CHAPTER -III

NEW INTERNATIONAL ECONOMIC ORDER

1976–1986
The first four Summits of non-aligned Heads of State and Government were mostly concerned with political, diplomatic and strategic questions. All these four summits and even the proceedings of Bandung Conference were held when Cold War was at its peak and third world countries most of them represented by NAM were struggling for their very unkeep and for consolidating their independence and freedom in the wider comity of nations. Those were the years when non-aligned countries were overwhelmed by survival syndrome. In fact, many African nations were still struggling to shuffle off the colonial coils in late fifties and early sixties. So NAM countries had to guard their sovereign status and give moral and political support to nations still waging freedom struggle against their European colonial masters.

In view of the same, the agenda of first four NAM Summits was situationally determined. The political resolutions passed in first four Summits were anti-colonial anti-imperialistic and pro-independence in nature.

The first four Summits were also greatly concerned about world peace as during the same period United States
of America and Union of Soviet Socialist Republics et al.,
were engaged in perfecting the deadliest weaponry of war.
So the NAM resolutions invariably pleaded for disarmament
and peace.

However, during the early seventies the political
Scenario changed. With the exception of a few colonial
pockets in Central and South Africa, all the third world
countries had attained and somewhat stabilised their
independence. Naturally, economic, commercial and
financial problems crept up in newly liberated countries.
These countries had already been exploited by colonial
powers and in view of their proliferating millions faced
the questions of poverty, unemployment, illiteracy,
malnutrition etc. To add fuel to the fire, their
abundant raw materials were still being exported at
nominal rates to technologically advanced West and North
and re-exported to them as so-called finished products
in terms of Pharmaceuticals, textiles, machine-tools and above
all weapon systems. This inherent and inbuilt inequitous
feature of international trade militated against the
very survival and economic viability of third world countries.

Therefore, from the fifth NAM Summit held at Colombo in Sri Lanka, in 1976, onwards, economic priorities dominated the deliberations of NAM Summits. A new call was given from the platform of NAM; the call for a new International Economic Order. The subsequent Summits forcefully pleaded for the establishment of a New International Economic Order. They took up the question of international trade and aid at UN and other regional and international forums. These deliberations have simultaneously underlined the need for North-South dialogue and South-South Cooperation.

i) Economic Condition of Third World Countries:

The contemporary international system is structurally divided between two sub-systems, one small but dominant and the other large but subordinate. The dominant system consists primarily of Euro-American States and Japan which have acquired vast amount of economic, technological and military power and this power position has
established their dominance. The subordinate system, consists of a large majority of Afro-Asian and Latin American states which are poor and underdeveloped. Underdevelopment is the legacy of colonial era. Even political independence could not provide them with economic independence. They, therefore, strove for a revolutionary modernization to develop their natural resources and raise the standard of living of their people. But at every stage the present day international economic order hampers them from achieving this goal.

Imperialism has devastated three quarters of the world, introducing an "order of Poverty", an"order of inequality" and an order of "exploitation". The backwardness of technology is also the result of long subjugation. The exploitation by the developed countries, the gap between the developed countries and the underdeveloped countries is gradually widening. Political independence has not resulted into economic self-reliance and for them economic imperialism continues as before.

To this, day, the developing countries account for less than one fifth of the total world trade, and their
share is gradually declining. Three quarters of their exports go to the developed countries, and a few absorb them fully. Four fifths of all earnings from exports are generated by about a dozen commodities, excluding oil. At the level of production these commodities represent a total value of about 30 billion, whereas after manufacture their values go up to $200 billion. The added values accrue predominantly to the Developed countries. The price of raw material which is supplied by developed countries fluctuates considerably, posing grave threats to the economies of those countries on one or few exportable commodities.

In the contemporary international system, in about half of the Third world countries, a single capital rich country gives three fourth of financial assistance and in most of these countries foreign private investment is controlled by multinational corporations. They are dependent on the developed countries for technology about

96 percent of the world's research and Development capabilities are concentrated in their hands and 94 percent of the patents are held by them. Even out of the remaining 6 percent most of the patents are held by the foreigners.

The age of imperialism created a world of dominant and dependent nations. Today, in spite of political equality and sovereignty, economically and technologically the world is divided between two categories of states. There are "haves" and "have-nots". Mao-Tse-Tung had propounded a theory in the late 1950s pointing out that the "villages" of the world, should organise themselves into the bastions of global revolution and then encircle and eventually destroy the cities.²

The gap between the rich and the poor countries is widening. It can be assessed from the following facts. The developed countries numbering nearly two dozen have $5,000 to $16,000 per capita income whereas more than one hundred underdeveloped countries have nearly $1,00 to

² Tuzumkhaledor, R.A., The Non-Aligned Movement, Progress Publishers, Moscow, 1985, p. 120.
$1,000 per capita income. In 1980s, the total production of the world was US $7,900 billion of which more than $6,500 billion was generated by the developed economies. It explains that 83 per cent of world's income came from less than 1/3rd of the world's population. Another aspect of the underdeveloped countries is revealed by the fact that almost 80 per cent of its population is rural compared to less than 35 percent in the Developed Countries. In terms of the percentage of the people engaged in agriculture in less developed countries, 66 percent are engaged in agriculture compared to 21 percent in the Developed Countries. The data proved that productivity of agriculture labour is almost 35 percent greater in North America compared to that of Asia and Africa. The reason for low productivity are primitive technology, poor organisation, sub-division and fragmentation of land and limited physical and capital inputs.  

The unequal strength in the international system is manifested not only in the dominant power of the rich nations controlling the pattern of trade but in their

3. Agarwal, op. cit., p. 58.
ability to dictate terms in which their technology, foreign aid and private capital are going to be transferred. In the process, the values, attitudes, institutions and standards of behaviour of the first and the second world also get transferred there by creating the situation in which the developed countries could perpetuate their domination and wherein a system of economic, technological, political and cultural imperialism would continue. A new strategy of monopolisation and maximisation of power has also been evolved. The developing countries want to democratise and thereby decentralise power which is the crux of the problem of New International Economic Order.

The broad thrust of the struggle for NIEO is the elimination of colonialism, imperialism and neo-colonialism in all their manifestations. The historical process of decolonisation and emergence of Afro-Asian and Latin American countries posed a problem of working in the liberal economic system which created a world of dependence. The problem was stated in the Declaration of the first non-aligned Summit in Belgrade 1961, It said;
"The Heads of State or Government of Non-aligned countries, noting that there are crises that lead towards a world conflict in the transition from an old order based on domination to a new order based on cooperation between nations founded on freedom, equality and social justice for the promotion of prosperity".  

Considering that the dynamic processes and forms of social change often result in or represent a conflict between the old established and new emerging forces; considering that a lasting peace can be achieved only if this confrontation leads to a world where the domination of colonialism, imperialism and neo-colonialism in all their manifestations is radically eliminated.

The demand for restructuring the international economic order is an essential component of complete colonialisation. In the absence of economic emancipation, political independence is meaningless, it can be reversed at any movement by other means.

This desire for democratization of international economic relat

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has been well argued in UN resolution of May 1, 1974. It called for restructuring international economic relations on the basis of equality, sovereignty, interdependence of common interest and cooperation among all states irrespective of their economic and social system. It hoped, NIEO shall correct inequalities and redress injustices, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations.

The Bretton Woods system adopted after the second world war was basically concerned with European recovery programme to rebuild the war devastated economy of Europe under the leaderships of the USA and the UK. It did not address itself to the problems of under-development in the Third World. On the contrary the Bretton Woods System in a way perpetuated the colonial relations between the metropolitan countries and newly independent countries. Its objective was to provide a new economic system for the developed countries which would perpetuate their power position. Therefore, the Third World had to struggle against
colonialism and neo-colonialism in order to achieve its goal for the restructuring of its economic system.

The contemporary economic system is characterised by stagnation in world trade, protectionism in the West, redeployment in industries, adverse balance of payments, crushing debt burden of the third world, steep fall in the price of third world export commodities, lack of adoptive system in the attitude of world financial institutions. All this has underlined the necessity for a NIEO. The major challenges faced by the underdeveloped countries can be enumerated in short as follows:

(1) The Developed countries resort to tariff production of their domestic industries. Thus, their advocacy in support of free working of the international market mechanism believes the reality.

(2) The Developed countries benefit disproportionately in the distribution of the value added to the products traded. The third world receives back only a small fraction of final price obtained from international purchase of their product.
(3) There is a substantial imbalance in the distribution of international monetary reserves. Although underdeveloped countries constitute 70 percent of the world's population, they receive less than 4 percent of the international reserves. Since the developed countries control the creation and distribution of these reserves, they have the power to manipulate these international financial assets to their own advantage.

