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THE BRANDT COMMISSION AND THE MULTINATIONALS

PLANETARY PERSPECTIVES

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ROUTLEDGE

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A programme for survival

North-South: A Programme for Survival began with an introduction by Willy Brandt, "A Plea for Change: Peace, Justice, Jobs," in which he developed the mutually reinforcing connections between peace, social justice, and employment and discussed how to shape attitudes to a new form of global cohabitation.[1] He asked how conflicting interests could be transformed to mutual ones. He suggested that peace through disarmament should be an instrument used against poverty. Military expenditure should be re-channeled to fight poverty and hunger and to pay for better health and education. He took a holistic view. More and more problems were affecting humankind as a whole, he argued. Increasingly, societies with different kinds of political regime shared problems. They needed to bridge sectoral knowledge systems that ranged from energy to ecology, from arms limitation to redistribution of employment, from microelectronics to "new scientific options which today are only faintly visible." Globally, people were coming to the same conclusion. The whole planet was involved in a desperate search for solutions to the same problems of energy shortage, urbanisation and environmental pollution, and the threat to human values of highly sophisticated technology. Globalisation of dangers and challenges – war, chaos, and self-destruction – called for a worldwide domestic policy way beyond parochial and national boundaries. With "worldwide domestic policy," Brandt referred to the German philosopher, physician, and peace researcher Carl Friedrich von Weizsäcker, who talked in 1963 about a need for a *Weltinnenpolitik*, a world domestic policy. Brandt did not go into the question of a world government, however.

The Cold War's existential threat had widened to an existential threat of poverty, environmental destruction, and resource exhaustion. The Brandt Report's Introduction is a visionary appeal that plays down the importance of traditional economic growth. It warns about resource exhaustion and environmental pollution, and argues for the need for global social justice, solidarity, and an ecological perspective. The text refers several times to the need for a new international order. Brandt developed a planetary perspective, as

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laid out in Chapter 1. In a society that seemed ever more fragmented, divided between nations and regions and between areas of special interest, Brandt tried to identify what the planet had in common. This attempt constituted the core of his commission's work. Its vision was what the planet held in common and its mutual interests.

The year before the Brandt Commission attempted to unify the North and South with *A Programme for Survival*, Jean-François Lyotard published his Quebec government-commissioned report on knowledge in the twentieth century, *La condition postmoderne*.[2] Postmodernity meant the end of meta narratives. Lyotard talked about enlightenment, idealism, historicism, and he wrote off modernity as teleological progress. No more could the whole of anything be completely understood. The whole was breaking down into separate language games in which specialists communicated with specialists and expert regimes competed for importance with other expert regimes. The whole was broken and fragmented. Now, the driving force was a new kind of information capitalism which increasingly dominated the exchange value of information to the detriment of its use value. Knowledge had become marketised.

Brandt struggled to be heard and understood at such a chaotic, crisis-riven time. Lyotard's analysis convinced many, and a search for the validity of his theory was undertaken in art, literature, architecture, history, and philosophy, where the term postmodern was increasingly taken up. However, others found the thesis insupportable and set about to disprove it. Where there was crisis and misunderstanding, they wanted sense and order. Of course, the emerging debate on postmodernity went beyond Lyotard's book. According to the zeitgeist, the language of modernity was erased by the language of postmodernity. Fragmentation was in the air. The Brandt Commission's goal was the recreation of a sense of planetary comprehensibility and wholeness, the "utopia" as Shridath Ramphal repeatedly called it. It attempted to introduce a kind of global Keynesianism. Modernisation 2.0. At the same time, the radical market liberals and the global corporations were looking at planetary comprehensibility and wholeness and coming to a similar-sounding conclusion. But their idea of a globalisation narrative and an image of planetary enterprise was a long way from the commission's. The market liberals saw Lyotard's problem of competing knowledge regimes and attempted to solve it by making their global trade regime into the regime of all regimes, regardless of the damage they inflicted on health, social standards, labour standards, and the environment, as we saw in Chapter 5. In the grand globalisation narrative, they ended up defying Lyotard's thesis. Of course, neither Brandt nor the radical market liberals reacted explicitly to Lyotard, but the problem he analysed was a background factor. Both Brandt and the radical market liberals looked for a narrative answer to the feelings of fragmentation.

After Brandt's Introduction to *A Programme for Survival* came seventeen chapters. The first described the commission's background and set the stage.

The economic crisis in the industrial North had widened the gap between rich and poor countries. *A Programme for Survival* argued that the North's political response to the crisis had failed on several fronts. It had not given any hope of an escape from poverty to the impoverished South. Nor had it reshaped the international economy to become more responsive to problems shared by both South and North. North/South dialogue had to be revitalised in order to overcome the differences and resolve the tension between self-interest and what Brandt would come to define as joined interests, or mutual interests. Many felt that the North/South debate meant the rich were being asked to make sacrifices for the South. The report rejected this view by arguing that the world was a fragile and interlocking interactive system of people, ecosystems, and resources. Historically, many societies had managed to settle their domestic conflicts by protecting the weak and promoting justice and solidarity. Now, this national model had to be reimagined in global terms. To solve global problems, the world had to find and define a sustainable future. If it failed to do so, it would destroy itself.[3] The chapter reiterated the arguments in Brandt's Introduction, but without exploring the consequences in terms of institutions and political organisation, such as a world government, for instance. World domestic politics remained a somewhat imprecise concept hovering somewhere over the horizon.

The stage-setting chapter accentuated a major structural problem that had to be overcome. Commodity producers wanted to add value to their products before they sold them. The value added gave them their profit. Developing countries exported mainly agricultural products and minerals with low added value. When they tried to create their own manufactured products through industrialisation, their exports were faced in rich countries with customs and other import restrictions. A related problem for less processed products was the significant price fluctuations they were subject to. Economic growth would close the gap between rich and poor people. However, growth brought with it environmental problems, so technology for clean growth had to be developed. Growth was also an instrument to increase employment in the South. The situation of high unemployment in the North could not be solved by saving key industries there from collapsing, but by structural rationalisation, i.e., by job creation through the creation of new industries and occupations, which would involve the creation of new technology. The obvious conclusion was to create employment in the South in the kind of manufacturing occupations that were disappearing in the North. With the transfer of jobs to the South, trade between North and South would grow and benefit both. Also, expanding employment in the South would increase purchasing power there, creating new markets which would benefit the North.[4] The model here was the Marshall Plan.

The following chapters of the report discussed various aspects of development and mutual interests. Development was a question of eliminating poverty by 2000, which was the goal the World Bank had previously set and the one generally talked about in the debate at the time. The instruments were economic growth and increased employment. However, the task had to be more than just raising the level of national income. Poverty was more than hunger. Together with a lack of housing, health, and education, it was entangled in dynamically reinforcing vicious circles. The extinction of poverty required a broad political approach. There was a "need for a new outlook" through which countries should strengthen their capacity to sustain development in these areas through structural transformation, in other words, through substantial public expenditure on welfare. Ultimately only purchase-generating employment could ensure development consistent with human dignity. Economic development needed to ensure human values and take account of cultural conditions. The transformation had to be undertaken by both North and South. This evoked Keynes and Marshall. The goal of a new international economic order needed "men and women with a new mentality and wider outlook to make it work."[5,6]

One working group within the commission explored how to help the poorest countries out of their dire situation. The poorest, or "least developed" countries as the UN jargon had it – those in which the average annual income was lower than $100 in 1970 – were concentrated in two areas: Africa between the Sahara and Lake Nyasa (today renamed Lake Malawi) and from a line linking Yemen and Afghanistan all the way east to southern and southeastern Asia. The working group suggested that the UN's definition of poverty should be elaborated and removed from a national framework to include particular regions within countries. In these belts of extreme poverty, often places without irrigation, afflicted by drought, flood, soil erosion, and desertification, inhabitants suffered from systemic malnutrition and disease. Through the commission, the working group proposed a program of structural and ecological change, involving water and soil management. Irrigation and efficient drainage would lead to greater yields and better crop rotation, as well as more intensive farming and the possibility of hydroelectric power. More research would be needed before more food could be grown. Through research, the 1960s' Green Revolution had spectacularly increased grain production, but it had only focused on areas where irrigation was available. Another problem in the poverty belts was that nine-tenths of people depended on firewood as their chief fuel and heating source. Unrestrained commercial exploitation and growing populations had led to soaring wood prices. The destruction of the forests accelerated soil erosion, increased severe flooding and desertification, and reduced soil fertility. Soaring prices and overexploitation also led to the use of manure as fuel, which, in turn, led to a loss of nutrients for agriculture, damaging soil structure and yields.[7]

The report featured several examples of vicious circles of this type. Recalling Myrdal's 1950s' argument (see Chapter 2), they served to show the extent to which problems hadn't been solved. The commission proposed increasing domestic food production in developing countries, although it was keen to emphasise that self-sufficiency was not necessarily the solution for everyone. The problem was that in the 1950s and 1960s, agriculture had often been neglected in favor of industrialisation, then thought to be the key to development. Investment in more efficient agriculture was better than food relief, and new models for sustainable and productive agriculture needed to be researched.[8]

Mutual interests

The idea of mutual interests was a cornerstone of the new international economic orderNIEO, and the commission's report took it up. The NIEO used the idea of mutual interests to reassure representatives of global wealth that it had no revolutionary intentions. Everyone would benefit if the demands of the new order were met. The representatives of capital thanked the NIEO for the idea but decided to give the concept of mutual interest a twist of their own by pointing out that if enterprises prospered, the interests of their employees would also be met. Prosperous multinational enterprises guaranteed employment. The possibility of their nationalisation, as desired by the NIEO, could not be in the interests of the Third World, or so argued the capitalists. But the truth, so the report suggested, was that a fairer global distribution of wealth would be in the interests of the rich. This argument translated demand-oriented nation-state Keynesianism to a global level. The concept of mutual interests permeated the report, but it remained a vaguely defined term that invited a wide variety of interpretations, as we will see.

The idea of mutuality had historical roots. When the European class system was still fluid, in the days before trade unions and labour parties, local and regional worker associations established mutual aid societies. In the 1870s, the mutualist ideology of a common good shared among lower social classes morphed into the ethos of the class struggle within the union movement. Mutual interests were embedded in a normative framework of solidarity and commitment to international social justice. The class struggle was an alternative expression of solidarity. The Third World also saw itself in a class struggle, as the modern successor to the historical working class in the industrial North. The formation of the Third World turned the class struggle into a global one.

There was in Brandt's outline ambiguity between the language of mutual interests from a Third World perspective and the trade-unionist self-understanding in the Third World. This ambiguity was not new. It reflected the tension between reformism and revolutionary action in the long history of social democracy and trade unionism.

The Brandt report gave the term mutuality particular twist connecting it to the NIEO. The argument about mutual interest was used to convince the rich that there was no revolutionary struggle going on. And indeed, revolution wasn't necessary if only the rich North would realise that its self-interest lay in a wealthy South. There had to be an end to the deprivation and suffering in the world, and it could not be accepted that in one part of it, most people live relatively comfortably while in another, they struggle for survival. "The 'haves' are rarely willing to relinquish their control and their resources and share them with the 'have-nots,'" the commission concluded. Still, not only a moral imperative obliged them to do so, but also their self-interest to prevent revolts or revolutions.[9] The NIEO had broadened the meaning of mutual interests from solidarity among the impoverished classes and nations to include capital interests, and the report connected to this argument. Capital interests defined mutual interests differently. The MNCs' argument that their employees did well if the MNCs did well took the sting out of the NIEO's attack with its opposite argument that the MNCs would do well if the poor would do well. Brandt tried to merge the oppositions opposition.

