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McNamara Papers

Archives



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Contacts with member countries: Dakar Club - Correspondence

Contracts
Dakar Club (1980)

Folder A-

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CLUB DE DAKAR

1. 12/11/80

Messrs. Diawara, Chairman
Sylla
Guillou
Florenzano
Kpognon



OFFICE MEMORANDUM

TO: Files

FROM: Stanislas Kpognon, WANVP *SKW*

SUBJECT: Club de Dakar: Mr. Diawara's Meeting with
Mr. McNamara; December 11, 1980

DATE: December 12, 1980

Present: Messrs. McNamara, Diawara, Sylla, Guillou, Florenzano,
Knox, Lafourcade and Kpognon.

- 12/17
1. Mr. Diawara, former Planning Minister of Ivory Coast and Chairman of the Club, briefly presented its institution as an independent forum where individuals from developed and developing countries, acting in their own capacity, meet, reflect together and make proposals on how to remove constraints to the international economic relationships.
 2. Mr. Diawara alluded to the impasse of the North-South dialogue and said one of the Club's objectives was to suggest ways to break the present deadlock.
 3. Asked by Mr. McNamara about the Club de Dakar's work program, Mr. Diawara said it wastwofold: in the short-term the Club will contribute, through concrete proposals, to the UN Conference on the least developed countries to be held next year in New York. Many African countries are among those poorest nations and he felt that the Club has an obvious role to play. In the medium-term, the Club will embark on an integrated indicative development plan for African Governments of the West African Region. The plan will provide directions or options for African decision-makers. Mr. Diawara was seeking financing for such a study and claimed to have enlisted financial support from EEC, CEAO, ECOWAS. He asked Mr. McNamara whether the World Bank could contribute financially to the project.
 4. Mr. McNamara welcomed the Club of Dakar planned study and said the Bank could offer eventually some intellectual support to it. There seems to be similarities with the on-going African Strategy Review and the Club de Dakar would be consulted in due course on the draft report of our review.
 5. Mr. Diawara and his associates briefed Mr. McNamara on the outcome of the Tunis meeting. A series of proposals were adopted; they were centered around three main themes:
 - (i) the recycling of available capital for the development of the Third-World through mutual guarantee mechanism, a subsidy fund, or indexation of the value of capital;

(ii) the increase on ODA flows through the institution of an automatic replenishment based on a world solidarity tax, the setting up of a global stabilization of export earnings to cover all commodities. It has been proposed that a specific mechanism be established for a preferential oil price in favour of the poorest countries heavily burdened with oil bills;

(iii) other priority actions include food production, applied research in areas of renewable sources of energy, training, mining development.

6. Regarding the IMF, the Club recommends a further democratization of decision-making in that institution.

7. Mr. McNamara found these proposals far reaching; he said that while the Bank was sympathetic to some of the proposals put forward and would be happy to be associated to further discussion on them, he was not sure whether we can be of any help insofar as the proposed world solidarity tax for example is concerned.

8. Attached are details on the Tunis proposals as adopted at the General Assembly of the Club de Dakar.

cc: Messrs. McNamara
Stern
Lafourcade
Benjenk
Mrs. Boskey
Messrs. Knox
Wapenhans
de Azcarate
Mrs. Huges (EPD)
Messrs. Alisbah
de la Renaudière
El Darwish

Attachment

SKpognon/it



club de dakar

TUNIS PROPOSALS

=====

Gathered for its General Assembly in Tunis from 24th to 26th November, 1980 and seeking to make its own contribution to the North-South negotiations and to the progress of the international cooperation required to overcome the present difficulties and to find the path to a new phase of expansion and progress, the Club of Dakar urges the adoption of the proposals below and empowers its President to inform governments, international institutions and non-governmental organisations of these proposals and to ensure their widest possible dissemination to world public opinion.

