CHAPTER V

DEVELOPED COUNTRIES' ATTITUDE TO NEW INTERNATIONAL ECONOMIC ORDER

A rapidly decolonizing world, which resulted in the proliferation of new nations with unprecedented upsurge to realize rapid economic development, added new dimensions to such demands for restructuring the existing economic order there by accentuating the conflict between the "haves" and the "have Nots". In the fifties and the sixties the UN had witnessed bitter controversies over different demands of the Third World as manifest in the Sovereignty over Natural Resources, the UNCTAD, the Capital Development Fund, etc.\(^1\) In fact, the results of the "North-South Dialogue", the grandiose phase which subsumes all the on going international economic discussions between the rich and the poor nation, only reinforce the fact of developed countries resistance to the evolution of the NIEO.\(^2\) The rich nations have now chosen the path of protracted negotiation in preference to open confrontation with the poor. Underlying this tactical change is the calculated design of the major developed countries to delay the resolution of any core issue. And in the meantime divide the united front of the developing countries by resorting to extensive armory of political diplomatic military and economic devices available to them. This "new cold war" of the seventies, however, reached dramatic heights when the General Assembly's Sixth Special Session adopted the two resolutions of the Declaration and the Programme of Action on the regard these decisions as the "principle guarantees for the creation of better conditions for all people to reach a life worthy of human dignity.\(^3\).
It should be added that the socialist countries have also continued to sidetrack the issues involving the NIEO under the convenient plea that Western nations should indemnify the developing countries for their colonial and neo-colonial exploitation. The long-drawn dialogues, therefore, have turned out to be subtle techniques in the hands of major Developed Countries for the smoother management of the status quo. The 'North-South' conflict, emerged since in early 1960s reached its climatic height in this 29th session. The crux of the matter was that the politics of parliamentary diplomacy in the UN had already taken a full circle.

On 1 May, 1974, the Sixth Special Session approved the Declaration on the establishment of NIEO. In its wake, an atmosphere of confrontation developed between the North and the South. Though some industrial nations were conscious of their stake in the development of developing countries, many of them had serious reservations in respect of the Programme of Action. They adopted a defensive posture at the Group level and pursued dilatory and diversionary tactics within and without the U.N. system.

V.1 WEAKENING THE SOUTHERN UNITY

A significant shift appears to have occurred in the tactics of most of the larger Western industrialized nations concerning their response to the demands made by the Third World for a new international order. They no longer appear to subscribe to the call made by the United States following the Sixth Special Session that they should together join forces and confront the
nation of the Third World especially the raw material producers with a powerful and united bloc. This bloc would be able to use its collective strength to postpone change through a policy of protracted negotiations and use the various means at its disposal (e.g., preferential tariffs, aid promises, concessional loans, postponement of debt repayments and arms sales) either to influence the actions of Third World nations or to weaken their solidarity.

By the time the Fifth Summit Conference of Non-Aligned countries met in Colombo, the movement had gained many political and economic victories though it also recognized that there were a number of unresolved military and political crises in different parts of the world involving non-aligned countries. Boumedienne, in his report to the fifth summit particularly warned the non-aligned countries that heads of states of imperialist powers were making attempts to break their unity by resorting to subversion, against the non-aligned countries.

V.2 GROWING SOUTHERN DISPARITY

The U.S. reaction to the demand for NIEO can be divided into 'liberal' and 'mercantilist'—though it was the mercantilist group which started criticising the demand in strongest possible lounge. The view that the mercantilists took was that it was political elite in the developing countries, unable to carry on their internal administration on proper lines which was trying to increase its wealth and power. It was not the people whose good they were seeking. For them the demand for NIEO was just an example of the elite in developing countries
trying to seize new opportunities offered by the post-war international system and especially by the existence of the United Nations for material and political advantages for themselves. They were unable to solve crucial domestic economic problems, and tried to explain their incompetence by what they called the weaknesses and limitations of the international system.

The NIEO has been acclaimed by all developing countries, but the diversity of their interests is reflected in the long list of the UNCTAD Agenda, by the strains caused by specific proposals, such as debt relief, by the inconsistency of some of the targets, and by the OPEC oil price rise. Concern with reforming the international system has, at least in the rhetoric, been closely linked with concern for the world's poor. But the poor are largely in what is sometimes called the Fourth World. Their need is mainly for additional financial and technical assistance. The more advanced countries of the Third world need better access to capital markets to markets for their manufactured exports and to modern technology.

