CHAPTER THREE

NAM: A SEARCH FOR TRUE INDEPENDENCE

The Rationale

The world into which the new nations were born was one dominated by an international system that had taken roots at the end of World War II. Inevitably that system had grown in strength over the years manured by the industrially advanced countries of the North at the expense of the developing nations in the South. The system had been working against the free flow of assistance for the economic development of the developing countries. It is not surprising that the rich countries wanted to maintain their exploitative system. They succeeded to maintain the development gap in progress to reach even during the period 1963-64 per capita income in the world to a range between 80 to 2700. The very low rate of per capita income in the developing countries was largely due to under development and partly the result of colonialism. The developing and underdeveloped countries were fully aware of their poverty, and its eradication became the primary objective of these countries. They tried to adopt the kind of political institutions and value

systems to meet their needs of economic development and social change. More than that the process of development is closely linked with the international politico-economic forces for the formation of capital, technology and trade. The developing countries realised the impact of international forces that render political stability and instability on their economies. In the course of the interplay of several forces, both national and international, a high degree of collective discipline is required on the part of the actors involved. There is a need to provide sufficient flexibility in the international mechanism of adjustment so that domestic economies may be managed effectively, and yet be allowed to adapt on a continuing basis to the evolution of the global economy.

During the first phase of reorganisation the developing countries were engaged in solving the problem of national integration. Soon they began to face the grim realities of their economic front which was distributed by the colonial past. They represented artificial constructs, and their government had to strive to hold themselves together, once the first wave of anti-colonial nationalism had passed and ethnic, religious and
linguistic differences came to the fore. The NAM provided an anodyne to relieve the developing countries of their economic ills. It was a positive response to meet challenges faced by these countries. The Movement transformed itself into a collective economic movement of the developing countries.

The Belgrade Summit of non-aligned countries wished to draw the attention of the world community to those acute problems of the day which required immediate resolution. The Summit strongly recommended the immediate establishment and operation of United Nations' Capital Development Fund and demanded just terms of trade for the economically less developed countries and in particular constructive efforts to eliminate the excess infiltration in primary commodity trade and the restrictive measures and practices which adversely affected the trade and revenues of the newly developing countries. In 1961 the General Assembly of the United Nations officially designated 1960's as the first United Nations Development Decade, and set the

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3 The United Nations proclaimed a series of Development Decades. With this the development activities of the United Nations received added momentum. The first development Decade was to end in December, 1970.
attainment of a minimum annual growth rate of 8 per cent in the growth of GNP in the developing countries. Secondly, the industrial countries were directed to transfer to the developing countries, as aid towards their development, 1 per cent of the combined national income of the industrialised countries. Later, on December 8, 1962, the UN General Assembly decided to convene the United Nations Conference on Trade and Development (UNCTAD) and the first UNCTAD meeting was held in Geneva from March 23 to June 26, 1964.

The first UNCTAD meeting for the first time in history, was seriously concerned with the problems of trade and development of the developing countries. Prior to the creation of the UNCTAD the problems relating to trade and development were embodied within the scope of the General Agreement on Tariffs and Trade (GATT). The GATT principles laid emphasis on the classical concept that the expansion of trade to the mutual advantage of all merely required the removal of the obstacles

4 The General Agreement on Tariffs and Trade (GATT) is a development agency that has assisted the trade and development of all countries. It works to reduce both tariff and non-tariff barriers obstructing international trade through the three rounds of negotiations conducted under its auspices. The Kennedy Round in the sixties the Tokyo Round in the seventies, and the Uruguay Round in the eighties.
which impede the free play of economic forces; its rules and principles were established to guarantee this free play, but it also assumed an abstract notion of economic homogeneity within the world community which concealed the great structural differences between the developed and developing countries. With the commencement of the GATT international trade was liberalised and the developed countries pocketed the benefits accrued from the "free play of the economic forces". The developing countries were totally disappointed over the working of GATT which could not be relied upon to create a new order needed to meet their development requirements.

Dissatisfied by the functioning of the GATT the non-aligned countries showed enthusiasm to make the UNCTAD a great success. It was the first major North-South conference on development question. During the negotiations at that conference, economic interests clearly crystallized along geopolitical group lines and the developing countries emerged as a group that was beginning to find its own identity. The joint declaration of the Group of 77 adopted on 15, June 1964, referred

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5 For details see I IFT, UNCTAD II, A step forward, p.13.
to UNCTAD I as an event of historic significance. The UNCTAD I was the largest and was one of the most important inter-governmental conferences ever assembled and its proceedings covered the entire field of trade and development problems and policies affecting the developing countries. It set forth new objectives and models for providing guidance for trade and international co-operation with particular reference to the problems affecting developing countries irrespective of their social and economic systems. But neither the UNCTAD recommendations nor the UN first Development Decade targets met with success. Even the few simplistic targets it set for itself, have not been attained. Instead of the minimum annual rate of economic growth for the developing countries of 5 per cent at the end of the Decade was an annual growth of 4.6 per cent (the fiftees with out the stimulus of the Decade registered a growth of countries of 4.8 per cent) In the place of transfer of 1 per cent of the combined national income of the industrial countries the actual transfers in 1970 stood at 0.63

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per cent. In fact, the structure of the world economy and the existing institutions of international trade and development have failed either to reduce the disparity in per capita income of the people in developing countries and those in the developed countries or to promote international actions so as to rectify serious and growing imbalances between the developed and the developing countries. It was however, at the Colombo Summit that a detailed "Action Programme" for economic co-operation among the non-aligned states as well as with other developing countries was adopted. As many as fifteen co-ordinating committees of the non-aligned states were set up to look after the different aspects of co-operation, such as trade, monetary and financial matters, industrialisation, transport and communications etc. Ever since the 1960s there have been collective demands for a better deal from the developed countries to the developing


8 The "Action Programme", adopted at the Colombo Summit contained three sections, viz: (a) economic co-operation among non-aligned and other developing countries; (b) international co-operation for development; and (c) co-ordinating the different fields (raw materials, trade, monetary and financial co-operation, industrialisation, food and agriculture, fisheries, transport, insurance, etc.) for co-operation among non-aligned and other developing countries.
nations through the forum of the non-aligned.

