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The Director of Central Intelligence

Washington, D.C. 20505

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29 September 1981

MEMORANDUM FOR: The Honorable Martin Anderson
Assistant to the President
for Policy Development

SUBJECT: Policy Options for Cancun

Here's a memorandum prepared in response to some questions which Peter Flanigan put to us in connection with a memorandum he prepared for George Shultz's Economic Policy Committee on policy options for Cancun. I'm asking our economic people to update this memorandum and it would help in that connection if I had a copy of the memorandum which Peter prepared.

Bill

William J. Casey

Attachment

Dist.
Orig - addressee
1 cy w/atts to D/NFAC
1 cy w/o atts ER files

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Some Aspects of the North-South Dialogue

This memorandum summarizes several aspects of the North-South dialogue. It includes an overall perspective and sections on past approaches to the dialogue, the role and effectiveness of private voluntary aid in fostering economic development, information on commodity agreements, and selected applications of aid to market economies.

Perspective

The industrialized states, with varying degrees of reluctance, have accommodated several of the South's demands made in the context of the North-South dialogue. The North has committed itself to increasing funds for development assistance and has agreed to a limited system of trade preferences for LDC products. The industrialized nations participate in several producer-consumer commodity organizations that attempt to insulate developing countries from sudden fluctuations in the production of or demand for specific LDC exports. Because of its greater economic power, however, the North retains the ability to control North-South discussions so long as the dialogue is restricted to the transfer of economic resources and takes place in limited forums. If the North-South dialogue were viewed solely in terms of economic objectives attainable in these forums, then economic development would continue to be contingent upon the generosity and healthy expansion of the economies of the industrialized states. In this case, confrontation between North and South ultimately would be counterproductive for the LDCs.

The North-South dialogue, however, involves more than the substantive issues of economic development; the South also has a political strategy designed to enhance its bargaining leverage in and influence over international negotiations. Because the industrialized states possess such overwhelming economic might, the South has concentrated its efforts on gaining control of the procedural aspects of the dialogue in order to influence the outcome of negotiations.

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