(4) Debt trap in 1960, the third world had an indebtedness to the west of 18,000 million dollars in 20 years, it has grown to 446,000 million dollars in addition to short terms loan of 134,000 million dollars. At the end of 1982, OECD has estimated the total debt of less developed countries as 625 billion dollars and debt servicing as 130 billion dollars.5

(5) Economic growth of developing countries requires adaptation and use of scientific knowledge and information. 95 percent of modern technology was originally patented in industrialised countries and it is owned and controlled, very often by the multinational corporations. So the third world does not have free access to modern technology. They

5. UN Document A/38/132, p. 64.
can buy only the products of technology and not the technology itself. Whatever outdated technology they acquire, they have to pay for this an unduly heavy price both in economic and political terms either to country concerned or to a multinational corporation. Moreover transfer of technology should be such as could be absorbed and adapted to socio-economic conditions, promoting self-development. The guiding factor for the multinationals is immediate and of maximum profits, hence isolated sections of the host economies become aligned to international markets and developed countries, while the large parts remain backward and linked to traditional mode of production.

The existing economic order is based on outdated thinking of the colonial period, specifically the 17th, 18th and 19th centuries when the classical economists looked at the world from the point of view of the isolated areas and advocated perfect competition, free enterprise and free trade. That institution does not exist today. Where a few minor adjustments have been made in the developed countries, that too suit their interests. But nothing has been done so far to change the relationship between the developed and the developing countries. The EEC is an organisation in western Europe and takes care only of the interests of those countries.
The recognition of Japan as a major economic power and the formation of the EEC led to some adjustments on what is described as a trilateral basis. But the developing countries of have been systematically left out of these adjustments. Consequently, the prosperity in the developed countries has been gradually increasing whereas the condition of the developing countries is becoming more and more miserable. Instead of international order of prosperity an order of poverty has been evolved and the third world is demanding the replacement of the old order by a new one which will be egalitarian, just and democratic, based on equality in every sphere, economic, political and racial. The demand for substantive and structural change in the international system aims at economic emancipation and democratization of international economic relations. The urge for NGOs is not based on the call for an income redistribution from the rich to the poor, but one fair terms of trade, aid and reformation of monetary system.

1) Economic Underdevelopment and Policy of Non-Alignment:

Discussing some economic aspects of the policy of non-alignment, it is better to use the word "underdeveloped" than "developing" despite the official UN terminology. But, it seems that as long as we keep now existing definitions of "development" and "high level of development", the group of
countries we are speaking about the "developing" could be called under-developed due to the fact that it is very hard to find any corner of the world where there is no development at all. In other words, even the most developed countries are still developing.

During the last twenty years and still today one finds the dilemma usually formulated in the following manner. Is the policy of non-alignment just "reserved" for the poor, under-developed, developing, or less developed countries? or, are the non-aligned countries non-aligned because they are under-developed?6

This type of reasoning could be found among those who support the policy of non-alignment, as well as among those who take a different position. As a matter of fact there seems to be sound logic in the opinion that there exists a deep relationship between economic underdevelopment and the policy of non-alignment. By the very fact, that particularly

non-aligned countries are underdeveloped, it was unavoidable until now and it will be even more in the years to come to separate economic problems from the developing countries. The basic motivation which stimulated formation of non-alignment policy was a political one. However, the fact that members of the movement of the non-aligned nations are poor, stamped its impact upon the general platform of non-alignment and relatively soon, in the very early sixties crystallised the economic stand of the movement. (Economic Conference of the Non-Aligned countries held in Cairo, 1962, following the first Conference of Non-Aligned countries which took place in Belgrade, 1961).

Since that time, on economic aspects of the policy of the non-alignment are becoming more present in further elaboration of the non-alignment general platform. It was logical that countries at the very beginning of political emancipation became aware of the necessity to create a solid base for their political stability and independence by solving some of the basic economic problems. The policy of non-alignment may not be
"reserved for the poor only". However, as long as the supporter of such a policy are underdeveloped countries, the policy of non-alignment has to have an economic programme too. At this point it is not of the main importance to qualify various economic actions of the non-aligned countries. The very fact that particularly economic aspects of the activities of the non-aligned became extremely attractive even for those countries which are not non-aligned, but are underdeveloped, suggests that in the past it was community of economic interests which helped to create high level of cooperation among non-aligned and many aligned but non-developed countries. There are various indications that cooperation between the two groups has to be even stronger in the years to come in order to get better results both in the field of the further promotion of the policy of non-alignment and in improving the position of the underdeveloped countries. This is why in order to be more active and more successful in demands for the new type of relationships within the international community, non-aligned countries have to be in the future more detailed and even better elaborated programme.

7. Ibid., p. 82.
of economic activities which would in the area of economic cooperation bring underdeveloped countries together.

Despite the fact that there are already positive results as far as the creation of the common platform between the non-aligned and underdeveloped in many issues dealing with the international economic cooperation and the development of the new international economic order, from time to time several dilemmas are arising:

(1) Should the non-aligned countries insist mainly to develop various forms of economic cooperation among themselves preferably? This is to be expected due to the fact that common political platform has more stimulative effect upon any type of possible cooperation, including the economic one.

(2) Should the non-aligned together with all other underdeveloped countries try to create such a type of mutual economic cooperation which would be marked by the self-reliance, or should they insist to create within the NIEO, the possibility to collaborate with all the other countries, particularly the developed ones?
(3) Should the non-aligned and the underdeveloped countries enter various forms of international economic relationships on regional or universal basis? This problem has at least two versions, namely; regional cooperation could be developed among the non-aligned and underdeveloped themselves, or non-aligned and underdeveloped could cooperate on a global basis. In second version it would mean to stimulate participation of various non-aligned and underdeveloped countries in various schemes of the international economic integration process. 

iii) Demand for New International Economic Order:

In order to have a just economic order based on equality and democratic international order, the third world made some demands.

In matters of international trade most of the developing countries are tied to western nations. It is not only their share in the world trade which is decreasing but their problem of trade also are getting more complicated, even in primary commodities, their share was fallen to

8. Ibid., p. 83.
20 percent. The developing countries want that their export earnings should be protracted. On account of violent fluctuations in the prices of their exports, they are receiving only a small percentage of the price paid by the consumers for the goods exported by them e.g. only $30 billion out of $200 billion in 1977. Development depends on trade. But the policy of protectionism has dampened the growth of trade. The South wants the North to lower its tariff barriers.

The demand for common fund was made to maintain the price levels of primary commodities of the third world. The west had refused to make the reasonable contributions to this fund. As a result, although, the Fund has been set up it would take time before it becomes operative. Energy is the crucial problem for the south. The west, particularly the USA has done very little to reduce its energy consumption. The South wants an energy affiliate of the IBRD in order to develop alternate energies in the South. Refinancing or cancellation of Debts, Transfer of appropriate technology. The developed countries should double their financial and contributions on mandatory basis.
NIEO, advocated that the national currencies such as US dollar and British pound should be phased out. They should be replaced by SDRs, issued by the IMF. The basis of the SDRs, should not be the maintenance of international monetary stability as it is operative now, but to promote the development of the third world.

The third world would like that their export earnings should be protected from the declining value. This protection is possible through a system of "indexing" i.e., a relationship between the exports of developing countries be fixed in relation to the prices fetched by the manufactured goods exported by the advanced countries.

The process of decolonisation and attainment, of independence by the Afro-Asian countries created an awareness for self-reliance. Political independence had to be accompanied by economic independence. Freedom from colonial yoke was considered superfluous unless and untill poverty was eradicated. This asppiration for self-reliance and economic development was one of the strong motivating factors in accepting non-alignment as a principle of
foreign policy. Jawaharlal Nehru was one of the strong motivating factors in accepting non-alignment as a principle of foreign policy. Jawaharlal Nehru was probably the first to realise it. His call was for a world in which there was free cooperation of free peoples and no class or group exploiting one another. In 1964, Nehru, inaugurated the Third Session of ECAFF meet at Ofacamund on June 1, 1964, analysing the need for interdependence observed:

"If some countries which are more fortunate than others, think that they can lead their lives in isolation irrespective of what happens in the rest of the world. It is obvious that they are under main apprehension. Today, if one part of the world goes down economically, it has a tendency to drag others with it. It is not a question of the prosperous merely out of the generosity of their hearts, helping those who are not prosperous though generosity is a good thing. But it is a question of enlightened self-interest, realising that if some part of the world do not progress, remain backward, they have an adverse effect on the whole
Thus, Nehru tried to initiate a process of change in international relations with an objective to launch a process of development throughout the underdeveloped world. Nehru imparted this awareness to other countries which came to be known as a demand for the reordering of international economic relations.

In the fifties, the third world countries made efforts to get the United Nations endorse the principle of state sovereignty over natural resources. At the Bandung Conference of Afro-Asian countries held in 1955, economic issues were raised. The participating states called for stabilising "the international prices of and demand for primary commodity". They also asked for a diversification of their export trade, and for the establishment of national and regional banks and insurance companies in Asia and Africa. Brioni Summit attended by Nehru of India, Nasser of Egypt and Tito of

Yugoslavia in 1956, was the first major step towards giving form and content to the non-alignment. Economic issues relating to the problems of development were raised. In the fifties, political issues were given priority because the problem of survival in cold war world politics was the guiding motive force.

