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TENDENCIES TOWARDS A "NEO-LISTIAN" WORLD ECONOMY

I.

While the 1970s were characterised by vehement demands for restructuring the framework of the global economy – most clearly expressed by the demand for a New International Economic Order – the 1980s are marked by a severe backswing, which could be called a rollback of Third World power, had the periphery ever had any actual power. In light of the historical evolution it is more accurate to call this backswing the final warding-off of the demands for change voiced by Periphery Countries (PCs), accompanied by an increase of PCs' dependence on the centre.

After the political decolonisation process and the consolidation of political independence of most of the new states, and after attempts to achieve a better position by changes within the system had shown disappointing results, a change in attitudes occurred (cf. Sauvant 1981, pp. 3 ff.). Doubtlessly the successful attack on the Northern dogma of globally beneficial laissez-faire by Prebisch and Singer shortly after the War, as well as the debacle of the "desarrollismo" of the 1960s, and the emerging dependency shool have contributed to this shift in attitudes. As Sauvant (1981, pp. 4 f.) puts it: development questions became "high politics" after a period of being considered "low politics" to be left to some technocrats. These issues were politicised. The idea of the New International Economic Order is pointedly expressed by Julius Nyerere: "... to complete the liberation of the Third World countries from external domination. That is the basic meaning of the New International Economic Order" (quoted from Sauvant 1981, p. 134). In other words: after casting off colonialism, economic equality was perceived as the next goal. In parantheses it might be added that the perfect market of the textbook, which leads to optimality in production, consumption and allocation in general, is critically dependent on the existence of equal partners transacting freely and without any coercion. In a global economy based on dependence and coercive structures moves towards a textbook market are sure to meet little sympathy from the centre, in spite of its free-market-preaching. Thus the reaction of the North has simply been to defend the *status quo* of the world system.

The drive for economic changes was certainly enhanced by the so-called "OPEC price increases" in 1973/74, which were wrongly interpreted as bargaining – or price setting – power of PCs (cf. Raffer 1985; 1987, pp. 158 ff.). The idea of Northern dependence on periphery exports gained – in spite of facts – undue popularity, and the establishments of "many OPECs" were advocated. The encouragement to follow the OPEC example given by Boumediénne during the General Assembly's Special Session on raw materials suffice to illustrate the thinking at this time. In any case attempts to follow OPEC were serious enough to make

President Ford threaten to stop sales of wheat to PCs should they pursue such policies further. Also in the case of OPEC, however, the 1980s have finally put North-South relations into the proper perspective.

In the 1980s the stage is set for increasing the dependence of the South, and especially the debt problem has brought about tendencies towards a new form of neo-colonialism which would put PCs under the control of multilateral institutions. The world system seems on the way to what Friedrich List, who opposed applying the "English philosophy" of free trade on Germany some 150 years ago, recommended as the model of centre-periphery relations. He thought joint exploitation of the periphery "promising much richer and more certain fruits than the mutual enmity of wars and trade regulations" (List 1920, p. 211) among the Northern states. Naturally, List saw the international division of labour in a typical 19th century way: the North should develop manufacturing, while the South should have to specialise in agriculture. Nowadays a certain amount of cheap non-agricultural imports form the periphery is also welcome.

Based on the understanding of Wallerstein's World System approach and the role of Unequal Exchange within this system (cf. Raffer 1987) this paper will draw attention – and, it is hoped, discussion – to a new evolution in international economic relations towards a new and refined form of global neo-colonialism. In honour of Friedrich List we might call it a "neo-Listian" global system, as it would mean the joint control of the periphery by the appropriate international institutions in lieu of the mutual enmity of wars in the centre so disliked by List. Within the historical setting of the World System approach this evolution is logical. After the violent adaptation of the periphery to the needs of the centre during the era of colonialism, followed the phase when costly brutal force has no longer been necessary to extract profits, but a skewed market mechanism (which is *decisively different* from the textbook market) has been sufficient to (dis)advantage certain participants. This change, called "de-colonialisation", nevertheless brought about the desire to redress the biased international economy: the strife for a NIEO, and for changes of the old order in general. But the new ties of economic dependency have proved strong enough to block requests for change, and – during the crisis of the 1980s a drastic increase in PC-dependence occurred, setting the stage for the possible evolution of the "neo-Listian" system.