Instead of addressing the expanding global corporations the report described how a prosperous South could help the North out of its crisis. Interdependence, a key concept that supported the imagery of mutual interests, growth through opening markets in North and South and expanding world trade underpinned the report's idea of mutual interests. Massive transfers from North to South would pump-prime the world economy. Economic growth and increased employment in the South would trigger and sustain growth in the crisis-hit North through increasing demand. This interdependent mutuality drew on the Marshall Plan, as mentioned above. Transfers of technology for energy production in the South, like solar energy, would increase know-how and production capacity. Oil was the critical point. Global international cooperation to curb oil consumption and substitute it with alternatives would lead to equitable distribution of energy at predictable prices. Another area of mutual interest was protection against environmental pollution and waste. The biosphere was a common heritage that had to be preserved through cooperation.

World population, labour migration, environment, and disarmament

There was much to be positive about the exploitation of technology for the benefit of the environment and humankind alike, but problems arose when rapid population growth was considered. The growth rate had narrowly slowed down, not least because of China's drastic one-child policy, but still, by 2000, the global population was predicted to be between 6 and 6.5 billion. So, the commission argued for more general population programs. It was well aware that development was an intrinsically crucial factor in reducing birth rates. The large-scale international migration of unskilled and semi-skilled labour and professional human resources from poor to rich countries reflected global imbalances in birth rates, income, and employment opportunities. Both supply and demand factors were at work. Much of the demand was structural and came from industries unable to attract or retain domestic labour. Labour migration highlighted the problem of social dumping. At the time of the report there were around 20 million migrant workers globally, of which about 12 million came from developing countries. About 6 million were in the USA, most of them from Mexico, and many illegally. About 5 million were in Western Europe, almost half from Algeria, Morocco, Tunisia, Turkey, and Yugoslavia. South Africa attracted 400,000 mine workers from Botswana, Mozambique, Swaziland, and Lesotho. There was also labour migration within Eastern Europe, Latin America, and West Africa. And then there was the brain drain. Four hundred thousand physicians, surgeons, engineers, scientists, and other skilled people moved from developing to developed countries, mainly from India, Pakistan, the Philippines, and Sri Lanka to the USA, Canada, and Britain. The International Labour Organization (ILO) had formulated norms and standards for the fundamental rights of migrant workers, but the long-term goal was to understand the principles that guided international migration. The commission was aware that, in this regard, it had a long way to go.[10]

Population growth meant pressure on resources and the environment. The biological systems of the world were showing signs of strain. The catch from ocean fishing had levelled off, despite great improvements in modern fishing fleets, or because of them. The report also referred to issues of depletion in farming, water supply, and forestry, and condemned the excessive emissions of carbon dioxide that were caused by burning fossil fuels, "a process which threatens to warm up the atmosphere and could produce climatic change with potentially catastrophic consequences." Overtaxing of the environment, such as in deforestation, affected the ecosystem of the earth. The forests that covered around 20 percent of the earth's land area were crucial to the soils' stability and the survival of innumerable animal species and billions of humans. They also absorbed carbon dioxide. In the Third World, the demand for firewood, farmland, and increased exports of forest products to industrial countries caused the deforestation of eleven million hectares annually, an area equivalent to half of the United Kingdom.[11]

The report referred to the need to protect the environment from overexploitation and pollution, which had been awakened by the UN conference on the human environment in Stockholm in 1972, when it stated, "It can no longer be argued that the protection of the environment is an obstacle to development. On the contrary, the care of the natural environment is an essential aspect of development."[12] The report acknowledged that there was much resistance to the idea and a temptation to let industrial competition lower environmental standards. There was a need for global harmonisation. The commission argued for the establishment of international ecological regimes. To prevent irreversible ecological damage, the commission urged international management of the atmosphere and other global commons. In this context, it suggested the creation of an International Seabed Authority. Because the responsibility for research and pollution within the "exclusive economic zones," or within 200 miles of the world's coastlines, would not be part of international codes and practices, only the most remote parts of the sea would be under its jurisdiction. But still, ocean resources outside of the 200 miles zone should be developed "under international rules in the balanced interest of the whole world community."[13]

On this point, the report's vision coincided with the debate on the common heritage of humankind which had been happening in international law since the 1950s and which covered two areas: mankind's common cultural and natural resource heritages. Even earlier, the debate goes back to Kant's idea in *Perpetual Peace,* where he sees a human right to hospitality through the notion of the earth's surface belonging to all humans in common. The current debate took place within the UN framework where, like the Brandt Commission, the transformation of the philosophical arguments into law challenged many well-established principles about and treaties on sovereignty, acquisition, territorial control, equality, and resource allocation. Focusing on oceans and outer space, the nation-states' role in international law was relativised but it was never transcended.[14] The idea that all nations would agree was at best theoretical. In practice, southern interest in the global commons was split. Furthermore, as we saw in Chapter 7, some southern countries sided with the North while others didn't.[15]

The energy question was closely related to the environmental question. It was estimated that the world's oil resources would come to an end within a few decades. Oil as an energy source and motor of the global economy had to be replaced by hydropower and solar power, though nuclear energy and coal would be needed during the transitional period. The risks involved with nuclear energy were clear but, given the situation, manageable. There might be a possibility of harnessing fusion energy in the next century. The desirability of renewable energy sources as the long-term solution was evident to the commission, but references to the climate problem were not very prominent. Instead, the issue at stake was the finite and limited availability of the world's existing resources. A significant problem was the uneven per capita energy consumption, which, between industrialised, middle-income and low-income developing countries, ran at a ratio of 100:10:1. The commission invested hope in solar energy as a means for developing countries to catch up. The urgency was evident. The transition to sources of energy other than oil needed to take place "in an uncomfortably near future":

> Ultimately the human community must rely on inexhaustible energy sources; solar in the broadest sense, which includes biomass, wind, and tides; new forms of nuclear energy [fusion]; supplementing hydroelectric and geothermal sources. But for the rest of this century, oil, natural gas, and other exhaustible sources of energy – particularly coal – must meet most of the additional needs.[16]

For political action to kick in, it was imperative that the commission state that there was a time limit of twenty years, which would conveniently see 2000 as the deadline. It was hoped that the turn of the millennium, with all its symbolic power, was close enough to promote action, but far enough away to provide time for detailed consideration. With this timeline in mind, the commission proposed that a global energy research centre under UN auspices should be established to provide a forum for information, research, and projections. In particular, it should research renewable energy sources.

About disarmament, another crucial field of analysis, the report argued for the rerouting of military spending into development investment. The world's total annual armament expenditure was $450B, of which the United States and the Soviet Union spent more than half. By comparison, annual spending on official development aid was $20B. There was not only an economic argument but a moral one. The World Health Organization's program to abolish malaria was short of funds. The estimated total cost was $450m, i.e., a thousandth of the world's military expenditure.[17] While the prevention of nuclear war remained the most urgent task, conventional, non-nuclear weapons accounted for 80 percent of all arms spending. The North's conventional weapons sales to the South represented 70 percent of all arms exports. In the early 1970s, with a recession in the arms industry after the end of the Vietnam War, the drive to sell weapons to the Third World intensified. The commission referred to various proposals for taxes on military expenditures and suggested a tax on the arms trade at a rate higher than that on other commodities. It considered the point that such a tax would in some sense "legitimize" the arms trade but, nevertheless, decided that making military expenditure and the export of arms a new source of international taxation was worth the risk.

Furthermore, a conversion of military to civil production could allow unpaid bills for health, transport, and urban renewal to be met. The report also emphasised the need for a more comprehensive understanding of security beyond the purely military aspect. A huge build-up of weapons cannot achieve real security, which can only be reached "… by providing basic conditions for peaceful relations between nations", such as social justice and the eradication of hunger.[18]

Development and resources

The commission wanted to go beyond the established pattern of the development debate with its focus on resource transfers from the North to the South, and instead emphasise the political responsibility of the South to use its new resources for domestic redistribution. This proposal was a concession to Peter Peterson in the commission and the external critics of development aid. It would be up to the southern governments to shift from mass poverty to mass consumption. New institutions and policies, such as an efficient tax system, would be required. The black economy and an informal sector of workers who derived meagre incomes from "a myriad of small-scale activities" in repairs, manufacturing, construction, trade, and catering etc, had to be wound down, and those workers redeployed in jobs with stable incomes capable of sustaining mass demand. Governments needed to help this transformation by providing easier access to credit and training to upgrade skills. They must also encourage larger firms to subcontract and the public sector to spend, all of which would provide new demand. As well as the tax system, planning and economic management needed to be more efficient. Cost-benefit analyses should be introduced for public spending. The perspective was Keynesian. The strategy was to grow demand through the redistribution of yields. However, southern industrialisation should not simply reiterate northern industrialisation or use outdated, generation-old technology palmed off by the North. The South needed technology as sophisticated as that used in the North to assure resource sustainability and environmental protection. Governments also had to support redistribution by initiating education, health, housing, and water supply programs. But development and modernity didn't only mean urbanisation and industrialisation. It also meant making agriculture more efficient. Regional cooperation would reinforce and sustain development in the South. There would be a trilateral arrangement in which the crisis-hit North would provide technological know-how, while oil-producing countries that found themselves with capital surplus would deliver capital for investment. Meanwhile, southern oil-producing countries would supplement and, in some cases, take over transfers of capital to impoverished, southern, oil-less countries. The recycling/redirecting of petrodollars towards investments in the developing countries was a core idea of the Brandt Report providing a redistributive perspective although different from the Keynesian standard instrument taxation. The report did not mention taxation of the multinationals. The backdrop of the peaking oil prices was obvious at the same time as it is difficult not to hear the silence of the global corporations in the report. The model was a triangulation of the Marshall Plan, in which the United States had promoted economic cooperation in post-war Europe to boost its economy which had led to demand for American goods in a mutually reinforcing dynamic.[19]

The commission also recommended regional support for the idea that the South should be better positioned in world trade. Currently they suffered because their share of the trade in processed goods was much smaller than their share of trade in raw materials, and raw materials had a much smaller profit margin and suffered higher price fluctuations. The higher the degree of processing, the higher the profit margin, and the lower the price fluctuation. The phenomenon was well known and, since the 1950s, had underpinned a lively debate on terms of trade. The commission envisaged developing countries processing more, and then cooperating among themselves to develop a large-scale manufacturing industry. As to price stability, the commission supported a common fund, and an integrated program for commodities, both of which had been adopted by developing countries in 1976 in Nairobi at UNCTAD IV, with the intention of implementing the resolution by 1979. That integrated program aimed at better terms of trade through growing export incomes from plantation products and minerals.[20] The implicit idea was that developing countries should create resources for industrialisation through growing export incomes. However, UNCTAD plan had fizzled out by the time the commission wrote its report. The aim was to reactivate it. The fund would finance buffer stocks and other price stabilising measures.[21]

The United Nations Industrial Development Organisation (UNIDO) was founded in 1966, and, in 1975, adopted the Lima declaration at a conference, which declared that by 2000, taken globally, developing countries should increase their industrial output by 25 percent. The goal meant that they needed to maintain an annual rate of industrial growth five percentage points higher than the rest of the world, which would not be possible unless they were helped, not hindered, by the developed countries. The target required that prevailing protectionism give way to market opening. But, according to northern unions, market opening in the North would in the South exploit a weak and disorganised labour force, which in turn would risk reducing standards and wages in the North.[22] In the commission, Olof Palme was most vocal in insisting that market opening should only happen in combination with a guarantee of social standard maintenance in developed countries and that measures also be taken against multinationals to prevent them exploiting cheap labour in developing countries.