In the 1960s the problem of NIEO was articulated in an organised way. It was clearly envisaged that the problems of development were linked with international economic and political system, which provided an impetus to the third world to organise itself and strive hard for change. The process of decolonisation made further progress as was evident in the Declaration on the granting of independence to colonial countries and peoples, adopted by the United General Assembly in December 1960. The Declaration made it clear that economic emancipation was an essential ingredient of political decolonization and that political independence economic development were inseparable from each other. It was clear that the struggle for economic emancipation had begun. Secondly the launching of the first UN Development Decade, although it was a failure, highlighted the importance of third world development.
The first move was the use of Articles 54 and 55 of the UN Charter which provided a convenient base for the creation of a super structure for economic cooperation. The third world countries played an important role in persuading the member countries to designate the 60s as the First Development Decade.

The first Summit of the non-aligned nations was held in Belgrade in September 1961. It gave a call for efforts to remove "economic unbalances inherited from colonialism and imperialism". It was realised that such efforts were "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". It was decided that an international Conference should be convened to discuss and agree upon the most effective measures to remove the hinderances in their way to economic and social development. Such a Conference had also enunciated the principle of sovereignty over natural resources.

The Cairo Conference (1962) decided to enlist the cooperation of ever those countries of the Third World
which were members of the military blocs in the struggle for economic emancipation because economic problems were similar and no contradiction was envisaged between non-aligned countries and other developing countries. The Cairo Conference also emphasised the developmental demands of third world and denounced the attempts made by the developed countries to perpetuate the past structure of international economic relations. It was also urged that these attempts were a hindrance in the economic development of the developing countries. This Conference enabled the third world to launch on collective efforts in this direction. It resulted in the establishment of the United Nations Conference on Trade and Development (UNCTAD). The UNCTAD and the "group of 77" have became the forum and instrument in the struggle for NIEO.

The first meeting of the UNCTAD was held in Geneva from 23rd March to 16th June 1964. It spelt out the responsibility of the international community in the areas such as stabilization of the prices of commodity preferences volume and terms of aid. There was no agreement on preferences.¹

The second non-aligned summit was held in Cairo in October 1964. It declared that the Colonialist attempt to maintain unequal relationships in economic sphere was a threat to the newly independent countries. Unlike Belgrade which made only a reference to economic problems, Cairo Conference devoted one full section, 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, the structure of the world economy and the existing international trade and development have failed either to reduce the disparity or to rectify serious and growing imbalances between developed and developing countries."

This part of the declaration can be compared with the fundamental principles of the UN resolution of 1 May, 1974, on NIEO. The non-aligned movement has always worked as a guiding force to achieve NIEO. The Cairo Conference of 1964 and its impact on the UNCTAD, there was widespread disenchantment with the results of the first United Nations Development Decade. The UNCTAD met in New Delhi in 1968 against this background. The issue of preferences became the key issue
of UNCTAD. Non-discriminating and non-reciprocal preferences by the developed countries were not conceded in favour of the developing countries. However, they were conceded after the conference ended. The second item on the agenda was the development finance. It was agreed that developed countries would give one percent of GNP as aid to the developing countries. But except for a very few, many refused to fix the date when the decision would be implemented. The third major item on the agenda was the issue of the trade expansion and economic cooperation among themselves to the best of their ability.

It has to be taken note of that the developing countries had crystallised their position in the charter of Algiers which was adopted by the "Group of 77" on 24 October, 1967 at Algiers. They pressed UNCTAD II to launch a modest programme for implementation and action on the decision taken. A time table for negotiation and implementation was also accepted only in respect of the practical application of the principle of the expansion of the trade of the developing countries in manufactured and semi-manufactured goods.
The first development decade turned out to be of great disillusionment and the effort to intensify international cooperation could not make any significant impact on the socio-economic scene. Against this background the strategy for second Development Decade was discussed and adopted. In the United Nations the third world tried to focus attention on the need for social progress and economic advancement to keep pace with the political change. The crisis in development cooperation was considered to be the result of the development process being misconceived as a partnership between the donors and the recipients.¹¹

For the first time, it was advocated that there was complementarity between requirements and resources of the both, the developing countries and the developed countries. Also, in this context a global frame for the interaction of economic factors and social forces and the evolution of a symbolic relationship between poor economies and consumers societies was urged. These aspects of the issue had some impact on the course of the negotiations to evolve an international development strategy for the

¹¹ Ibid., pp. 99.
seventies in which it was envisaged that the average growth rate of the developing countries would be 6 percent and per capita income was expected to expand at the rate of 3.5 percent per year. In this strategy some socio-economic objectives were spelled out and time-bound programmes were planned. In a way an integrated approach was evolved.

By the end of the decade it was realised that despite efforts on the part of the international community, the situation was deteriorating. The official Development Assistance remained far below the stipulated target of one percent of the gross national product - GNP of the developed countries. The developing countries were facing economically adverse trends. In 1950, they were having surplus trade whereas in 1962 there was a deficit of $2,300 millions. The developing countries used to export one-third of the total export in 1950 which declined to slightly more than one fifth in 1962. The Charter of Algiers prepared by the "group of 77" in October 1967 was revealing in the sense that the share of the developing countries in total world trade declined further on account of slow rate of growth. Between 1953-54 and 1965-66 the export of manufactured
goods of the developing countries increased only by $3 billion whereas the increase of some goods of the socialist countries came to $10 billion and for the western countries the increase was $65 billions. In 1989, the developing countries share in world trade further decreased and went down to one sixth of the world trade.

In a meeting of the Non-Aligned Representatives, held in Belgrade in 1969, it was pointed out that the dependence of the third world is increasing on account of the deteriorating terms of trade and economic relations with the developed countries.

The 1970s, aggravated the problem on account of the failures and disappointments of the 1960s. A new factor entered the international economic order and a new assertiveness began. Even in the world Bank Development Report (1981), it was reported, in a certain sense, the 1970s may be remembered for giving a new shape of the world economy. This is not the product of the search through negotiations for greater equality of economic opportunity among nations which the developing countries have persued and little
progress has been made along that route, rather, what has evolved is a different pattern of economic power, with new centres of production finance and trade and new forms of interdependence.

The Lusaka Conference of the non-aligned nations held in 1970 emphasised economic problems of the third world. For the first time non-aligned movement adopted a separate, full-length declaration on Non-alignement and Economic progress in which some guidelines were laid down regarding the policies and programmes of action. In this Summit, it was emphasised that an approach to cultivate the spirit of the self-reliance through collective bargaining had to be evolved. This approach was based upon the right of permanent sovereignty over natural resources, independent economic activities, formation of producers' association and the proclamation in the UN of the New International Economic Order.

The UNCTAD III was held at Santiago in 1972. It has to be noted that UNCTAD was the biggest and the longest meet where the developed countries were caught unawares.
By the remarkable and unprecedented unity of the "group of 77." The unanimous resolutions passed by the Conference were on account of the "sheer moral shock power" as described Marry Johnson.12

By the time, the UNCTAD II was held in 1968, decision and contradictory views characterised the "group of 77." The developed countries exploited the situation in order to get over the demands of the group by giving limited or no concessions. By the time UNCTAD III was held, there were divisions in the "Group of 77" as well as in the developed countries. Consequently the results of UNCTAD III were disappointing for the third world. Negotiations on primary commodities in any forum outside GATT were opposed. On aid some European countries agreed to give 0.7 percent as official Development Assistance and fulfil the commitment by 1975. Other countries e.g. USA etc. did not make any such commitment. The only achievement of Santiago was the decision on the reform of the international monetary system, which would be undertaken by twenty countries instead of ten. And this decision was also the result of the monetary position of the United States.

In the mid 1971, the US liabilities increased to level four times larger than its gold reserves. There was a massive dollar surplus which could not be just absorbed in the Euro-dollar market. In June, 1972, sterling came under speculative pressure and the UK decided to follow sterling to float. By March 1973, all major currencies followed consequently and the Bratton woods system collapsed. The non-aligned Summit in Algiers (1973) kept up the tempo created in Lusaka and elaborated the strategies. The Algiers Summit concluded that international economic order needs close attention from structural point of view, therefore, the proposal on development cooperations should be integrated into programme of structural changes and called for a special session of the UN General Assembly to discuss development issues. For the first time, reference was made to a new type of international economic relations and to establishment of NIEO.

The liberal attitude during 1974 special session of the General Assembly was the result of the oil crisis of 1973. The price of oil in real terms declined in 1972. The oil exporting countries were helpless because of exploration, production, transportation and marketing was outside their control. In 1959, the oil companies forced them to
reduce the prices which induced them to establish OPEC in 1960. Upto 1970, their basic demand was an equitable price for oil which remained unfulfilled. On 6 October, 1973, war broke out in the Middle East. On 16 October 1973, the Gulf States increased the posted price of bench-mark crude oil from $3.01 to $5.12 per barrel. One day later, it was decided that oil supplies will be stopped to unfriendly countries. In December 1973, again OPEC increased the posted price of bench mark crude yield $11.65 per barrel. Within less than one year OPEC succeeded in increasing the price of the crude oil four-fold from their 1972 level. This was first step demonstrating the solidarity of the Third World which impressed upon the developed countries were as important for them as they were for the Third world.