I PROPOSALS CONCERNING THE INVESTMENT OF CAPITAL AVAILABLE FOR THE DEVELOPMENT OF THE THIRD-WORLD

In order to allow available funds to be invested with adequate security and returns for the development of the developing countries, the Club proposes :

- that a mutual guarantee mechanism be studied and established for loans and direct investments effected in the developing countries with participation from industrialized countries, countries with surplus financial resources and countries benefiting from these loans and investments ;
- that special resources be set aside for a subsidization and rescheduling fund designed to permit a better adaptation of the terms of loans obtained on the international capital market to the needs and possibilities of borrowing countries ;
- that, within the framework of efforts aimed at achieving orderly development of prices of energy and other primary products, new mechanisms be studied for promoting capital flows for the financing of developing countries, for example, indexation of the value of the capital ;

.../...

II PROPOSALS FOR THE INCREASE OF CONCESSIONARY FINANCIAL TRANSFERS IN FAVOUR OF DEVELOPING COUNTRIES

In order to ensure an increasing flow of concessionary financial transfers in favour of developing countries and in order to find a solution to the severe balance of payments problems of some of them, the Club makes the following proposals :

- that a study be undertaken, along the lines of the recommendations made by the Brandt Commission, of the question of instituting automatic contribution from the rich countries, based on their national incomes as well as on their trade in energy products and military equipment ;

- that activities undertaken as part of product agreements and of the Common Fund to stabilize and increase the revenue derived from primary product exports from developing countries be supplemented by a global guarantee in real terms for the receipts derived from exports of primary products ;

- that the institution and implementation of regional programmes be encouraged, particularly by contributions from the international community aiming at seeking to reduce in due time the excessive burden on the balance of payments of some developing countries of the increased cost of their supplies of energy, equipment and food. In order not to encourage increased consumption of energy, the counterpart of any subsidy given should be used first of all for the development of domestic energy resources and for the transformation of their structures of production and exports ;

.../...

III. PROPOSALS CONCERNING THE IMPLEMENTATION OF PRIORITY ACTIONS IN STRATEGIC DEVELOPMENT SECTORS IN DEVELOPING COUNTRIES

In order that existing funds, the volume of which is clearly insufficient, and new funds which could be mobilized through the mechanisms suggested above, contribute in an efficient manner to the solution of the real problems of developing countries, the Club suggests that these funds should be concentrated in the following priority areas :

- development of agricultural production, and more particularly of food production, in developing countries, which now suffers from serious deficiencies in this field ;
- applied research relating to the problems of developing countries, particularly in the fields of agrobiological and new sources of energy ;
- education, that is knowledge itself and the capacity to acquire and develop it, as well as the resulting capacity to shape one's own future, especially as regards :
 - . education relevant to essential techniques, such as the use and processing of ore, mechanics, electronics, agro-technologies and administrative and financial management.
 - . the training of educators in view of an increasing use of audio-visual means ;
 - . elaboration and implementation of an international programme of basic education using all technologies available ;
- the development of energy and mineral resources, to which the guarantee system advocated above could contribute significantly ;

.../...

IV. PROPOSALS RELATING TO THE DEVELOPMENT OF THE HORIZONTAL COOPERATION BETWEEN DEVELOPING COUNTRIES

The Club demands that regional and sub-regional cooperation be encouraged and, generally, cooperation between developing countries themselves, in particular by the consideration of regional projects and grants of funds needed for cooperative activity of this type.

Here the Club notes with interest the cooperative energy programme instituted by Venezuela and Mexico in favour of certain countries in Latin America and the Caribbean, as well as the beginnings of similar cooperation in Africa.

V. PROPOSALS RELATING TO THE LEAST DEVELOPED COUNTRIES

The Club considers that the situation in the least developed countries should be the subject of a special action programme with a view to arresting the process of deterioration of the situation in these countries and making them able to become really developing countries within a reasonable time. In order to formulate concrete proposals to this end, the Club has decided to constitute a working group within the Club. In view of the fact that the United Nations has called a meeting in Paris in September 1981 on this subject, the Club's proposals will be placed before the competent authorities during the first half of 1981.