The fears were reflected in a series of articles publish under the head "One, Two or Many OPECs...." in Foreign policy' and in the crash review of the cartelisation prospect for non-oil raw materials by government ministries and non governmental institutions. The principal cause of the Third World's poverty, as Daniel Moynihan pointed out, was not external but internal, the result of the widespread governmental mismanagement, corruption and inefficiency in developing countries. He emphasised what he called the contrast between the
rhetoric of the elites in the developing countries describing their cause as just, imperative and humane on the one side, and the widespread deprivation of human rights and economic oppression to which these new states subjected their own people, on the other. Daniel Patrick Moynihan goes to the extent of taking the view that it was the Fabian ideas held by many current Third world officials, for which they were using the demand for a NIEO as a mark. National wealth was earned primary through high productivity rather than by extraction from others; that debts represented resources transferred, often on highly favourable terms, rather than a burden gratuitously placed on the Third World; and that external economic relation by opening up markets for exports and offering technology and products from the developed countries on competitive prices were beneficial to the developing countries. Bauer rejected the theory of "demonstration effect" (whereby limitation by consumers in the developing countries caused so called cultural dependence) and asserted that a greater choice of consumer goods actually served as an incentive to higher productivity and that the third world countries had not adopted western ways but had in fact been quite selective.

S. Krasner believed that the Third World governments, while utterly lacking in political modernisation and holding a minor position in the international system, were trying to draw the maximum benefit from their supporting the NIEO ideology. Weak, 'unmodern' and unable to organise their domestic resources for development as they were with hardly any power of their own vis-a-vis the international system as a whole and unable to gain much through traditional bilateral bargaining. The Third World
countries were looking on outside powers for help. They were trying to gain the resources for their development from other states through international organisation where rigid voting procedures had given them inflated impact on decisions. Kransner suggested that the North should not even make small concessions to the south if those concessions meant that the third world countries would gain more influence than they already had in those international organisations. The result of this kind of argumentation was that the north just ignored the proposals for a new international economic order, not even trying to figure out what the South's real position was thus, making any solution of the problem almost impossible.

It is necessary to find the answers to the question that could the NIEO programme be regarded as a possible way of changing the structures of the international economic system and bringing about the distribution of benefits between the north and the south? The plain answer is no. Even if the entire Programme with all its ambitious aspects were to be implemented including as Karl Sauvant summarizes it, the entire integrated programme for commodities, unrestricted financial flows, better access to IMF finance a stronger link between SDR distribution and development finance a greater voice in the management of the IMF, a binding code for technology transfer and TNEs, and the re-deployment of industries. It could not have brought a substantial change (a) in the existing structures of the international economic system (b) in the distribution of benefits between North and South and above all, (c) in improving the conditions of the poor. The structures of the international economic system
would not be changed appreciably, even if the NIEO programme in its entirety were to take a concrete shape. The danger on the other hand, was that the implementation of the demands behind NIEO in their entirety would essentially consolidated the existing international economic structures. The underlying philosophy of the NIEO, as Karl Sauvant points out, is 'essentially reformist'. It is aimed at improving the existing mechanisms, not at changing the existing structures. Its main objective is to put the DCs within the framework of the present system in a better position to pursue their goals, especially to engage in trade and to participate in a 'real international division of labour.'

V.3 DISTANCING OF EASTERN EUROPE AND USSR

While expressing a willingness to talk about economic cooperation within the framework of the existing system, the United States and various Western European states voiced formal objections to the adoption of resolutions that enjoyed majority. But not unanimous support and made reservations regarding a number of key substantive points in those resolutions, including indexation, support of nationalization without reference to compensations under international law, restitution for exhausted resource, producers' associations, commodity marketing arrangements designed to fix prices, and allocation of a specific share of developed country markets for developing states products. Later in the year in response to the adoption of the "Charter of Economic Rights and Duties of States" (by a 120-to-6 vote in the regular Twenty ninth General Assembly sessions), John A. Scali, the United States ambassador to the UN, sharply
assailed the 'Tyranny of the majority'. And he announced that the United States would not participate in a special fund authorized by the special session to provide emergency relief and development aid to countries hardest hit by oil price increase and world inflation. This response was regarded by the Third World as an act of retaliation for the controversial majority decisions taken at the Sixth Special Session. It was in their view, a confirmation of the American intent to break the solidarity of the petroleum exporting and other developing states that had been forged in the aftermath of the 1973-74 oil embargo and price actions.