For the first time the demands of the Non-Aligned Movement for a better world order found recognition in the Sixth Special Session of the United Nations General Assembly held in April-May, 1974. Algeria was then the chairman of the Movement who called for the session. The Sixth Special Session of the United Nations adopted in that May, 1974 the well-known Declaration on the Establishment of a New International Economic Order and the accompanying "Programme of Action". The proposed New International Economic Order (NIEO) envisaged the promotion of the economic and social development of all citizens of the world based on equity, interdependence, common interest and co-operation among all countries. It notes that the present economic system is incapable of reducing the gap in the economic well-being between the developed and the developing countries. The economic system of the developing countries is mostly dependent on the developed world, and the participation of the developing

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The Sixth Special Session of the UN General Assembly held on May, 1, 1974 solemnly proclaimed its determination to work urgently for the establishment of a New International Economic Order based on equity, sovereign equality, inter-dependence, common interest and co-operation among all states, irrespective of their economic and social systems.
countries in the formulation and application of decisions concerning the international community, especially in economic areas, has not been full nor equal in the past.

The most important aspect of the Sixth Special Session of the UN is that it was the culmination of the growing influence of the Non-Aligned Movement to uphold the cause of the developing countries, particularly in the economic field. The Seventh Special Session without opposition from the developed countries endorsed the view that substantial changes in the present international order in the area of trade and investment, technology and international finance were essential. Developing countries are asking nothing less than their own economic emancipation. This means changing economic relationships resulting from two centuries of colonialism and restructuring a system shaped by a few dominant countries. It involves changing the institutions and laws that govern the world economy and transfer of science, technology, money and materials to the developing countries. It signifies a dilution of the power of the rich countries and the creation of a more democratic world.

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There have been four major codes of conduct upon which the world community has focused since 1974. The most important of them has been the Charter of Economic Rights and Duties of States. The Charter sets standards to protect the rights of all countries and in particular those of the developing countries. Its 34 articles spell out the fundamental principles which should govern international economic relations. The Charter followed closely on the heels of the call for a New International Economic Order. It gives substance to the complaints voiced in the earlier resolutions and made explicit the changes that the developing countries sought to bring about to make the international economic system more just and more responsive to their needs.

Many of the grievances voiced by the Third World states concerned the international trade regime, those rules,

11 The Charter of Economic Rights and Duties of States was put forward by President Luis Echeverria of Mexico who voiced the idea at the third UNCTAD conference in Santiago, Chile, in May, 1972. The Charter was envisaged as a vehicle for establishing greater national control over Southern economies and as a means towards accelerated development. It was drawn up under the auspices of UNCTAD, while it was carried in the General Assembly of the UN by a vote of 120 to 6 with 10 abstentions.

conventions and institutions governing international exchange of goods. There was a strong feeling throughout the Third World that international trade, was biased heavily against the poor countries. In very broad and simplistic terms, they saw their position thus; they produced primary products which they sold at low prices to developed states, which in turn processed them and often exported them at comparatively high prices, thus reaping a far greater profit.

The UNCTAD which was formed in search of an agreement and co-operation among countries in the North and South, to find out a strategy for the world to end the division of the world into rich and the poor countries, could not open the eyes of the developed countries. The UNCTAD convened several meetings and passed resolutions in the teeth of opposition from the developed countries. The U.S. attitude to UNCTAD became hostile and came to the fore after UNCTAD VI. At UNCTAD V there had been a stalemate but after the advent of Reagan administration, the U.S. opposition to any restructuring of international economy and NIEO came out into the open. From the use of stagflation in 1970's to thwart the terms of trade gains of the South, the US and other major economies, in the 1980's unleashed co-ordinated

deflationary policies in the world, and through their control of the IMF and the World Bank, forced 'adjustment' and the constriction on the Third World. While everyone seemed mesmerized by Reagonomics and adjusted to "adjustment" UNCTAD alone refused to fall in line and questioned the efficiency of these policies. Soon after UNCTAD VI the US administration launched their attacks on UNCTAD for its so-called anti-free market philosophies. The other OECD countries distanced themselves to some extent from the US attacks. But at the same time they called for reforms in UNCTAD and for review of its mandates and programmes, to reflect the changes, in the world economy since its founding. Even later the Seventh UNCTAD meeting at Geneva in 1987 produced no concrete decisions that would change the course of world economy and lives of the people in the immediate future. The UNCTAD VII met in an atmosphere of general scepticism and against the background of determined efforts over the last three or four years by the US and its supporters to marginalise, if not, dismantle the institution and reverse the multilateral commitment for an equitable international order.

The incompatibility of the US foreign policy and the policy of the non-alignment was again clearly emphasised in the
early 1980's when the US adopted the doctrine of neoglobalism that called for an all out struggle against communism. However, the three documents - the Declaration on the establishment of a New International Economic Order, the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States provided a political basis for the project to build a new international economic order. The documents were adopted by the world's most influential body. Thus the UN became clearly the focal point for the NAM whose members have an important stake in its welfare and existence.