The commission saw the potential in increasing processing in developing countries. However, it warned against overexploitation of natural resources. General exhaustion of natural resources was expected soon after 2000, according to a report by Wassily Leontief that the United Nation published in 1977 (see Chapter 4).[23] The trouble was, economic growth depended on these resources, and growth was a guiding principle in the report. So it argued that the pace and pattern of economic expansion since the nineteenth century could not "be extended indefinitely." Traditionally, mineral exploitation in developing countries had been dominated by international mining companies that provided capital, technical knowledge, and marketing facilities, but this pattern of exploration and exploitation by the rich countries broke down in the 1970s when Third World concession agreements were challenged by the South and became unstable. Nationalisation and renegotiation enforced by the developing countries eroded what the exploiters considered their contractual rights. These events were central to the development of the NIEO's demands. Developing countries asserted sovereignty over their natural resources and were reluctant to sign far-reaching concession agreements. In the wake of the crisis in the 1970s, slack demand and low prices exacerbated the situation. The commission recommended that developing countries had greater participation in the processing, marketing, and distribution of their own products, and new financial arrangements must be put in place to assure this. Furthermore, an urgent measure was needed to stabilise commodity prices at profitable levels.[24]

A global monetary and financial order

In the report, monetary and financial flows were seen as mirroring commodity flows. Predictability depended on currency exchange rates being as fixed as possible, with rules for orderly adjustment as necessary. In 1971, that predictability became a thing of the past when the dollar was unpegged from gold, and in 1973, all exchange rates in the Bretton Woods system floated free. In the North, when key industries collapsed, the structural side of the crisis and soaring oil prices had a monetary impact that reinforced uncertainty and growing unpredictability. The commission proposed the drastic solution of demonetisation. Even strong currencies, such as the German mark, the Japanese yen, and the Swiss franc, were not strong enough to replace the dollar. So, the commission proposed a system of special drawing rights (SDRs), which would serve as a reserve asset to guarantee liquidity according to demand, while avoiding inflationary pressures. The system could be managed by organising an adjustment process around a central clearing house in which both deficit and surplus countries would have to adjust their policies to achieve balance. This solution was very similar to Keynes' bancor proposal at Bretton Woods. He argued for the need for a global clearing centre that would deal with the monetary dimension of financial transfers by balancing surpluses and deficits using a global currency called bancor. However, it lost out to the gold standard and dollar solution. In other words, according to Keynes, deficit countries were not seen as the only ones responsible for the imbalance and shouldn't be forced into austerity. Surplus countries needed to achieve balance by increasing imports from deficit countries, while deficit countries would receive export opportunities or investments. The World Development Fund (WDF) managing the SDRs system would, for instance, encourage surplus countries to make long-term loans to deficit countries, in particular to developing countries, rather than consuming them domestically. The WDF would diminish the World Bank's role, although McNamara had only wanted the commission to offer proposals for its reform. The WDF would be an instrument to raise capital and to meet the NIEO's demands for greater Third World influence in the financing of development.

The WDF was an alternative to the IMF ("the Fund") which had been criticised for rigorous borrowing conditions that had forced developing countries to turn for loans to more expensive private banks. These conditions, it was felt, went beyond the Fund's legitimate interest in ensuring the return of its money. The conditions assumed that balance of payment problems resulted from excessive domestic demand and were best solved by balancing the budget and curbing the money supply. The Fund neglected to consider external factors such as price changes in oil, grains, capital goods, or more generally the terms of trade, slackening economic activity, and decreasing demand.[25]

A new international monetary system should have a more pluralistic and global basis than Bretton Woods, the report said. No single country or group of countries should play a predominant role in it. Naturally, the Third World, along with China and the countries in the Soviet system, should be part of it, and a "broad-based leadership" should be established to manage the system in a way that protected the interests of all its members. Unlike in the IMF, influence should not be entirely based on shareholding.

Up to this point, most official offers of bilateral or multilateral assistance dealt with specific investment projects: dams, power stations, railways, roads, industrial projects, or individual rural development schemes. It was rare that lending would support an entire nation's development, or an entire suite of projects, or, through development, tackle the problems of low savings and fluctuating tax yield. The Pearson Commission had emphasised the problem, but nothing had subsequently happened. There was also a lack of support for trading exports through credits, particularly capital goods, and little history of the backing of economic integration of developing countries. Another shortcoming was the availability of finance for commodity price stabilisation, which was a growing problem considering increasing fluctuations in prices and exchange rates. Keynes had identified this problem in Bretton Woods and had proposed an international institution to supplement the World Bank and the IMF. His idea for an Institute for Commodity Control would stabilise commodity prices, but it was never taken up until the Brandt Commission revived the idea.[26]

Better-off developing countries had overcome several of these problems by using credits from commercial banks, but such loans were expensive. By 1980, commercial banks were responsible for 40 percent of developing countries' debt, compared to 17 percent ten years earlier. Although the debt-servicing record of developing countries had been generally excellent, the commission concluded that there would be payment failures in the future, and thus accurately predicted the situation that developed a couple of years later.[27]

Very poor countries had been unable to raise much money on commercial terms. Assistance or aid was their principal source of finance. The commission reminded the world of its 0.7 percent goal, made through the United Nation in 1970. In 1978, on average, OECD countries gave only 0.35 percent of their national income towards development aid.

The declining aid situation was a motivating factor behind the commission's spectacular proposal to generate officially agreed aid through an international tax system that would be based on the progressive idea that the richest countries would make the biggest contributions. A levy should be placed on items the commission tentatively listed: international trade; the arms trade; international investments; hydrocarbons and exhaustible minerals; durable luxury goods; military spending; energy consumption; internationally traded crude oil; international air travel and freight transport; and the use of "international commons" (which included ocean fishing; offshore oil and gas mined more than 200 sea miles from shore; sea-bed mining; the use of space orbits; and radio and telecommunication frequencies and channels).

The yield would vary widely from $250m from a 1-percent levy on international passenger and freight transport to $7B from a 0.5 percent levy on international trade. The tax had to be universal with all countries sharing the burden. However, there was nothing about taxing the profits of global corporations in the report. Probably the commissioners didn't perceive or take into account their radically global nature because they judged them to be subject to taxation in whichever industrialised nation they were nominally based, in the USA, Europe or Japan. The commission did not underestimate the critical reactions the proposal would receive, but concluded that "those who argue that the concept of international taxation is unrealistic in the light of public opinion should recall that the same was said about national income tax in nearly all western countries a century ago."[28]

Despite doubts or objections to new financial institutions by McNamara and commissioners Peterson and Graham, the report was unanimous in its support of the WDF as an institution to channel tax incomes. The World Bank and the IMF were insufficient for financial flow requirements. Anyway, those old Bretton Woods pillars needed to be reformed, decentralised, and embrace more influence by the Third World:

> We wish to make it clear … that the proposal for a new institution is not an alternative to the reform and restructuring of existing institutions. On the contrary, it could be a catalyst for change in the entire system of development finance. In putting forward this option it is not our intention to suggest an institution that will overlap, much less work at cross-purposes, with existing ones; rather it is intended to complement and complete the existing structure. Indeed, the logic of a new system of universal and automatic revenues for world development points towards an institution established by all countries – West, East and South – and which can serve as a channel for such revenues.[29]

The vision of massive transfers of knowhow and resources from the North to the South through universal taxation and redistribution of finance through a new WDF, supported by the reformed World Bank and IMF, and implemented through a new world currency, the SDRs, had a Keynesian stamp. And as a historical point of reference, there was the Marshall Plan, in which the mutually reinforcing dynamics between the United States and the West European economies after 1945 transformed into the mutually reinforcing dynamics between the North and the South, the developed and developing countries.

The vision and the implementation

The dynamics were built on economic growth. However, the commission made clear that the growth had to adjust to environmental pollution, the risks of ecological collapse, and the probability of resource exhaustion in a few decades, particularly concerning oil. Although the link was indicated rather than elaborated, it set the idea of development on a new track, later to be called planetary sustainability as we will see in Chapter 10. Besides the idea of Keynesian global redistribution, the clear connection between economics and ecology gave the report its planetary dimension. The action-oriented vision was systematically built throughout the report on a strong empirical basis established through a critical analysis of prevailing institutions, customs, and trends. The vision was no pipe dream.

It had emerged slowly through hard work, as the previous chapter demonstrated. The commission was very aware of how difficult it had been to find a common view:

> We were conscious, throughout our discussion, that many negotiations … had ended in stalemate, although there had been progress on specific fronts to a greater or smaller degree. What was missing as we saw it was a sense of purpose, a feeling of urgency, an appreciation of priorities, an understanding of common interests and the political will to achieve concrete results in at least some areas. How can these be injected into the dialogue among nations?[30]

With this self-reflection on its patience, the commission saw itself as a model for the negotiations the implementation of its proposals would require:

> There is no alternative to dialogue itself and to further negotiation. The task will be to bring about a genuine and meaningful exchange. We felt that if this is to happen, it cannot be on the basis of well-worn rhetorical technical positions. Political commitment and statesmanship have to take over in a process where the world's leaders give their mind to the central issue.[31]

The report did not say much more specifically about the political implementation of its vision but referred rather to an ethics of responsibility and a universality principle. The proposed framework was the UN system, which had to be strengthened and made more efficient, with greater coordination of budgets, programs, and personal policies, to avoid duplication of tasks and wasteful overlapping. The report reflected on problems caused by division within interest groups like the G77 and the G7. Negotiation towards a common position within these groups was so hard that, once a position had been agreed, it was difficult to move members away from it when they negotiated with other interest groups. There was a need to review this system to see whether more flexible, expeditious, and result-orientated procedures could be introduced without detracting from cooperation within established groups. Increased attention should be paid to educating public opinion and the younger generation about the importance of international cooperation. The occasional use of limited summit meetings should be considered to advance the cause of consensus and change.[32]

The vision was aimed at 2000, two decades away. This was long enough to provide scope for more precise reflection and operationalisation of the agenda, but also long enough to induce procrastination. Reacting to the latter point, the commission proposed that an emergency program be implemented by 1985: large-scale transfer of resources to developing countries (which was the most urgent objective), an international energy strategy, a global food program, and the launch of some major reforms in the international economic system.

The commissioners could not do much more than make their recommendations and try to persuade people to their side by the power of their words and the personal sway they had. A summit was proposed, to take place around a year after the report's publication, in which about twenty-five world leaders would consider how to implement the vision. They should represent both industrialised and developing nations to ensure fair representation for all and enable "initiatives and concessions to be thrashed out with candor and boldness." The commission recognised that they could not represent those who weren't present, but they could change the international climate and improve prospects for a global agreement. The summit would set a new agenda and a new focus on current global problems and their solutions. It should provide guidelines and a new impetus for future negotiations and launch ideas for a global economic recovery program.[33] However, it was agreed that they should concentrate mainly on the emergency program and the immediate action it called for. Further work on long-term goals could be undertaken later. Having established their priority, it was the commission itself, and no outside force, that downgraded the long-term perspective that it had worked so hard to define in the Introduction to its report. On the other hand, urgent, practical steps had to be taken immediately and procrastination avoided.

A programme for survival of who?

The Brandt report wanted to bridge the gap between North and South by responding positively to the South's demand for a new international economic order. To what extent did the report find solutions to the task? To what extent did it design a new economic world order? To what extent did it try to transcend the prevailing economic order that had been created in response to the Great Depression and the subsequent world war?

A contemporary critical reviewer, Australian development and environment economist Herb Thompson, hit a nerve when he asked whether the report's title, *A Programme for Survival*, dealt with the survival of capitalism or the survival of humanity from a planetary perspective. He did not see the report as an attempt to contain but rather to consolidate global capitalism.[34] The report's brief was huge, so its conclusions were necessarily open to multiple interpretations. In its defence, one can see 1960s, socially-embedded, Keynesian welfare capitalism both in terms of its containment and consolidation of capitalism. The report's proposals relied on sustaining demand globally and promoting an expansion of world trade sufficient to prevent the spread of deflation, balance of payment difficulties, and Third World bankruptcy. The goal required both the control and consolidation of capitalism but did not depend on its pre-eminence.