The NIEO also reveals a certain contradiction and narrow mindedness in the developing countries views, thus for instance, the discussions held at international meetings show that the socialist countries do not agree with the developing countries, attempts to lay similar claims, guided by the thesis of universal solidarity, on all industrial states irrespective of their social systems. Such an approach obliterates the fundamental difference between socialist and capitalist countries and relieves the latter of the responsibility for the colonial past and for the present state of the developing countries. This in particular refers to the developing countries demand that their debts should be written off and that they should be granted a fixed share of the industrial countries gross national product (GNP) in the form of aid.

The UNCTAD sessions were constructive and fruitful. As time went on each session was marked by a widening gap between the North and the South, or to be more precise, between the West
and the South. Because so far as countries of the East were concerned, they were generally supporting the stand of the South, but taking the plea that it was the western countries which had to meet the demands of the South by way of reparation for having exploited them as colonies. The countries of the East absolved themselves of any responsibility by claiming that countries which had no imperial past were under no obligation to provide special assistance to developing countries.

This worsening of the atmosphere was not confined to the UNCTAD alone, in other international forums, in the UN General Assembly and in other specialised agencies, a similar atmosphere of acrimony began to mar the proceedings. What used to be referred to as the North-South dialogue turned into a North-South debate which tended to end in a deadlock. The attitude of the effective groups has not undergone any marked change to enhance the probability of creating the NIEO.

V.4 SHIFT IN THE WESTERN ECONOMIC PERFECTION

The United States felt that the implementation of the NIEO is too costly in terms of future growth prospects and in terms of lost sovereign control over its own economic policy. The United States, therefore, pursues a policy of greater governmental control over foreign investment and technology. The United States working closely with European Community and Japan, makes a renewed and expanded efforts to alleviate the effects of the Third World economic deprivation without the adoption of the economically inefficient dirigist policies of the NIEO programme. In other words, concrete actions would be taken aimed
at improvements of the situation of the developing countries, but no concessions would be made on the basic demands of these countries.

Based on an anticipation of the erosion of the solidarity of the Group of 77, the United States joins with other developed states in accepting major symbolic expressions of the NIEO. In other words, the NIEO is agreed to in principle, but concrete actions to improve the situation of the developing countries are avoided symbolic actions might include the acceptance of the Charter of Economic Rights and Duties of States; the adoption of a code of conduct for TNEs; the establishments of an international seabed resource authority with the power to develop the resources outside the 200 miles national control limit, either alone or in cooperation with private firms; and the acceptance of various future "targets" for developing country growth rates, proportions of GNP to be used for official development assistance. "Targets" are constantly set and not achieved and there are always exogenous factors that can be blamed for failure. As the developed countries proclaim the historic compromise, or the "planetary bargain", they can safely turn the concrete issue over to technicians, secure in the belief that many years of negotiation and compromise will protect the developed countries interests and bring out developing countries differences, once the emotional issues are settled.

Given the historic importance of principles to US foreign policy and the arguments of NIEO skeptics on philosophical grounds reviewed. The acquiescence but delay strategy, seems unlikely to appeal to the United States. Agree
but delay does not seem possible in the open American system. The other OECD nations may, however utilize some of the tactics of this strategy, conceding that there is a true need for a NIEO but offering specific proposals actually drawn from the alleviationist strategy.

The mixture of slow progress and reversals which less developed countries have experienced is not difficult to understand. Analysis of the political strengths and weaknesses of LDCs suggests that their capacity to force changes in the international economic system is extremely limited. One source of strength in recent years has been the willingness of OPEC to use part of its power on behalf, of general demands for reform of the international economic order. Individual statesmen from OPEC member nations have taken a leading role in negotiations; the Sixth Special Session itself was initiated by the late President Boumedienne of Algeria.¹³ OPEC's power appears to have been of considerable importance in extending the scope of the Paris Conference. OPEC member nations and other less developed countries demanded that it deal with a broader agenda.¹⁴ According to a declaration by OPEC:

The agenda of the conference can in no case be confined to an examination of the question of energy; it evidently includes the questions of raw materials of the developing countries; the reform of the international monetary system and international co-operation in favour of development".¹⁵

Initially the United States opposed this, and a preparatory meeting in April 1975 accordingly broke up on a discordant note. But by late 1975, the United States had shifted
its position,\textsuperscript{16} and with the new set of proposals contained in Kissinger's address to the Seventh Special Session of the General Assembly, was prepared to go to the opening phase of the Conference to discuss the whole range of NIEO issues. According to press reports around mid 1975, the Saudi oil Minister Sheikh Yamani told Kissinger that Saudi Arabia would not oppose a large rise in the price of oil if the United States remained uncooperative on the New International Economic Order.\textsuperscript{17} This may have been an important factor explaining the shift in the American position.