Except for the OPEC, other third world countries were hit hard by the increase in oil price on two accounts, first, by increase in prices of imported energy and second, by the accelerated inflation in the cost of such development inputs as food, fertiliser and manufactured items from developed countries.
This could have divided the "group of 77." But serious efforts on the part of the Third World everted it. A consensus was reached on the formula that most seriously affected countries be identified and a special programme should be launched to organise emergency relief and establish a Special Fund to provide additional development assistance to them. This step enabled the developing countries to join in the common endeavour to secure unanimous approval of the Declaration and "Programme of Action" of the NIEO.  

iv) Economic Cooperation Among Developing Countries:

Economic cooperation among the developing countries had become a major instrument in elaborating the basic principles of their "collective economic diplomacy" and a means of enhancing their positions at the negotiations on a new international economic order. At the same time, economic cooperation among the developing countries is an important and effective means of consolidating their unity. The Non-Aligned countries had developed a long term strategy of economic cooperation among developing nations and a programme

13. Ibid., p. 44.
of concrete measures in this field. The strategy is based on the concept of "Collective Self-reliance" which took shape as an independent idea back in the 1970s and became one of the fundamental elements of the programme of new international economic order.

Underlying this concept is the rejection by the developing countries of the dependent nature of foreign economic relations within the framework of the world capitalist economic system. At the same time, however, the New Delhi Economic Declaration emphasis that "Collective Self-reliance" is not substitute for cooperation between developed and developing countries, nor does it in any way relieve the developed countries of their responsibilities and commitments in support of the development efforts of developing countries on the basis of equity and mutual interest". 14

Developing countries have expanded cooperation among themselves at the bilateral, sub-regional, regional and inter-regional levels, in the field of mutual resources.

and have established instruments of cooperation in the areas of Industry, Science and technology, trade transport, shipping credit relations, monetary issues and financial assistance.

a. Trade: In the first half of the 1970s, trade among developing countries grew at the rate of 8.8 percent annum as compared to 4.5 percent for exports to developed countries. This was a reversal of the trends in the 1960s, and such trade now accounts for 22 percent of their total exports. Manufactured exports, particularly in the transport and machinery branches, have been the fastest growing components of trade among developing countries. There was evidence to suggest that in the latter part of the 1970s, trade among developing countries has continued to increase even faster than their trade with the developed countries. Changes have also taken place in the composition of this trade, with oil now accounting for 55 percent, followed by manufactures (25 percent) and basic commodities (20 percent).

Expansion of trade among developing countries had long been an important objective of economic cooperation among them. Since the 1960s, a large number of regional
and sub-regional market integration schemes such as the Latin American Free Trade Association, the Central American Common market, the Andean Group, the Caribbean Free Trade Association, the East African Community, the Central American Customs and Economic Union, the Economic Community of West African States, the Association of South-East Asian Nations and the Arab Common Market had been formed among the developing countries. Market integration was perceived as a major instrument for trade expansion and for accelerating economic development through specialisation in production. It was also perceived as a means of enhancing bargaining power in external economic relations.

There had been some serious difficulties in the operation of some of integration schemes, and at least one of them, the East African Community had de facto broken down. In other cases such as ASEAN and the Andean Group, trade within some integration schemes had expanded more rapidly than trade with the rest of the world. These diverse experiences are variously explained. An important consideration, however, is that at low levels of development, the benefits of classical integration, that is, integration based on trade liberalisation are limited.
partly because only small-share of the partners trade enters into intra-group trade. For the more developed countries, the use of trade liberalization in the integration process become more meaningful, particularly when accompanied by such measures as industrial investment programming to strengthen the necessary production base. Such initiatives not only increased the total benefits to be derived from integration but also contributed to a more equitable distribution of such benefits, thereby reducing the potential for political tension. 15

b. Financial and Monetary Cooperation:

In the past decade developing countries had adopted a variety of financial measures to facilitate and foster their economic cooperation. The measures fall into two broad areas, namely (a) the formation of regional or sub-regional payments arrangements, which take the form of clearing houses, payments unions and reserve centres, and (b) the establishment of multilateral development finance institutions and national development funds for external assistance.

There were by 1980, seven clearing arrangements among the developing countries, the Asian Clearing Union, the Caribbean Community Multilateral Clearing Facility, the Central American Clearing House, the Great Lakes Economic Community's Monetary Arrangement, the Latin American Free Trade Association's Payments System, the Regional Cooperation for Development's Union for Multilateral Payments and the West African Clearing House. A total of 47 countries participated in such clearing arrangements on a sub-regional basis, which except for the Asian clearing union, are in turn linked to broader economic integration and trade liberalization arrangements. Negotiations for Central American payments arrangement involving five countries of the area are now under way.

Another nine countries of Eastern and Southern Africa expect to establish a clearing and payments system in the context of preferential trade area which may become effective in 1981.

A new feature of monetary arrangements had been the establishment of regional monetary funds. An Arab monetary fund was established in 1975 which aimed to coordinate the
monetary systems of members and to contribute towards the realization of economic cooperation between member countries. It commands capital resources of the order of $1.1 billion, other monetary arrangements include the Andean Reserve Fund, the ASEAN Swap Arrangement, the Latin American Free Trade Association's Financial Assistance Agreement and the Central American Monetary Stabilization Fund. The Finance Ministers and Governors of the Central Banks of Latin American Economic system also agreed at their recent meeting at Lima, Peru (11 April 1980) to attempt to establish a regional monetary system. Although these monetary arrangements pursue different objectives, a common denominator appears to be the intention to supplement the balance-of-payments financing available from the IMF. 16

Cooperation efforts of developing countries on multilateral basis in the field of development finance date back to the formation of the regional development banks for Latin America (1959), Africa (1964) and Asia (1966). A number of sub-regional development banks had

16. Ibid., p. 713.
also emerged e.g. the East African Development Bank, the Caribbean Development Bank, the Andean Development Corporation, etc. In more recent years, however, financial cooperation between capital surplus developing countries, essentially members of OPEC, and capital-deficit developing countries had increased significantly. A large number of development funds had been either established or financially augmented, both on a national and multilateral basis, including the Islamic Development Bank, the Arab Bank for Economic Development in Africa, etc. Flows of Finance (ODA and non-concessional) from OPEC increased on a net disbursement basis from US $1.7 billion in 1973 to about $9.0 billion in 1977, more than half of which was on concessional terms. A large proportion of OPEC assistance took the form of general support assistance, United to specific projects, project aid being frequently co-financed with other countries and agencies. The emergence of institution in which the decisive voice was that of countries whose development perspectives were more relevant to the recipients provided the prospective borrowers with greater flexibility and new opportunities for satisfying their diverse financial needs.
A significant feature of financial cooperation among the developing countries had been the use of the joint venture agreements in agricultural and industrial projects located in the capital importing countries, which served the mutual interests of the parties involved. Development of the Sudan's vast agricultural potential according to a ten year programme, with the assistance of the Arab Authority for Agricultural Investment and Development, was perhaps the most outstanding example of such cooperation. It was designed to help meet the food needs of the Arab region. There was also some movement toward export financing, such as the establishment in 1975 of the Latin American Export Bank with the objective of introducing a Latin American system of export credits for goods and services.

c. Technical Cooperation:

Technical cooperation among developing countries offered important and practical possibilities as a catalyst and lubricant for the wider efforts of the developing countries towards collective self-reliance. The plan of

Action adopted by the Buenos Aires Conference in September 1978 described the basic objectives of technical cooperation among developing countries, which were interdependent and mutually supportive, in terms of their contribution to wider goals of the development of the developing countries and international economic cooperation. These objectives include fostering of the self-reliance of developing countries through the enhancement of their creative capacity, the promotion and strengthening of collective self-reliance through exchange of experience pooling, sharing and utilization of technical resources and the development of their complementary capacities, and an increase in the quantity and improvement in the quality of international cooperation together with a strengthening of the effectiveness of the resources devoted to overall technical cooperation through pooling capacities.