These tendencies are especially visible in the field of international finance, where they are triggered by the problem of Third World indebtment. But they are also visible in the field of trade, although to a much lesser degree. Taken together, however, a great potential danger for the periphery emerges. It must also be mentioned that a revival of colonial "gun boat diplomacy" – nowadays under labels such as "Rapid Deployment Forces" – had to be witnessed in the recent past.

This paper will analyse the trend towards "neo-Listianism" in the sense described above, also sketching briefly how it developed. It will centre on international finance, but it will also cite corroborating evidence from other fields, most notably raw materials. It should further be added that, while the described tendency is logical, it is not unavoidable.

II.

The debt-crisis gave rise to the idea of "co-operation" between private banks, Northern governments and international institutions, such as the IMF or the IBRD. This idea was most spectacularly presented by James A. Baker in Seoul, who advocated "a continued central role for the IMF, in conjunction with increased and more effective structural adjustment lending by the multilateral development banks (MDBs), both in support of the adoption by principal debtors of market-oriented policies for growth" (Baker 1985, p. 2). He made clear that this involves prominently supply-side actions, in other words the adoption of what passes as "economic policy" with the present administration. Baker's message, translated to plain English, boils down to the management of indebted economies from without, coupled with pressures to adopt certain policies favoured by the centre, such as liberalising imports and fostering foreign investment, and custom-made interference into each debtor's economic policy.

This idea as such is not totally new. As Hayter/Watson (1985, e.g. pp. 78 ff.) prove cooperation and support for private lenders have a long standing tradition within the Bank. As Hayter (1985, p. 1) points out, the Bank made its first loans to Chile only after the country reached accomodation on its pre-war debts with Northern creditors. The drive to rival the IMF as the globe's most important "administrator" of peripheral economies is relatively new. Initially "the IBRD was there to guarantee European borrowing in international (North American) markets; the *IMF was there to smooth the flow of repayments*" as the OECD describes the initial division of labour (OECD 1985, p. 140, emph. mine). The rejection of Keynes' proposals in Bretton Woods established a system favouring creditors as well as the institutions to protect the interests of the one big creditor after the War. After European reconstruction the Bank's field of operation shifted. Due to the peculiarities of international trade the IMF too became mostly involved in the periphery. As correctly analysed by Prebisch and Singer, PCs suffered from foreign exchange gaps, thus "qualifying" as the Fund's main clients. In parantheses it might be added that nowadays both the IBRD (e.g. 1987, p. 18) and the IMF (e.g. IMF Survey, July 13, 1987, p. 218) see relatively low GDP-elasticities of raw material consumption as an important factor depressing commodity prices – a conclusion already reached by Prebisch (1949, 1959) and Singer (1950) nearly four decades ago.

During the 1970s the role of multilateral institutions was comparatively restricted for two reasons: firstly, in the era of high liquidity, with bankers stuffing credits down their borrowers' throats, resort to the IMF was less needed. Strong political conditionality could be eschewed by turning to the willing private sector. Secondly, banks and governments were themselves more active in debt crises, as the cases of Pertamina, Peru or Zaire show. International banks tried to implement adjustment surveillance themselves. This, however, proved unpleasant and costly, demonstrating the advantages of the international public sector quite clearly to the banks.