The manner in which the agenda of the Paris Conference was extended gave rise to optimistic assessments of the value of oil as a negotiating weapon. Thus, the Jamaican Foreign Minister, Mr. P.J. Patterson, argued in an interview at the opening of the Conference that:

"The only thing that has made the developed countries listen to us is energy... It's energy that has given us political clout. We have been asking for this (the dialogue) for a demand long time. Nobody ever paid us any mind until you (the West) began feeling the oil pinch. But now we are here, we are going to talk about all the things we have been wanting to talk about all this time. And if you think you are only going to talk about energy, we may have to put the energy squeeze on again".\textsuperscript{18}

The course of negotiations at the Paris Dialogue and elsewhere quickly demonstrated the limits of OPEC's bargaining power to Third World leaders. As the permanent Secretariat of the Latin American Economic System noted in a report to member
governments in 1977:

"The possibility of using the efforts of the OPEC countries in revindication of the developing countries' sovereignty, as a negotiating weapon in the Paris Dialogue, did not have the impact initially hoped for. The fact that industrialised countries started a rhythmic recuperation from the 1973-75 crisis in 1976 determined that they assumed a quite conservative attitude. As an example is the fact that they transformed the first stage of the Conference into a merely traditional analysis of the problems under consideration within each one of the Conference's four commissions, expressing as in so many previous occasions, doubts and hesitation before statements of developing countries, which were oriented towards achieving substantial changes in the system international economic relations".19

Industrialized countries in the West depend heavily on imports of a number of important commodities and raw materials, but many of those with influence over policy making have evidently taken the view that the degree of control achieved by OPEC over oil prices could not readily be attained by other producer groups.20

There are powerful reasons for this assessment, as Krasner has pointed out, the oil producing countries were favoured by their large foreign exchange reserves, by the shared attitudes of several members towards the Middle East dispute. It was the 1973 war which triggered export restrictions and by the tacit assistance of multinational companies. Producers of other commodities have frequently attempted to limit supplies and
thereby raise prices but have just as often failed to do so effectively. 21

LDCs derive some strength from the political interest of key western nations in preventing the spread of communism in the Third World, and in preventing close alignment between LDCs and the Soviet Union. This was an important motive behind the expansion of aid from the United States in the 1950s and early 1960s. Policy makers evidently considered that economic aid and other concessions would accelerate economic and social progress, and thereby undermine the appeal of radical movement. It was also thought that aid would prevent excessive economic dependence on the Soviet Union. Many policy makers have also become more skeptical of the effectiveness of aid in promoting development, political stability and close relations with other countries. 22

Rich countries also have an interest in gaining the cooperation of LDCs on a variety of issues in international politics. These issues include international monetary reform, nuclear proliferation, international trade, drug control, and the law of the sea. Unfortunately, there are limits to the ability of LDCs to link their stance on some of these issues to the broader question of a New International Economic order.

A final source of strength for LDCs arises from divisions among the developed countries. In recent years, the United States, the Federal Republic of Germany and Japan have been among the states most reluctant to accept the idea of New International Economic order. Sweden, Norway and the Netherlands have been among the most liberal states. The proportion of GNP
devoted to development assistance is a rough yardstick of receptiveness to Third World demands, though this varies somewhat from one issue to another. Australia falls between the two extremes as far as development assistance is concerned, but has given strong backing to LDCs on the question of a Common Fund.23

The importance of divisions can be seen in the events immediately following the imposition of price rises and supply restrictions by OPEC. Some of the industrialised nations (most notably France) objected to American proposals which were seen as attempts to form a block of major consuming nations for the purpose of confrontation with OPEC. This split helped to push the western countries towards negotiation. Having avoided a policy of confrontation, France was able to take a lead in convening a preparatory meeting of the Paris Conference.24

V.5 SHIFT IN INTERNATIONAL POWER

The North-South conflicts, reached its climatic height in the 29th session. The crux of the matter was that the politics of parliamentary diplomacy in the UN had already taken a full circle. Seventh Special Session conflict sometimes "helps to decline issues with clarity and creates a basis for accommodation and it has been a critical ingredient in the bargaining process between the poor and the rich nation, it has generated greater political pressure on developed countries",25 in the Seventh Special Sessions.

