CHAPTER IX
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CONCLUSIONS AND RECOMMENDATIONS

The years 1945-55 saw emergence of the new power structure which was to fashion events and condition economic policies in the sixties and seventies. By 1955 it was apparent that British recovery was lagging, that sterling was in decline as a key currency and that if the Bretton Woods system, as envisaged by the founding fathers, was ever to be achieved, it would rest upon the dollar, which underpinned by mighty reserves and a banking system of growing strength and sophistication, seemed to be the world's key currency. In Western Europe Germany had, by 1955, made good her economic recovery and was already launched on a course of expansion which was to make her the leading industrial nation in Europe.

This study indicate that the level-of-living gaps between rich and poor countries over the decades of 1960-1970 had been widening. The widening gaps between the two groups during the period were attributed to the compounding effects of both LDC's original low level-of-living and their slow speeds of improvement. For less developed countries their dependent position in the international economy over the preceding century or more seemed to be removed by the commodity price boom of the early 1970s culminating in the OPEC price rise and embargo. The confidence engendered by the apparently new vulnerability of the developed countries encouraged LDC to push for a more just and, to them, a more favourable international economic order. Most of their proposals were antithetical to the principles, both of the late nineteenth-century order and of the new liberal order of the
post-second world war years. These policies were based upon the belief that the liberal order had not worked for the less developed countries. Neither the beliefs nor the proposals had much substance, and distracted attention from the increasingly protectionist stance adopted by the developed countries contrary to the interest of the LDCs. Both DC actions and LDC proposals threatened to contract the international economy and make it a source of political conflict as if it had become in the 1930s, a period when LDCs had been particularly economically depressed.

The UNCTAD and the IMF system fail to tough the fundamental problems of the dependence of developing countries on the developed countries which is a legacy of colonial past. While the NIEO resolutions have led to the growing realisation on the part of the developed countries that something has to be done in the interest of improving the trading position of the developing countries. The solution of their problems requires steps to be taken by the developing countries themselves in the direction of individual and collective self-reliance.

As a part of positive action the NIEO proposals call for an active intervention in the commodity markets viz., the international commodity agreements to secure stable, just and remunerative prices of primary products exported by the developing countries. In the area of manufactures, the emphasis is on redeployment of world resources in the light of dynamic comparative advantage. To facilitate a more rational international division of labour, developed countries are asked to remove tariff and non-tariff barriers which affect exports of developing countries and in particular to modify those features
of their tariff regimes which discourage processing of primary products in the developing countries. As is well known, the effective protection for processed primary products implicit in the tariff structure of many developed countries is much higher. In addition, developed countries are asked to adopt positive measures - such as provision of adjustment assistance to facilitate phasing out of those industries and processes in which the developed world no longer enjoys comparative advantage. Finally, as an extension of the classical infant industry protection argument, developed countries are asked to give preferential treatment to exports of developing countries by adopting a system of generalised non-discriminatory tariff preferences in favour of developing countries. Thus, the NIEO proposals seek to shift emphasis from non-discrimination in trade policy to positive discrimination in favour of developing countries as a basic and normal feature of a restructured international trading system.

The NIEO proposals also envisage a basic reform of the arrangements for the flow of international capital to the developing countries. The existing mechanisms for transfer of capital from developed to developing countries are subject to varying degrees of political control and manipulation which reduce their effectiveness as instruments of genuine development. Bilateral official aid flows are largely influence by political considerations. Such considerations cannot altogether be ruled out in the operations of multilateral institutions in which the system of weighted voting gives the developed countries a disproportionate influence in the decision making processes. As
regards private direct investment, apart from the market power enjoyed by the transnational corporations, there are indications that investment decisions of these corporations can also be influenced by political considerations. The rapid growth of the Eurocurrency markets in recent years and the intense competition among international banks for lending has enhanced the maneuverability of those middle income developing countries which have access to these markets. All these factors indicate the role that political considerations can play in influencing international capital flows. To the extent that such considerations are present, the international capital transfer mechanisms cannot be relied upon to promote autonomous paths and styles of development. The NIEO proposal seek to reduce the role of extraneous political consideration in international capital transfers and also to secure larger flows on more favourable terms and conditions.