This is how the commission stated the urgency of its case for global financial and monetary equilibrium:

> We see advanced industrial countries amid their worst recession since the end of the Second World War. Productive capacity is under-used to the extent of at least \$200B in terms of annual potential output … Simultaneously, the current account deficit of developing countries, which amounted to \$21B in 1977, rose to \$60B in 1980. The coexistence of the great needs in the South and the under-used capacity in the North suggests the scope for large-scale transfer of resources based on mutuality of interests … [T]he international capital market and the private commercial banks, in the absence of intermediation by public institutions, can no longer be counted on to conduct the recycling process unassisted. It becomes a matter of urgency that positive measures be taken by governments and international institutions to ensure that the surplus funds are re-lent to borrowers who are willing to spend them.[35]

In this, the commission was justifying its idea of a WDF. In 1980, a dozen countries ran a current account surplus of over \$120B, while about 125 countries were financing debts. The situation had developed a new vocabulary to describe floating exchange rates. They could be fluctuating, fixed, adjusted, variable, official, free, black market, grey market, parallel, tourist, multiple, disorderly, etc. Set against a variety of practices and rules, there were: variable reserve deposits, import quotas, price discrimination, dumping, trigger price mechanisms, tariffs, and bilateral arrangements.[36] To this confusion, the report wanted to bring Keynesian order through the WDF.

The WDF was the crowning glory of the report. After the Southern Commissioners had silently accepted to omit the MNCs from the report, the WDF was a must. If not, the scepticism that preceded the commission would recur. The MNCs and the WDF were the commission's strategic take and give compromise under the mutual understanding that the goal was not to abolish capitalism but to save it.

However, in any attempt to establish world Keynesianism, the immediate issue at stake must surely have been gaining political control over global corporations, which, for a decade now, had been breaking free of their national limitations. It is astonishing, as Palme argued in London when the report was being finalised, how little attention was paid to them. They were crucial to the whole complex issue of social dumping and global free trade, as Palme reminded everyone. In this field, global corporations were key players. They represented a concentration of capital on a global scale foreseen by neither of the two chief and opposing theorists, neither Keynes nor Milton Friedman. They undercut national governments' ability to control development through fiscal, monetary and tax policies, and trade and investment programs.[37] The question was how and what political control could be established at a global level. The WDF was not designed for this task. It circumvented the corporations, too. But in order for the commission to operate without insuperable friction and without the emergence of uncompromising cliques – indeed, for it to start its work at all – the existence and threat of global corporations had to be played down.

Although the report proposed codes of behaviour for global corporations and stressed governments' right to nationalise them (if they applied compensation rules as laid out in international law), the commission largely circumvented the issue. The proposed codes of conduct would be subject to negotiation in the UN Commission on Transnational Corporations and, anyway, did not properly address the power of the corporations and how they could be monitored. The only clarity was around how developing countries should behave if they wanted to nationalise corporate property. The codes by no means rebalanced the inequality that existed within global power relationships. Because the industrial North was in such a state of crisis, it was impossible to confront global corporations. No government wanted to tinker with the only functioning part of their economy. Indeed, they were praying that it would be the corporations who would get them out of the crisis.

Global corporations brought technology and capital to developing countries and took raw materials and profits in return. In the 1960s and 1970s, they increasingly formed the backbone of the global economy. No political debate on them was complete without a heated consideration of their advantages and disadvantages, and they were often the centre of controversy, as we saw in Chapter 3. They became a symbol of uneven market power. Developing countries provided raw materials which the MNCs and TNCs, the transnational companies, removed for processing and marketing, which was where the profits lay. The MNCs' political heft and commercial power reinforced each other. As the global economy's major actors, they controlled between a third and a quarter of global production and were particularly active in processing and marketing. Their foreign direct investment went to a limited number of developing countries – those with political stability and attractive economic conditions, such as tax incentives, extensive markets, cheap labour, and easy access to oil, minerals, and plantations. They invested in extraction but also exploited tax havens. The Bahamas, Barbados, Bermuda, The Cayman Islands, The Netherlands Antilles, and Panama were on the UN's list of developing countries offering tax haven. As we saw above in the previous chapter, Olof Palme complained when the work on the report was about to come to an end that "next to nothing" was said about the MNCs in the report, though he said it without hope that the silence would end. A major NIEO goal failed to form a significant part of the report from which, under the cloak of mutual interests, the multinationals disappeared.

The archival sources of the commission are silent about why the MNCs were not more prominent in the work on the report. There was no systematic reflection on them. One must understand the silence against the backdrop of the Northern crisis, triggered by the oil price shock but with deeper causes. It was a structural crisis with the collapse of the Fordist production regime and its key industries. In this situation, few in the North were interested in confronting what described itself as a dynamic and vigorous new kind of industry representing the future. The critique against them vanished under the emerging radical market discourse from the McCracken Report onwards. The multinationals disappeared from the public debate with the vanishing critique. Any attempt to connect to the NIEO confrontation of the MNCs making them visible again had split the commission. There emerged what seems like a silent understanding among the commissioners, but for Palme's sarcastic comments on the MNCs, not to identify with the NIEO on this point. The more important the connection became on other points, like the WDF.

However, the report did state that the international regime framing the MNCs' and TNCs' activities should allow developing countries to benefit from direct investment. International codes and guidelines should guide national legislation that regulated the activities of the MNCs and TNCs. These codes dealt with ethical behaviour, disclosure of information, restrictive business practices, cartels, and labour standards. Governments should cooperate in their tax policies to monitor transfer pricing within the corporations and eliminate tax-havens. Incentivising fiscal policies towards foreign investment needed to be harmonised among developing countries. The commission endorsed the NIEO's demand that permanent sovereignty over natural resources is every country's right. Like the NIEO, it also stressed that nationalisation had to be accompanied by appropriate compensation under internationally comparable principles embodied in national laws. Increasing use should be made of international mechanisms for settling disputes. The report mentioned multilateral arbitration bodies in addition, or as an alternative, to national tribunals.[38] But multinational arbitration panels allowed representatives of corporate interests to play judge in reconciliation proceedings, a fact that the report did not identify as a problem.

The silence around the multinationals was the report's greatest flaw. The most important component was missing. Certainly, none of the commissioners (with the possible exception of Peterson) wished to see capitalism as preeminent; there was a shared understanding of its stabilisation and rescue. Nevertheless, the fact that there was no reflection on its transcendence is maybe less astonishing, but that the report also failed to address the question of how, politically, it should be monitored, or "embedded" in Polanyi's language is amazing.

Given this, Thompson defined the report's three crucial assumptions and commented on them:

1 In the form of the MNCs and TNCs, international capitalism had come to stay, but it would only be secure and stable if neo-Keynesianism was adopted globally. This was a prognosis with a bearing on Collin Crouch a quarter of a century later, when he would demonstrate how transnational finance corporations stepped in to fill the demand gap by expanding credit markets for the poor and those on middle incomes, as we saw in Chapter 5. Bank loans and credit cards became in Crouch's 2009 analysis a new, rapidly expanding demand-stimulating instrument. However, Thompson saw the requisite neo-Keynesianism as the result of some kind of political capitalism-saving arrangement at the global level, and hardly imagined that the global corporations would take over this task themselves.

The report argued that economic forces, whether operating on a global or national level, when left to themselves, promoted inequalities. And, as a solution, it outlined a global redistribution – a global Marshall Plan – but with little discussion of how to establish institutions and mechanisms to monitor and manage global capital.

2 Governments of nation-states are pluralistically representative of the people living in those states.

The report omitted to address the role of the nation-state in a world in which capitalism operates globally. What are the implications in terms of class divisions arising from these capital operations? What power do nation states have to affect this process? (This chimed with Palme's point about social dumping.)

3 Transnational corporations are an institutional given.

A framework for their activities was missing. No attempt was made in the report "to criticize or even examine an international framework that has existed for the past 25 years, during which the problems have arisen," Thompson argued.

Even if twenty-five years is an exaggeration (fifteen seems more accurate), Thompson presented a weighty point. What were the political consequences and steering capacities of transnational banking, mining, manufacturing, and consumerism, which had spread capitalism and capitalism had spread across the world? The report stated that the trans- and multinational corporations had played a prominent role in bringing technology and capital to developing countries. That is arguable, but still it's clear that many aspects of capitalist expansion were left unexamined and unexplained. The report was silent on the issue of how corporations had established a global network of cheap energy and minerals in some countries and cheap labour and low taxes in others, while their legacy in the industrialised West included computerisation, telecommunication, and so on.[39]

Thompson also complained that the commission's proposed international tax system bypassed global corporations. There was no discussion about taxing them in the report. Proposed taxes on travel, trade, and arms exports left the multinationals scot-free, and in terms of their tax havens, there was no more than a general condemnation. Thompson's 1982 analysis perfectly chimes with a central argument in this book; that the Brandt Commission took global corporations as given and avoided or failed to examine them. They were more or less ignored and failed to play any significant role in the formulation of either the problem or the solution. They were the elephant in the room, the blind spot. Just as in public debates on the global situation and the future, global corporations disappeared under the surface during the second half of the 1970s, having been a hot topic for the previous decade.

The report's lack of attention to them is the more remarkable since, through PR campaigns throughout the decade after 1965, they had developed a planetary vision. In fact, they developed a vision of a planetary enterprise. Shridath Ramphal also argued for a "one-world" perspective. Brandt, too. Yet, remarkably, they never compared their vision with that of Maisonrouge and his colleagues (see Chapters 1 and 3). Was it the same vision? Hardly. Which begs the question, why did the commission circumvent the whole issue of capital's planetary pretensions and its implication for global Keynesianism? Global corporations were escaping their national embedding. They would need to be globally embedded to make global Keynesianism work. Who was to do it? The report avoided not only giving a straight answer but also to put the question. The overall avoidance of the question is particularly remarkable because the multinationals were the NIEO's main target. The NIEO threatened the multinationals with the demand for the possibility of their nationalisation and the assertion that the corporations fell under national jurisdiction and not international law. The commission preferred to focus on another – contradictory – NIEO claim. The NIEO's reference to mutual interests made the omission of the global corporations possible and promoted cohesion within the commission. However, the mutual interests became proclamation rather than the subject of critical analysis. Were all interests mutual? Weren't there also diverging and even clashing interests? If so, how to cope with them? The report avoided such questions. If the commissioners had argued more strongly for global Keynesianism, they would have had to consider the role of global capital and who was controlling it politically. After all, Keynesianism in its post-1945 European application was the social embedding of capitalism. It was a consolidation of capitalism. The global corporations escaped this consolidation. They had other and more important interests than those which were mutual. The Fordist production regime, with its brick and mortar investments, relatively easy to control by national governments, had reached its productivity borders. The global corporations were an answer to this insight, an answer that became a political predicament.

In what looks like an evasive gesture, the commission handed over the question of global political control to a follow-up summit of world leaders. One might read into the report the idea that this summit could be institutionalised and made permanent as a sort of G7 plus representatives from the Third World who would be supplemented and legitimised by a fixed arrangement for negotiations within the UN. The latter would be a kind of global civil society giving voice to the NGOs and the G77's interests.

Herb Thompson was right. The Brandt Commission had no plan to transcend capitalism. The goal was to stabilise it at a new global level. However, conventional Keynesian stabilisation depended on demand management through redistribution, which, in turn, depended on political control of capitalism's profits. It was clear that the global corporations wouldn't be interested in such an arrangement, and the Brandt Report did nothing to contradict them or even question them about it.

Instead, the commission concentrated on the SDRs, the WDF, international taxes (which did not target the global corporations), and revising the Bretton Woods institutions. All these issues unnerved Brandt. He knew that Helmut Schmidt and the G7 would make life difficult for him over them, as we saw in Chapter 7. But he didn't have much of a choice if he wanted a report. The Third World commissioners, after having withdrawn their support of the NIEO's case against multinationals, were not prepared to give up the WDF. In this context, Schmidt's acceptance of the WDF in exchange for a merger of GATT and UNCTAD was sly, if not perfidious. The G77 would get more influence over financing and credits at the cost of losing it in trade policies.

