INTRUDER — Napoleon R. Divine tries to get in a little television watching while waiting for a tow truck to extricate the automobile from the wall of his basement recreation room. The auto crashed into the house knocking out a portion of the brick wall. (UPI).

The Case of the Poor

Mr. President; Your Excellencies; Ladies and Gentlemen.

I am going to speak to you about Poverty, or more specifically, the relations between the Haves and the Have-nots of the World. Your country is the richest in the world. With some 6 per cent of the world's population I am told that you use over 30 per cent of the non-renewable resources available in a year.

My own country, Tanzania, has the doubtful distinction of being included among the United Nations list of the 25 poorest countries of the world. Perhaps it is not surprising, therefore, that I am one of those people who complain bitterly about the present world economic system and loudly demand that it should be changed. I would like to try to explain what, as we see it, the problem is, and why the poor nations are demanding fundamental changes.

It is through contact with what are called the Developed Market Economies that we in the Third World have become conscious of the twentieth century world. During the Second World War our soldiers in Burma and North Africa were told they were fighting for Freedom; in the colonial schools we heard of the demand "No taxation without representation." These teachings made the anti-colonial struggle intellectually logical and reinforced our own instinct for self-government. The call for human equality and justice was - and is - incompatible with racism; it therefore backs up our natural opposition to apartheid and the racial discrimination of which we have been victims for so long. Also, the demand for a welfare state, and the abolition of poverty, reverberated from the developed nations to the poor ones. A life of poverty and inequality was being rejected everywhere in the world.

The political demand for freedom leads to a separation of the colonized and the colonizer. But economically the situation is very different; our nations arelocked together. It is not possible, much less desirable, for a newly independent nation to cut all economic links with its metropolitan trading partner or other developed nations. But a re-examination by the new state of the economic relationships which grew up during the colonial period in inevitable. Experience, combined with analysis, then quickly teaches the young and poor nations that the present international economic systems works automatically and inevitably to their disadvantage. There is an automatic transfer of wealth from the Poor countries, where it is needed to provide the necessities of life, to the Rich countries where it is spent on creating and meeting new wants . . .

INTERNATIONAL ECONOMIC STRUGGLE

The dominant philosophy of international exhcnage which we met at independence – and which still prevails – is that of a "free market." In theory this means unfettered competition and bargaining between equals, with prices being the result of the combined actions and wishes of sellers and buyers. In practice international exchange does not operate in such a free manner. Yet the theory continues to be taught and advocated, and the young countries are lectured on its virtues, and admonished not to try to interfere with it.

Unfortunately the theory bears little relation to fact. Equality between nations of the modern world is only a legal equality. It is not an economic reality. Tanzania and America are not equal. A man who needs to see his labor in order to buy bread and the man who controls both his employment and the price of bread are not equal. Their relationship is one of dependence and dominance.

Nor is it true that prices are determined by the operations of a free market, that is, by discussion and compromise between sellers and buyers. The price of manufactured goods is fixed by the producers; if an competition enters into the situation at all, it is between firms like Ford, General Motors and Volkswagen. It is certainly no use the Tanzanian Motor Corporation trying to argue with any of these firms about their prices; if it is not willing to pay what is asked, the vehicles will wait in stock and Tanzania will continue without transportation.

Conversely, the price of primary products is fixed by the purchasers. The producers put on the market whatever they have managed to grow or mine in that year; the goods are often perishable, and in any case the poor nations are desperate for foreign exchange and have no facilities for storage - known facts which further weaken their bargaining position! A small number of purchasers then decide how much they will buy, at what price. Only if natural disaster has made the year's supply unusually low will their competition push the price up.

The primary producing countries which need to import manufactured goods are thus price-takers, not price-makers, both as seller and as buyer. We sell cheap and we buy dear, whether we like it or not. This is the position of most Third World countries - with the recent exception of the oil producers, who do now fix their own prices for the oil they sell. It is perhaps not surprising therefore, that the terms of trade between the developing and developed countries have moved so steadily and consistently against the former; taking 1963 as a base the World Bank gives the Commodity Terms of Trade index as 87 for 1972 - it was 122 in 1953! We in the poor countries don't think in such statistical terms - or even understand them. What we know is that we have to sell more and more sisal, cotton, or copper, to get the foreign exchange needed to import identical machines in successive years.