NAM From Belgrade to Belgrade

The age of colonialism and imperialism created a world of unequal nations. Economically and technologically the world has been divided between 'haves' and 'have-nots' or the rich and the poor. The Developed Countries (DCs) numbering nearly two dozens have $5000 to $16,000 per capita income whereas more than one hundred underdeveloped countries have nearly $100 to $1000 per capita income. In 1980 the total production of the world was

$57,900 billion of which more than $6,500 billion was generated by the developed economies; it explains that 83 per cent of the world’s income came from less than 1/3 of the world’s population. Another aspect of the underdevelopment of these countries is revealed by the fact that almost 80 per cent of its population is rural compared to less than 35 per cent in the DCs. Under such glaring disparities the very existence of many developing countries has been called in question. Therefore, the concern for economic development had always been present ever since the inception of the Non-Aligned Movement. This urge of the developing countries clearly manifested in the Bandung Conference which agreed to the general need for economic co-operation in the region, for providing mutual technical assistance, for the exchange of know-how, for the establishment of regional training institutions; if possible, for collective action to stabilize raw material prices of international trade forces, for collective bargaining with shipping lines establishment of regional banks, etc. But the most emphasized part was the demand that the UN should create a Special United Nations Fund for Economic Development (SUNFED) and divert more resources to the region.

that was left unmentioned so that such assistance was to come bilaterally. More emphatically the problem was stated in the Declaration of the Summit at Belgrade. A new awareness of the need for collective action was envisaged as the economic crises were leading to a world conflict resulting in more disastrous consequences.

Belgrade - 1961

From the foregoing discussion it is clear that the establishment of a New International Economic Order remained one of the most important objectives of the Non-Aligned Movement. This was categorically stated at the first Summit of the Non-Aligned countries in Belgrade, in September, 1961. The Summit called for allround efforts from the part of the developing nations, to remove the economic imbalances inherited from colonialism and imperialism, in the past. The members of the Movement gathered in Belgrade, discussed the ways and means by which they can achieve economic co-operation and cultivate better understanding among themselves. The primary objectives and interests of the non-aligned countries continue to be focused on

non-adherence to multilateral military pacts, disarmament, non-interference in the internal affairs of states, strengthening of the United Nations, democratisation of international relations, individual and collective self-reliance, socio-economic development and restructuring of the international economic system. However, only at a later stage did the economic issues claim the attention of the non-aligned member nations. At Belgrade, it was asserted that all people have the right to dispose of their natural resource freely for their own ends, without prejudice to any objections arising out of international economic co-operation based upon the principle of mutual benefits and international law. In more concrete terms, the removal of economic imbalances inherited from the imperial past, closing of the gap in the living standard between the advanced and less developed countries, just terms of trade elimination of excessive fluctuations in primary commodity trade and restrictive measures and practices, transfer of scientific and technological know-how and the establishment of a Capital Development Fund under the United Nations were the specific ends to which all efforts at Belgrade were directed. It was realised that such efforts were

17 Odette Jankouptsch and Karl P. Sauvant, Collected Documents of the Non-aligned Countries, p.66.
necessary to close, through accelerated economic, industrial and agricultural development, the ever widening gap in the standards of living between the few economically advanced countries and the many economically less developed countries.

In spite of the expressed desire of the non-aligned nations to improve their economic conditions, the measures proposed to achieve them were largely utopian. The hope of the non-aligned member nations to secure these objectives through the United Nations, an organisation controlled by industrially rich countries, was highly unrealistic. The positive achievement of the Belgrade Conference of the Foreign Ministers of the non-aligned countries have been the recognition of the fact that the economic content is as much important as is the political spirit that unites the non-aligned countries. It was at the Belgrade Summit (Conference of Heads of States and Governments of NAM countries in 1961) that in spite of differences over political questions even among founding fathers of the Movement there was virtual unanimity of views and decisions on economic issues. This unanimity in decision, in fact, led to the establishment of the UNCTAD. It was also decided in the Summit that an

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18 Odette Jnkouvtsch and Karl P Sauvant, _Collected Documents of the Non-aligned Countries_, p.66.
international conference should be convened to discuss and agree upon the most effective measures to remove the hindrance in their way to economic and social development.

Cairo - 1964

When the second Non-aligned Summit met in Cairo from Oct. 5 to 10, 1964 the economic issues brought the world into a sharp division, more apparent than ever before. At every international forum the much talked about issues were the economic development of the developing nations. The Heads of States of Governments participating in the Conference, convinced that peace must rest on a sound and solid economic foundation, that the persistence of poverty poses a threat to world peace and prosperity, that economic emancipation is an essential element in the struggle for the elimination of political domination, that respect for the right of people and nations to control and dispose freely of their natural wealth and resources is vital for their economic development. The Summit discussed the most crucial issue of poverty and called upon the international community to make it obligatory to contribute to the rapid evolution of a new and just economic order.