Thus the role of the IMF was strengthened again in the 1980s, when – under different market conditions – banks were neither as eager to lend any longer, nor prepared for new costly and inefficient adventures. The IBRD was keen to rival the IMF as an international co-ordinator, having the advantage of a better reputation than the Fund, whose role in the periphery came increasingly under attack. Thus, the Bank wishes that its "role in regularly reviewing country policies and performances against the medium-term growth objectives should provide a basis for encouraging the flow of new lending into high priority sectors and investments" (IBRD 1985, pp. 146 f.). The Bank also stresses the importance of co-operation with the Fund as the "need for a coherent approach to policy issues and coordinated efforts to mobilize support for policy reform" (ibid.) is seen. It also stresses its "catalytic role" and its function in international capital flows. Consequently the Bank's activities shifted perceptibly from projects to structural adjustment loans, and programme lending in general. As the World Development Report clearly writes, structural adjustment loans depend both on the PC's "needs and on the progress it makes in meeting policy objectives" (IBRD 1985, p. 66). The Bank also offers its services as a coordinator of aid, in short: in the World Development Report 1985 the IBRD presents and markets itself as the ideal manager of the periphery. Most telling is perhaps that the Multilateral Investment Guarantee Agency (MIGA) was initially "envisaged (as) a facility closely linked to the Bank and financed as well as *controlled by industrial countries* (BRD 1985, p. 132, emphasis mine).

The Bank is most enthusiastic about Baker's proposal – much more than both international banks and PCs, or even most Northern governments. This enthusiasm explains itself if one compares Baker's wording with that of the Bank, and takes his advocating international supervisison by the IMF and multilateral development banks into account. Baker expressly stated that countries unwilling to co-operate with the international financial institutions or not prepared to restructure their economic policies according to the wishes of the US would not get further credits, they "cannot expect to benefit from this three-point-program. Additional lending will not occur. Efforts by any country to 'go it alone' are likely to seriously damage its prospects for future growth" (Baker 1985, p. 3).

The IBRD's International Relations Department has recently published a paper on policy reform that mirrors the present administration's view. The Department states that "in the end, the *Bank's support for sound economic policy is probably its most influential contribution to an enabling environment for business.* In some countries, the World Bank's economic analysis is the best analysis government officials have regarding their policy options, and *the Bank backs up its advice with loans in support of difficult policy reform".* This passage is followed by Recommandation 3, a short summary for the fast reader: "Governments should encourage private commercial enterprise, especially by producing a framework of sound economic policy, and also through the provision of infrastructure and *some forms of direct support"* (IRD 1987, p. 12, emph. added). Recommandation 5, finally, invites "Business leaders and private development agencies" to *"contribute to the formulation of policy reform and provide political support* for both the reform movement in Africa and increased development assistance from the donor nations" (IDR 1987, p. 15, emph. added). It is of special interest to note that the IBRD recommends subsidies to private foreign firms; it remains to be asked whether projects undertaken only because of such "direct support" are really useful and viable. Orthodox market economists would certainly have their doubts.

The need for "sound" economic policies is justified in the last World Development Report: "But the Bank also stresses the importance of the macroeconomic environment. It is increasingly being recognized that it is virtually impossible to have a good project in a bad policy environment. To improve the policy environment the Bank has supported efforts to adopt appropriate policies in a variety of areas." (IBRD 1987, p. 34) Logically, this argument would – if accepted – justify unlimited jurisdiction of the Bank, even in matters of monetary and exchange rate policies, which are (still) considered the field of the IMF.

It is no surprise that the basic need orientation of the McNamara years disappeared. No matter whether this orientation was genuine or merely rhetoric as some critics of the IBRD believe (cf. e.g. Hayter/Watson 1985, pp. 198 f.) the new emphases of the IBRD are different, and better in line with the role of a global bailiff, and attorney of the centre. It decries preferential treatment of PCs recommending reciprocity as fair (IBRD 1987, p. 87), and it advises PCs to open their markets even if the centre should become more restrictive than it presently is. In that case PCs should become more flexible: "The best response is flexibility – that is, the ability to shift resources rapidly from an export where sales are proving difficult to an export or import substitute where profit opportunities are now superior." (IBRD 1987, p. 150) In a world where investments cannot be changed at will and at once, this advice must lead to "bad" specialisation, especially in the case of countries with undiversified and unbalanced production structures (cf. Raffer 1987). Furthermore it may be safely assumed that importers can impose new barriers more quickly than exporting PCs might be able to switch to new products. The enormous costs of adjustment involved are not considered worth mentioning.