The world economic crisis of 1970 accentuated the confrontation between developed countries and developing countries which reached its climatic heights in the 6th Special
Session and 29th Session of the UN General Assembly. Most significant of all is the necessary political will of the hitherto indifferent developed countries to whom most of the NIEO based demands had been addressed. But as the analysis presented, suggest, there has been no appreciable shift in the attitudes of most of the developed countries to accept the proposed changes in the direction of the NIEO. The US, the other major West European countries, and Japan have declined to commit on the key issues of the NIEO. On same occasions, when resolutions in the Assembly have been passed by 'consensus or without vote', the reservations, explanations, and clarifications following the adoption have amply demonstrated the unwillingness of the developed countries to work towards the establishment of the new economic order. While US has voted against on many resolutions in the General Assembly, the other major western powers have mostly abstained. In essence they meant that radical restructuring of the existing order was not acceptable to them. In 1975, in the formal debate of NIEO was somewhat recrudescence, but without much political significance, of rhetorical accusations. Though there was no indication of any major agreement on the crucial elements of the NIEO, there was definite shift in the style of the dialogue.

V.6 CHANGES IN STRATEGIC PERCEPTIONS

Following the demise of the Paris preparatory talks, a change occurred. Both the developed and the developing states indicated that they desired to see an improvement in the generally deteriorated set of North-South relations and that they viewed the scheduled Seventh Special Session as a possible
setting within which to make such a change manifest. On 13 May 1975, in an address to the Kansas City International Relations Council, Kissinger stated that the US was "prepared to engage in a constructive dialogue to work cooperatively on the great economic issues" of mutual concern. In a rehearsal of the US position taken at the Paris preparatory talks only a month earlier, he committed the US to a new round of combined energy and raw material dialogues and to the consideration of new commodity agreements. And he announced that the US would propose new initiatives on trade within the International Monetary Fund (IMF), and a new system of international food reserves. These pledges were repeated after the month at ministerial level meeting of the International Energy Agency and the OECD. In his address to the OECD, Kissinger stated that "our economic well-being depends on a structure of international cooperation in which the developing countries are, and perceive themselves to be, participants. The new problems of our era ensuring adequate supplies of food, energy, and raw materials required a world economy that accommodates the interests of developing as well as developed countries." Then, in mid-July, after a flurry of interagency consultations in Washington, Kissinger revealed, in a speech to the Wisconsin Institute of World Affairs in Milwaukee, what would be the orientation of the U.S. at the UN Seventh Special Session. The participants of the special session, he suggested, could either flounder in rhetorical battles or move forward in a spirit of practical cooperation. "The United States has made its choice. We believe strongly in a cooperative approach. We will approach the special session with determination to make progress; we intend to make concrete and constructive
proposals for action across a broad spectrum of international economic activities such as trade and commodities, world food production, and international financial measures". Such action would be forthcoming, he implied, if the Third World abandoned its confrontation politics. Addressing the Third World directly, Kissinger said; We have heard and have begun to understand your concerns. We want to be responsive. We are prepared to undertake joint efforts to alleviate your economic problem. Clearly this requires a posture of cooperation".28

Simultaneously, through the month of May, the United States, along with other OECD states, participated in preparatory meeting for the seventh special session and, on the initiative of some of the more moderate Third World States, a series of informal working lunches were help at which representatives of the two groups of state sought to make their respective positions clear and to determine those points on which sufficient agreement existed in principle to allow for the implementation of concrete proposals.

Days before the opening of the seventh special session in a separate, but not unrelated action, a major set of proposals was agreed to within the IMF. There was agreement to (1) abolish the official price for gold; (2) eliminate obligation to use gold in transactions with the IMF; (3) well one-sixth (25 million ounces) of IMF gold for the benefit of developing countries; (4) endorse studies concerning the establishment of a trust fund for developing countries as one way in which profits form the sale of gold could be used to benefit them; and (5) request the executive director to consider the possibility of improving the fund's
existing policies on compensatory financing. Whether or not this meeting was scheduled to occur as a sort of preface to the seventh special session, it contributed considerably to the atmosphere of conciliation between developed and developing states that was evoked on the very opening day of that conference.