The Cairo Declaration clearly affirmed that the economic
and social problems of developing countries could be solved effectively with in a short period of time through common endeavour on the national and international levels and with in the frame work of United Nations Character and international cooperation not only among the non-aligned countries but also all the countries of the Third World and even with countries which are members of the bloc systems. It was contended that the economic problems such as poverty, unemployment, malnutrition, ill health and illiteracy are similar in nature for those who are afflicted by them whether aligned or non-aligned. Therefore, the appeal of the Cairo Summit had been general, inclusive of all the Third World countries and the industrially rich countries of the North. The appeal embodies a desire to launch a collective effort for the economic emancipation of all developing nations. This appeal was responded favourably, at least in spirit, from the international community and culminated in the establishment of the UNCTAD. The Cairo Conference also declared that the colonialist attempt to maintain unequal relationship in the economic sphere was a threat to the newly independent countries. Unlike Belgrade, which made only a reference to economic problems, Cairo Conference devoted Section X to economic development. It asked all the countries to contribute to the rapid evolution of a new and just economic order under which all
nations can live without fear or want or despair and rise to their full stature in the family of nations as the structure of the world economy and the existing international institutions of the international trade and development have failed either to reduce the disparity or to rectify serious and growing imbalances between developed and the developing countries.

Looking from a different angle India expressed the view at the Summit that the development process of the developing countries should not be through seeking foreign aid but should be guided by greater efforts on the part of each developing country to mobilize its own resources, so that dependence on foreign help, which is very often uncertain, could be avoided and self-sustaining growth in the internal economic growth structure may be effected. This view was a pointer to the principle of self-reliance to which India adhered to from the very beginning of the formulation of her foreign policy.

Lusaka - 1970

When the next non-aligned conference was held at Lusaka from 8 to 10, Sept., 1970 the economic gap between developed and

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the developing countries had been further widened even to exclude the developing countries from effective participation in the international process. The fruits of technological revolution that should have offered progress to developing countries were monopolised by the developed nations. The preparatory meetings for the Lusaka Summit on Economic Development and Co-operation held at Dar-es-Salam from April, 13 to 17, 1970 agreed that one of the major threats to their independence stems from the continuance of an outdated and inequitable pattern of economic relationship with the more economically advanced countries. In this situation developing countries remained at the mercy of forces often beyond their control. Non-alignment, therefore, meant the maximum possible degree of national self-reliance in the process of development. Each country is free to determine its national and international policies and in this respect, it would be each country's sovereign right and duty to make the utmost use of its own human and natural resources in the framing of its development policies, so as to secure for its people in the shortest possible time a minimum standard of living consistent with human dignity.

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20 Odete Jnkouvsch and Karl P. Sauvant, Collected Documents of the Non-aligned Countries, p.177.
During the past years the importance of economic issues was discussed widely and nations recognised with no reservation the ever increasing need of co-operation in almost every international forum. Among the non-aligned countries a new awareness of the need for individual and collective self-reliance was sounded. In the Lusaka Summit the participants exchanged views on the significance and the role of the non-aligned countries in the present world with particular reference to the safeguarding and strengthening of world peace and security. The Conference emphasised the need of insuring national independence and full sovereignty of all nations on the basis of equality and to realise the fundamental right of all people to self determination as well as democratisation of international relations.

There is no denying the fact that in the Lusaka Summit the participants unanimously agreed to cultivate a spirit of self-reliance that resulted in the adoption of an 'Action Programme' to improve the infrastructure through the application of science and technology. The economic co-operation between the developing countries was felt paramount because neo-colonialists and

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21 
Ibid, p.52.
international monopolists are so manipulating the international economy, as to make the underdeveloped or the developing countries dependent permanently upon the developed countries. In order to make non-alignment viable and meaningful and not just a policy of opposition to the bloc divisions of the world or a quest for an equidistance between the blocs, the non-aligned countries must, therefore, seek to achieve economic independence and self-sufficiency.

Algiers - 1973

The adoption of the international development strategy for the United Nations Second Development Decade or the convening of several UNCTAD meetings could produce much progress in raising the standard of living of the people in the developing countries. In the United Nations the developing countries tried to focus attention on the need for social progress and economic advancement to keep pace with the political changes in the world. The crisis in development co-operation was considered to be the

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23 The UN General Assembly on 24 October, 1970 proclaimed the Second Development Decade, starting from 1 January, 1971 and adopted an International Development Strategy meant mainly for reducing the gap between the rich and the poor nations and to create a just world economic and social order.
result of the development process being misconceived by both the developing and the developed countries. Now the widening gap between the developed and the developing countries has become the central issue of our time. The effort to reduce it has inspired the nations left behind by the technological revolution to mobilize the resources for economic growth. Against this background was convened the Non-aligned Summit in Algiers on 5 Sept., 1973 which registered a new awakening among its participants regarding the ever threatening phenomenon of economic issues. The Summit witnessed a dramatic shift of interest and emphasis toward UNCTAD's economic agenda. And with that shift both organisational embodiments of Southern unity, the non-aligned countries and the G-77 coalesced in support of a single set of international economic reforms that would become the touch-stone of Southern unity for the infinite future.

From the practical side the Algiers Summit succeeded in initiating steps in the direction of convening the Sixth Special Session of the UN General Assembly to adopt an Economic Reform

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Declaration and an Action Programme for economic co-operation which called for the establishment of a New International Economic Order. The Summit also decided to set up a Development and Solidarity Fund to pool resources and offer long term financial assistance to member nations. A committee of experts was set up to deal with the regulation of foreign private investment and for controlling the working of multinational corporations. The Summit also called for the convening of a conference of developing countries to analyse commodity issues and appealed UN Secretary General to convene a special session of the General Assembly exclusively meant for developing countries to find out ways and means to removing obstacles in the way of economic development of the developing countries. The member nations of the Movement were able to pay greater attention to reduce unemployment, mass poverty, inequality of income distribution and economic dependence on developed countries. The non-aligned countries were directed to device economic policies so as to create additional employment opportunities and improve the internal distribution of income. Above all, for a consistent economic growth greater mobilisation of internal savings was essential. The non-aligned countries strongly affirmed their right to exercise permanent sovereignty over their natural resources and the direct control of strategic economic activities,
which are vital to the maintenance of their economic independence.