To break out of this foreign exchange trap and at the same time to benefit from the multiplier effect of expanded economic activity, the poor countries endeavor to build up their industrial sector to become price-makers , even in a small way. Naturally we start with the processing of our own primary products. It seems logical to export cloth rather than cotton lint, and twine or rope rather than sisal; and such simple manufacturing processes can provide a little platform for further industrialization. Having established these factories at enormous expense, we discover that processed commodities, and simple manufactured goods, are not so easy to export as raw products. They meet tariff barriers, quota regulations, or other devices intended to keep them out of the markets of the rich. The "free market" becomes less free!. For these goods are said to be the products of sweated labor, although the employees in such factories have higher incomes than workers who produce the quite acceptable raw commodities. The President of the World Bank has estimated that the under-developed nations could sell an extra $33 billion work of goods to the developed world if existing trade barriers were lifted. Even allowing for the inevitable inaccuracy of such figures, it does appear that such actions could enable us to reduce our beggary to some extent!

Further, the poor nations have to ship both their imports and their exports in ships owned and managed in the developed countries. The freight rates are mostly fixed by a shipper's cartel – OPEC did not invent the idea of combining to fix the price of a vital commodity! This cartel has an apparently ineradicable bias against carrying processed goods away from East Africa; for a ton, it costs $41 to ship raw sisal and $73 to ship twine from and to the same port, with similar differentials between cotton lint and textiles, hides and leather, and so on.

POVERTY BREEDS POVERTY

Success breeds success and riches breed riches. Poverty also breeds poverty. It is easier and cheaper to start an industry or expand the saleable output of a crop when electricity and good roads exist; but infrastructure needs money before it can be created. The rich can supply security for loans and are a good credit risk; the poor are less educated, less experienced – and therefore more likely to fail in new enterprises; also they have little or nor wealth to offer as collateral.

Further, it has to be acknowledged that poverty breeds inefficiency, corruption and social unrest, all of which are inimical to economic development. For example, if a poor country gets desperately short of foreign exchange – no unusual occurrence! – it cannot buy and stock spare parts which may never be needed, and it does not have a spare transport capacity in case a crop is larger than normal. Also such a country will usually be short of technicians to deal with mechanical breakdowns when they occur. Trying to husband scarce resources and allocate them in accordance with human need, means that licenses and permits abound – with all the temptations for corruption they bring. Nor are people suffering from endemic diseases famous for their hard work and initiative – or their resistance to spurious promises of quick salvation!

The poor nations of the world remain poor because they are poor, and because they operate as if they were equals in a world dominated by the rich. The tendency is not different within nations; the farming communities and the urban poor remain poor, and become progressively worse off relative to the rich, because they operate within an economic structure dominated by the latter. But within nations – even within capitalist America – counteracting steps are taken by the state. Progressive Income Tax. Welfare payments. Medicaid. Farm Support Programs, as well as Anti-Trust legislation, etc., may still be politically contentious issues; they may or may not be very efficient in fulfilling their purposes. But hardly anyone denies the need for some organized countervailing power, some method of counteracting the built-in tendencies for the rich to get richer because they are rich and for the poor to get poorer because they are poor. . .

THE NEED FOR INTERNATIONAL ACTION

Very many economic experts and expert Commissions have analyzed the international situation I have been talking about today, and there is widespread intellectual agreement in principle – as well as agreement among the poor – about what needs doing.

First, and in some ways the most fundamental, is that the poor nations should have a greater voice in the world's economic decision making. The economic policy of the United States (including the creation of credit and so on) is dominated by the Federal Government of this country, in which all citizens and all states are represented. There is no comparable government of the world. But is imperative that institutions like the IMF and the World Bank should cease to be under the almost exclusive control of the rich and powerful states. It is absurb, if not immoral, that the representation of the poor on the

[Continued On Page 7]

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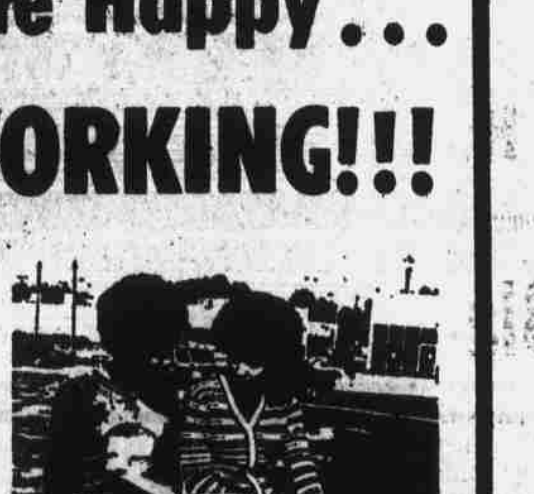

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