In pursuit of the objective of depoliticisation of the international capital transfer mechanism, the NIEO proposals lay emphasis on the adoption of an internationally agreed code of conduct for the operations of transnational corporations in the developing countries. In order to minimise the political influence in the flow of multilateral assistance; stress is laid on giving developing countries a greater share in the decision making process in multilateral institutions.

The NIEO proposals also visualise a major restructuring of the international monetary system. Recognising that trading arrangements alone cannot reduce the uncertainty in external payments to a tolerable limit, they envisage a significant
improvement in the volume, terms and conditions of balance of payments support made available by the IMF to the developing countries. These proposals also involve the adoption of more equitable and symmetrical mechanism for the creation of international liquidity, for adjustment of balance of payments imbalances and for ensuring that international monetary arrangements subserve the cause of growth. The proposals for making the SDRS as the central reserve assets of the monetary system and for establishing a link between the creation of international liquidity and development assistance are major elements of the NIEO action programme. In order to 'depoliticise' the process of assistance from the IMF, greater role is demanded for the developing countries in the decision making process of the Fund.

The need for change in the international economic order is felt by all the countries - the developed, socialist and less developed countries. The developed countries want changes because of the collapse of the international monetary system, energy crisis etc. The socialist countries need a new order for coming out of isolation. The LDCs demand changes because the existing order has not satisfied their needs even when it was working at its best. Thus, the NIEO is needed not only for the poor, but for the rich as well.

Without the support of the socialist countries the developing world would not have been able to emerge into a new force and demand the restructuring of the world economy. The capitalist world while refusing to acknowledge this fact is trying to make a division in the developing world. They have
found a third world in the oil producing and exporting countries and another fourth world. The fact that capitalist world views the present stand of the developing countries new "trade unionism" itself reflects the attitude towards changes in the international relationships.

The fact that the major capitalist countries are against industrialisation of the developing world has been amply proved by the insufficient progress in the implementation of the Lima Declaration and Plan of Action. The socialist countries have always treated industrialisation as one of the key questions in the developing decolonisation of the developing countries.

The establishment of the NIEO is the imperative of the developing countries. The socialist countries certainly render support to their demands. But ultimately the realisation and the speed with which the NIEO is established depends upon the commitment and strength of these countries themselves to pattern their own economy on the basis of the fundamentals of NIEO, and the cooperation that the developing countries can build up between themselves to achieve their goal.

The current status of international institutions has developed haphazardly. It does not represent a proper correspondence between the systematic needs of the world economy and institutional capability, neither in terms of the allocation of tasks to organizations, nor of nations as members to these bodies. Within the international framework of concerted action, the role of the United Nations is crucial. After abandoning its passive attitude and adapting its activities to changing conditions the United Nations should become the enlightened guide
of peoples in their struggle for progress and welfare.

The realization of the proposed reform, such as the reorganization of the world bank to enable it to operate as the specialized agency for the financing of developing countries, the alleviation of the developing countries' burden of outstanding debt, and the free transfer to them of a percentage of the GNP of the rich countries - all these far-reaching changes fall within the purposes of the United Nations. The efforts of the developing countries during the period since 1974 is much of frustration than that of a success. In fact, these have resulted in almost poor and completely fruitless results as the North have failed to cooperate with the South.

The capacity of less developed countries to reform the international economic order is limited by the economic, political and ideological divisions within their own ranks. To date, LDCs have been relatively successful in handling these differences. A measure of consensus is maintained by regular consultations within the 'Group of 77' and in other Third World forums; and by the formulation of broad proposals which provide benefits to a number of Third World countries. However, this limits the capacity of LDCs to trade off particular aspects of their overall package in the courses of negotiations. Moreover, consensus still tends to dissolve on specific issues. Some developing countries which raise large sums in private international capital markets have been wary of 'Group of 77' proposals concerning indebtedness. The mildly accommodationist status quo of the postwar international regime was sharply interrupted by the success of OPEC, beginning in 1971. Four
aspects of the resulting shift in the tone and content of the North-South dialogue must be emphasized.

First, the example of OPEC suggested to the developing countries that other commodities could be cartelized to extract resources unilaterally from the North. Hence reliance on commodity exports, which had always been thought of as a sign of dependence and the necessity for industrialization, was now considered a source of strength. The economic concept of 'commodity power' was born. The use of the 1973 oil embargo also suggested the political concept of commodity power; the North might be dependent on the South for commodities if the South could take unified position and threaten interrupted supplies of commodities. Hence, the early 1970s witnessed definite shift of gears. The South entered, with a perception of new strength, the negotiations phase, for negotiations cannot occur meaningfully between grossly unequal partners.