VI. PROPOSALS RELATING TO THE ONGOING NEGOTIATIONS IN THE UNITED NATIONS ON THE LAUNCHING OF GLOBAL NEGOTIATIONS

The Club proposes a further democratisation of decision-making powers within the International Monetary Fund, particularly those relating to the attribution of funds which are of relevance for the special problems of developing countries.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Munir P. Benjenk, VPE
SUBJECT: The Dakar Club

DATE: December 9, 1980

1. The Dakar Club was created early in December 1974. Its members are from developed as well as developing countries and participate in their own behalf. The Club is currently under the Chairmanship of Mr. Diawara, a former Planning Minister of the Ivory Coast. It is based in Paris and has the backing of President Senghor and other African leaders. Its membership includes people such as Edgar Faure, ex-president of the French National Assembly, Claude Cheysson, Commissioner of the EEC, Professor Alfred Sauvy, Edjem Kodjo, Secretary General of OAU, ambassadors, ex-ministers, businessmen and members of international organizations.

12/11
2. The Dakar Club was originally created to permit open discussions on the economic and social problems posed by the development of Africa as a whole; it nevertheless started by addressing the problems of Francophone Africa. Its primary objective is to mobilize international public opinion and draw the attention of those who are involved in development, be it governments or international organizations, to the necessity of developing Africa and the need for Africa to redeploy its international economic activities. The Club tries, to the extent possible, to eliminate political constraints and concentrate its work on technical and economic issues. It considers itself as an informal forum on the North/South dialogue.

3. The main body of the Dakar Club is its General Assembly. It elects the President every three years and the members of a special committee (Comité d'Animation), which supports the President in his coordination efforts. It is the General Assembly that adopts the proposals which are officially communicated to the public, governments, international institutions and those responsible for economic, social and cultural developments. Six General Assemblies have taken place so far: in December 1974 in Dakar where the Club was created, late April 1975 in Paris, early December 1976 in Abidjan, late November 1977 in Luxembourg, late November 1978 in Libreville and most recently in late November 1980 in Tunis (communiqué attached). The daily administrative tasks are dealt with by the Club's secretariat. Ad hoc meetings placed under the auspices of the Dakar Club with the participation of representatives from a number of African states and public and private sectors, have taken place in 1977 and 1978. The results of these meetings and of the working groups created for specific topics are discussed in the General Assemblies. The latter have so far adopted proposals on global cooperation between developed and developing countries in the following areas:-
(i) transfer of financial resources to developing countries from developed and surplus developing countries; (ii) development of certain preferential industrial and agricultural activities in developing countries; (iii) regularization of export receipts of developing countries; (iv) future

Mr. Robert S. McNamara

December 9, 1980

association between developed and developing countries in search of new sources of raw materials; (v) training and applied research in developmental problems of developing countries. Finally, the Dakar Club made proposals for a chart on industrial cooperation between North and South.

4. On its agenda for future discussion special working groups are studying issues such as food prospects in developing countries, energy prospects in Africa, financing of industrial projects in Africa, definition of housing adapted to Africa, and the world economic crisis and the growing importance of protectionism.

5. Mr. Diawara (bio data attached) will be seeing Secretary General Waldheim and Mr. de Larosiere during his visit to the US.

cc: Mr. D. R. Clarke

STVoyadzis:lhv

IBRD LANGUAGE SERVICES DIVISION	
CONTROL No. E-717/81	DATE: December 9, 1980
ORIGINAL LANGUAGE: French (Club of Dakar)	
DEPT. Ext. Relations	TRANSLATOR: TS:klh

TUNIS PROPOSALS

At its General Assembly session in Tunisia on November 24-26, 1980, the Club of Dakar, being anxious to contribute to the North/South negotiations and to the progress necessary in international cooperation to overcome the present difficulties and to jointly find pathways leading to a new phase of expansion and progress, recommended the following proposals and authorized its Chairman to bring them to the attention of the Governments, international institutions and nongovernmental organizations concerned and to ensure that they are given the widest possible publicity.

PROPOSALS REGARDING INVESTMENT OF CAPITAL SURPLUSES IN THE DEVELOPMENT OF THE THIRD WORLD

In order to make it possible for capital surpluses to be invested with satisfactory safety and return in the development of the developing countries, the Club proposes:

- that there be studied and established as early as possible a mutual guarantee mechanism in which the industrial countries, the capital-surplus countries and the beneficiary countries would participate; this mechanism would serve to guarantee loans and investments made in developing countries;
- that efforts be made, by means of specific resources allocated to a subsidy and consolidation fund, to adapt the conditions of loans raised on the international capital market better to the needs and capabilities of the borrowing countries;
- that, as part of the ongoing efforts to provide for the organized evolution of prices for energy and other commodities, new mechanisms for development financing be studied, such as the

indexing of the value of capital employed for the development of the developing countries.