The Plan of Action set forth 38 recommendations for further action by developing countries individually or collectively in sub-regional, regional or inter-regional groups by developed countries and by the organisations of the United Nations systems. In a recent progress report on the implementation of this task, the UNDP Administrator
drew attention to particular uses of technical cooperation among developing countries that are providing substantial benefits to those countries, identified obstacles to the advancement of such cooperation and suggested methods by which it could be rendered more effective. Describing the principal characteristics of technical cooperation among developing countries, the report stated that such cooperation involves a deliberate and voluntary sharing of resources, knowledge, experience, skills and capacities between two or more developing countries for their individual or mutual development, that it is initially primarily by developing countries themselves, with the support of developed countries or organisations of the United Nations system at the request of governments involved, and that project inputs for activities should be provided entirely or to the largest extent possible, by the participating developing countries themselves.\textsuperscript{18}

\textsuperscript{18} Ibid., p. 19.
Although the time since the Buenos Aires Conference is comparatively short for great progress to have been expected, it was already cleared that major initiatives would have to be taken to give full effect to the Plan of Action. There are number of factors which had effected, the rate at which programmes and activities in support of technical cooperation among developing countries had been implemented. First was the fact that the present patterns in investment, production and marketing, because of their orientation towards the developed countries had impeded the attainment of greater cooperation. Technical cooperation was not sought but was pursued in the context of the implementation of concrete projects. As a result, countries giving priority to the modern sector and requiring in their view the most up-to-date technology were apt to seek technical cooperation from the suppliers of related equipment and expertise namely the industrialized countries. On the other hand, those developing countries that sought alternative patterns of development and life styles, based on self-reliance, could be expected to take more interest in technical cooperation among developing countries. Second,
there was a close interrelationship between financial transfers and absorption of technology. In this respect it was important for developing countries to endeavour to separate finance and technology and to unpack the technology components in conformity with their respective circumstances, for which purposes technical cooperation could be utilized. Further progress needed to be made in untying transfers of official development assistance in order to permit such resources to be utilized for the purpose of technical cooperation among developing countries.

Thirdly, attitudinal barriers derived largely from the economics, social and cultural legacies of history were prevalent both at the level of countries and in international organizations, and these barriers would have to be removed if technical cooperation among developing countries was to become much more of a practical reality.

There were number of obstacles that continued to impede faster development of cooperative activities among developing countries. The economic dependence of these countries on the developed market economy countries had discouraged
the accumulation of experience and information on the potential of markets in the developing countries and on the procedures of trade and financing. One structural factor that inhibited expansion of trade was the insufficient capacity of the production structures of developing countries, inadequate finance, lack of storage facilities, and poor transport facilities. These factors prevented producer developing countries from building up commercial stocks that would allow commodities to be supplied readily, without delay, when consumer developing countries required them, were crops were seasonal or fluctuated with the weather, limited storage facilities resulted in marked variations in supply and price. Poor transport facilities hindered trade among developing countries even when one country had the products demanded by the other. Intra-regional trade in Africa, for instance, suffered much from the lack of overland transport. Lack of regular shipping facilities, telecommunications and direct air transport also served to inhibit trade among developing countries.

These structural weaknesses could be overcome only by organisational and institutional innovations that would augment the production and bargaining capacity of the
developing countries, singly and collectively over a period of time. 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 and organisational framework which would both enhance their cooperation and increase their capacity for serious negotiations with the industrialized countries. The foregoing assessment of past efforts in cooperation had provided a partial listing of the possible range and forms of economic cooperation among the developing countries. But there was a need to spell out a broader framework of principles capable of giving momentum to and establishing a mutually reinforcing relationship between these efforts of cooperation among countries, at the sub-regional, regional and inter-regional levels, and weave them into a coherent system of cooperation applicable to the developing countries as a whole. That might include the search for ways and means of providing support to the least developing countries and those countries at a lower stage of developing relative to those at a more advanced stage.
Collective self-reliance should be conceived as a purposeful form of cooperation among the developing countries based on deliberate and planned actions and focusing on the sphere of production. It did not emerge spontaneously from the interplay of market forces, it needed therefore, to be consciously pursued as a collaborative endeavour undertaken in order to accelerate through mutually reinforcing efforts, the overall development of participant countries singly and collectively. Ideally it should reach beyond economic growth and encompass the political, social and cultural spheres.

NAM and NIEO:

The non-aligned Summits held in Colombo (Sri Lanka) 1976, Havana (Cuba) 1979, Delhi (India) 1983, Harare (Zimbabwe) 1986 had strongly emphasised on economic problem of non-aligned countries and also demanded for New International Economic Order.

(a) NIEO:

The Heads of State and Government of non-aligned countries participating in fifth Summit, NAM Conference were firmly of the view that nothing short of complete restructuring
of the existing international economic relations would provide an enduring solution to the world economic problems, particularly those of the developing countries. The inadequacy and recurring failure of the prevailing economic order had been demonstrated in the recent series of crisis in the developed market economy countries including inter-alia the collapse of the postwar monetary system, emergence of restrictive and protectionist policies in world market trade, spirally inflation, recession, mounting unemployment and steadily deteriorating levels of real income from exports of primary production of developing countries and the food crisis. The participants of NAM countries viewed the adoption of the Declaration and the Programme of Action on the establishment of the NIEO at the 6th special session of the General Assembly of UN as signifying the growing determination of the international community to bring about a fundamental change in the system of the NIEO called for bold initiative demanded a new, concrete and global solution and was contrary to piecemeal reforms and improvisation intended to resolve the present economic difficulties. The fundamental objective of NIEO was to bring about in the international economic relations and equilibrium based on
justice through cooperation and human dignity. The non-aligned countries once again denounced the unacceptable policies and practices of transnational cooperations were motivated by exploitative profits, exhausted the resources, distorted the economies and infringed the sovereignty of developing countries, violated the principles of non-interference in the affairs of states.\textsuperscript{19}

The NAM countries once more reaffirmed the inalienable right of all countries to exercise full permanent sovereignty over their natural and human resources and their economic activities including possession, use and disposal of such resources and their right to nationalization. The participants also reaffirmed their view that nothing short of a complete restructuring of existing international economic relations will provide an enduring solution to world economic problems.

(b) Economic Declaration:

The Heads of State or government of non-aligned countries consider that economic problems have emerged as the most acute problem in international relations today. The crisis of the world economic system continues to assume over-growing proportion. Developing Countries are the victims of this world wide crisis which severely effects the political and economic relations. The widening gap between the developed and developing countries is one of the most threatening sources of tension and conflicts. It is increasingly evident that the existing system cannot ensure the promotion of the development of the developing countries and hasten the eradication of poverty, hunger, sickness, illiteracy and also the social courage endangered by the countries of domination and exploitation. Thus, the establishment of the NIEO is of the almost political importance. The struggle for the economic and political independence for the full sovereignty over natural resources and domestic activities and for the greater participation of developing countries in the production and distribution of goods and the rendering, of
services and basic changes in the international division of labour assumes the highest priority.

In the Sixth Non-Aligned Conference held in 1979 the Heads of State or Government reviewed the evolution of the world economic situation and noted with grave concern that, since the Fifth Summit Conference, the economic problems facing the developing countries had become more acute, characterized by the continuing widening of the gap that separates the developed from the developing countries and by the state of stalemate in negotiations to restructure international economic relations.

They recognised that the crisis of the international economic system was a symptom of underlying structural maladjustments and basic imbalance aggravated by the un-willingness of developed market economy countries to control their external imbalances high levels of inflation and unemployment thus resulting in the creation of new imbalances within the international economic system.
and in the transfer of their adverse effects to developing countries through international trade and monetary financial relations. They stressed that this crisis also resulted from the persisting inequity in international economic relations characterized by dependence, exploitation and inequality. 20

The conference reiterated the historic mission, that the movement of non-aligned countries should carry out in the struggle to attain the economic and political independence of all developing nations and peoples to exercise their full and permanent sovereignty and control over their natural and all other resources and economic activities and to promote a fundamental restructuring of the world economy through the establishment of the New International Economic Order.

The Heads of State and Government were convinced that international economic relations are still characterized by the fundamental contradiction between the upholders of the status quo based on domination, dependence and exploitation and the common struggle of the non-aligned and other developing countries for their liberation and economic development. The Heads of State or Government noted with grave concern that the existing international economic system was not only inequitable but was functioning inefficiently, it was not supportive of the process of development in the developing countries. They emphasized that the establishment of the NIEO implied as basic restructuring of the world economic and in the light of past experience rejected the view that this restructuring could be achieved merely through the free play of market forces.

The conference emphasized the close interrelationship between problems and issues in the areas of trade, development, money and finance and stressed the need to step up, within the framework of UNCTAD, a
global consultative mechanism which would ensure that policies of the developed countries in these areas were mutually consistent and supportive of the development process in developing countries and also that their short-term policies promoted and did not obstruct the restructuring of the international economic conducive to the establishment of the New International Economic Order. The Conference urged the developed countries to reconsider their attitude on these matters which had been submitted to the forthcoming session of the Trade and Development Board and thus facilitate international agreement on these crucial issues.