Second and this is a critical point, the South's perception of new power was largely shared by the North at the time OPEC's demonstrated strength made commodity power seem credible; and it was also directly pitted alongside the South in mutually supportive legitimation roles. Western Europe, feeling particularly vulnerable to OPEC and by and large also intellectually less antipathetic to Southern position than the United States, played a major role in the conciliatory Northern response, which also led to the Conference on International Economic Cooperation (CIEC) at Paris during 1975-77.

Third, the key role of OPEC and commodity power in this
equation made emphasis on commodities in the new situation inevitable. Just as GSP had become the symbol of the New Delhi UNCTAD-II in 1968 commodity schemes were the symbol of the early 1970s, and indeed at the Nairobi UNCTAD-IV in 1976 where the negotiations on the Integrated Program for Commodities were agreed upon.

Fourth, this key focus on commodities went hand in hand with the stance that the entire range of international economic issues-trade, money, aid, energy, raw materials, etc. be negotiated together. This was partly a negotiating play, to prevent energy being negotiated in isolation to the North's advantage. But it also reflected the view, embodied in the New International Economic Order proclaimed at the 1973 Algiers Non-Aligned Conference and embraced at the UN General Assembly's Sixth Special Session in 1974, that the postwar NIEO institutional structure had to be reorganized to reflect the South's aspirations and interests. This approach was followed also at the CIEC in Paris.

In fact, their pre-occupation with their own problems forced them not only to ignore the proposals for helping the developing countries but also to backslide from past pledges and commitments on one excuse or other. Developed countries began to be reluctant to participate in any U.N. forum as the numerical superiority of the developing countries and the support of socialist block enabled developing countries to carry any resolutions with thumbing majority. Even in specialised agencies like the World Bank, the IMF and the GATT, the slow but steady progress which was being made virtually came to a halt, the voice
of developing countries falling as a rule on deaf ears. Developing countries, on their part, were very much disappointed with the slow pace of progress.

In such a situation, the North-South relationship came to be reviewed in its totality at highest political level summit meeting of Non-Aligned Countries at Algiers in September, 1973. Since then, it has been an important item of the agenda of the NAM. In Havana Summit Conference the Heads of State and Government reaffirmed their deep conviction that a lasting solution to the problems of developing countries can only be achieved by a constant and fundamental restructuring of international economic relations through the establishment of the New International Economic Order.

If the NIEO programme is accepted in its completeness by the industrialised countries it may merely make the present international economic system more stable and strong inspite of the present hesitations of the industrialised countries in general and of U.S. in particular to accept it in its present form. They could be expected to veer round to the viewpoint of the developing countries gradually. The industrialised countries are capable of making compromise in case the pressures are sufficiently strong, and they have already moved a little in the direction of helping the developing countries. Ample examples of such compromises in their providing a number of exception to the free play of international market forces, as in commodity agreements and preferential and non-reciprocal treatment for developing countries in a number of areas - in their negotiating of "voluntary" trade restriction agreements, in the long term.
agreements between U.S. and Japan and U.S. and Soviet Union and in the management of the agricultural market and the organisation of the rural areas market through transnational enterprises.

North-South negotiations have experienced an extraordinary evolution. They began in 1964 in the specialized forum of UNCTAD and, from there, spread to the equally specialized fora of the IMF and the World Bank as well as UNIDO. In 1974, they were elevated to the political level of the General Assembly, albeit only for the limited periods of the Regular Sessions and the Sixth and Seventh Special Sessions of the General Assembly. With the Paris Conference of 1975-77 followed an experiment in negotiating on the main development issues in a forum of restricted membership outside the United Nations system. When this failed to have the desired results, the negotiations moved back in to the United Nations system and, with the Committee of the Whole of the General Assembly, became institutionalized in periodic meetings held in inter-session periods. Finally, although the Eleventh Special Session did not achieve all its objectives, it is only a question of time before sustained global negotiations are launched which will deal in a continuous and centralised fashion with the whole range of development issues at the level of the General Assembly. Work in specialised fora will, of course, continue and care has to be taken that progress being made there is not jeopardized. Together, these events represent a new stage in the long and arduous process of accelerating development through the establishment of the New International Economic Order.