The idea of a global Keynesian approach (or a global Marshall Plan) was innovative. Having said that, the Marshall Plan ended with the collapse of the dollar and the crisis of the 1970s. With this in mind, it's hard not to think about Keynes' warning at Bretton Woods, and how he was ignored. His bancor proposal was the model for the Brandt Commission's WDF. It would function similarly as a clearing centre around the new reserve asset of SDRs. In Brandt's new Fund, both deficits and surpluses had to be cleared. The Bretton Woods system had had the same ambition at the outset but in practice its concern became more or less exclusively with deficits, which triggered the imposition of deflationary austerity policies, while the surplus countries escaped censure. The exception was the USA, which was allowed to operate with both surplus and deficit without intervention. The American dollar functioned as the standard, subordinating everything else to it, operating with surplus during the days of the Marshall Plan and, from the 1960s, increasingly with deficit, until the crash in the early 1970s. Indeed, it continued to operate unchecked even after the crash as if nothing had happened, because of a lack of alternatives. It continued to dominate the world's financial markets which had no choice but to pay tribute to the insatiable Minotaur (a conceit described by Varoufakis as we saw in Chapter 5). After 1945, the American dollar was sovereign. The problem for the world was that the sovereign overexploited its power through mismanagement of payment deficits. This overexploitation was exactly what Keynes had warned about and for which he had made plans in Bretton Woods, plans referred back to by the Brandt Commission through its radical idea of a global monetary and financial system outside of the IMF.

Austerity imposed on deficit countries led to deflation which repressed demand and repelled investments from surplus countries. Instead of investing in deficit economies, surplus economies searched for evermore speculative investments in which to invest their unregulated abundance of liquidity.[40] Keynes' solution to this scenario in Bretton Woods when he attempted to save capitalism from itself was the bancor and the International Clearing Union. Surplus countries needed to consume more from deficit countries or invest more in them. If they did, then deficit countries could export or invest themselves out of their situation and avoid austerity. This was the most convincing point in the commission's plea for global Keynesianism. And even though in Bretton Woods Keynes had warned in vain, in the 1980s, UNCTAD promoted his argument that it found reformulated in the Brandt Report.

The Brandt Commission's Keynesian innovation was the combination of redistributive financial policies at a global level through international taxes and a monetary order that avoided both austerity and speculative bubbles by treating surplus with as much caution as deficit. The commission was persuasive in its argument for an institution in which both deficits and surpluses could and must be cleared against each other. The alternative was, as James Quilligan, the US-based advisor to the commission, demonstrates with reference to the American experience, a series of superbubbles.[41] The instrument needed was the WDF, which connected and coordinated the financial and monetary dimensions of global commodity trade and transfers. Overarching the World Bank and the IMF, the responsibilities of the WDF included global redistribution (and domestic redistribution in developing countries), SDRs, international taxes, and a fund for the stabilisation of commodity prices. It was a brave design for a framework for global capitalism à la Keynes.

But there was trouble ahead, for the multinationals, if the system was implemented. They had no interest in a global Marshall Plan for a wealthy South promoting a wealthy North in mutually reinforcing dynamics, and were clearly against any kind of political embedding, even global. They wanted to decide themselves what the benefit of their foreign direct investment would be.

The WDF was a technical solution, but SDRs and international taxes raised highly political questions and required an institution with the capacity to make political decisions. On this, agreement was needed between the G7 and the G77, otherwise the whole thing risked falling between two stools. The commission was not unaware of the problem but postponed dealing with it for a year-and-a-half when representatives of both the G7 and the G77 were due to meet at a UN world summit to follow up the report. Representatives of various NGOs and global civil society would be there too. In the next chapter, we will see how this plan fundamentally and spectacularly failed.

The planetary perspective required a third pillar, beyond the two other pillars, international taxes and the WDF with its SDRs. It would address the three-pronged problem of the environment, renewable energy, and natural resource exhaustion. It would have been difficult to avoid confronting these issues after the Club of Rome reports and the debate around them. And there were Tinbergen's RIO Report in 1976 and the Leontief Report in 1977, too (see Chapter 4). The problem was how to combine ecology and economics, how to connect sustainability to redistribution through growth. Growth and ecology were uncomfortable bedfellows. For instance, the report didn't consider the question of whether growth was achievable through recycling. James Quilligan discussed the growing importance of the environmental question with Brandt, who was well aware of its importance but had little understanding of the environment movement. Quilligan argued that the Social Democrats could win many adherents if they shared their ecological concerns with the environmental movement, but Brandt rebuffed him, saying he could not identify with it.[42] By the early 1980s, the environmental movement still hadn't broken into the parliamentary party system. In Germany, the Green Party was founded in 1981. Within the establishment, many saw the green movement as an ill-disciplined rabble with links to the *völkish* movements of the 1930s. The secretariat forced the environmental issue in front of the commission, in which there was a certain unwillingness, or perhaps uneasiness to either accept it wholeheartedly or approach the emerging environmental movement for backing. Having said this, the environment was certainly addressed in the report, and it was a central issue, but the solutions offered were all about the expectation of future technological innovations rather than a questioning of the Western lifestyle as a model for global sustainability.

Brandt never managed to *connect* ecology and resource exhaustion with the question of economics as an instrument of economising with scarce resources, if it at all had that ambition. Ecology, resource exhaustion, end economics were treated as separate issues. The mission was poverty and development. There was an insight that the latter had with droughts, flooding, desertification, air and water pollution, and overexploitation of natural resources to do. More than the Club of Rome's Report, Brandt tried to let ecological insights influence economics thinking but it failed to tie them together in one theoretical perspective. Just after the Brandt Report, the new radical market-liberal approach, supporting and supported by the global corporations, in the 1990s to be named neoliberalism, split up environment and development subordinating them under the market. The Brundtland follow-up commission to Brandt made a move in this direction as we will see in Chapter 10. Sustainability became a key concept in giving environment a market value. In the same vein, the question of development and poverty became an issue of marketisation and market-opening in the South. In the new conceptualisation, the language of development vanished. Developing became at par with developed as equal partners on a global market. It is fruitful to revisit the Brandt Commission and its efforts in the 1970s with a question of what went wrong and how around 1980. This question is a question for our time as much as a historical question about then. The problem still dogs us, and therefore, forty years later, the Brandt Commission cannot be said to be irrelevant. It is interesting to see how much easier Brandt found it to connect to disarmament, the anti-nuclear movement, and 1960s radicalism.

Global redistribution along Keynesian lines might well have been viable. Social and economic reforms in the South (in which "reform" has the social sense it had before the neoliberal's co-opted it to mean economic efficiency with connotations of austerity, see Chapter 5) would have been inspired by the monetary reform Keynes proposed in Bretton Woods. However, Keynesianism stopped working in the North because, as Andre Gunder Frank rightly argued (see next), the crisis there was not one of a lack of demand but was structural. There was mass unemployment in the wake of the collapse of key industries such as shipbuilding and steel, and economic multiplier effects kicked in. The difference compared to the 1930s was that then, demand (including for armaments) re-established dynamics. Demand-stimulating Keynesianism in the 1970s, when there were soaring state debts, resulted in high inflation and the continuation of mass unemployment which together produced the previously unexperienced stagflation phenomenon. "Structural adjustment" emerged as the solution. As a suggestion made by emerging neoliberalism, it was a euphemistic term for austerity. The World Bank and the IMF imposed austerity on developing countries struggling to service their deficits and, in the North, austerity was employed to fight soaring state debts.

Structural adjustment, as used in the 1980s by the World Bank and the IMF in the ways described in Chapter 5, is the opposite of structural reform. Structural reform, in the NIEO and Brandt Commission sense, saw the WDF syphoning off international taxes and surpluses from the North and OPEC, and redirecting them to the South. Structural adjustment was the logical end-result of the McCracken Report (see Chapter 5). The instrument of structural adjustment was austerity. The aim and instrument of structural reform was economic expansion. The commission looked with the idea of structural reform back to Bretton Woods and Keynes' rejected suggestion of a global monetary and financial clearing union.

One of the Brandt Report's major ideological messages was that mutual interest should be a guiding principle in the relationship between developed and developing countries. The concept was sufficiently vague to allow for conflicting interests. It invited agreement but fuelled disagreement as soon as anyone attempted to define it. This entanglement of agreement and disagreement was — and is — the core of politics: agreement is the basis of political community and disagreement is the basis of politics. Mutual interest was impossible to define unambiguously, but this was what the commission tried to do. In a memorandum on mutuality of interests in March 1978, Brandt could not avoid becoming vague, even evasive when attempting to give a clear-cut meaning to the term. He listed and analysed historical uses of the word and then gave it precisely the contextual meaning it had to have.[43] It was an illusion to believe in mutual interests as a universally applicable theoretical concept, he concluded. There was, and is no theoretical definition of mutual interests, only political arguments that are or aren't convincing, with or without reference to historical cases. The construction of mutual interests reaped by both the politics of global Keynesianism and the interests of the global corporations, or by the industrialised North and the impoverished South, would have required a much more explicit investigation and discussion of the term. Instead, the commission circumvented it. Mutual interests became a kind of fetish.

A classical instance of mutual interests are those that promoted a pact of allegiance between organised labour and organised capital in the Keynesian welfare states of Western Europe after the Second World War. In this case, however, the pact eroded at the end of the 1960s because of growing disagreement about redistribution in the wake of stagnating growth. Another historical example could be found in the multiplicity of resistance movements (from conservative to communist) all fighting against Nazi occupation of Europe during the Second World War. Here, of course, the mutuality was not with the Nazi but between the political Left and Right in the rest of Europe in defeating the Nazi across all other differences. One might also refer to USA's acceptance of migrant European labour in the nineteenth century, or Khrushchev's idea of peaceful coexistence, which Brandt developed in his policy for détente with the Soviet bloc in 1970. After that, he extended it to the relationship between rich and developing nations.[44] The concept of mutual interests provokes questions about its relationship with the concept of hegemony and with the concept of clashing interests. It remained a concept in flux when applied to concrete situations.

However, even if it was a difficult concept to handle theoretically, there was an argument for using it as an instrument to save the North/South talks when they were in difficulty. Jan Pronk delivered such an argument in the commission's work on the report, showing how nuanced the concept was:

> Given the fact that it was the developing countries that urged the creation of a new international order it has, too hastily, been concluded that this new order is contrary to the legitimate interests of the industrialized countries. The demands for a new order have been too hastily viewed in terms of "they win, we lose." This zero-sum game approach only holds true for short-term economic considerations. … In the short term, and economically speaking, a NIEO could very well be disadvantageous to the developed countries. Higher prices for raw materials and industrial redeployment will not be applauded by the public in the rich countries. However, an important lesson of the recession of the last few years is the increased degree of interdependence in the world.[45]

Mutual interests had a dynamic dimension. One could shape them. This was the idea behind Pronk's argument (and behind the Marshall Plan). There was a tendency in discussion for the concepts of mutual interests and interdependence to be conflated. As a term, interdependence also suffered from being contextual and in flux. Palme's personal assistant Lennart Klackenberg commented on a draft text produced by the secretariat that said that "growing interdependence cannot work without growing international solidarity":

> Yes, unfortunately, it can. One can very well imagine an interdependent system "managed" by a number of multinational giants but without any international solidarity between countries and peoples. It is unfortunately usual to give the concept of interdependence a positive content irrespective of to the benefit of whom the relation works. Wasn't it Kissinger who began with it as an answer to the claim of the poor countries for increased economic independence?[46]

Interdependence and mutual interests served an ideological purpose in confronting the utilitarianist mantra that the sum of all self-realising individuals, each acting with his or her particular interests in mind, leads to a happy society. However, the two concepts were not necessarily supportive of or supported by the Left. Also, there was the global corporations' neoliberal understanding of market interdependence in an updated version of utilitarianism. Employees were dependent on the corporations for employment on global labour markets, for instance. The unanswered question wa on what conditions they were emoployed.