PROPOSALS REGARDING THE AUGMENTING OF GRANT-TYPE FINANCIAL TRANSFERS TO THE DEVELOPING COUNTRIES

In order to bring about an increase in grant-type financial transfers to the developing countries and provide a solution to the acute balance of payments problems being experienced by some of them, the Club proposes:

- that, in the spirit of the Brandt Commission recommendations, a study be made with a view to instituting an automatic contribution by the rich countries which could be based on national income plus sales of energy products and military equipment;
- that the measures taken in the framework of the product agreements and the common fund to stabilize and improve developing countries' commodity export earnings be complemented by a global and real guarantee of their earnings from commodity exports;
- that encouragement be given, particularly through contributions by the international community, to the devising and implementing of regional programs designed to ease for an appropriate period the excessive burden imposed on the balance of payments of certain developing countries by the soaring cost of their energy supplies and capital goods and food imports. In order not to favor increased energy consumption, the value of the compensation granted should be employed, by priority, for developing these countries' own energy resources and converting their production and export structures.

PROPOSALS FOR PRIORITY ACTIONS IN THE STRATEGIC DEVELOPMENT
SECTORS OF THE DEVELOPING COUNTRIES

In order that the present means, the volume of which is manifestly insufficient and such new resources as may be mobilized, especially through the mechanisms proposed in the foregoing, can contribute effectively to the solving of the real problems of the developing countries, the Club proposes that these resources be concentrated on the following priority actions:

- development of agricultural production and, primarily, of food production, especially in the developing countries that are presently suffering serious shortages in this area;
- research applied to the problems of developing countries, particularly in regard to agrobiological and new energy sources;
- training, i.e. knowledge and the capacity to acquire and develop it and the power that results from controlling one's future, especially as regards:
 - training in essential technical areas;
 - the training of instructors with a view to increasing the use of audio-visual aids;
 - the devising and implementation of an international basic training program employing all available technologies;
- development of energy and mineral resources, to which the guarantee mechanism advocated could make an effective contribution.

PROPOSAL REGARDING COOPERATION BETWEEN DEVELOPING COUNTRIES

The Club asks that encouragement be given to regional and subregional cooperation and, more broadly, to horizontal cooperation between developing countries,

with special emphasis on consideration of regional projects and the granting of appropriate financing for cooperation schemes of this type.

In this connection, the Club notes with interest the energy cooperation programs set up by Venezuela and Mexico in favor of certain Latin American and Caribbean countries and the beginnings of cooperation of the same nature in Africa.

The Club considers that the less developed countries should be made the subject of specific action programs aimed at halting the deterioration in their situation and placing them in a position to become, within reasonable periods, countries that are truly developing. In order to formulate some concrete proposals in this regard, the Club has decided to form a working group. With a view to a United Nations conference on this subject to be held in Paris in September 1981, these proposals will be placed before the competent authorities in the course of the first six months of the coming year.

PROPOSAL REGARDING THE NEGOTIATIONS UNDER WAY IN THE UNITED NATIONS
ON THE INITIATION OF GLOBAL NEGOTIATIONS

The Club proposes a greater democratization of decision-making power in the International Monetary Fund, particularly as regards the Fund's functions concerning the specific problems of the developing countries.

ROUTING SLIP

DATE

December 9, 1980

FROM THE OFFICE OF THE
REGIONAL VICE PRESIDENT

NAME

ROOM NO.

Mr. Robert S. McNamara

E-1227

(Through Mr. Stern)

AS

12/10

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

INITIAL

RECOMMENDATION

NOTE AND FILE

SIGNATURE

REMARKS

I attach a brief for your meeting with Mr. Diawara scheduled for Thursday, December 11 at noon.

I will accompany Mr. Diawara to your office. He does not speak English. An interpreter will be on hand for the translation.

AK

FROM

A. David Knox

Mr. McNamara's Meeting
with
Mr. Diawara, Chairman of the Club de Dakar
on December 11, 1980

1. A biographical note on Mr. Diawara is attached in Appendix 1. Mr. Diawara, in his cable to you, has indicated that he will brief you on the conclusions of the Club's plenary session, which has recently taken place in Tunis (24-26 Nov. 1980). Mr. Diawara may also discuss with you other activities of the Club and perhaps relations with the Bank.