On the opening day, the United States concluded a lengthy policy statement with this remark to the Third World states: "We have heard your voices. We embrace your hopes. We will join your efforts." The full statements which included several concrete proposals on such matters as trade, commodities, and financing—offered nothing that involved systematic and basic changes in the existing economic order, but made enough specific new proposals to create the impression of movement and to get delegates talking about the "new U.S. initiatives. This statement was followed by even more conciliatory speeches by several Western European ministers. The French Minister of foreign Affairs Jean Sauvagnargues spoke of actions "essential for a new more just and more equitable order. Britain's foreign secretary James Challagham reaffirmed his government's support of "the view that the balance between rich and poor countries of the world is wrong and must be remedied". And the Canadian Secretary of state A.J. Mac Eachen, like the ministers of Austria and the Scandinavian countries voiced recognition of the need for changes in international economic relations in order to reduce the intolerable disparities between rich and poor nations. These gestures toward conciliation, manifest in the changes in the diplomatic rhetoric and in the new attention to specific proposals, were matched by the moderate tone adopted by many
representatives of the developing world in the spring preparatory meetings, in opening speeches, and latter closed door negotiations.

V.7  FAULTY NEGOTIATING FRAMEWORK

Despite many conferences and meetings on the new international economic order, held in the past, it is painfully clear that the international community is very far indeed even from visualizing let alone implementing, a new and more equitable world order. The North and South have very different views about the inadequacy and shortcomings of the existing system; they look at the future differently as if from different ends of a telescope; the conflict of interests in relation to specific issues is more visible than the convergence of interest and most serious of all, the desperate urgency of the issues involved and the range of choices facing the world are not even discussed openly and seriously. The expectations from the North-South negotiations that cost much in terms of money and time31. The most disconcerting consequence of the continuation of current trends would be that the disparities between the rich and the poor nations would reach new height.

GATT has achieved considerable results in the field of customs policy, but has been unable to provide adequate stimulation and protection for the developing countries. The GATT itself makes room for certain remedial safeguard measures, provided that trade liberalisation in pursuance of GATT Article XI on commitment or tariff concessions caused serious injury to the competing industries in the importing countries. As a rule
the Eastern Bloc supported the South on such occasions reinforcing the critical condemnation of the attitude of developed countries but always maintaining the covet that countries which had no imperial colonial background had no responsibility for, nor any obligation to mitigate the plight of the poorer countries.

One fault is that in the negotiations ends and means have been confused, so that greater, self reliance, larger shares in income, wealth or power, larger shares in industrial production or trade, earning stabilization, price stabilization of particular commodities, and price stabilization of all exported commodities have been debated at the same level. Another sources of confusion is the fact that criticisms often compare the proposals with some 'ideal' solution, when in fact they should be compared with the most likely alternative. Another question is whether NIEO proposals should be assessed individually or collectively. It is possible to raise criticisms against each individual item on the Agenda, some of which atleast would be answered by accepting certain packages.

Criticisms have also been directed at the objective and motivations of the NIEO, it has been easy to disprove the arguments that reparations are due for the exploitation in the colonial era. But the disapproval is irrelevant, because the case for progressive redistribution of income and wealth and for international contributions to poverty eradication does not depend on the infliction of past damage. Few believe that colonial rule was necessarily harmful, though it would be difficult to prove that it was necessarily beneficial. It should
be plain that internal measures, are crucial for both growth and domestic advance. A more fundamental fault of the NIEO negotiations is that the moral imperatives apply only to individuals, not to governments. If international transfers are to be justified on moral grounds, donors must ensure that the moral objectives are attained. This implies highly conditional targeted transfers for basic human needs, poverty, alleviations, reduction of unemployment etc. The proposals of the NIEO do not meet this condition, since the distribution of benefits between countries and within countries is capricious. Only strict control and monitoring by donor countries can insure that the target groups are reached.

The emphasis of the developing countries is on the acceptance by the industrialised nations of an integrated commodity programme. How would such a programme change the existing situation is not very clear. The south would still continue to be a supplier of raw materials to the North. The truth is, however, that the 'Negotiations' initiated since the oil crisis of 1973, on the Establishment of the New International Economic Order, have been faulty.