The reception

A delegation of Willy Brandt, Shridath Ramphal, Katharine Graham, and Peter Peterson handed over a copy of the 300-page report to the UN Secretary General Kurt Waldheim on 12th February 1980.[47] The moment was anything but ideal. The USSR's invasion of Afghanistan only three months earlier dampened expectations that the report would provoke the attention it deserved. But some suggested, and many agreed, that, conversely, the war lent it urgency. Probably, a bigger problem was the Volcker shock in October 1979 (see Chapter 5). The dramatic interest rate hike had suddenly made loans in dollars much more expensive, hitting developing countries in particular and prompting President Carter to abandon Keynesianism and embrace Milton Friedman's monetary theory. Monetarism blocked the path to Keynesianism, and Keynesianism was central to the report.

The report met with a great interest in civil society and from the many activist movements in Western Europe that, representing environmental protection, peace, the anti-nuclear cause, sustainable development, and, of course, development aid, had emerged in the wake of the events of 1968. It hit a nerve and became iconic. It also received significant attention by the academic community, where it polarised the views of radical social science researchers and both conservative and radically liberal economics professors (nobody then used the label "neoliberal"). However they named themselves, criticism of the report's radical proposals was often inaccurate. Some claimed that it argued for a global social welfare state, which is certainly not correct.[48] The report did argue for a redistributive global Keynesianism, but Keynesianism as it had functioned since the 1950s required a monitoring and distributive government with enough state infrastructure to implement it, and the report did not, as we just saw, say much about implementation. In the proposal the WDF had a redistributive function, but basically, how to apply global Keynesianism was an issue that it handed over to the follow-up summit of world leaders. Nor did the report say anything about a world government. Within it, there was an intellectual gap on this point that would hopefully be bridged by its reference to the world summit due to happen within a year of its publication.

Academic criticism came from both Right and Left, arguing that the report wanted to say too much, or that it said too little, or the wrong things.[49] Attention given to the report in the United States was limited. The Volcker shock and the presidential election campaign held people's interest. In politics and diplomacy, great satisfaction mixed with some disappointment that the report was not sufficiently radical.[50] In the Third World, it hardly reached the masses.

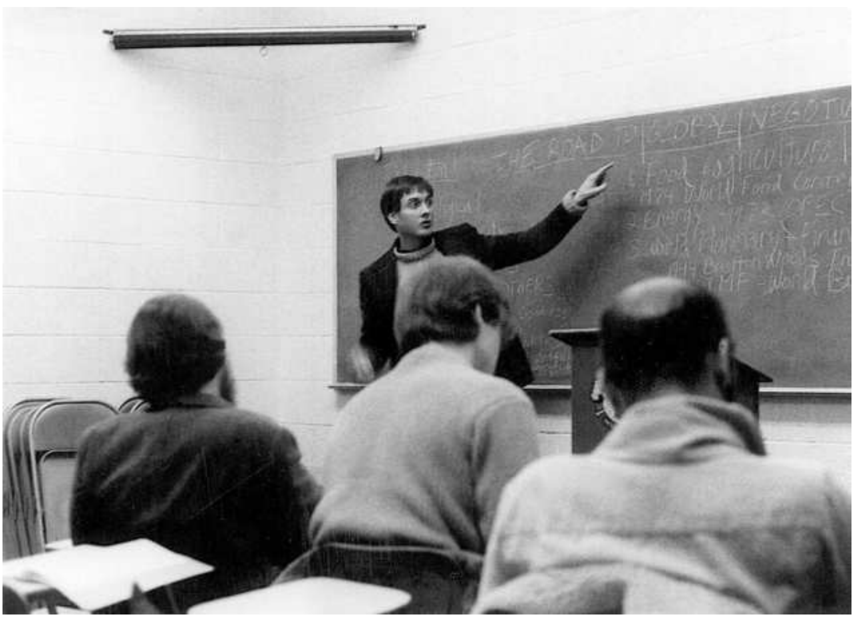

Figure 8.1 James Quilligan addressing a political science class on Brandt's thought on global negotiations at Amherst, Massachusetts in the early 1980s.

Source: © James Quilligan.

André Gunder Frank, the radical critic of Western development politics, already referred to in Chapter 2, wrote a critical though kind review of the report. He complimented the breadth of the scope and the variety of recommendations that covered at least a dozen important topics:

> This variety of concerns may … explain why in public debates and in the press the report has meant so many different things to so many different people, including those who (wrongly) see nothing new in the report because it (rightly) says so many things that have already been said. The recommendations of the report also lead to the question, "Why are its members only now getting around to saying these things, instead of saying and doing them when they were heads of governments and ministers in their respective countries?" Obviously, it is easier to say things out of office than it is to do them in office.[51]

Frank criticised the report from a unique perspective. He understood that, in its Keynesian approach, the commission had defined the problem in terms of insufficient demand at a global level and the solution in terms of redistributing purchasing power which would stimulate demand in the South. The model was like that of Keynes and Beveridge, who, in the 1930s and 1940s, recommended massive redistribution from high-income savers to low-income spenders, but this time at a global level. Instead of the Beveridge welfare state, the commission proposed that the WDF redistribute what could be raised by a global tax regime supplemented by surpluses, including and especially from oil production. Frank objected that the money would end up in the pockets of southern high-earners, which might increase demand for high-value commodities from the North and leave the problem of poverty unsolved. Trickle-down would not work. The problem was reminiscent of the NIEO which demanded a general transfer of resources from the North without explaining how they would be distributed in the South. The NIEO had brushed aside the class question as if it were nothing more than a little domestic problem, Frank argued.

However, in contrast to the NIEO, the report did discuss distribution through a domestic social and economic approach. The section called *The Task of the South* (pp 126–140 of the report) emphasised that social and economic domestic reforms needed to accompany the struggle against poverty, and it provided finely detailed examples of what needed to be done. Frank recognised this but complained that a redistribution of funds and the reforms necessary to prepare the way for them would only increase demand for basic food, housing, health and services, none of which would solve the North's crisis. However, the commission was subtler than Frank acknowledges in its distinction between two plans of action. The double time perspective (the short-term crisis program against poverty aimed at 1985 and the more long-term restructuring approach aiming at 2000) was one of the report's innovations. The model was not only Keynes but also about

Marshall. Its vision foresaw industrialisation and economic modernisation through the production of commodities made for export to the North in exchange for high-quality goods exported to the South.

In his thoughtful reflections, Frank refers to the notion that Keynesianism was devised in and for the benefit of the British imperial economy, which could afford to redistribute income at home as long as it received massive transfers from its colonies abroad. From this perspective, it looks like the end of the British Empire spelled the end of Keynesianism in Britain. Furthermore, and perhaps controversially, it seems like Keynesianism was, at its core, a distribution of wealth from the South to the North. Taking this idea, Frank asks whether Keynesianism's success in the United States after the Second World War rested on "the neo-colonial spoils from expansion through the neo-imperial *Pax Americana*, which waned with the Vietnam War." If so, he concludes, "it would be ironical indeed that the Brandt Commission now proposes a global Keynesianism to channel development finance to the very ex-colonies and neo-colonies in the South that had been subsidising, if not wholly financing, the former success of Keynesianism in the North." Ironic and, one might add, perhaps a way to make reparation for the past?

By 1983 the report had been translated into twenty-one languages and sold 350,000 copies. However, interest in the European part of the industrial North was much more extensive than in the impoverished South.

The commissioners tended to perceive the criticism in the most positive possible light. When the report was a fact and had been handed over to the UN, Brandt was quite another man than he'd been in the fall of the year before. Having been depressed, he looked elated and exhilarated. He was encouraged and animated by the praise the report received from those interested in global justice, solidarity and a redistribution of wealth from the rich to the poor. He rushed from one seminar or public meeting to the next, enjoying the media's attention in interviews and press conferences. Edward Heath also went through a metamorphosis once the report was published. He publicly identified with it and stood by it. While Brandt handed over the report to the United Nations in New York, Heath launched it at a press conference in London, generating headlines for himself. Over the rest of the year, he travelled through Britain and the world, according to his biographer, "preaching the gospel" that the world economy was a single mechanism and that the rich world's self-interest lay in raising the living standards of the poor. Unemployment in the North could only be alleviated by enabling the South to buy goods they could not yet afford. What appealed most to Heath about the Brandt Report was its call to action to tackle a looming crisis. It was a plea for a concerted international effort by governments and a recognition that market forces by themselves were not enough. With the report, Heath could confront Thatcher's neoliberal program. He spoke two or three times a week in parish halls and university unions up and down the country. Of course, he was not alone: several

Labour veterans of the aid lobby were scarcely less active, but Heath drew more attention both as a former Prime Minister and as a Conservative. The meetings he led were crowded. Ten thousand people attended a mass lobby of Parliament to demand "action on Brandt." By the end of the year the cheap paperback edition had sold 68,000 copies in Britain (26,000 in Germany, 31,000 in the USA, and 20,000 in France).[52]

A couple of weeks after the report had been handed over, Edward Heath, conservative pragmatist from the industrialised world, and Shridath Ramphal, radical visionary from the Third World, presented the vision of the Brandt Commission together on a British TV panel show. They played down the East/West perspective of the Cold War and instead emphasised the North/South dimension. Behind them hung a giant portrait of Brandt. They demonstrated the line Brandt had drawn and that had been replicated on the cover of the report. The line was drawn on a map by the German geographer Arno Peters. It ran along the US-Mexican border, across the Atlantic, through the Mediterranean, and continued along the southern border of the Soviet Union. Then it made a south-bound turn in the Pacific, east of China and Southeast Asia, turning west between Indonesia and Australia. Then it curved south, west of Australia down to the circumpolar area around the Antarctic, from which the line moved up north through the eastern part of the Pacific to the US-Mexican border, thus closing the circle. It showed how complex the terms North and South were, and at the same time, by ignoring all regional variation, showed how clear the borderline between poverty and wealth was.

Heath and Ramphal argued that shortage of food was getting worse south of the line. The line also divided areas of high and low population growth, and areas with vastly different levels of energy and raw materials from each other. The line was a challenge requiring a program for survival, they said. The solution was a massive transfer of resources – not charity aid but investments through institutions, governments, and private enterprise (i.e., the TNCs). System-altering investment would provide purchasing power for the South to buy capital goods from the North, which would lead to employment there. The South would sell industrial products such as textiles to the North, which would mean that Northern textile employees would have to be retrained for occupations in other industries. Massive transfers, less as aid than as surpluses invested in the Third World (not least surpluses from oil-producing countries), needed to be invested in the South. Another crucial source of capital transfer should be achieved through disarmament. Money for weapons should become money for food and development. Interactive dynamics would provide a virtuous circle of mutual interest that would function as a global Marshall Plan. The aim was a systemic change through which the North and the South would come closer to each other's living standards. Ramphal explained how opinions among the commissioners had at first diverged, but after two years, agreement had prevailed that the problem was the same in the North as in the South. The commissioners' belief was that the report demonstrated that the

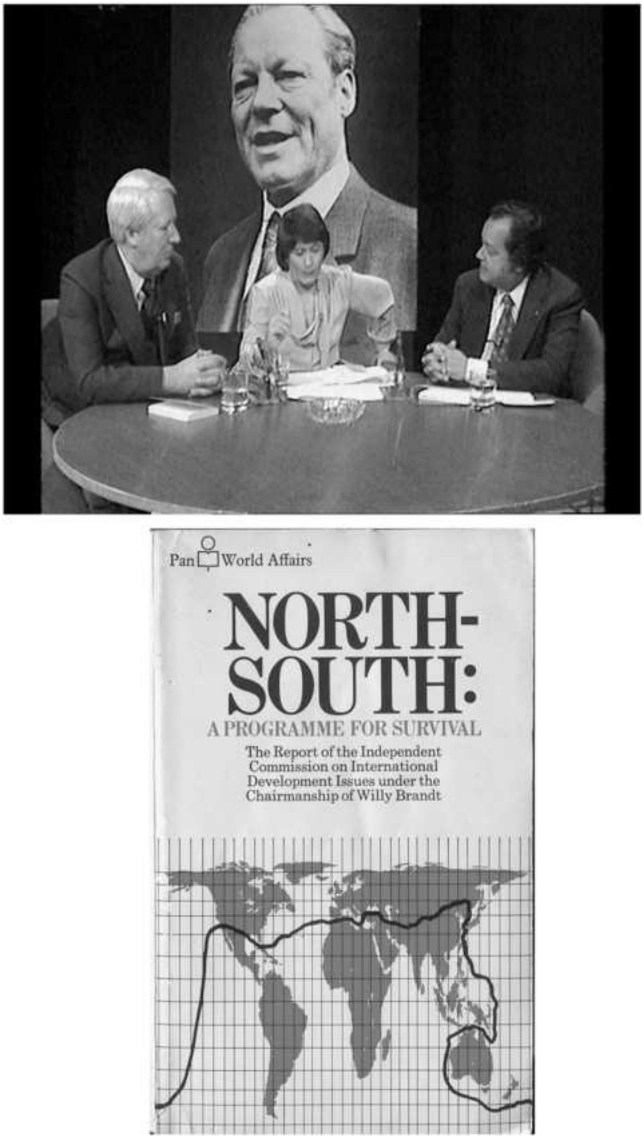

Figure 8.2 Mavis Nicholson moderating a Thames TV panel on the Brandt Report with Edward Heath and Shridath Ramphal. The cover of the report with the Brandt line snaking across the globe dividing it into the richer North and the poorer South.