Establishment and Objectives of the Club de Dakar

2. Mr. Diawara, then Planning Minister of Ivory Coast, was the driving force behind the establishment, in the capital of Senegal, of the Club de Dakar (CD) in 1974. Presidents Houphouët-Boigny and Senghor lent their moral support to the undertaking. The CD provides a forum where individuals from public and private life from developing and industrialized countries participate, in their own capacity, in thinking and discussions on issues relating to the new international economic order and to African development. The CD has paid attention to the problem of the transfer of resources to the developing countries.

3. The Club, as an independent body, does not interfere in the political stream of the countries concerned, but undertakes to make the results of its work available to decision makers and to the public at large for the benefit of world development. The Club seeks to influence international opinion in the reordering of the international economic outlook as it relates in particular to African development.

Functioning

4. The President runs the CD and with the assistance of a 12-member standing Committee prepares the work programme, proposes agenda for meetings and organizes those meetings. Working group and specialists' assistance is often enlisted to dwell on specific issues for presentation to the Club ad hoc meetings and plenary sessions. The CD has its headquarters in Paris, but holds its plenary sessions alternately in developed and developing countries annually. The 1980 session took place in Tunis. We have no information on the theme discussed and Mr. Diawara undertakes to brief you on that session.

Achievements

5. In terms of general and ad hoc meetings held on topics relating to its objectives, the CD has achieved the following:

- Abidjan (1976): the CD took up the topic of cooperation between industrial and developing countries and issued a charter for industrial cooperation, a sort of code of conduct aiming at fostering the preferential development in the developing countries of certain industrial activities, such as shoe industry, manufacture of cycles and motorcycles, ready-made clothing (underwear, shirt-making), production of fertilizers still largely conducted in the industrialized countries.

- Royaumont (1977): eight African states, the French Minister for Cooperation and about 150 leaders of French industry and trade met on the theme of Franco-African industrial cooperation.

- Birmingham (1978): eleven African states, and about 100 leaders of British industry and trade discussed the same topic.

- In Libreville in 1978, propositions on global cooperation between industrial and developing countries include the examination of the transfer of resources from industrial countries to the developing countries, the stabilization of the developing countries' export earnings, training and research.

6. Apart from policy statements or declarations designed to influence thinking in international economic relationships, the Club has embarked on more concrete actions:

- (a) participation in training seminars;
- (b) setting up of a documentation centre on African development;
- (c) proposed study on an integrated indicative development plan for the West African Region. (This exercise may prove useful to the Bank's Africa Study).

We learned that the CD had been involved in inducing project development, such as a textile factory in Tunisia, and the Warri oil refinery in Nigeria.

Relations with the Bank

7. The Bank's main contact with the Club de Dakar has been the recent discussion that Professor Berg and his team held in Europe with Mr. Guillon, Director of the CD in Paris, in connection with the African strategy review. No doubt that Mr. Diawara's views and insights on the review will be beneficial and the Bank should take the opportunity to seek his opinion, perhaps on the first draft (or summary) of the Africa Study.

8. Mr. Diawara was an EDI Fellow and the Club or himself may wish to play a role in supporting EDI training efforts in Africa in areas such as national economic management planning, where he commands a great deal of experience.

9. The Club de Dakar seems to be interested in development project or investment promotion. You might wish to have Mr. Diawara elaborate on this aspect of the CD's activities, which it may not be equipped to do.

10. The Bank may wish to be regularly informed of the Club de Dakar's activities and we might offer to do likewise (exchange of documents on WDRs, Bank Annual Reports, staff papers of relevance to the CD, etc.). You might also wish to enquire about the main subjects for review by the CD in the years ahead.

December 9, 1980

BIOGRAPHICAL NOTE

MR. MOHAMED DIAWARA

A Ivorian national, Mr. Diawara is 57 years old. He studied in French universities and got a degree in mathematics. Mr. Diawara served in Ivory Coast as Directeur de Cabinet (Cabinet Principal Secretary) in the Ministry of Economy from 1958 to 1962. He became Administrator of Planning 1962-1966 and Minister of Planning 1966-1976. As a Minister of Planning he was instrumental in contributing to the strong growth of Ivorian economy.