Reading recent IBRD publications, especially statements on solutions to international indebtment, it should be recalled that the IBRD saw malnutrition largely as a reflection of poverty in 1980: "... people do not have enough income for food" (IBRD 1980, p. 59). The efficiency of food subsidies was praised highly, as well as nutrition education – public expenditures that must be cut to service debts after 1982. The Bank's present views on austerity policies and adjustment highlight how well this institution has adapted to its new role in the global economy.

III.

Contrary to the Bank the Fund has been regarded as a debt collector by PCs for quite some time, as e.g. "IMF riots" document. Thus the debt crisis has not so much changed its role as increased its importance again. The Structural Adjustment Facility (SAF), introduced in March 1986 for poor countries, shows this gain in importance. It is the result of deliberations to concentrate multilateral institutions in lower income PCs, while PCs in higher income strata should rather rely on private sources. The fact that the SAF had once been considered as a joint facility of the Bank and the Fund might reflect some rivalry between the twins.

The conclusion of some members that predominantly structural balance of payments problems could be handled better by the IBRD (cf. UNCTAD 1987, p. 50, § 187) might be regarded as an additional indication in this direction. The SAF, however, has evolved as an especially well functioning example of Fund Bank co-operation and nourished fears of "concerted pressure" among PCs (cf. UNCTAD 1987, p. 43, § 153). According to the IMF the procedure is:

"An eligible member seeking to use SAF resources develops, with the assistance of both the Fund and the World Bank, a medium-term policy framework for a three-year adjustment program set out in a 'policy framework paper' (PFP). The PFP describes the macroeconomic and structural policy priorities and objectives as well as the structural reform and economic policy measures for the three year period; it also contains a more detailed description of the structural reforms and economic policies to be implemented in the first year. The PFP assesses the member's financial needs and possible sources of finance, including the SAF, the World Bank and its affiliates, and aid agencies.

The PFP is updated annually on a three-year rolling basis. It is reviewed by the Executive Board in the Fund and the Executive Directors of the World Bank in the Committee of the Whole. An additional role envisaged for the PFP is that it could serve as a basis to attract financial support from other sources, such as bilateral donors, within a coherent macroeconomic framework.

The first annual loan disbursement is made available following approval by the Fund's Executive Board of the three-year arrangement and the first annual arrangement thereunder. In requesting these arrangements, the member is expected to present a program based on the FPF, describing the specific objectives and policies during the three-year program and the first annual program. The second and third loan installments are made following Fund approval of annual arrangements for those years." (IMF Survey, Sept. 1987, supplement on the Fund, p. 15)

This quote speaks for itself. Performance during program years is, of course „monitored" by means of benchmarks, not all quantified. Financial benchmarks are usually specified on a quarterly basis and policy adjustments are introduced if deviations occur.

Quarterly checks might be surprisingly often for longer term adjustments (the SAF has a grace period of 5 1/2 years and is to be repaid during the following 4 1/2 years), and might lead to what C. G. Langoni (1985, p. 104) described as the "quarterly syndrome": in Brazil (not an SAF case) there was suspense every quarter whether the country would meet IMF criteria. Thus an environment of uncertainty was created according to Langoni, which fostered capital flight, speculation and reduction in domestic investment. Presumably because of such criticisms the Fund observes that "disbursements are not *directly* related to the observance of benchmarks" (IMF-Survey, Sept. 1987, p. 15, emph. added), which does not necessarily diminish uncertainty. Quarterly checks, it must be added, coincide so wonderfully with U.S. banks' accounting rules that one may be tempted to ask whether a change in U.S. banking laws might also lead to a stretching of periods between IMF-tests.