Source: © Fremantle.

world had become a single community, and that there was an understanding that problems are shared and need to be solved globally. The making of the European welfare states had to be applied planetarily. Heath and Ramphal talked about a groundswell of global opinion that wholeheartedly supported the report's proposals. Packed meeting rooms and halls had testified to a significant interest in it. They also said that, given that opinion was in favour of a new world order, the media had to take over and put political pressure on governments to act. The time was short, only twenty years, they emphasised.

The subtext of Brandt and Heath's campaign on behalf of the report was clear. Respectively, they were addressing Helmut Schmidt and Margret Thatcher, both of whom were looking for a way out of the current crisis, but in different directions.

The political leaders in the North kept the report at arm's length. Margret Thatcher and Ronald Reagan were of course not interested in promoting a global Keynesian program.[53] In Europe, Helmut Schmidt and Giscard d'Estaing were more interested in a new European than in a new international economic order. The G7 summit in Venice in June 1980 hardly paid any attention to the report. Leaders had little interest in its planetary perspective, being still bound up by the ongoing crisis of the 1970s. The G7 picked up Kissinger's approach of confronting the NIEO by dividing the South between the oil producing and the less developed countries.[54] The South had hoped to use the oil price shock as a springboard for a new economic world order. Radical opinions in the North supported this goal. However, at the time of the report's launch, another opinion was about to get the upper hand. It saw the 1973 oil price shock as the beginning of a crisis in the North imposed by the oil producers in the South. The second oil price shock in 1979–1980, which had been triggered by a fall in oil production in the wake of the Iranian revolution in the spring of 1979 and was reinforced by the Iran-Iraq war that began in September 1980, confirmed things for those who believed that the crisis had been imposed by the oil-producing South. The G7 leaders failed to see the crisis as a problem shared by the entire world and looked for a solution to what they defined as a problem imposed upon them. In their search for solutions, they ignored the South, preferring to see it as a small part of a global order under Western leadership. More generally, the Western leaders did not quite see the collapse of Fordism as the key dimension of the crisis. In terms of the solutions, there was initial tension between the United States and Europe, but with Reagan and Thatcher at the helm, a new spirit of concerted action emerged.

Except Peterson, who left after the publication, the commission felt satisfied and was full of conviction. Unfortunately, the World Bank was less thrilled. One day after the report was handed over to the UN Secretary General in New York, Brandt, Graham, and Ramphal presented it to McNamara, who invited them for lunch, along with ul Haq, William Clark, World Bank Vice President Ernie Stern, and leading US development economist Hollis Chenery who had just published *Structural Change and Development Policy* for the World Bank[55].

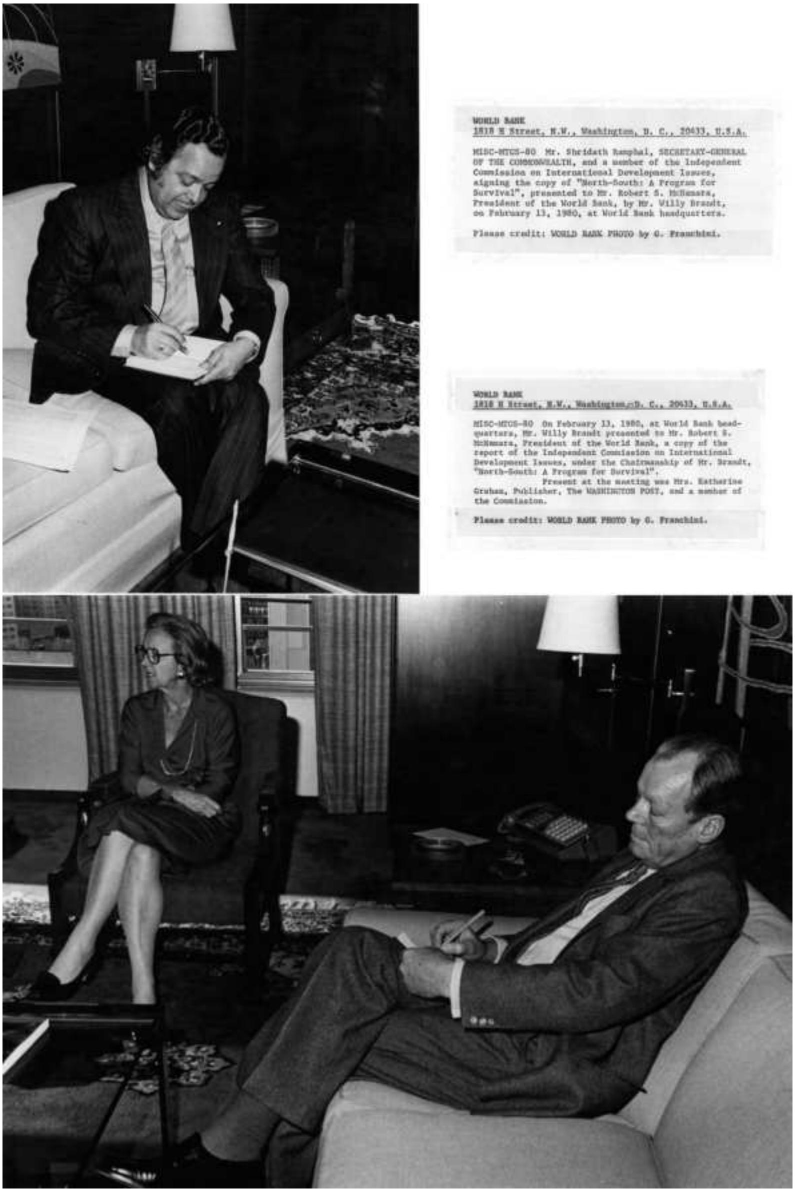

Figure 8.3 The photo documentation in the World Bank's archives of the handing over the Brandt Report to McNamara on 13 February 1980 contains two photos. Shridath Ramphal (above), Kay Graham and Willy Brandt in the antechamber of the World Bank President. There is no photo of the three from the Brandt Commission with McNamara and the other World Bank representatives which would have been the standard at such an occasion.

Source: © World Bank Group Archives.

Clark remembered the event:

> McNamara's first response, this was private, was to turn to Sonny [Ramphal] and say, "Why did you have to be so critical of the Bank as you are? It'll do you nothing but harm. It'll make the capital increase more difficult." Sonny justified himself and said, "Well, this is the view of the Third World." "Why don't you teach them better?" McNamara said. "Is it your view?" and he said it wasn't. I think that McNamara was very disappointed indeed by the report. I was much less so, though I do feel that it was an effort that was mistimed ...[56]

Clark developed his argument about the bad timing when the report appeared. If it had come out after one year of deliberation instead of two-and-a-half it might have had a real impact, he said. It might have been picked up by politicians like UK Prime Minister James Callaghan and his Finance Minister Dennis Healey, and by the Carter administration. They might have been able to instigate some kind of development before the Iranian revolution and the Volcker shock, something which "would have been quite difficult to stop." By the time the report was launched, there had been a second oil shock and there was a deep recession. Though some might argue with this assessment, it is easy to discern a fundamental political shift between the spring of 1979 (with the Iranian Revolution and the ascendancy of Thatcher) and the spring of 1980. When Clark made his statement in October 1983, he added:

> I think the current view of US, UK, and Germany are deadly for the future of a united world. And I am very unhappy. To some extent I am happy that the Brandt Commission provided a flag for the old ship "Development" to go down with. But that isn't saying a very great deal.[57]

Clark estimated that the commission had done a very good job in selling the report in most countries, particularly Britain, where even in the fall of 1983, it was regarded as a "sort of gospel by a lot of people." However, he added, unfortunately it was launched at a time when "greater efficiency in aid giving, smaller amounts, and greater accountability and control by the North ... were becoming the order of the day." This was the time of structural adjustment, one of the trademark policies of the Washington Consensus. Politics is timing, as Palme used to say.

To these considerations about timing, one might add that the Brandt Commission was active when interest in the NIEO had already peaked with the UN special sessions of the General Assembly in 1974 and 1975 and was now declining. Indeed, the commission's coming into being was a reaction to this decline. When, with varying degrees of enthusiasm, the commissioners made up their minds to make the NIEO their main point of reference, they were flogging a dying horse.

It is interesting to compare the reception of *A Programme for Survival* to a report called *Global 2000*. This was a kind of ecological follow up of *The Limits to Growth*, using a broader and updated approach. It was commissioned by President Carter in 1977 and published in 1980. It hit a nerve, gained an enormous reputation, sold half a million copies, and was translated into several languages.[58] It became a kind of Bible of the environmental movement for a few years with its somber prognoses. The conservative optimist Ronald Reagan changed the subject and let the report moulder in the back of a drawer.

The Brandt report in its time

While the report looked to the future, it was embedded in its own time. And that time was radical and full of new social mass movements. The end of the 1970s and the beginning of the '80s was a time of unrest and transition, into which radical market liberalism was only just beginning to emerge as a competing ideology. Radicalism was protest against environment pollution and global resource exhaustion. Radicalism was anticolonialism, antimilitarism, and peace movement. The United Nations was the forum that brought together and disseminated the radical language of the Left. It was the forum for the NIEO's demands, as we have seen, and, since 1960, as we have also seen, it had been responsible for the two Development Decades. Launching the second Development Decade (the 1970s), Olof Palme spoke to the General Assembly to outline a global survival strategy around intensified disarmament, anticolonialism, the fight against apartheid in Southern Africa, reinforced human rights, the end to environmental pollution, and the fight against inequalities within and between countries.[59] In doing so, he heralded the agenda of the Brandt Commission and its report ten years later. The commission was very much part of its time in which radical ideas about improving the environment and peaceful planetary cohabitation were constantly bubbling up. It was also very much part of its time in that it was a period of crisis, though this was more a theme of the discourse in the North and not so much in the South. It is important to remember the commission's framework, especially as it disappeared from view for the next thirty, neoliberally dominated years. The commission was not an isolated case of progressive reform. It wasn't a footnote or a side show, and it wasn't a failure. The problems that it identified and confronted were very much the problems of its time, and are still, to a large extent, the problems of our own.