In place of the original idea of producer cartels associating producers that have succeeded in re-establishing their control over their natural resources, the negotiation process has been conducted on the basis of an 'integrated programme' for 18 commodities and a common fund for commodity price stabilization. Negotiation on each of the 18 commodities have either been postponed on various pretexts or failed altogether, and the common fund for commodities has been
established with a capital which stands at a level for below the minimal amount required for its meaningful operations. Along the way the idea of indexation has been thrown overboard. Meanwhile, minor concessions made to certain groups of developing countries (like the STABEX arrangement for signatories of the Lome Convention), have been used as pretexts for the delaying more meaningful concessions to the third world as a whole. In fact, price of exports of developing countries have declined as a result of stagflation.

The objective declared by the third world countries in Lima- 25 percent of world production and trade in manufactured goods by the year 2000 has been diluted over time into a dubious programme of 'generalized trade liberalization' and relocation of bits and pieces of industrial production though the redeployment of transnationals. But even this toned-down version of the original Lima objectives is not being pursued seriously, either by the transnational themselves or by the developed countries for example, by the protectionist measures taken by them in respect of textiles.

In the matter of financial transfers, the third world reflected its disappointment with 'foreign aid'. It should be recalled that the original target was the transferred of 1 percent of GNP, that the commitment to this target was lessened with each passing year and that the quality of the aid given has been far below expectation by taking to the offensive and demanding the reform of the international monetary system, including the creation of new units for international settlements based on various commodities and the elaboration of rules that
would back up development efforts by establishing a 'Link between the issue of the new units and the needs of the third world's. These proposals were of course, utopian.

In any case, the third world has run out of steam in all these directions. Increasingly, the central preoccupations have shifted to the divisive issue, for the third world, of debts. As far as the transfer of technology is concerned, we know that the proposed code of conduct has been rejected by the North. In other areas, such as the Law of the Sea, the aspirations of the third world have been treated with the greatest disdain. One could, of course, go on and on listing the "failures" and "disappointments". One could also draw attention to the disturbing frequency, reminiscent of the world of fashion, with which "new", mostly dubious, "themes" are launched, and wonder whether their purpose is not merely to divert attention from the fundamental problems of development and underdevelopment. The parade of such themes as "Population", "environment", "zero growth", "basic needs", "employment oriented strategies", "income redistribution", "intermediate and appropriate technologies", "cooperation among developing countries" and "science and technology at the service of development" takes the place of change in the real world of international relations. 34
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1. The basic trend underlying these controversies between the developing and developed countries was the dismantling of the relatively depoliticized economic order of the past which was described as the "two-track" system by Richard Cooper in which the economic issues were left to the concerned officials be sorted out within a widely accepted set of international rules. Bergston, Fred, Towards the Health, (1975) p.3.

2. UN General Assembly Resolution 320/(8-VI) and 3202(S-VI), 1 May 1979.

3. UN General Assembly Resolution 320/(S-VI), para-6.


7. Several other American writers too seem to have taken the same view as that of Moynihan that the Third World position represented whole-hearted advocacy of social democratic positions, M Harrington, The vast Majority: A Journey to the World's poor (New York: Simon and Schuster, 1977).

8. P.T. Bauer'Western Guilt and Third World Poverty'Commentary, 59 (January 1976), pp.3-5.


12. Ibid. p.48.


16. L. Turner, op. cit., p.82.

17. Howe stated that he was sure that Kissinger had got his speech to the Seventh Special Session cleared by Treasury only by the argument that the price of oil would otherwise go up.


20. Not all policy makers and writers adopted this view. Fred Bergsten, who was Assistant for International Economic Affairs on the Senior Staff of the National Security Council from 1969 to May 1971 argues in some of his work that OPEC example could be followed by other producer groups, See Fred Bergsten, "One, Two Many OPEC's ....? The Threat is Real" Foreign Policy No. 14. (Spring 1974), pp.84-90.

21. S. Karasner, 'One, Two, Many OPEC's ....? Oil is the Exception Foreign Policy, No.14 (Spring 1974), pp.68-84.


31. National Herald (New Delhi) 26 December 1978, According to one estimate it costs around $1,00,000 a day to hold commodity talks in Geneva.

