between the North and the South, instead of relaxing, are further deteriorating.

A most outstanding characteristic of the present crisis started in 1980 is that, under its influence, most of the Third

World countries are faced with unprecedented economic difficulties and in turn, these difficulties have made the crisis of the developed countries more acute, thus a vicious cycle that leads to a worsening global economic crisis.

In the crisis, the Western developed countries, particularly the USA, try their utmost to force down the export prices of primary goods of the developing countries and impose restrictions on the import of manufactured goods of the developing countries by a more strict trade barrier, thus an increasing deterioration in the terms of trade for the developing countries and an ever-expanding unfavourable balance in their international income. Furthermore, the high interest rate policy of the Reagan Administration has brought about a general increase of the world interest rate, consequently, many of the developing countries find themselves heavily debt-ridden.

Quite a few statesmen, entrepreneurs and scholars are pondering seriously over the grave situation, exploring new ways to rid their countries of the crisis, and they have put forward some views and proposals of keen insight. *North and South: A Programme for Survival*, which was prepared by the ICIDI with Mr Willy Brandt as its chairman, recognizes the justified demand of the developing countries for the establishment of the NIEO, advocates dialogue between the North and the South and a gradual reform of the existing irrational and unjust international economic system.

In February, 1983, the Brandt Commission prepared a Memorandum entitled *Common Crisis—North-South: Cooperation for World Recovery*. The Memorandum points out soundly that the improvement of North-South economic relations is a matter of

importance and emergency in easing the present global economic crisis, therefore, it once again appeals for resuming North-South negotiations. We highly admire the carefully-considered proposals and the efforts made by the Brandt Commission to help to bring about a new round of North-South negotiation and break the deadlock in the dialogue.

I would like to put forward five propositions. Firstly, material base is the most essential factors in reforming economic relations. That is the reason why the developing countries must give first priority to building up their own economic strength. To achieve this goal, they must develop South-South cooperation so that they will create an international environment favourable for their economic development. Secondly, the North-South dialogue puts before us many problems, which should be solved step by step in order of importance and emergency. The solution of specific emergent problems and the reform of the prevailing international economic system do not contradict to each other, but on the contrary, they complement and interact on each other. Thirdly, developing countries and those developed ones that stand for North-South dialogue should cooperate and make every effort so that the USA would respect the aspirations of the developing countries for economic development and national independence, and adopt a more enlightened policy which conforms with the trends of the times. Fourthly, it is an international obligation for all the developed countries of the North, including the USSR, to offer development aids to developing countries, to help them develop their economies and rid of poverty. And fifthly, for urging the North to take emergent actions to resume the North-South dialogue,

we appreciate the resolution of the recent Conference of Non-Aligned Countries that another North-South Summit Meeting should be held.

Main Speaker: Karl-Heinz Sohn

Since the submission of the Report by the Pearson Commission in 1969, the world has undergone a decisive change. Because of the explosive rise in oil prices since October 1973 in particular, the growth rates in the developing countries have drastically fallen whilst their balances of payment have deteriorated as a result of the increased cost of importing energy. By the end of 1983, the debts of the developing countries will probably come to 700 billion US dollars. On the whole, the capacity of the majority of Third World countries to develop by dint of their own resources has fallen rather than risen. The "self-sustained growth" aspired to in the 1960s and proclaimed as the goal of the Third Development Decade is thus farther away than ever.

As the Report by the North-South Commission indicates in its title "A Programme for Survival", the primary goal today lies in ensuring survival rather than in pursuing the goals enunciated fifteen years ago of substantially reducing the gap between the industrialized and developing countries. The Brandt Report calls primarily for a concentration of aid on the poorest areas in Africa and Asia; the elimination of absolute poverty in the world by the end of the present decade; greater consideration for the trading and commodity interests of the developing countries (inter alia by opening up the markets of the industri-

alized states to Third World products); the transfer of technologies with regard to the interests of the developing countries; and a fundamental reorganization of development financing within the framework of reforming the international monetary system.

The most important tasks at present are: Firstly, attention must be paid to the necessity of reorganizing the system of public development aid. Although the level of official development aid has risen in absolute terms during the last few decades, it has really fallen to a remarkable extent in comparison with the GNP of the industrialized countries. It seems therefore all the more important for the industrialized states to amend their limited willingness to aim at improved quality and methods in their assistance. Secondly, whilst the contribution rendered by public development aid towards the growth of developing nations is often overestimated—its share of the overall total lies in fact below 5%—the promoting of cooperation at entrepreneurial level possesses much greater importance because it guarantees a much bigger flow of technical and economic knowledge. Probably no less important in the long run is a continuous transfer of private investment capital to developing countries. Thirdly, one factor which now holds decisive importance for the developing countries is the task of incorporating them more than hitherto into international trade. Even an increase by only 1% in their share of world trade would yield more income from foreign exchange than the entire development aid of the Western world. The best help for most developing countries would consist in mobilizing their own production and capacity reserves and integrating more closely into the network of international

supply and demand. And fourthly, it is chiefly the desolate condition of the international monetary and financing system which has led to a decline in free world trade. It is no coincidence that the two reports prepared by the North-South Commission focus on the current position and the future possibilities of the international monetary system as well as on the profound debtness of the developing countries. If the West does not succeed in replacing the present individually operated economic policy by a financial and economic policy oriented towards the world economy and directed towards the controlled growth of all countries, the already ongoing cumulative process of decline will probably soon plunge us into a similar international economic crisis to the one we experienced over fifty years ago. On the other hand, we cannot overlook the fact that the gap between worldwide requirements—principally in the developing countries—and underutilized capacities—principally in the industrial countries—will only ultimately be closed by creating an appropriate requirement in the form of demand backed by sufficient purchasing power. Although Keynesian principles perhaps no longer furnish a proper solution for a single country, they nevertheless retain their validity in the international context as an instrument for combating unemployment.

Main Speaker: Xu Dequan

Since their independence, developing countries have achieved gratifying results in developing their national economies and winning economic independence, and their economic dependence on the developed countries has reduced in certain degrees. However, the vestiges of the old colonial system are far