The driving force behind this evolution is the well-
organized group of 77. With the political backing of the Non-Aligned countries it has changed the status of the development task in a singularly rapid succession of conferences: from being considered only in specialized fora, it has come to be the dominant political economy item on the agenda of the supreme organ of the United Nations system, the General Assembly.

Developments in the world economy are, of course, leading towards a stricter appraisal of existing concepts and systems of international economic relations, and towards a more relative view of imaginary optima. This is universally confirmed by the recent history of the prevailing system of international economic relations, developed under the strong influence exerted by the USA. We could say that the problems of the world economy have become too wide and too difficult for concepts of international economic relations accepted until recently.

While delaying negotiations, the developed countries have sought to divide the third world groups to weaken their bargaining positions and it is more over visible that the rich cannot conceal their wealth in a global village because they hold the view that no amount of foreign resources can overcome domestic resistance or indifference to the achievement of the NIEO goal and poverty of these countries is not external but internal and therefore no program to eliminate absolute poverty can be constructed and implemented without the necessary degree of commitment of a country's governing elite groups.

A conflict between rich and poor nations will become inevitable sooner or later unless it can be prevented by a concerted and realistic policy inspired by international
solidarity and the principle of the indivisibility of prosperity. The rich nations should extend their social and economic policies beyond their own frontiers and finance their application to poor nations as they do domestically in support of low-income sections of the population. Such a new approach to the problem of socioeconomic development would benefit the entire world and, in particular, the industrial countries themselves. A policy of enlightened self-interest as advocated herein would progressively narrow the immense gap separating rich and poor nations. Moreover, by creating a climate of mutual understanding it would promote active cooperation within a better and more humane world. While the responsibility of industrial countries is indisputable, developing nations too have an immense stake in the success of concerted efforts to improve their lot. They have been entrusted with imperative duties to their own people and to the world community of nations. They are called upon to adopt, without delay, effective policy measures to mobilize their material and human resources and thereby satisfy the aspirations of their people for a better standard of living.

In order for the developing countries effectively to realise the potential for collective self-reliance it is necessary, in addition to mobilizing the political will to undertake the necessary deliberate efforts, that they establish an adequate and efficient institutional an organizational framework which will both enhance their cooperation and increase their capacity for serious negotiations with the industrialise countries. The foregoing assessment of past efforts in cooperation has provided a partial listing of the possible range
and forms of economic cooperation among the developing countries. But there is a need to spell out a broader framework of principles capable of giving momentum to and establishing a mutually reinforcing relationship between these efforts in cooperation has provided a partial listing of the possible range and forms of economic cooperation among the developing countries.

Additional progress will be difficult to achieve in improving international economic progress through institutional forms of cooperation unless the major nations accept greater responsibility towards both the concept and the mechanics of the world economy as an integrated system.

Unity among the developing countries at the global level reinforced by their advantage in population and natural resources apart from opening new opportunities for development is most likely to enhance their collective bargaining power vis-a-vis developed countries. The strategy of economic cooperation among developing countries enable a more vigorous development of preferential trading relationship with a view to establishing comprehensive and well-structured system of preferences for the third countries as a whole. The collective self-reliance is likely to help in restructuring the world economy in a planned way through the process of plan harmonisation which implies effective coordination in the planning process, policies of investment decisions, institutional and information infrastructure etc. Under these circumstances, LDC are left with no alternative than to rely more and more on their efforts of individual and collective self-reliance as decided at Nairobi. For this, they should co-operate among themselves in the field of
mutual withdrawal of tariff and non-tariff barriers to each others products, grant of preferential treatment to each others products and co-ordination in their investment decisions. Some progress has been made in that direction by organising various international conferences.

The NIEO action programme lays considerable emphasis on improving the international market for the transfer of technology so as to give developing countries a freer access at reduced cost to this vital input in their development process. In this context, particular emphasis is laid on the reform of the archaic patent laws, effective control of restrictive business practices of transnational corporations in their dealings with the developing countries and on the need to enhance technological capabilities of the developing countries.