The Conference underscored that the establishment of the NIEO was one of the most important and most urgent tasks facing the NAM, that the democratization 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 conference stressed that the negotiations for the
establishment of NIEO must take place within the United Nations System, and in this context it reaffirmed the Central role of the General Assembly. 21

(b) Negotiations For the Establishment of the New International Economic Order:

The Heads of State or Government, reaffirmed their deep conviction that a lasting solution of the problems of the developing countries could only be achieved by a consistent and fundamental restructuring of international economic relations through the establishment of the NIEO. However, five years after the adoption of resolutions 3201 (S-VI) and 3203 (S-VII) of the United Nations General Assembly and of the Charter of Economic Rights and Duties of States, the economic situation faced by the developing countries continued its pervasive deterioration, aggravated and accelerated by the effects of the world economic crisis.

21. Ibid., p. 86.
The participants stressed the necessity for taking urgent measures for achieving progress towards establishing the NIEO. They considered that, in order to achieve these measures, that developed countries should demonstrate a real commitment to the achievement of accepted international goals and that the developing countries should demonstrate their capacity to reinforce their collective bargaining power. The participants reaffirmed their firm resolve to resist most resolutely all attempts to divide and break the unity of the non-aligned and other developing countries and endeavoured to seek solutions to world economic problems outside the UN framework. They denounced all attempts to oppose the just demands of non-aligned and other developing countries for restructuring the existing international economic system. All these attempts were aimed at postponing equitable solutions by granting marginal concessions while essentially preserving their privileges.

The Heads of State and Government reaffirmed that action for the establishment of the NIEO was included in the framework of the general struggle of the peoples for their political, economic, cultural and social liberation against imperialism, colonialism,
 neo-colonialism, racism including Zionism, apartheid and all forms of foreign domination and oppression.

The conference recognised therefore, that it was urgent for the non-aligned countries to unite more closely and to fight with determination, to establish the NIEO based on equality, interdependence, common interest and cooperation among all states. The Confrees emphasized the need to preserve and promote the integrity of the concept, objectives and priorities of the NIEO. They stressed that the exercise of full and effective permanent sovereignty and control over natural and all other resources and economic activities remunerative prices for commodities and raw materials as a way to eliminate unequal exchange, the exercise of control over foreign capital and over the actions of the transnational cooperations and the right to consider equal parties to any international economic process were all essential principles which should be accepted by the developed countries and whose attainment to decisive to the developing world.
(d) **Assessment of the World Economic Situation:**

The Heads of State or Government reiterated their deep concern over the present international economic situation, which was mainly characterised by the escalation of the world economic crisis. They noted with grave concern that the international economy in 1978 did not provide substantial impulses to growth in the developing countries.

They agreed that the crisis in the international economic system was not merely a phenomenon of a cyclical nature but a symptom of underlying structural maladjustment characterized inter alia by increasing imbalances and inequities that operate inexorably to the detriment of the developing countries.

The Conference noted that the failure of some developed countries to take the measures necessary to achieve structural changes in the international economy has had repercussions on the economies of the developing countries. The inability of developed market economy countries to control their chronic balance of payments
imbalances, high-level inflation and unemployment had been used as a pretext for postponing the adoption of measures in favour of the developing countries.

The participants noted with concern that the gap between the developed and developing countries had substantially increased, since the relative share of the latter in world output had considerably decreased during the last two decades, with a corresponding adverse effect on the serious problems suffered by them as a consequence of under-development, such as inter alia, malnutrition, illiteracy and poor sanitation.

(e) Monetary and Financial Issues:

The participating countries also examined the international monetary situation and noted with concern that the present international monetary system was not responsive to the development needs of the non-aligned and other developing countries and had resulted in many cases in the increase of their dependence continuous deterioration and the weakness of their economies. They
also pointed out that in the present monetary crisis, the disorderly creation of international liquidity, mainly through United States dollars and other reserve currencies was not supportive of orderly and rapid economic development of the world did not meet the requirements of a stable international monetary system.

The conference noted that much of the disequilibrium in the developing countries, balance of payments was due to factors external to the developing countries, arising from fundamental maladjustments and inequities prevailing in the present world economic structures. However, owing to the structure of the international monetary system, the burden of adjustment had fallen disproportionately on the developing countries with grave repercussion on their devil programmes. The Heads of the State and Government reiterated their concern that the existing financial mechanisms and institutions had not satisfactory responded to the objectives and interests of the developing countries. They expressed their conviction that a new rational, equitable and universal international monetary
system would require, in its elaboration and in the negotiation stages. 22

The Heads of state or government urged the Secretary General of UNCTAD to establish, at an early date, a high level inter-governmental group of experts to examine fundamental issues in the area of international monetary reforms, as required in implementation of resolution 128(v) of the Fifth UNCTAD held in Manila in May 1979.

vi) **New International Economic Order**;

The participants of Seventh non-aligned conference held in New Delhi, 1983, would be remembered for evolving a strategy of collective self-reliance for the developing nations. It was a measure of the importance attached by the Seventh Summit Conference to economic issues that the economic part of the declaration occupied some seventy-five pages, compared to the fifty-two of the political

part. The economic declaration was also the most comprehensive adopted by any NAM Conference so far. The main reason for this was the gravity of the world economic crisis emphasised in the 'New Delhi Message' of the conference. The Summit Conference took a really global view of the situation. Inevitably, however, the developing states were suffering for more than developed from the present situation. As the Declaration pointed out, for the first time since the Second World War, there had been a decline in the per capita GDP of many developing countries. In their view, this was primarily a symptom of structural and mal-adjustment, in the present unjust world economic system. Therefore, the non-aligned states declared themselves to be committed in promoting the establishment of NIEO.23

The discussion on the draft of economic declaration generated hardly any heat and led to little change in the main features of the draft prepared by the host country. There was general support for the Algerian plea for a

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more pragmatic and realistic approach to global negotiations so as to end the statement in the North-South dialogue supporting this stand the Pakistan Economists and Deputy Chairman of Planning Commission (Dr. Mehbubul Haq) observed that this was the only way to get the negotiations going. There was an Indian suggestion for a time frame within which the global negotiations should be started (1984 was indicated).²⁴ But there was no consensus on it. There was unanimity on both the need for restructuring the international monetary institutions and for launching global negotiations for resolving the grave economic situation.

There was some suggestions for the repudiation of debts by developing countries, but the consensus of the seventh Summit was only in favour of Pakistan proposal for strengthening the debt reorganisation facility under the aegis of the IMF. The proposal for the development bank of the third world did not evoke much enthusiasm especially among the OPEC states, and the Summit had to agree only to study such a proposal. However, many delegations were

²⁴. Ibid., p. 46.
optimistic that United Action by the Non-Aligned and other developing nations, based on the conclusions of the Seventh Summit and of the "group of 77" would make a major impact on the forthcoming (June 1983) UNCTAD -VI at Belgrade.

The final economic declaration listed the pivotal catalytic role played by the non-aligned countries in the field of international economic relations since the NAM was established in 1961 and for promoting international cooperation. As urged in the New Delhi message the participants for defusing the grave economic situation. The participants issued a declaration on collective action for global prosperity and another one on collective self-reliance among Non-Aligned and other countries. On the suggestion of the declarations of Algeria and Sri Lanka, the Conference proposed that the representative group of members explained the approach of the non-aligned countries to the resolution of the economic situation to the governments of developing countries.

The economic draft considered by the non-aligned Summit had two distinct features, the spelling out of
concrete measures to further South-South Cooperation and a global look at North-South problem hanging on the interdependence of the two regions.

The Summit considered the following proposals:

1. The launching of global system of trade preferences among developing countries.

2. The establishment of Non-Aligned Centre for science and technology in India.

3. The establishment of consultative committee on planning for exchanging views on planning techniques, particularly in key areas like food production and processing of raw materials.

4. The creation of project development mechanism for techno-economic cooperation between developing nations.

5. Regional and inter-regional arrangements among developing nations.

6. The establishment of research and information system.
7. Technical support for economic cooperation between developing nations. 25

The draft proposed an Action Plan to accelerate the flow of resources to the developing countries, brought about structural reforms in the International Monetary system, enlarge trade, develop energy resources and create a food security system.

It also proposed an international conference to take a look at the working of IMF and world bank, so that they could respond more positively to the financial needs of developing countries.

Even since the Lusaka Summit (1970) successive conferences of the NAM had urged economic cooperation among the developing states, both for its own sake of promoting collective self-reliance and for increasing their countervailing power in negotiations with the

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developed countries as the seventh Summit Declaration put it. However, and despite the self-praise in this respect the developing countries had, a long way to go to fulfil the above objectives and so once again, the Seventh Summit listed a detailed action programme for cooperation among developing countries covering every field of economic activity. The decisions were transmitted to the "group of 77" for appropriate follow-up action. The recent non-aligned summit gave a fresh fill-up to the concept of new international Economic Order. It called for the immediate convening of the international conference on money and finance for development with universal participation for a comprehensive restructuring of the international monetary and financial system.