Mr. Diawara was a fellow of EDI (1957).

Apart from his involvement in the Club de Dakar's activities, Mr. Diawara is often employed as a consultant by African Governments.

ROUTING SLIP

DATE

December 10, 1980

FROM THE OFFICE OF THE
REGIONAL VICE PRESIDENT

NAME

ROOM NO.

Mr. Robert S. McNamara

E-1227

(Through Mr. Stern)

12/10

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

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NOTE AND FILE

SIGNATURE

REMARKS

FROM

A. David Knox

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 10, 1980

FROM: A. David Knox *ADK*

SUBJECT: Your Meeting with Mr. Diawara Chairman of the
Club de Dakar

1. This is to supplement my briefing note to you dated December 9, 1980 on the Club de Dakar.

2. I have just learned that Mr. Jean Baneth Assistant Director of the Economic Analysis and Projections Department, participated in the Tunis meeting (Nov.24-26) of the Club de Dakar in his own capacity. He delivered a 22-page speech in French. Attached is his back-to-office report which will give you some flavor of The Tunis session before you meet with Mr. Diawara. Attached also is a press digest on the proposals made at the Club meeting.

Attachments

OFFICE MEMORANDUM

Ch. Kret

TO Mrs. Helen Hughes, EPDDR
FROM Jean Baneth, EPDDR
SUBJECT Back-to-office report: Missions to France and Tunisia

DATE ~~November~~ ^{December} 3, 1980

J. Baneth

1. I left the Bank on November 18, 1980. On November 20, Yves Franchet and I gave a conference at the Institut Français de Relations Internationales, on past achievements and prospects of developing countries. The following day, I conducted a seminar at the University of Clermont-Ferrand, on the same topic; and on November 21, again jointly with Franchet, we participated in a seminar organized by the Groupe d'Action Tiers-Monde on the role of various development agencies (representatives of the IMF and of the French Ministry of Foreign Affairs also participated). My contribution was derived from the paper prepared for delivery to the meeting of the Club de Dakar, at Sousse. At both Paris meetings, the audience was quite large (over 100, I think), and of high quality; the IFRI group in addition to numerous high civil servants, included such well-known personalities as Jeanneney, Alfred Fabre-Luce, and Maurice Guernier. Most questions and interventions were quite well informed; nevertheless, they tended to reflect a much more pessimistic view of past developments and of prospects than that of our presentation, even though that was based upon the low case of WDR.

2. At the Club de Dakar meeting, I presented the attached paper. Papers on the status of the North-South dialogue were presented by M. Lewin (Director for international organizations at the Quai d'Orsay) and by F. Gerbasi (Venezuela's Ambassador to the U.N. organizations in Geneva). Alfred Sauvy of the College de France (remarkably young at 84) presented a paper whose main message, you will be pleased to hear, was that statistics purporting to show deteriorating terms of trade for LDCs were misleading, because they disregard quality improvements in manufactures. He was quite exercised about this, and about the implications of developing country policies based on such misleading information.

3. My paper was generally well received. Some people from oil exporting countries said that I had attached too much blame to OPEC for the oil-importers' present difficulties. However, they accepted my clarification that while the oil price rise of 1973 marked the beginning of a new and more difficult period for the world economy, this did not necessarily mean that the recent rise or present level of oil prices were excessive; a good case could certainly be made that oil prices were too low in the fifties and sixties.

4. The meeting was in some ways chaotic. Several members criticized the Secretariat for having failed to circulate an agenda and relevant papers. The President of the Club, Diawara, presented a set of draft recommendations, to be made by the Club to the participants in the North-South dialogue. They were mostly quite far reaching, somewhat along Brandt Commission lines. There was widespread criticism of the draft proposals, mostly on the grounds of their being unrealistic. In the end, they were substantially toned down. I thought that most members (other than the Club's President) would have been quite content to adopt no recommendation at all, and merely to discuss development issues.

./.