The Algiers Summit specially devoted much time to discuss economic issues affecting the developing countries. The participants discussed in detail the state of international economic position of the developing countries. The Summit expressed serious concern for the urgent solution of problems arising as a result of subsequent development in international economic relations. The participants also felt the need of taking special measures in favour of the least developed countries and the land-locked among the developing countries. The Summit emphasised the importance of promoting favourable trends in regional, inter-regional and international economic co-operation and finally called for advancement of co-ordination of action of non-aligned countries on economic issues.

Thus, the Algiers Summit devoted the major part of its time to deliberate on economic issues including special measures in favour of the least developed countries and on steps to achieve progressive realisation of regional, inter-regional and international economic co-operation. The Non-Aligned Movement, however, did try to find a direction at Algiers in the economic field, though to a large measure, it was a duplication of the
activities of the Group of 77 in the UNCTAD and elsewhere.

Colombo - 1976

The intervening period between 1973 and 1976, the three years between the NAM Summit meeting at Algiers and Colombo was marked by serious international events. In spite of bold declarations to bring about a just international system, the turn of events did harm the human kind by recession, inflation and increased prices of grains, oil and capital goods, rendering international economy highly fluid to the disappointment of the developing countries. Major countries had to cope simultaneously with problems of inflation, unemployment and the deterioration in the balance of payments and their domestic restraints were holding back international trade. The oil producing countries, though belonging to the category of developing countries, substantially increased the prices of the crude oil with no regard for oil importing developing countries who suffered sharp deterioration in their balance of payments. The economic conditions of the non-aligned countries had deteriorated to unprecedented depths; they had insurmountable

26 Dewan C. Vohra, Economic Relevance of Non-alignment, p.257.
27 Ibid, p.189.
imbalances in their international payments. Their terms of trade had become intolerably adverse, their external debt unbearably heavy, their food supplies uncertain and inadequate and the response of the affluent countries was bitterly disappointing. The non-aligned countries who were suffering from the most unfavourable balance of payment difficulties and adverse terms of trade hopefully looked at the North-South dialogue that was going on in Paris, from 17th December, 1975. The developing countries pinned their hope on the Paris Conference, but the co-ordinating Bureau of the non-aligned countries which met in Algiers from May 30 to June 2, 1976, expressed apprehension on the success of North-South dialogue. Although the developed countries have begun to recover from the crisis of recession, developing countries still suffer from the continued deterioration in the terms of trade, persistant decline in their share in world trade, decrease in real terms in the volume of transfer of resources for development, the alarming increase in their accumulation of external debts and the failure to respond effectively and adequately to the need for international monetary reform as well as emergence of new forms of discrimination and coercion. The

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stresses and strains produced by these events combined with more stringent conditions in commercial and capital markets to which they have often been obliged to have recourse, continue to undermine seriously the development prospects of developing countries, in particular.

The North-South Dialogue could produce pretty little to relieve the grievances of the developing countries. The Colombo Summit of non-aligned countries was held under totally unfavourable international economic situations. Yet the Movement proved to be one of the dynamic factors in promoting the genuine independence of states and peoples and democratization of international relations and in creating conditions more conducive to international relations and towards promoting the cause of peace, justice, equality and international co-operation in the world. The Summit called for a fundamental restructuring of the entire apparatus of international trade with a view to improving the terms of trade of developing countries, and ensuring fair and remunerative prices in real terms to primary export products and an appropriate share of world trade for

29 Odetle Jnkourtsch and Karl R. Sauvant, Collected Documents of the Non-aligned Countries, p.179
developing countries through the expansion of processing, diversification and full participation in transport, marketing and distribution of their products. Economic co-operation among the non-aligned and the developing countries called for the creation of new expanded trade flows among developing countries based on the specific products which have immediate potential for trade among developing countries taking into account the reciprocity of benefits and of the means and machinery needed for creating these new trade flows, including, in particular, long term purchase and supply commitments as appropriate and other contractual arrangements for direct trade among developing countries, and operation by state trading organisations, where appropriate.

The participants in the Colombo Summit expected the Non-Aligned Movement with its members' growing economic potential to take lead in the creation of the New International Economic Order with specific emphasis on the new international monetary system. In order to promote trade among developing countries each one was directed to double the rate of growth of its imports from other developing countries and asked to refrain from imports from developed countries, however favourable their treatment may be. This was aimed at promoting inter-developmental trade among
developing countries themselves and foster s spirit of collective self-reliance. Considering the seriousness of the economic situation in the least developed or land locked countries the Conference decided to convene a meeting of an inter-governmental group of non-aligned countries to prepare a programme of action in favour of these countries. It has been urged that unity among the developing countries could be achieved by developing closer economic relations among themselves on the basis of mutual benefit. To this effect the developing countries should consolidate their developmental efforts particularly in strengthening the associations of developing countries producers of raw materials, the establishment of better systems of information on markets and commodities of the developing countries and the setting up of the fund for the financing of buffer stocks of raw materials and primary products exported by developing countries. The above mentioned three mechanisms would constitute an integrated system for the Economic Development of Developing Countries as the economies of most of the developing countries are still closely integrated towards 'vertical' exchange of primary products with manufactured and capital goods from developed countries. Such countries depend, to a large extent, not only on machinery and equipment but also skills and technology. Their economies are exposed to the changes in the
developed countries which limit the ability of governments of developing countries in taking viable decisions in the course of their economic and social progress.

