

OPINIONS

# Gulf war waged on developing countries

by Ingrid Walter

While the industrialized countries flex their military muscle in the Gulf region and debate about war on Iraq, developing countries see the crisis more in terms of a war to be waged on their economies.

Higher petroleum prices in developing countries often result in higher transportation costs, increased prices for fertilizer and higher food prices as was the case in the oil crises of 1973 and 1978.

High oil prices also means cut-backs on domestic development and social programmes, slower growth rates and severe problems with burgeoning balance of payments deficits as well as reduced purchasing power for vitally-needed imports.

The 1973 oil crisis led in 1974 to a \$7 billion loss of purchasing power by lesser developed countries (LDCs). Most of this loss was absorbed by nations with per capita incomes of below \$375.

Any turbulent event that leads to an oil crisis carries with it the promise of currency devaluations and increased control of LDC economies by international lending agencies, the World Bank and the International Monetary Fund (IMF).

Nicaragua along with Honduras, Latin America's poorest country, were nervous about last month's IMF and World Bank meetings. In Nicaragua, there have been 36 devaluations of the

currency (the condoba) since the April election of president Violeta Chimorra, and gas at the pump has jumped to \$2 per gallon.

The country is currently in negotiations with Latin America's oil producers, Mexico and Venezuela, looking for concessions. History, however, points to a buckling of developing world oil producers under the pressure of OPEC and the major western oil companies.

The World Bank has argued that it is helping LDCs to develop their own oil supplies. Nigeria for many years was seen as the potential case study for Africa. In 1974, it supplied the U.S. with some 800,000 barrels of oil a day.

In 1978, the World Bank embarked on a three-way partnership with Gulf Oil Corporation, the state-owned oil company in Pakistan, to finance oil exploration and development. At the time, there was talk that projects like these could reduce the LCDs' dependency on oil imports up to 50 per cent by 1990. That has not happened.

In LDCs like Nigeria, Venezuela, Mexico, Libya, Pakistan, and Trinidad and Tobago, oil drilling continues. Because these nations are not part of a large cartel like OPEC, they are subject to market forces and the control of Western oil companies.

In the past, when oil prices have risen on the world market, these nations have been quick to harmonize their prices as well. Like the industrialized countries, they pass on the oil cost directly to consumers, although hundreds of thousands of these consumers, particularly in their own regions, can little afford it.

As economists pointed out in

1974, it will take LDCs a long time to recover from the devastating economic effects of spiralling oil prices.

Some analysts say many countries have still not recovered from the blow of 1978, in many cases missing their growth targets by billions of dollars.

In a September statement, the World Bank pointed out that overall incomes fell in the LDCs again last year, and in those where there was a rise, it was smaller than in previous years.

In 92 countries with some 3.9 billion people, poverty ranged from that of Oman where a citizen's average income was \$5,070 in 1988 to Ethiopia where the average annual income stood at \$120 per year.

Prime Minister Brian Mulroney issued a statement on September 14 which would contribute \$75 million in humanitarian and economic aid to surrounding countries such as Jordan, Egypt and Turkey which have been harmed by Gulf trade embargoes.

The Gulf crisis has produced an exodus of hundreds of thousands of Phillipino, Palestinian and Bangladeshi workers from Kuwait. An estimated 30,000 Bangladeshis and 50,000 Palestinians have been supporting families through jobs in the Middle East.

"Many LDCs rely on the foreign exchange sent back to the homeland by these workers," said Barbara Wood, associate director of the Inter-Church Committee on Human Rights in Latin America. "Their return home not only reduces the inflow of vitally needed foreign exchange, but removes income to thousands of dependent family members."

## LETTERS

cont'd from page 4

amendment to change the Senate comes through, effectively kicking them out of their jobs.

Third, it seems that you are upset that the government has spent millions of dollars advertising the tax and that business has spent millions retrofitting their operations.

First, there is a necessity to educate the public about the tax due to the level of misinformation present (such as the other parties saying that everyone will pay more in taxes and then agreeing that the tax is revenue neutral).

The fact that advertising is expensive is not the fault of the government: complain at your local newspaper. Second, businesses are spending millions retrofitting their operations because they presume that the policies of the democratically elected House will be implemented.

Finally, I am disturbed by the uncalled-for representations of the new senators in the accompanying comic. Since part of my money goes toward supporting this paper, I thought that you would have more class than that.

Silly me.

It is about time that the Senate stopped playing political games at the expense of the public. It is about time that the Senate is reformed!

Sincerely,  
Tim Evans

## Smoking ban draws fire

To the editor

I am writing regarding the plan to ban smoking in all (or most) of the indoor public areas at York.

York seems to be jumping on the national band-wagon against smoking, making life and law prejudicial against smokers, while crying out against racism, homophobia and sexism, etc. because of the way these conditions harm and ostracize people.

Let me make a few comments.

With all the rhetoric in recent years here and in the United States about opposing the legislation of Christian morality, why are we imposing the morality of non-smokers upon smokers? I do not smoke or promote the practice, but I support liberty, including the liberty to smoke.

The main reason I hear people arguing for the ban of smoking is its hazardous effects on people's health. There are many other practices which damage people's health (physical, emotional, mental and social), but they are ignored or endorsed depending, not on their health effects, but on public opinion, such as drunkenness, drug consumption, and extra-marital sex.

Even the thought of banning shops on campus from selling cigarettes is repulsive. What happened to free market economy? By the way, I don't smoke and never have. I am simply interested in promoting justice in society and integrity within the intellectual community.

Sincerely,  
Tim Bloedow

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