On the basis of the study of international trade, the operation of the international monetary system, the creation of international reserves and the expansion of the world's capital and money markets, etc., it admits that in a two-tiered world of developed and developing countries, the benefits of most international economic action generally go mainly to the developed countries since they are in the position to take advantage of these measures. Once one departs from a two tier into multi-variegated world of countries at many economic levels it discovers that the more developing among the developing countries (Mexico for example) would be, able to draw much larger benefits from the less developed among the developing countries (Haiti, for example).
The actions required to obtain a more equitable distribution of income and opportunities are not only the responsibility of the industrialized nations. Whether it is achieved will also depend upon the national actions of the governments of the poor countries. Reforms in the international order will be meaningless and often impossible to attain, without corresponding reforms in the national orders. Although the governing elites in virtually all Third World countries have in general proclaimed themselves in favour of greater income equality and in particular, of raising the living standards of the poor masses, the actual trend in many of these countries is towards greater inequality although this is often the result of structural problems rather than deliberate policy. There is, however, an intimate link between the reform of national and international orders. If national economic orders in the poor nations remain unresponsive to the needs of their own poor and if their development strategies continue to benefit only a privileged few legitimate demands for the reform of international structures will be weakened since much of the benefit of such reforms would flow to the privileged elite. Given the inequities in the international system, the implemention of international forms cannot be made dependent on internal social transformations. Third world countries may well discover, however, that changes, where necessary, in their own national orders are of decisive importance and the critical 'bargaining chip' in presenting for structural reforms at the international level.

The crisis in international structures and the first tenuous steps to come to terms with a rapidly changing world may
yet prove moment in history in which all nations come to acknowledge the deficiencies of an obsolete international system and seek to further their interests within the frame-work of a new world order; that all can gain from a creative partnership and that all must eventually suffer from a reckless and short-sighted struggle that pits nation against nation - the rich against the poor, and therefore it is observe that:

a) The socialist countries led by the Soviet Union supported the demand for NIEO both at the UN General Assembly and UNCTAD Sessions, the advanced capitalist nations viewed the whole development as a prelude to international economic disorder.

b) Any organised pressure for the NIEO might be retaliated by the advanced capitalist nations because such pressure necessarily involves changes in the international balance of politico-economic powers.

c) The rising oil prices since 1973 have equally affected the development prospects of the non-oil-developing countries and unless the oil prospects of the non-oil developing countries and unless the oil exporting countries give preferential treatment to their comrades within the third world, any joint and powerful effort for the NIEO would be most unlikely.

d) The industrially advanced nations and the multinational corporations are powerful enough, both politically and economically to keep the developing countries greatly divided and block any joint efforts by them for the NIEO.
e) The argument of the advanced capitalist nations that market mechanism should be the only basis for increasing efficiency in the use of international resources, lacks empirical evidence. Nor does the socialist viewpoint that the third world countries should establish firm linkage with the socialist world in order to be treated equally in international economic relations, hold much water in view of the vicious international diplomatic atmosphere.

f) Even if the desired objectives of the NIEO, as mentioned in UNCTAD documents, are achieved, the developing countries would not be able to come out of the vicious circle of low level equilibrium trap as international terms of trade play a very insignificant role in determining the rates of economic growth in these countries. In fact, any plan for rapid economic development in these countries would require more of internal changes than external and the demand for NIEO may at best provide an alibi for the governments of these countries for not undertaking any sound domestic economic programme.

g) The chequered history of attempts towards a New International Economic Order cannot encourage anyone to take an optimistic view of their ultimate outcome. The prospects appear to be even gloomier. However, South should not slacken its efforts. It should strengthen its solidarity not just in terms of supporting each other on North-South issues but much more in the South-South arena. The potential for doing so is vast. At the same time, the North-South dialogue, must continue, frustrating and exasperating as the experience has been so far, efforts to
bring about appropriate changes in North-South relations cannot be abandoned. What is at stake is not which side scores more points but what can be done through cooperative efforts to alleviate human misery to vanish hunger, illiteracy, epidemic and other manifestations of absolute poverty from a world whose capacity to produce more of the things which can enable the developing countries to raise their income levels.

Thus, the new international order is not a panacea for all that is wrong in the world of today. It cannot lead to complete and real equality among nations. But it can result in a reduction in inequalities and in the equitable distribution of global opportunities and in, doing so, it lay the foundations for real cooperation.