Apart from the SAF the Fund offers other ways of drawing on its resources, such as the Extended Fund (EFF), the Compensatory Financing (CFF) or Buffer Stock Financing Facilities (BSFF). Considering the unsuccessful attempts of the periphery to create either new sources of finance outside the traditional, Northern dominated institutions, or to reform these institutions – e.g. by softening conditionality – these facilities might gain in importance. The CFF easily substitutes schemes such as the EEC's STABEX, or the BSFF would be highly useful for commodity policies.

The Final Act of UNCTAD VII, in fact, contains the call for strengthening and improving the CFF – PCs demanded more favourable conditions too – as well as for an additional facility of the Fund, a demand that might finally receive more Northern support than the call for a globalisation of STABEX-schemes. The Final Act also cites the view that export earnings shortfalls were essentially a short term balance of payments problem outside UNCTAD's mandate.

The BSFF might become more interesting if the Common Fund Agreement should finally come into existence. The way the Common Fund as designed was a triumph of the North over the periphery's demands (cf. Raffer 1979), an example of successful defence against fundamental changes. In the meantime both the viability of existing International Commodity Agreements has been seriously impaired if not destroyed – the sugar agreement was revived in 1984 as a purely administrative arrangement without means for market intervention, the tin agreement collapsed in 1985 – and the probability of new agreements is practically zero (cf. Gilbert 1987). In the nine years following UNCTAD IV only one new price stabilising agreement, natural rubber in 1979, emerged (Macbean/Nguyen 1987, p. 581), the possible end of which has already been predicted (Gilbert 1987, p. 614). As the Common Fund is financially unable, even if operating technically, to assist in the creation of new agreements, countries wanting to establish a new agreement would have to look for finance. Judging from sources of finance presently available to PCs one may assume that the IMF's BSFF might have to be approached. According to the IMF (Survey, Sept. 1987, p. 12) PCs can draw on this facility for contributions" to an international buffer stock accepted as suitable by Fund; member expected to cooperate with Fund as in the case of compensatory financing". In other words, should PC-exporters muster enough initiative to start a new agreement, as encouraged by UNCTAD VII, they are quite likely to have to accept the IMF's conditions as a workable agreement would need sufficient financial backing.

Finally, the conditions of the Fund have become stricter, which might be interpreted as an reaction to its increasing importance. UNCTAD (1987, p. 51, § 195) wants a return to the pre-1982 (the Mexican crisis year) low-conditionality character, particularly of the CFF.

The Group of 24, reporting on the activities of the IMF (this report is printed in full in IMF Survey, Supplement on the Group of 24 Deputies' Report, August 19, 1987) criticised that "Fund lending has become so restrictive that it has unutilized ordinary resources on the order of SDR 30 billion", as well as increases in interest rates (§ 87). Performance criteria have proliferated in number and scope during the recent past, "under one pretext or another" as the Report (§ 58) puts it. During 1983 – 85 nearly 80 per cent of the arrangements contained, on average, more than 8 performance criteria, and sometimes as many as 14. Quite often they have been extended to microeconomic variables such as prices of specific products. The Group of 24 saw this proliferation as an intrusion into the sovereign authority of the member country (§ 58). The Report identifies stricter conditions in all spheres of IMF activities, and documents reductions in access limits. Attention is drawn to the fact that the Fund received net repayments in 1986 instead of supplying finance (§ 79). This evolution is certainly connected to its strict conditionality. The Report sees a danger of the Fund's becoming a mere debt collector (§ 91, § 95). It urges, the IMF to put "some distance between it and the commercial banks" (§ 95).