It is well known that the developing countries are mainly producers of primary products which are exchanged for capital goods of the developed countries. The prices of these goods should bear some relations to those of the capital goods which the developing countries must import from the developed countries. In order to make the relations effective the developing countries are advised to come together to make arrangements for collective bargaining with the developed countries. In substance the Colombo Summit adopted an Action Programme for: (1) Economic co-operation among Non-aligned and other developing countries; (2) International co-operation for development; and (3) co-operation among non-aligned countries regarding trade, monetary and financial co-operation, industrialisation, food and agriculture, fisheries, transport, health, technical co-operation, scientific and technical development and several other schemes were declared to which the non-aligned member nations should take into account when they are

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# Documents
dealing with economic co-ordination programmes.

Between Colombo and Havana

Many events happened in the world economy since the Colombo Summit of non-aligned nations but they were not according to plans envisaged by any one. Discussions, decisions and declarations of the last five summit meetings remained on paper and volumes of documents. In the face of verbal exhortations of summit participants, international economic situation further worsened or had been rendered difficult due to the absence of substantive progress towards the restructuring of world economy. The international system of economic and trade relations which was devised 45 years ago found manifestly inadequate for the needs of the world community as a whole. The charge against that order in the past, was that it worked well for the affluent and against the poor, it cannot now even be said that it works well for the affluent. This statement still holds good who consider the state of affairs in the international economy. In fact the inequalities and imbalances in the world economy continued to widen the gap between the rich and the poor countries.

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32 B.P. Menon, Are We Nearer a New Economic Order,“ Indian Express 26 June, 1979.
The Sixth Special Session of the United Nations General Assembly was merely a tension reduction device for the developing countries. The non-aligned nations viewed the adoption of the Declaration and the Programme of Action on the establishment of a New International Economic Order (NIEC) as signifying the growing determination of the international community to bring about a fundamental change in the system of international economic order. For the first time, the world community recognised the complementarity between the essential elements for the development of both the developed and the developing countries. However, inspite of the change in the attitude of developed countries what actually happened on the practical side was disappointing. The Second Development Decade presented tardy progress in achieving its goals. The world economy faced a severe energy crisis along with high rates of inflation and unemployment. The recession and inflation in the developed countries, engendered serious impact on the economy of the developing countries. In the economic field, the developed countries had passed on to the back of the developing countries the burden of inflation in their own countries by raising, in a staggering manner, the prices of manufactured goods, capital
goods and services imported by the developing countries. This trend had forced them to rely on commercial borrowing, thus accentuating their debt problems. The situation facing most developing countries as regards debt servicing had assumed critical proportions and was likely to be further exacerbated. This position would continue to be vulnerable due to the staggeringly large amount of finance which they have to arrange year after year to repay their debt; thus having an adverse impact on their growth rates. As a result the developing countries faced uncertainties in their relations among themselves and with the developed countries. To overcome the crisis the developing countries were advised to build a system of collective self-reliance by utilising their own resources as has been recommended in the "Action Programme" for economic co-operation adopted at the Colombo Summit.

Havana - 1979

The main concern of the VIth Summit of the non-aligned countries which met at Havana from 3 to 9 Sept., 1979, was for

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34 Final Communiqué of the Meeting of the Co-ordinating Bureau of Non-aligned countries, New York, 7 Nov., 1977.
the consideration in detail of the UNCTAD V discussions at Manila. The participants expressed good faith in the evolving role of the UNCTAD in the developmental programmes of the developing countries. The participants reaffirmed their clear recognition of the UNCTAD as the principal instrument of the General Assembly for international economic negotiations on international trade and related problems of economic development, particularly in the context of negotiation on the establishment of the New International Economic Order and its role as one of the major instruments of review and follow up on international economic development. The Conference reaffirmed that economic co-operation for development among the non-aligned and other developing countries have come to be an imperative for all of them as an important part of a long process of struggle. The Summit decided to intensify the struggle of the developing countries for the establishment of the New International Economic Order by increasing co-operation among the developing countries. Their guiding principle was collective self-reliance which could be achieved only through unity of purpose, complementarity, mutual

35 Odetle Jnkouvsch and Karl P. Sauvant, Collected Documents of the Non-aligned countries, p.36.

interest, solidarity and mutual assistance. Lack of unity and solidarity, they realised, would destroy their bargaining power in the negotiations with the developed countries. The Conference understood that the establishment of the New International Economic Order is one of the most important and urgent tasks facing the Non-Aligned Movement, and that democratisation of international economic relations constitutes its political substance and that all countries irrespective of their size, socio-economic system and level of economic development should participate in its establishment.

The participants in the Summit were deeply convinced that the only solution to the pressing problem facing the developing countries lay in a thorough restructuring of the existing international economic order, though nothing substantial has been achieved in the desired direction since the adoption of the resolution 3201 (s-VI) and 3202 (s-VI) of the UN General Assembly and the Charter of Economic Rights and Duties of states. Notwithstanding the ambitious programmes for economic cooperation among the developing countries and the bold warnings issued to the developed countries to exhibit positive response in the international economic relations, the non-aligned countries were expressing pious hopes and wasting their breath in
hoarsening themselves on these issues. It was certain that the economic hardships suffered by the developing countries perpetuated with all its ramifications and international economic relations deteriorated by the aggravating world economic crisis.

