tom thompson

Finance and the less developed countries

Whatever model a less developed country (LDC) chooses for its economic development, it must meet a basic need for capital financing, and, when finance is the subject, several issues inevitably surface. These issues include concerns over who controls the finance, who benefits from it, and whether the financial goals are realistic.

A few LDCs have tried to generate their own development capital internally, but this is a long, slow process. Most have turned to the industrial countries, in whose governments, private corporations and financial institutions most of the world's capital resides. As a result, there is a good deal of controversy between and among the LDCs and the industrial countries over the current international finance system. Restructuring this system to better meet the needs of the developing countries is a top priority of many LDC leaders.

The current international economy is based on a system set up by finance ministers of the Western world at the end of World War II in Bretton Woods, New Hampshire. The Bretton Woods system emphasizes free world trade, world economic integration and closing of the gap between the richer and the poorer nations. In order to promote these goals, the finance ministers created two international institutions: the World Bank and the International Monetary Fund.

The World Bank receives contributions from its member countries, with a substantial majority of these funds coming from industrial countries. It also raises additional funds in the world's capital markets. In turn, the Bank makes loans to the governments of developing countries in order to promote basic development projects. Technical assistance on how to carry out these development projects usually accompanies these loans.

Although the International Monetary Fund (IMF) is not directly involved with the development lending, it has the mandate of lending funds for balance of payments purposes. All IMF member countries, rich and poor, contribute reserves to the IMF in accordance with their wealth. The IMF, in turn, lends funds back to a member country upon request when that country is experiencing difficulties in its international trade and investment balances (balance of payments).

If economic problems persist even after aninitial IMF loan, additional funds may be made available by the IMF. But additional funds will often only be made available on the condition that the country follow certain domestic policies which the International Monetary Fund believes will solve the inherent economic difficulties in that country. This situation often puts the IMF in conflict with the particular sovereign government.

The United States is the largest contributor to the World Bank and the IMF, thereby holding the dominant influence in both institutions. U.S. influence in development finance also derives from direct government grants and loans to developing countries.

U.S. banks and businesses, including many in the Northwest, together with businesses from other industrial countries, are also involved in financing development. Multinational corporations have made LDC investments in resources, such as oil, minerals, timber, and agricultural land, and in manufacturing plants for the production of goods both for the local markets and for export.

While all this financial activity continues, however, a number of observers have begun to criticize aspects of the development model within which the various public and private lenders are operating. It has become apparent that the job of building new economies in Asia, Africa, and Latin America has been a far different task from that of reconstructing the mature economies of Europe. The cultural similarities between the U.S. and Europe provided for a good deal of implicit understanding over the goals of reconstruction, an understanding which exists to a far lesser degree between the U.S. and the Third World regarding development. Similarly, the technical assistance which accompanies World Bank loans derives from Western customs and is often quite inappropriate to non-Western nations.

A very basic example of the cultural assumptions inherent in Western development models is the belief in Gross National Product (GNP) as a measure of a nation's well-being. This assumption has led to the promotion of a high level of Western-style economic activity, with perhaps too little attention given to the social, cultural and environmental aspects of Third World living. In particular, some observers question whether the benefits of development are really reaching the majority of the people in the countries which have received development loans; GNP says nothing about the distribution of wealth within a nation.

Another criticism of the current international economic system relates to the whole approach of interdependence and free trade, a concept of global economic integration which can tend to promote import-export operations in LDCs. In the view of the industrial countries, this system benefits the LDCs by giving them access to advanced technology needed for industrial development. But many LDCs have suggested that interdependence and free trade are in fact ways of insuring the continued dominance of the industrial countries, given the tremendous disparity that exists between the rich and poor nations with respect to economic size and power.

yours theirs

"WE HOLD THESE TRUTHS TO BE SELF-EVIDENT! GOVERNMENT OF, BY AND FOR THE PEOPLE! THE CHINESE DREAM! WORSHIP OF YOUTH, KICK THE ELDERLY, THE SEX REVOLUTION, ROCK MUSIC, CHOLESTEROL, JIM JONES — WE GOT OUR RIGHTS!"

Apathy cure

With the Socially Aware Sixties nothing but a vague memory for most college students today, a lethargic calm has settled on campuses across the country. This political and social apathy by so many millions of youths allows the conservative elements in our country to decide how our future will be, without any forceful opposition from us.

At last, here at the tail end of the Self Centered Seventies, we have two important opportunities to show our strength and numbers. One is in opposition to any reinstatement of draft registration, the other in opposition to the deadly use of nuclear power. Today at noon, at the Capitol Building in Salem, a protest against nuclear power will take place. I encourage all students to miss their business or sociology classes for one day and show the rest of the state and country that college students still have some energy and social consciences left. We are not dead!

Christopher Pierce
senior, Spanish

Still not-ending

I see where my colleague Ben Pascal is still trying to convince the junior journalists of Eugene that the word "notenda," fine as it surely is otherwise, fails to meet one requirement for a good column title: existence. He has consistently assumed that it is pseudo-Latin, and perhaps it is.

But how can we be sure what the perpetrator has in mind? Before continuing debate on this topic, which is clearly among the more important issues ventilated in the pages of the Emerald, we should perhaps consider other possible etymologies. Could it be, for example, a poetic contraction of a compound Greek noun, made up of notos "backbone" (with omega in the first syllable), and endeia "deficiency, lack?"

Stephen Reynolds
professor, religious studies

The name game

The status of Myra T. Willard was incorrectly stated in the Emerald's front page article on April 17. For the record, Mrs. Willard is director of Affirmative Action at the University of Oregon. Her current appointment is in effect until June 30.

Muriel K. Jackson
Director of University Relations

Editor's Note: Although Myra Willard is the University's affirmative action director, Bean McFadden, assistant compliance officer, has assumed the responsibility for that office's administration in Willard's absence.

Rainbow's end?

I have tried to exercise patience, understanding and, finally, tolerance to the Shiva Dass-Marcia Medler controversy (ODE, 3/27, 4/6, and 4/16/79) concerning the Crow Owner's Society and the operations of the so-called "Rainbow Nation."

As a full-blooded member of the Navajo Nation, I shall take this opportunity to express my thorough disgust with the freedom with which Shiva Dass tries to impress the reading public with the "fact" that he is a "medicine man of the Rainbow Nation." Moreover, Dass has taken the liberty to use "tribal affiliation" as a direct attempt to make the public think that references are being made to a Native American tribal affiliation. Dass has even referred to the Great Spirit is his desecrating and pointless salutation (4/16).

We, Native Americans, have many forms of prejudice to contend with. The sources of many of them occur, understandably but unfortunately, outside the realm of our right to redress. Others, however, develop through the freedom someone feels he has to borrow selected, cultural aspects of Native Americans. The present situation is, therefore, judged on its merits as a meaningless, certainly thoughtless, exercise and is undeniably a grave disservice to the integrity of Native American peoples.

Finally, I wish to conclude by borrowing from Dass' own concluding remark in his latest published statement: "I can only hope (Dass) and (his) outrageously forked tongue soon find other interests than my own to confuse."

O. Tacheeni Scott
graduate, biology

Limerick II

With a pedagogical bow
to the scholars (!) who write
"Hear and Now,"
I'm inclined to send a
note on "notenda":
viz., "Fix it! (Or do you know
how?)"

C. Bennett Pascal
Professor of Classics