RECOMMENDATIONS

The experience of almost three decades makes it clear that the existing aid order has failed to achieve what was the prime motto behind the creation of the world economic order in the mid-fourties. The creation of the NIEO would meet those objectives provided that concrete steps are undertaken and major reforms are implemented in the present aid order. Equitable allocation of larger amount of grants and grant-equivalent loans accompanied by the debt relief measures is suggested. But unless the developed world are made think in terms of one-world, there will be many hurdles in the way of implementing these reforms. Therefore, a fundamental change in the very approach of the developed countries has to be brought about.
For our theme, the essential point is that the developing countries are interested in diminishing the conviction of the validity of the existing systems of international economic relations. Pragmatic assessment of the system now practiced should lead to their improvement or else into looking for a new roads. It is not sufficient to find out that the system is not efficient or that it intensifies the difficulties instead of removing them. It is necessary that the supporters of these systems should themselves perceive how perseverance in the old ways begins to do harm to them, too. Only then will the benevolent criticism from outside attain its true goal.

The South ought to be doing in a relationship which can succeed only if the two sides actively co-operate. This is not to suggest that the contribution, the South is called upon to make in this process is necessarily more important than the action required from the North. This emphasis is only the result of conviction that the South cannot aspire to successful dialogue of its countries look only for concessions from the North while introducing no changes in their attitudes. In a world faced with increasing strains on the economies of both the North and South, developing countries must prove their credibility through their own serious action. To assume that their salvation must be brought about by the North is to impart to the latter an ability which is obviously beyond its present means. It also deprives the South of its legitimate right, and duty, to develop itself. What is required in the first instance is the serious resolve of the South to improve its own lot and the action that must follow this resolve. The North should be called upon to cooperate in the creation of an international environment in which developing
countries adopt such serious policies can readily achieve the positive results of their efforts without being hindered by insurmountable external factors.

The present world recession had demonstrated beyond doubt that the pace of growth in the South depends to a greater extent on the degree of the North's prosperity. The immediate task facing both at present is to put the world economic recovery into motion. In doing so, they are well advised not to lose sight of the real causes of the present situation which resulted mainly from actions the North took, or failed to take in time, and was only exacerbated by certain attitudes in the South. The development of the South has become progressively relevant to the prosperity of the North. The international division of labour, international trade and financing systems must, therefore, be gradually adapted to these new realities or risk plunging into further disorders to the detriment of all.

Further acrimony and confrontation between North and South are likely to result in greater losses to both. What we should now pursue are the mutual gains that accrue from a world recovery based on the development of the South and the revival of the North. It does not matter much if such a process is called a new world economic order, or simply a progressive integration of the South into a system of global interdependence to which the present order, or lack of order, will be well adopted.

What is needed is a realistic development and refinement of the international economic order, the elimination of shortcomings, as well adjustments to what are certainly new
and changed conditions. In the process, priority should be given to maintaining overall economic efficiency, the prerequisite for the improvement of living conditions in the poorest of the poor countries. Abuse of the market should be prevented, while the flexibility that the market provides under the present system should be retained. Our general aim must, therefore, structural improvements within the world economy that benefit the less developed nations. The implication for these countries is that they must recognize that confrontation will not get us any further. And, indeed, the atmosphere at the UN Seventh Special Session showed some signs of a willingness to be objective and to reconcile opposing interests.

The developing countries will, nevertheless, continue to pursue their goal of establishing a new international economic order. However, they are no longer bent on achieving this objective in one short, sharp effort, but rather via negotiations over a longer period of time. We should take advantage of this time to help reduce the stridency of the ideological debate, so that it gives way to realistic discussions and talks. We have to give our ideas greater substance and expound them to our partners. Talks have already begun at several levels; monetary issues are being dealt with in the International Monetary Fund (IMF), trade questions within the General Agreement on Tariffs and Trade (GATT), selected North-South problems within the organizations of the United Nations. As a matter of fact, the establishment of a NIEO calls for the adoption of a New International Development Strategy in the Third Development Decade. For this LDC, which hitherto have been confining their action to the elaboration of steps and identification of
programmes, should now implement action-oriented programmes economic co-operation among themselves, bilaterally as well as multilaterally. This requires systematic regional and sectorial plan harmonisation among themselves. UNIDO and other such organisations should take the initiative in working out detailed coordination plans for investment and production in the developing countries. These efforts of international agencies should be backed up by the appropriate induction of the criterion of complementarity with the fellow developing countries in the planning methodology of the planning agency of each developing country involved in the coordinated production plan.