New Delhi - 1983

While the stage was set for the Seventh Non-aligned Summit in New Delhi, in March, 1983, the economic crisis deepened and the entire world economy was on the verge of a great depression, perhaps worse than that experienced during the 1930's. All that had been made during the last six summit meetings were to be reemphasised as their validity had been called in question. The structural imbalances and inequalities continued to be unabated causing unprecedented havoc to the economic life of the developing countries. The decline in economic activities consequently extended to world trade, whose average annual growth fell from about 7 per cent in 1976-78 to 6 per cent in 1979 and from 1.5 per cent in 1980 to 0 per cent in 1981, and the initial estimates are that the crisis situation of vital stagnation continued in 1982. Thus the crisis of the international economic relations and the widening gap between the developing and the

37 Dewan C. Vohra, **Economic Relevance of Non-alignment**, p.314.
developed countries have emerged as the most serious problem and a source of instability, threatening world peace and security. For the first time since World War II, there has been a decline in the per capita G.N.P. of many developing countries in the past two years. Commodity prices in real terms had touched their lowest in the last 50 years. For the developing countries the access to the developed countries' markets was being made more difficult. The devastating impact of debilitating effects of the crisis on the economies of the developing countries as a whole, and the least developed countries, in particular, had added to their vulnerability. Their past achievements were being undermined and their growth jeopardized. The growth in the output of developing countries was only 2.9 per cent in 1980 and 0.6 per cent in 1981. The per capita income of many developing countries especially of the least developed countries had suffered decline. By the end of 1981 the reserves of the developing countries were only a little above $100 billion which could finance less than a month's import. The debt burden of the developing countries had shot up to $540 billion and the burden of servicing the debt was as high as $106 billion per annum. The balance of payments deficits of developing countries amounted to
$62 billion in 1982 and was expected to increase in 1983.

The Non-aligned Summit in New Delhi met against the backdrop of a highly perplexing international economic relations and the task of the Summit was onerous. The current economic questions assumed paramount importance in the Summit discussions. The economic declaration is perhaps the most comprehensive document that has been adopted so far in any non-aligned conference. The New Delhi urged the member nations to take into account the serious world economic situations and reiterated the need of co-operation in the creation of a new, equitable and universal international monetary system which would put an end to the dominance of certain reserve currencies, guarantee developing countries a role in decision making while ensuring monetary and financial discipline in the developed countries and preferential treatment for developing countries. While appealing to the good sense of the developed countries, the participants in the Summit never had over-confidence in the generosity of the developed nations. For this reason the member nations were called for establishing enhanced co-operation among themselves, whenever there was complementarity in their economies, especially in raw

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Draft Declaration on World Economic Situation, Seventh Conference of Non-aligned Countries, New Delhi, 1983, p.4.
materials, energy, technological and financial resources. Further, the Summit affirmed that only through collective action for global prosperity by means of negotiation could transfer the structure of international economic relations. Another point to be stressed in the declaration adopted was on the collective self-reliance of non-aligned countries according to which they would assist and give prefential treatment to one another, through programmes of mutual co-operation, joint ventures and financial and technical aid. The Summit meeting approved an Action Programme which identified possibilities of co-operation in 21 areas. These areas comprise raw materials, trade, transport and industry, money and financial co-operation, insurance, science and technological development, technical co-operation and consultancy services, food and agriculture, fisheries, health, employment and human resources development, tourism, transnational corporations, and foreign private investment, sports, research and information system role of women in development, nuclear energy for peaceful purposes, telecommunications, international co-operation for development, housing, education and culture and standardization of weights and measures and quality control. The Conference pointed out the most important factors
which have contributed toward aggravating the international economic crisis, particularly affecting the developing countries. 

(i) The squandering of vast human and material resources for wasteful arms race; (ii) inward looking policies followed by leading developed countries; (iii) a financial and monetary crisis confronting the developing countries; (iv) adverse trading conditions through protectionist barriers imposed by developed countries against the imports from the developing countries; (v) a variety of other factors with increasing adverse impact including (a) the obstacle and limitations imposed by developed countries on the access to technology along its rigid and unfavourable terms for transfer of technology along with and (b) the cumulative effect of continuing brain drain. The Summit fully admitted the futility of any one country or group of countries attempting to find solutions to contemporary global economic problems. The Conference suggested the macro-management of the world economy and the promotion of development should be on the basis of effective international economic co-operation through global consultations and negotiations. The Conference reaffirmed its commitment to the early launching of the global

39 Ibid, p.5.
40 Ibid, p.6.
negotiations and reiterated its belief in the basic approach of negotiations, a simultaneous coherent and integrated treatment of the major issues confronting the global economy.

Harare - 1986

The Eighth Non-aligned Summit was held at Harare, the capital of Zimbabwe from 1 to 7 Sept., 1986. The Summit was attended by Heads of States or Governments or their representatives from 101 member nations. The world economy by the time of the Summit was out of the gear not only in developing countries but also in the most industrialized countries. The Summit was very keen to comprehend sharp decline in commodity prices which led to further deterioration in the terms of trade of developing countries. There was an upsurge in protectionist tendencies and the general proliferation of discriminatory practices in disregard of GATT principles. The Summit noted with regret that most developing countries had experienced either stagnant or declining rates of growth during the first half of

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the Third United Nations Development Decade. It was in contrast to the 7 per cent growth rate projected in the International Development Strategy and the goals and objectives of the substantial New Programme of Action for the least developed countries. The Summit more emphatically declared the need to stimulate North-South dialogue with a view to the reactivation of growth and recovery in the world economy and the restructuring of the international economic relations on the basis of equity and mutual benefit. The proposals included global negotiation and a programme to convene an international conference on money and finance for development. A notable contribution of Harare Summit was the adoption of a concrete plan to strengthen the African Front Line States facing destabilisation due to antagonistic actions of racist Pretoria regime of South Africa. The Summit established the Africa Fund.