Among several concrete proposals and recommendations made in this context were the following: Multilateral framework for restructuring the debt burdens of developing countries, establishment of debt services facility by the IMF, raising the quotas of the IMF to 125 billion SDR's, replenishment of the IMF by gold sales and using it for
subsidised lending to developing countries review of IMF conditionality, compensatory financing facility to cover cereal imports, augmenting the capital resources of the world Bank, setting up of a producer council of developing nations; increasing world Bank lending for energy projects, and argumenting financial flows to developing countries for industrialisation on favourable terms.

vii) World Economic Situation:

The participants of Eighth Non-Aligned Summit held in Harare (1986) assessed the world economic situation and expressed deep concern at the worsening crisis in the international economic system. They stressed that the crisis in the international economic system was not merely of a cyclic nature but was a symptom of deep rooted structural maladjustment characterized by increasing imbalances and inequities that operate inexorably to the detriment of developing countries. They also noted that this situation had been further aggravated by the short-sighted and inward looking macro-economic policies pursued by some developed countries which favour neither
the growth of world economy as whole nor structural reforms in the system of international economic relations. These policies had in many cases resulted in the transfer of the burden of adjustment to the more vulnerable state members of the international community principally the developing countries. They further expressed concern at the fact that in many cases, these policies reflected a deliberate desire on the part of some developed countries to use economic power for political ends.

In the light of the economic uncertainties and the extremely harsh conditions confronting the developing countries, the decline in official Development Assistance to developing countries in general and to the least developed countries in particular was most disturbing. The Heads of State or Government deplored the decline of concessional flows to developing countries and regretted that the official Development Assistance (ODA) target of 0.7 percent of the gross national product (GNP) called for in the international strategy of Development for the Third UN Development Decade and the ODA targets of the substantial New programme
of Action for the least Developed countries remain unfulfilled. They stressed that the acute development problems faced by developing countries were due in substantial measure to the inadequate transfer of resources for development.

The Heads of State and Government recognised that the external debt problem of developing countries was a manifestation of the malfunctioning of the international economic system. They expressed pronounced concern over the effects of the debt crisis which has now assumed serious international political dimensions. They also noted that the enormous burden of servicing their growing external debt has been exacerbated by the restrictive adjustment process imposed by the international financial and credit institutions, as well as by the lack of access to financial markets and the stagnation in Official Development Assistance (ODA). These problems are threatening, the very stability of most developing countries.

The participants of the conference observed in particular that the economic situation of most countries on the African continent was a cause for grave concern, because in addition to the repercussions of the economic crisis, they had to face the devastating effects of a prolonged drought. In this context they endorsed the United Nations Programme of Action for the economic rehabilitation and development of the Africa, adopted by the thirteenth special session of the United General Assembly on the Critical Economic Situation in Africa, held in New York from 21-31 May 1986, congratulated the African countries on their efforts to stimulate their economies and resume lasting development and exhorted the members of the movement of non-aligned countries to make positive contributions towards the implementation of this programme.

The Heads of the State or Government stressed that the increasingly inter-dependent character of the world economy, increasing interrelationship of problems, interconnection of their solutions made it all the more urgent that both the developed and developing countries
engage in serious dialogue aimed at finding common solutions to the problems currently confronting the international economy including the reform of the international monetary, financial and trading systems in the interest of both the developed and the developing countries. An integrated approach would be necessary in the interrelated areas of money, finance, external debt, trade and development. They expressed the hope that the forthcoming Forty-First Regular Session of United Nations General Assembly and the Seventh Session of UNCTAD will provide important opportunities for both the developed and developing countries to work constructively towards finding a common approach to the problems regarding the inter-related areas of money, finance, external debt, trade and development.

(a) External Debt and Development:

The participants in the conference reiterated the Non-Aligned Movement's deep concern regarding the very serious consequences which the external debt crisis was having for the development process of the non-aligned
countries and other developing countries. They recognised that the problem of external indebtedness was a direct result of the prevailing world economic situation which reflected the existing inequalities and unjust international economic order.

The Heads of State and Government noted that the problem of developing countries' external indebtedness had assumed serious political and social dimensions accentuated by the drastic impact of the imbalances in the international monetary, financial and trading system. They therefore emphasized that a parochial approach to its solution which only took account of its economic characteristics or technical aspects, e.g. restricting the measures that need to be adopted with regard to the external debt and development crisis merely to financing payments abroad instead of addressing the underlying structural problem, was inadequate.

27. Ibid., p. 68.
While recognized the international obligations contracted by debtor countries in relation to debt, the Heads of State and Government reaffirmed that under the present circumstances the financial obligations undertaken by developing countries with creditors from developed countries and multilateral financial institutions had become intolerable; moreover, unless urgent just and durable solutions were found by the international community, for some of those obligations would become beyond the capacities of their economies.

The participants reiterated their call for the immediate and full implementation of resolution 165 (S-IX) of the Trade and Development Board of the United Nations Conference on Trade and Development and the recommendations of the Mid-Term Global Review of the Substantial New Programme of Action for the 1980s (SNPA) held in 1985.

The Heads of State or Government noted with appreciation, the efforts made and action taken by the
"Group of 77" in the United Nations in keeping the problem of external debt crisis and development of developing countries under constant review. Given the importance to this issue, they decided that full consideration should be given to the "External Debt Crisis Development" at the forthcoming regular session of the United Nations. They noted with satisfaction that the group of 77 in New York had taken the necessary steps to have the issue of "External Debt crisis and Development" inscribed as a specific item on the agenda of the forty-first session of the United National General Assembly. They expressed their support for further actions in this regard by the Group of 77 in New York. The Heads of State and Government also noted with satisfaction the conclusions of the recent thirty-third meeting of the Ministers of the Group of 24 on International Monetary Affairs, inter alia, in the field of debt, transfer of resources and international monetary reforms. They invited the Group to continue with its efforts in searching for the solution of the pressing problems besetting the international monetary and financial relations.
The Heads of State or Government called upon the Governments of the developed creditor and developing debtor countries and international financial and banking institutions to engage in political dialogue with the developing countries in order to find jointly genuine solutions to the external debt problems of developing countries. They emphasized that, to that end, the international community should adopt a series of measures, inter-alia the following:

(i) recognition of shared responsibilities between debtors, creditors, international financial and banking institutions.

(ii) bringing down real interest rates not relying on the market mechanism and stretching out payments, grace and consolidation periods.

(iv) establishing with additional resources a new credit facility in the IMF to expand the compensatory Financing Facility to alleviate the debt service burden caused by high real interest rates, substantially changing the conditionality criteria of the international financial institutions, and ensuring that any coordination between
the international Monetary Fund, the World Bank and the other multilateral financial institutions did not lead to cross-conditionality. 28

(iv) limited debt service payments to a percentage of export earnings which would be compatible with the development needs and economic and social requirements of each country, developing a new mechanism to help the debtor developing countries which on account of adverse exogenous factors are unable to repay their obligations to the multilateral monetary and financial institutions according to fixed schedules and reinitiating the financial flows for development;

(v) differentiating for countries heavily indebted to the international banking system, existing debt from new credit flows, for the purpose of determining interest rates, in order to provide incentives for new flows of funds to debtor countries and giving special treatment to the poorer and least developed countries in the solution of their external debt problems.

(b) **Strategy For International Economic Negotiations:**

It was in the common interest of all states to reactivate international economic negotiations and broaden cooperation in the economic field for the benefit of all countries. An early reactivation of dialogue and the intensification of efforts within the multilateral context of the United Nations and other international organisations was essential if the international consensus for development as embodied inter alia, in United Nations General Assembly Resolutions 3201 and 3202 (SS-VI) on the establishment of the NIEO and in the annex to General Assembly Resolution 35/36 on the International Development Strategy for the Third United Nations Development Decade, was to be restored. In an increasing inter-dependent world, the search for unilateral solutions whereby some countries seek economic prosperity at the expense of others was counter-productive. The interrelated problems of the world economy, especially those pertaining to money, finance, trade and development, require an integrated coherent and mutually supportive set of policies and measures.
The Seventh Summit Conference had 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 and the restructuring of international economic relations on the basis of equity and mutual benefit. These consisted of global negotiations and a programme of Immediate Measures, including an International Conference on Money and Finance for Development. While the proposals were widely welcomed as constructive, even by the developed countries, unfortunately no substantial progress had been made in implementing them because of the absence of a positive response from the major industrialized countries. They called upon the developed countries to reverse such negative trends and reiterated the needs for simultaneous action to promote a sustained recovery of the World economy, as well as its restructuring with a view to the establishment of the NIEO.

ii) The Gap Between North-South:

Before the oil crisis per capita income in the United States was projected to be $10,000 in the year
2000. On the other hand, per capita income in India, was expected to reach about $200 in the same year provided India managed to get enough foreign aid. Estimates of absolute income differences between the rich and the poor by the year 2000 varied between $7,000 and $9,000 per capita. The absolute gap between the rich and the poor was thus likely to increase sharply, and the relative gap might also increase if population growth rates were not slowed quickly.