5. The final recommendations were a fairly mild set, mostly proposing a variety of studies: of a mutual guarantee fund of loans and direct investments in LDCs;

- of an interest subsidy fund;
- of new financial mechanisms, in particular the possible use of indexed loans;
- of international taxes "in the spirit of the Brandt Commission";

The Club also proposes:

- the creation of an export earnings guarantee fund, to complement the IMF and STABEX;
- regional actions (a reference to the Mexico-Venezuela agreement and to the recent proposals of African producers) to alleviate the oil import burden, and the burden of food and equipment imports;
- that priority be given to food production, to applied research, to education and training (particularly the education of educators) and to energy development.

The Club also "proposes a greater democratisation within the IMF, in particular in relation to those responsibilities of the Fund which relate to the specific problems of developing countries". Please note the absence of reference to the Bank.

6. I was greatly impressed by the meeting's collaborative, non-confrontational atmosphere. Several interventions were quite sharp, but there was no indication of a North-South cleavage, and many remarks from African delegates were quite self-critical. I am chauvinistically tempted to attribute this to the French cultural influence which is pervasive at the Club, even though the majority of non-African participants came from European countries other than France.

7. The welcoming remarks of Moncef Belhadj Amor, Tunisian Minister for Public Administration, representing the Prime Minister (who was at the Arab Summit), gave the tone of the debates. He blamed the egoism of the developed countries, but the brunt of his speech was devoted to a critique of the developing countries' policies, in particular of excessive protectionism. In this respect, he referred to "Bela Balassa, who is untiringly and serenely fighting the protectionism of developing countries, when it is excessive". He also "saluted in passing the silent revolution in economics, proceeding under the impulsion of the World Bank, which consists in studying carefully the basic needs of people and the best means for satisfying them".

8. A few quotations may give the flavor of the discussions: "Many Governments are content with palliatives - in the etymological sense of covering with a pallium... These are shortsighted, carpe diem measures" (Diawara, in his opening statement). "The channel separating England from France is a narrow ditch, but it broadens immeasurably by the time it reaches

12/3/1980

Africa" (on the subject of the paucity of English speaking African participation in the Club). Diawara, on the same subject: "We have written to many anglophones, but they do not answer letters. One of the Club's early meetings was to be in Nigeria; a little before the scheduled date, we received a letter from some Colonel, stating that "the meeting of the Club de Dakar will not take place"... "Senegal is conducting a fundamental reexamination of its development policies. It may even have to reexamine its attachment to socialism"... "The contrast between the policies followed by the Ivory Coast and those of Senegal is in part due to Houphouet-Boigny being a country doctor, who knows peasants, and Senghor a lofty intellectual". "Progress of the North-South dialogue has been blocked mainly by the United States". "We exhort the North to give us aid; but what about our own brothers in the South, the rich oil producers?". "It is quite unrealistic to expect the oil producers to give preferential prices to anyone". "The Liberian coup was provoked by precisely the policies we advocate. Conditions are favorable to rice production but the country imports rice. Florence Chenoweth (a Club member) raised rice prices; this provoked riots of the privileged urban groups, and ultimately a coup".

9. In summary, the Club is not a place where to discuss difficult theoretical questions; but it is an excellent forum for exchanging views with enlightened African civil servants and politicians.

Attachment

cc: Messrs. M. Benjenk, B. Balassa, R. Chaufournier, Y. Franchet, D. Knox
Mrs. S. Boskey

JBaneth:mf

TUNIS: Proposals of Club de Dakar Seen Renewing North-South Cooperation.
The Tunisian press devoted most of its commentary last week to proposals adopted by the "Dakar Club," which held a general assembly session in Sousse, Tunisia.

The French language newspapers La Presse, L'Action, and Le Temps made the point in their analyses that these proposals show the will to contribute to a renewal of North-South cooperation, stressing particularly that the "Club" came out in favor of regional programs to stem increases in oil and food payments made by the most impoverished countries.

All the newspapers emphasized the creation of a world solidarity tax benefiting the developing countries, based on the income and sales of oil or goods by rich countries. They also favored a system guaranteeing the investments made by oil-producing countries in developing countries.

The Tunisian press also called attention to the fact that the "Club" favored a democratization of decision-making within the IMF, particularly concerning IMF allocations pertaining to the problems of developing countries.

(The above summary was provided by AFP.)