Finally the rise of increasing cross-conditionality between Bank and Fund is reproached (§§ 131 ff.; cf. also UNCTAD 1987, p. 43). The Report stated that all countries that had received a structural adjustment loan either already had, or were awaiting imminent approaval of a Fund stand-by or extended arrangement. The same was true for 30 of the 35 IBRD sector adjustment loans. Only three of all IBRD sector loans approved during fiscal years 1979 – 1985 were granted to countries where no IMF stabilisation programme was operating (UNCTAD 1987, p. 43, § 154). Concern about a further increase in conditionality, caused by collaboration of the Bretton Woods twins is expressed. UNCTAD (1987, p. 43, § 155) draws attention to "interdependent cross-conditionality", a situation where both institutions select the same variable, e.g. the exchange rate, as the key element in their respective programmes. Such close co-operation could eventually merge the Bretton Woods twins into one visible hand at the service of its majority-shareholders.

IV.

Are Bank and Fund efficient? Data about the balances of payments of PCs prove its efficiency. Between 1982 and 1985 the seven Latin American countries in the major Eurocurrency borrower category effected a cumulative negative net-transfer of $ 85 milliard (UNCTAD 1987, p. 4, § 11; cf. also Sunkel 1985, p. 17). According to the GATT (1985, p. 12) the 16 "heavily indebted countries" transferred about $ 30 milliard to the North. In 1985 their combined trade surplus, earned with decreasing imports and exports was "approximately $ 29 billion" (GATT 1986, p. 17). As "the entire burden of adjustment" is "put virtually ... on adjustment in the indebted countries" the GATT worries that reduced imports and exports "will prolong rather than resolve the debt crisis" (ibid., pp. 25 f.). Debt, however, is efficiently collected. The burden of real transfers 1982 – 85 was – measured in relation to GNP – historically unprecedented, viz. higher than Germany's burden after 1918, France's after the lost war in the 1870s, and higher than the percentage of Marshall Plan payments to U.S. GNP. Only expressed in percentages of foreign trade the U.S. transferred more via the Marshall Plan (Reisen 1985, p. 108).

Talking about debt collection it is also interesting to note that the concessional element in the IMF's ordinary charges declined substantially: "Compared with the SDR interest rate, the grant element in the rate of charge declined from a positive 21.35 per cent in 1982 to a negative 2.63 per cent in 1986. This development was primarily due to a substantial increase in the rate of remuneration paid to creditor countries, increases in reserve targets, and accounting by non-accrual methods. During this period the rate of charge remained at a high level even when market interest rates were steeply declining. The rate of remuneration, on the other hand, continued to increase on the basis of a preset formula." (IMF-Survey, August 10, 1987, p. 13, § 100)

Apart from debt collecting, opinions about the efficiency of IMF and IBRD are far from unanimous. It suffice to say that even a defender of the Fund, M. Goldstein (1986), contends in the IMF's Occasional Papers series that, depending on how one measures the effects of the IMF, markedly different results, both with regard to size and direction (!) of effects are obtained. Evidently, the Fund prefers methods rendering positive results. The IMF's managing director admitted recently in his ECOSOC address that: "Too often, in recent years, it is the poorest ... that have carried the heaviest burden of adjustment" (IMF Survey, June 29, 1987, p. 195), claiming, however, that the IMF "has given steadily greater attention to this aspects". In September 1987 the IMF Survey (Supplement on the Fund, p. 11) could already present the sole culprits: authorities in PCs, as the IMF "avoids involvement in discussions of microeconomic policy measures that are closely related to a country's social and political choices". Regarding the IBRD, Hayter (1985), Hayter/Watson (1985), Tetzlaff (1980, esp. pp. 438 ff.) or Bello/Kinley/Elison (1982) – to quote just a few sources critical of the Bank – provide enough material to doubt its efficiency in furthering development. Neither the Bank nor the Fund have raised their voices when private banks forced PC governments to guarantee retroactively debts incurred by private firms, thus socialising losses and making adjustment more difficult. The Bank prides itself for having no defaulting borrowers. To my knowledge it does not take similar pride in guaranteeing that failures caused by wrong assessments by its staff – should this occur – would not be a burden on the effected borrower. In such cases debt would increase because of supervision.