Specific proposals and projects have to be initiate to concretise the definition of collectives self-reliance as a close "cooperation among the themselves in financial, technical trade, industrial and other fields". The problems here are complex and it must be realised that there resolution will require fundamental structural change in the socio-economic set-up within each country and in the economic relationship between the countries of the Third World themselves. The Third World therefore, has no alternative but to take the read to self-reliance.

The development of an integrated global system for economic cooperation among developing countries would help to avoid inconsistencies and fragmentation in the pursuit of collective self-reliance. Apart from being open to the developing countries of all regions, such a system should encompass in a harmonious manner several measures and elements designed to secure the greatest advantage from multinational
action. Accordingly, the system should include the following:

a. The strengthening and broadening of sub-regional and regional economic co-operation in a manner consistent with global cooperation among developing countries as a whole; and

b. A set of inter-related policies, mechanisms and institutions designed to implement new forms of joint action within a wide framework of third world cooperation, with special provisions included in favour of the relatively less advanced countries.

The accumulated experience of economic integration schemes of developing countries points to a few areas where improvement and new initiatives require priority attention. First, intergovernmental machinery and community institutions need, in many instances, to be improved in ways which would better harmonize national and common interests and better reflect the agreed goals of economic integration of the grouping concerned. Their technical capacity needs to be strengthened so as to make the most effective use of the existing instruments of economic integration.

Secondly, the existing instruments themselves need in many cases to be revised so as to make them more effective. This is particularly true in regard to trade liberalization regimes, systems of common external protection and common fiscal incentive schemes.

Thirdly, the measures which have been adopted to secure greater benefits for the least developed member countries of
economic groupings need, in many cases, to be revised and endowed with an element of automaticity with the aim of making them more effective. Considerable emphasis should be placed on this, since the failure of the existing devices for benefiting the least developed countries has been one of the most important obstacles in the path towards fully fledged economic integration among developing countries.

Fourthly, and most important, emphasis should be shifted decisively from trade matters toward joint endeavors in the development of regional industrial and agricultural resources and of a common transportation infrastructure. The transnational preoccupation with reliance on market mechanisms through trade liberalization and external protection have had only a limited impact on growth, virtually none on structural development and, through the imbalances they create, have raised political obstacles to cooperation even before substantial economic gains could be secured for the cooperating countries. Although the importance of cooperation in production is recognised and provided for in some economic integration treaties, in practice this form of cooperation has been relegated to a secondary order of priority in most integration groupings. The new suggested emphasis on production should also embrace common approaches to the transfer of technology and the development of indigenous technological capacity, and to foreign capital and transnational corporation.

The promotion of economic co-operation in the developing world as a whole could be fostered through the strengthening and outward expansion of regional groupings.
Existing schemes could conceivably attract new full-scale members whenever it is politically and economically feasible. In some instances this could be initiated through participation by non-member countries in the implementation of pilot projects of those groupings in fields not so far covered by cooperation arrangements. The outward expansion of existing integration schemes could also proceed on the basis of limited and selective exchanges of concessions and other forms of mutual support between groupings and prospective partner countries or between groupings themselves. This could lead to a more comprehensive involvement of neighbouring states within a system of concentric circle with different degrees of economic integration.

In view of the rigid posture of the North, the South should be prepared for a long struggle and its strength will lie in collective action. The Group of 77 should work in harmony and reconcile their differences instead of maintaining a facade of solidarity. The concept of collective Self-Reliance which aims at expanding the degree of South-South cooperation should be followed vigorously.

Though the world now better understands that the world is interdependent, the establishment of a new international economic order based on the concept of more equitable sharing of opportunities resources and rewards will take a long time to realise. The future will show whether the industrialized countries, the developing countries, and the United Nations will prove far-sighted enough to act in a concerted manner and coordinate their efforts so as to assure world prosperity and preserve world peace.
Thus the New International Economic Order is not an empty slogan, it is a phenomenon and need of hour. The debate on the ways and means of attaining it has begun. Its establishment can be delayed but cannot be forestalled.