42 The Third Development decade was proclaimed in 1981 which was reviewed by the General Assembly in 1984 on the basis of a report from UNCTAD. The Decade was a period of failure and regressions. There were recession due to sluggish demands, the adverse movement in the price of primary commodities and the intensified protectionist measures of the industrial countries. Between 1980 and 1984 the developing countries export volume slumped at an annual rate of 2.1 per cent compared to the annual rate of 7.9 per cent in the sixties and 3.8 per cent in the seventies.

under the chairmanship of India. The participants expressed the view that the persistence of the world economic crisis underlined the importance of pursuing fundamental structural adjustments in international economic relations in order to create a just and sustained world economic growth and development especially in the developing countries. The Seventh Summit Conference had already put forward a set of cohesive and balanced proposals to stimulate the North-South dialogue with a view to the reactivation of growth and recovery in the world economy. In fact all the proposals and decisions of the Summit were widely welcomed even by the developed countries. But unfortunately no substantial progress has been made in implementing them. The failure of the widely acclaimed non-aligned proposals may be attributed mainly to the negative response of the developed countries.

Belgrade - 1989

The Ninth Summit of non-aligned nations held at Belgrade, from 3-7 Sept., 1989, ended with a renewed pledge by the 102 member nations to work more cohesively and in greater cooperation to end strifes through elimination of rifts that caused

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Ibid, p.171.
it, establish a more just economic order through reactivation of
dialogue between themselves and the developing countries on key
development issues, pursue more vigorously its crusade against
apartheid and vestiges of colonialism, preserve, environment and
work for the United Nations. The NAM Declaration issued at the
end of the Belgrade Summit has welcomed the four nations Paris
initiative for an international economic Summit to ensure higher
growth rates for all nations. India, Egypt, Senegal and
Venizuela jointly proposed in Paris for a Summit level dialogue
with the industrialised countries on economic and environmental
issues. On international economic relations the declaration
called upon the developed countries to engage in a "Joint Search"
for effective and acceptable solutions to the outstanding
problems. The Declaration stated that there could be no stability
or better prospects for the world without reducing the
disparities in the level of global development. The declaration
says:

"We are prepared to establish a constructive and
productive dialogue with the developed world on economic
issues affecting not only the interest of our countries

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but of the international community as a whole".

The participants in the Summit fully realised that the world is becoming multipolar and increasingly integrating and the effectiveness of the Movement demands an active and direct role in the management of world affairs. Only in this way, it was hoped, this Movement take part fully in the process of economic and technological advancement leading towards greater interdependence and integration of the world. The major challenge is to work out a package of policy which would ensure the return of the world economy to higher rates of growth. This required substantial increase in the net transfer of resources to the developing countries, a lasting and comprehensive solution to the problem of external indebtedness of the developing countries, liberalisation of world trade by removal of protectionist barriers and remunerative commodity prices and stable monetary conditions.

India at the Belgrade Summit meeting expressed the view that the decision regarding the world economy should not be taken

46 NAM Declaration Belgrade Summit, 7 Sept., 1989, Belgrade.
47 The Hindu, 8 Sept., 1989.
48 The Hindu, 1 Sept., 1989.
unilaterally by a small group of countries, however, rich or militarily powerful. The people of developing countries constitute much the largest segment of the world community who suffer most the deleterious consequence of the structural imbalances which afflict the world economy. The Summit reiterated the need of changing the present unjust and unequal international economic order through the revival of North-South dialogue. At the same time it was decided to become more self-reliant individually and collectively, so that the developing countries could reduce their vulnerability to external economic factors over which they have no control. The Summit also called for regular North-South consultations at the Summit level on international economic issues for ensuring equitable and collective management of global inter-dependence; the management of world economic needs of the future could not be solved by a single nation or group of nations in isolation.

A notable factor of the Ninth NAM Summit is that it endorsed Indian Prime Minister Rajiv Gandhi's move for a 'Planet Protection Fund' by asking the international community to set aside financial resources for environmental co-operation and facilitate access for developing countries to environmentally safe technologies. The sum and substance of the discussions in
the Summit was that without abandoning its basic principles and strategic option the Movement should shift its focus to economic issues and help promote a North-South dialogue on problems of development and environmental pollution. While emphasis is made on the problem of disarmament and settlement of regional conflicts the summiteers regretted the absence of an economic 'detente'. It was becoming increasingly obvious that world peace and security would hinge increasingly and directly on development issues.

On the whole, the summit meetings of the Non-Aligned Movement through its declarations, whether political or economic, appealed to the conscience of the world community to do better for the future based on the basic principles of co-operation, mutual assistance and peaceful co-existence. Here, it may be recalled the argument of Dr. Mugabe that there could be no quarrel over the need to reform the functioning of the Movement to enable it to deal with changing international situation; reform did not mean abandonment of the basic principles of the non-alignment. The important improvement in the relations between the two super-powers had only changed the nature of the threat to world security but not eliminated it. The change in the international situation was not in conformity with the
objective with which NAM was started. The basic principles of NAM are also not negotiable and the task it undertook 30 years ago in this very city under the inspiring leadership of Tito, Nehru and Nazer should be completed.

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_Hindustan Times, 5 Sept., 1989._