The support of Bank and IMF by its big shareholders is strong. The Venice summit of the seven most important industrialised countries gave full support to their institutions (their quotas of the IMF e.g. add up to 48.96 per cent of the total): "We support the central role of the IMF through its advice and financing and encourage closer cooperation between the IMF and the World Bank, especially in their structural adjustment lending." (IMF Survey, June 15, 1987, p. 189)

The support enjoyed by the twins became also apparent in a law-suit involving Costa Rican debt. In April 1984 the US Court of Appeals for the Second Circuit in New York upheld a lower court ruling in favour of three Costa Rican banks, dismissing claims by one member of a 39 bank syndicate that had declined to accept a rescheduling agreement reached by the other 38 banks, after the Costa Ricans had suspended payments under orders of their Central Bank. The court found that the actions of Costa Rica were "consistent with the law and policy of the United States", quoting a precedent involving the Canadian government in

1883, drawing analogies to U.S. bancruptcy laws, stating that the spirit of bancruptcy laws "is recognized by all civilized nations". In March 1985, however, after a rehearing, the same court reversed itself, explaining, that their first finding had been based of the assumption that "the legislative and executive branches of our Government fully supported Costa Rica's actions and all of the economic ramifications" (quoted from UNCTAD 1986, p. 142, Box 6). To the jurist it is interesting that the administration's policy, *not the law,* was recognised as important to the court. The "Executive Branch" had clearly told the judges that the US government supported "the debt resolution procedure that operates through the auspices of the International Monetary Fund (IMF)" (UNCTAD 1986, p. 142, Box 6). Thus inconsistency with the policy, apparently not with the law of the U.S. was the reason for reversing the earlier finding.

While the judiciary is established independent from government by all civilized nations to protect justice from interference by the executive branch, this court felt obliged to comply with the wishes of the administration – a practice not usual in domestic litigations. It illustrates the strong support of the present role of the IMF and the IBRD in the North.

V.

Similar tendencies can also be recognised in other fields, though possibly not as clearly. The Multifibre Agreements, calles "a worldwide system of managed trade in textiles and clothing" by the IBRD (1987, p. 136) is another field, where the North has united to defend its interest collectively. The MFA IV has extended coverage and plugged "leaks" which allowed imports to grow under the previous agreement, as the IBRD puts it. Trends to co-ordinate aid, as well as attempts to co-ordinate economic policies of major industrial countries also point towards neo-Listianism.

The Lome Conventions of the EC are an especially good illustration of the changes in the international environment. The first convention introduced unconditional financing of export shortfalls in the form of its Stabex scheme, which was – in spite of its limitations – a decisive step forward for the PC-signatories. It introduced a right to income stabilisation. Stabex -payments had to be effected if export earnings had declined. Lome II introduced its mine-system, Sysmin, which – in contrast to Stabex – was not automatic. Sysmin-money was cheap, but only available after the EC had approved projects and programmes presented by the PCs. High EC officials clearly expressed their views that Sysmin minerals were too important to grant an extension of Stabex. Thus Lome II introduced a means to intervene into important sectors of ACP-countries. Lome III finally, is characterised by the "Sysminisation" of the whole convention. Progressive rhetoric is combined with strong financial control by the Community, also over Stabex funds. The policy dialogue instituted by the new convention recalled IMF conditionality so much that considerable problems arose during the period of bargaining. Although it is possible that Lome III will be implemented in the spirit of co-operation, and without recourse to the leverage the EC now has, the means to bring pressure to bear are available and can be used.