The Brandt Report had a planetary vision, but it shied away from making that vision even more radical by clearly contrasting it to the global corporations' vision of a planetary enterprise. The commission's most radical position was taken in its proposals for a WDF, international taxes, and SDRs. With these ideas, its vision took inspiration from 1944 and Bretton Woods. If the commission hesitated to go further, it was because Brandt hesitated, or perhaps vice versa. But maybe "hesitate" is too negative a word. A price had to be paid to ensure a report that everyone could sign up to. The WDF was enough of a hot potato for Brandt. He was a visionary statesman who was well aware that the political implementation of a vision requires realism and pragmatism. As the realist visionary then, he must have feared that, after the UN negotiations that the report proposed hopefully had mobilised global society and the NGOs, the follow-up summit of world leaders on the report would be a showdown between the G7 and the G77. During the final phase of work on the vision, he keenly felt resistance against it from the G7, especially as that resistance was bluntly communicated by Helmut Schmidt. Navigating between Scylla and Charybdis, he couldn't do more than hope he somehow got through.

In the 1970s, international geopolitical assessment and strategy changed a great deal, which did not increase the prospects for the project's reception, nor for its potential impact on the world. Both Kissinger and Reagan had a global perspective and a geopolitical vision. As we saw in Chapter 6, Kissinger globalised Brandt's *Ostpolitik* through his détente with China and Russia. However, all the time he was concentrating on détente with the East, he was not interested in building a new relationship between the North and the South, with all the fresh tensions and unpredictability that would come with it. He wanted to reinforce the transatlantic relationship, which in 1973 had reached a state of paralysis in the wake of the collapse of the dollar. The proposals he made to Europe provoked tensions, though, as we saw in Chapter 4, he managed to smooth over disputes within the G7 by building a united front against the NIEO. Reagan's global perspective was no less visionary than Brandt's. He supported the corporations' planetary enterprise by implementing, legitimising, and promoting their ideology. There was little scope for the North/South relationship other than the one the transnationals had in mind. Kissinger divided the NIEO and diluted their demands, while Reagan ignored them with his proposal for structural adjustment (austerity, in other words) and with his emphasis on building partners to open markets in the South rather than supporting development aid. Though they represented two ex-colonial nations, Thatcher and Schmidt felt no responsibility to their former colonies, and instead followed where the United States led. Reagan made policies by circumventing – rather than confronting – the Brandt proposal. Brandt tried to make policies by circumventing – rather than confronting – the backbone of Reagan's approach: the global corporations.

The new ideology did not just suddenly emerge. The crisis in the 1970s and, for instance, the McCracken Report that was written in response to it, cleared the way. Unlike in economic theory, the new ideology emerged in fits and starts. It became increasingly clear that there were problems that could not be solved within established interpretative frameworks, and that adjustment to existing models was needed. A case in point was the situation around the balance of payment deficit in developing countries at the end of the 1970s. McNamara reacted to Tanzania's problems, for example, by withdrawing support from Nyerere's *ujaama* project. In May 1979, in a speech to the UNCTAD conference in Manila, he announced that, to promote exports, the World Bank was considering making loans conditional on the acceptance of structural adjustments. Policy-conditional lending was a new approach. In the fall of 1979, the World Bank commissioned African finance ministers to look back over the last decade and investigate the worsening balance of payments situation. With Elliot Berg taking the authorial lead, a team of World Bank economists published a report based on the finance ministers' findings in 1981.[60] The Berg Report called for the development strategy run within a national framework to be jettisoned. Intervention in the development process by national government was suddenly seen as detrimental. Lending to the public sector in borrowing countries was over-extended. Scarce financial resources needed rerouting to support the export industry. The Berg Report represented an ideological shift that could also be identified in the McCracken Report. It confirmed that, by the end of the 1970s, market-liberal thought was growing among World Bank economists, and it advocated that a more significant role should be given to the private sector. Beside Berg, these economists included India-born economist Deepak Lal. By the end of the 1970s, the pair had become sceptical about, or even hostile to existing development strategies because they had failed to achieve expected outcomes. Many in the Bank saw the Berg Report as revolutionary. It opened the way to structural adjustment and austerity, and it underpinned a general policy change in the OECD countries, which at the end of the 1970s was also in thrall to the McCracken Report.

As the Brandt Commission was about to finish work on its first report, the World Bank was going through a re-orientation in line with the recommendations of the Berg Report. To what extent McNamara was aware that there were two radically different approaches simultaneously at work is unclear, though records of his contact with the Brandt Commission do not suggest he had any reservations in pushing for more privatisation and market orientation. In his communications with Brandt, he made it clear that he would prefer a report focused on the struggle against poverty and not one that set about to reform the World Bank's role. He understood that Brandt felt pressure from many of his co-commissioners to favor the NIEO, but when he read the proposal for a WDF, he was disappointed. All he wanted from the commission was a set of reasons that he could use to re-orientate the Bank towards the goal of eradicating poverty. He got something more radical than he bargained for when the commission proposed demoting the Bank to an auxiliary role. But that had been the compromise the commission had been forced to make in the light of the Third World's demand for more influence over and participation in the financing of development.

McNamara was also troubled by the Berg Report's demonstration that while the Keynesian perspective had been prevalent and generally accepted when the commission was launched, it had shifted by 1980. Indeed, there was evidence of the shift within his own Bank. The Berg Report was not tasked to come up with methodological proposals. Berg's team was simply asked to react to criticisms that the Bank was not running and managing its agricultural projects in East Africa well.[61] But during the work, the team deviated into addressing more general policy questions, including the new, radical, ideological shift from state to market.

The publication of the Berg Report and the first Brandt Report within a few months of each other forced McNamara to make a choice. The Brandt Commission was much more prestigious, but the Berg Report reflected the zeitgeist. Despite his declaration in favor of structural adjustment in 1979 in Manila, McNamara witnessed the transformation rather than led it, not that the beginning of the new era was easy to identify. At the beginning of June 1980, less than half a year after the submission of the Brandt Report, he told the board of the World Bank that he intended to resign in a year's time, which was a surprise to them as there were still two years of his third five-year term yet to run.[62] Perhaps his decision wasn't entirely to do with the launch of the two reports. They were canaries in the mine – early indications of a more general change that McNamara could discern. He was disappointed by the Brandt Report, as we already saw, because it did not give him the ammunition he had hoped for. In the wake of the Volcker shock, he saw how the tide was turning, away from the Keynesian approach in which the economy was politically managed, and away from the struggle against poverty, towards austerity, financial and monetary balance, deregulation, unfettered financial and monetary markets, and lack of political control. It was not yet Reagan's time, but Carter had already abandoned the idea of democratically controlled capitalism. An experienced man like McNamara must have seen what waited ahead in terms of austerity (going under the title of structural adjustment), and he did not want to be the one taking responsibility for the World Bank's diminished role.[63] When Tom Clausen took over from McNamara in July 1981, the Berg Report justified the reorientation of the World Bank away from the war against poverty and towards becoming a spearhead for the politics of structural adjustment.

Although rhetorically more cautious than Ronald Reagan, the market-liberal Tom Clausen reformulated the Bank's ambition of eradicating poverty to payment and budget equilibrium through austerity. As a banker at Bank of America, he wanted corporations to be freed from national sovereignty. His approach was not McNamara's. He wanted unregulated private capital and commercial lending to take over the task of governments and development agencies.[64]

The Brandt Report's perspective was Keynesian, but the future was neoliberal. The zeitgeist at the beginning of the 1980s was very different than it had been even three years earlier. The tide turned when the debate about the Brandt Report began.

With hindsight, we know that the proposals of the Brandt Commission led to nothing. But was it a failure? Jennifer Wenzel and Nils Gilman use the term "unfailure" to describe the paradox that many seemingly failed political projects and social movements, even if they did not realise their potential at the time, live on as prophetic visions. In this respect, they exist as an inspiring and visionary resource for later generations. Gilman makes the case that "the undead spirit of the NIEO continues to haunt international relations." One can say the same thing of the Brandt Commission.[65] Perhaps its most important achievement was its demonstration that there was an alternative to neoliberalism and the argument that there was no alternative to market compliance. We will come back to the question of the Brandt Commission's current relevance in Chapter 11.

Notes

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9 Ibid., 64–65.
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16 Brandt Commission, *North-South*, 166.
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18 Brandt Commission, *North-South*, 124. Cf. Christopher Seiberlich, "No Peace without Equality: The 'North-South Conflict' and Its Effects on Sweden, the Netherlands and West Germany." In Nevra Biltekin, Magnus Petersson, Leos Müller (eds). 200 Years of Peace. New Perspectives on Modern Swedish Foreign Policy. *New York/Oxford*: *Berghahn* 2022.
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33 Ibid., 281–282.
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41 Quilligan, “The Superbubble behind ‘The Great Moderation.’”
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43 Willy Brandt, “Reflections on Mutuality of Interests.” PM March, 1978. ARAB. Olof Palme 676/4/7/3.
44 Brandt, *My Life in Politics*, 58.
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48 Anthony Sampson, “In Defence of ‘The Brandt Report.’ A Reply,” *Encounter* (April 1981): 75–81.
49 For a conservative criticism, see development economist Dudley Seers, “North-South: Muddling Morality and Mutuality” in *Third World Quarterly* 2, no. 4 (1980): 681–693. In it, he complained the commission was superficial and dealt with too many problems. For criticism from the left, see Immanuel Wallerstein, “The Brandt Report,” in *Towards One World? International Responses to the Brandt Report*, ed. The Friedrich Ebert Foundation (London: Temple Smith, 1981), 343–349 and several other contributions in this volume.

50 Miguel Wionscek, "What (if anything) can be done with the Brandt Commission's Report?" *Development and Change* Vol. 12 (London: Sage, 1981), 145–163.
51 André Gunder Frank, "North-South and East-West: Keynesian Paradoxes in the Brandt Report," *Third World Quarterly* 2, no. 4 (1980): 669.
52 John Campbell, *Edward Heath: A Biography* (London: Pimlico, 1994), 719–720.
53 "Global" or "international" Keynesianism appeared as concepts in the early 1980s, introduced by criticism of the Brandt Report from both left and right that described and rejected it. However, after beginning as a whipping boy, the concept of global or international Keynesianism also became a source of inspiration and led to attempts to develop a model of how Keynesianism could function beyond the nation states. Gernot Köhler, "Global Keynesianism and Beyond," *Journal of World-Systems Research* 5, no. 2 (1999): 253–274, referring to W.R. Mead, "American Economic Policy in the Antemillenial Era" in *World Policy Journal* 6, no. 3 (1989): 385–468; Hartmut Elsenhans, *State, Class and Development* (New Delhi: Radiant Publishers, 1996). John Kenneth Galbraith described in 1995 global Keynesianism as "some system, a mechanism that has not yet been worked out." John Kenneth Galbraith, "Global Keynesianism in the Wings" in *World Policy Journal* 12, no. 3 (1995): 65–69.
54 Rother and Schmidt, *Über Europa hinaus*, 83.
55 Hollis Chenery, *Structural Change and Development Policy* (New York: Oxford University Press, 1979).
56 Transcript of interview with William Clark, 4 October, 1983. The World Bank Group Archives/IFC Archives. Oral History Program 78964 v2 pp. 25–26.
57 Ibid., 27.
58 Gerald O. Barney, *The Global 2000 Report to the President*, *Entering the twenty first Century,* 3 vols. (New York: Pergamon, 1980–1981).
59 I am grateful to Christopher Seiberlich for having drawn my attention to this speech.
60 Elliot Berg, coordinator, *Accelerated Development in Sub-Saharan Africa: An Agenda for Africa* (Washington: The World Bank, 1981), https://documents1.worldbank.org/curated/en/702471468768312009/pdf/multi-page.pdf.
61 The World Bank Group Archives. Oral History Program. Transcription of interview with Katherine Marshall 3 November 2017.
62 Sharma, *Robert McNamara's Other War*, 158.
63 I am grateful to James Quilligan for our discussion on why McNamara quit the World Bank.
64 Prashad, *The Poorer Nations*, 57.
65 Nils Gilman, "The New International Economic Order: A Reintroduction." *Humanity* 6, no. 1 (2015): 1–16. and ibid., 10, quoting Jennifer Wenzel, *Bulletproof: Afterlives of Anticolonial Prophecy in South Africa and Beyond* (Chicago: Chicago University Press, 2010).

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