While the future will show how EC-ACP relations actually develop, the existence of tools of interference as such is dangerous, especially if they are forged at a time of increasing dependence of the one side. While the trend emerging from the Lome conventions is dangerous, its coincidence with increased interference into the policies of PCs in the field of finance makes it clearly more hazardous.

Finally it seems necessary to stress that the evolution that the world system has actually taken, was not the only possible evolution. Clearly, the centre will always try to defend its privileged position and the international economic mechanisms that privilege it, but the tendencies to neo-Listianism, as described above, were not planned in advance. They evolved and their evolution can be explained logically within the world system approach. In the 1970s liquidity was high, not only because of OPEC as is often wrongly said, but also because of liquidity from other sources, while effective demand started to stagnate in the North. So banks were happy to place money in PCs at conditions they could never get in the North. Northern governments were happy about increased effective demand by PCs, which could be called a Keynesian-type support for the economies of the centre, given to them without costs to their budget, but with profits to their banks and export industries. PC-élites were – for various reasons – presumably also not unhappy about the inflows. In any case they used it to transfer substantial amounts of money to their private accounts. However, when US monetary policy and budget deficits made liquidity scarce, and export prices of PCs fell drastically banks were certainly motivated to lobby to protect their money. In contrast to the past, it is the banks' own money, not the money of a dispersed public that bought dubious bonds sold by banks for fees. Thus proposals to solve the problem of indebtment in the way generally accepted within the OCED, i.e. by international insolvency proceedings (cf. UNCTAD 1986; Raffer 1987a), have been rejected, and neo-Listian tendencies were reinforced. The backswing, after the attempts for a less biased world economy failed, was severe, and the emerging structures of collective global neo-colonialism are disturbing. They point towards a new stage of increased and refined dominance and exploitation of the South.

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NON-TARIFF PROTECTION AND EXPORTS OF DEVELOPING COUNTRIES

In recent years, the exports of developing countries (LDCs) have faced increasing barriers to entry into the markets of developed countries, as well as considerable obstacles in the markets of other developing countries. Nevertheless, they have appeared to stand up reasonably well to the vicissitudes of the international economic environment and of the international trading system in particular. However, while it may not be immediately apparent that the "new protectionism" has had adverse effects on the volume of trade, such effects are to be detected in the composition and pattern of trade. Should recent trends in protectionism not be halted, and indeed reversed, the signs are that the consequences for developing countries would worsen.

This article does not purport to add yet another comprehensive survey of non-tariff protection in north-south trade to an already impressive list of such surveys (2), but rather to point to a few salient features. It will be shown that the new forms of non-tariff protection, in addition to the distortions and uncertainties which they introduce into the trading environment generally, discriminate against LDCs both in their application and by their very nature. That the new round of multiliteral trade negotiations can and must provide the mechanism for reversing current protectionist trends and improving conditions of competition in international trade will be obvious. It is also in the evident self-interest of developing countries to participate actively in the negotiations (3).

Total world exports in 1986 stood at more than three-and-a-half times their 1973 level, while total world manufactured exports had more than quadrupled. Against this rising world trend, the LDCs had nearly doubled their share of manufactured exports by 1984 (from 6.9 per cent in 1973 to 12.9 per cent). However, their total exports peaked in 1980 (27.9 per cent of world exports), and by 1986 their share had fallen back to its 1973 level of some 19 per cent of world exports. Between 1983 and 1986 LDC manufactured exports also lost ground, falling from 12.9 per cent of world manufactured exports to 11.8 per cent (their 1983 level) (4).

While non-manufactured exports still account for the major part of LDC exports (60 per cent in 1986), the engine of LDC export growth has clearly been the growth in manufactured exports: the latter accounted for 22 per cent of total LDC exports in 1973, 31 per cent in 1984, and 40 per cent in 1986 (5). Furthermore, there is clear evidence that, as is the case with tariff escalation, non-tariff protection in developed-country markets falls increasingly heavily on the higher levels of processing (6). Attention will therefore be focused primarily on the manufacturing sector.