Projections such as those have led to a number of demands for crash programmes of reduce the gap, usually by massive international redistribution of incomes. Pestel and Mesarovic, for example in the lastest club of Romebook, content that income disparities between Latin America and the industrial countries must be narrowed to 3 to 1 by 2,000 and 5 to 1 for Asia and Africa, if we hope to avoid an international system dominated by desperate acts of terror and destruction by the poor. To accomplish this, they maintain that the

rich countries must transfer $ 250 billion per year and
$ 500 billion if they delay much longer to the poor
countries. 30

The gap between the rich and the poor is not just
an income gap. It is also a gap between modernised,
industrialised societies with particular kinds of insti-
tutions and processes and rural, traditional societies
with very different institutions and processes. These
distinctions or gaps create sharp differences in
productivity which is what ultimately distinguishes
a developed from an underdeveloped economy, that can
not be eliminated simply by transferring money. 31 And
if they did not simply dole out the money for consumption
purposes but instead attempted to use it for investment,
there was no way that $ 250 billion per year could be
sensibly invested.

30. Mesarovic, M., Pestel, E. Mainkind and the Turning
Point, New York, Dulton, 1974, pp. 58-64.

31. Ranis, G., ed. The Gap Between Rich and Poor Nations,
The notion of the gap is also misleading in other ways. As a number of economists have pointed out, international comparisons of income tend to underestimate real incomes in poor countries.

Historically the weak have had few weapons to use against the strong, except their ability to become unattractive targets. These weapons were unavailable to underdeveloped countries for they were unattractive targets only in the negative sense of reluctance to step into a "quagmire", and they were incapable of competing within any system in which they were treated as they ostensibly wanted to be treated equally. What, the underdeveloped countries did have potentially is their unity, their ability to act as an international pressure group against the rich.

What the underdeveloped countries sought through UNCTAD were improvements in their trading position "trade not aid", as the phrase (misleadingly) went. But demands
for concessions that would permit the less developing countries to increase their exports almost inevitably implied reform, not revolution. After all, the rich countries were hardly likely to be receptive to concessions that would overturn the system that had made them rich. The less developed countries at the first UNCTAD conference in 1964, committed to the notion that only unanimity would provide sufficient leverage, concurred together to develop a common position on the issues. Split every conceivable way, the "Group of 77" could remain unified only by producing "maximum common denominator" positions. Most of the underdeveloped countries had been following inwardly oriented economic policies throughout the 1950s and early 1960s. The concessions they demanded at UNCTAD-I at Geneva were at least ostensibly much more outwardly oriented. Prebisch, the first Secretary-General of UNCTAD, cautioned the underdeveloped countries about


33. Maddison, Economic Progress and Policy in Developing Countries, p. 220.
excessive degrees of import substitution, advocated serious efforts towards regional integration and emphasized the need to expand exports within the Third World and to both the socialist countries and the western industrialized countries.

The underdeveloped countries thus demanded a generalized market for their manufactured exports. Such demands to reverse the system of protection in favour of the underdeveloped countries directly contradicted the efforts of the industrial countries to move towards a more liberal international trading system.

The demands that Prebisch and the "Group of 77" laid about were designed to permit the underdeveloped countries to export more in order to import more. Chenery and Strout had already provided evidence that no country had been able to sustain a growth rate above its export growth rate for more than a short time.34 And exports were necessary, to earn foreign

exchange to by the imports necessary for industrialization. As Prebisch indicated,

"It should not be expected that, if the income of all developing countries is to rise at the minimum by 5 per cent every year, their imports can increase at a rate much less than 6 per cent." 35

The foreign exchange constraint was thus central to the "Group of 77's" calculations, especially because they believed that foreign aid levels might be sinking.

The demands of "Group of 77" at Geneva in 1964 were rejected by the developed countries. The underdeveloped countries became increasingly pessimistic thereafter about what they could expect from the external world. For example, a Conference report by the Economic Commission for Africa in 1967 concluded that "African countries needed to aim

at achieving national self-reliance and avoid drawing up
pleas in which external assistance had a predominant
share".36 And UNCTAD-II in 1968 moved away from its emphasis
on the foreign exchange constraint and argued that "external
financial resources are not intended to play a dominant role
in the growth process".37 By 1970 self-reliance had become
the new conventional wisdom. A group of radical economists
thus responded to the Pearson report by arguing:

"Poor countries should aim at self-reliance (not
self-sufficiency). They should structure their
economies so as to minimize the impact of influences
from the developed world export diversification
and import substitution should be evaluated primarily
in terms of their contributions to self-reliance
aid would continue but the consequences of its
volatility minimized and its political influence
reduced at the expense of lower rates of growth of
GDP, if necessary."38

37. Wall, Import Capacity, "Imports and Economic Growth",
p. 167.
38. Ward, J.D., Runnalls, Lenore, D. Anjou, eds. The
Widening gap - Development in the 1970s, New York,
One last point about UNCTAD: The position developed by the "Group of 77" were extremely because the group felt that unity was its most powerful weapon. In the first place the rich countries themselves were not unified, especially at UNCTAD-I, and underdeveloped countries unity could not be applied with leverage against a single opposing position. Ironically the unity of underdeveloping countries may be most valuable only when they confront a unified position, for otherwise, they have nothing to manipulate. The other side of this coin is that the gains that the poor are likely to be large, small gains are probably the best that the underdeveloped countries can hope for.

Unity permitted the "Group of 77" to pass a number of resolutions at UNCTAD-I that were unacceptable to the industrial countries and to offer policies on a take-it or leave-it basis. Since the industrial countries were not bound by policies they voted against or stated reservations to, such victories were exceedingly hollow. In terms of future strategies, it seems arguable the underdeveloped countries may actually have more meaningful
power in organisations in which they have less formal power but in which all members are bound by a majority vote. It is in organisations like the International Monetary Fund (IMF) the UDC unity may be most valuable for there a unified minority can usually block actions until import concessions are argued.

UNCTAD has performed important services for the underdeveloped countries. The technical analysts of its secretariat and the experts that the secretariat has engaged, have clarified some of the contentious issues between the rich and the poor countries, many of the ideas first broached or popularized at UNCTAD have now become political negotiating issues of great significance, and UNCTAD itself has become an essential forum, not only for discussion and the quest for consensual agreement, but also for familiarizing many Third World countries with the problems and prospects of their peers. Many criticism may fairly be made of UNCTAD - the group voting.
system that forced to many divergent interests into a single package, the presentation of some positions that were not carefully thought through the demand for concessions without sufficient effort to indicate why they were in the long run interests of the rich countries, the tendency of the organisation to become too identified with the rhetoric and the stance of the most radical countries, a rather astonishing lack of political sophistication on the part of some high-level staff, and the share of responsibility for inflating expectations about what could be got from the international systems but these criticisms ought not be allowed to obscure the contributions that UNCTAD has made or to deflect an attempt to understand why UNCTAD has taken the form it has. 39

The creation of the United Nations Conference on Trade and Development (UNCTAD) was a reflection of Third World's changing perceptions of its own needs and its own

relationship to the international economic system. The non-aligned movement was losing whatever international cohesiveness it once had for the underdeveloped countries were discovering, as Nyerere observed, that "all that the non-aligned nations have in common is their non-alignment". Anticolonialism could no longer hold the movement together, and conflicts between members of the group undermined whatever claims to moral superiority, the Third World thought it had. Moreover, some decline in the intensity of the cold war, as well as in foreign aid levels, vitiated the presumed tactical virtues of maneuvering between the Great power blocs. Export pessimism about the prospects for primary products was also still present, and import substitution had been in operation long enough to reveal its deficiencies. Domestic pressures to produce tangible results were rising at precisely the movement when opportunities to manipulate the international system were dissipating.

ix) Negotiations Between North-South:

It was the Seventh Special Session where North-South dialogue was held and many problems which third world countries highlighted through the "group of 77" but North was not responsive at all.

The statements in Plenary recognized poverty as a global concern and reflected the desire of both rich and poor nations to work together toward finding solutions to this many sided, urgent and complex problem. Though the positions of the two sides did not always converge, it was accepted that they were negotiating as equal partners. This was a significant advance over previous occasions, which had served as shouting matches between unequals. However, the gap between the public positions of the industrialized countries and the developing countries had not been narrowed in any significant way. The task of narrowing this gap fell to the ad-hoc committee which was meeting down stairs. 41

Negotiations in the basement conference rooms primarily took place between the 27 member contact, the "group of 77" and 12 member contact group of Western European countries. The socialist countries and China were not involved in these negotiations because they publicly supported the position of the developing countries, and they were not active participants in the financial and institutional arrangements that the developing countries wanted to be changed.

The "group of 77" had already presented its demands through its position paper circulated as part of the preparatory documents for the special session. The EEC position paper had also been made available in advance. The new element was the US position as outlined in the Kissinger/Moynihan speech. In addition, the United States circulated another document called "an informal working paper submitted by the United States of America for negotiating purposes. This paper which was circulated on the eighth day of the session, incorporated some of the terminology used by the "Group of 77," and seemed to
indicate US acceptance of some of their radical proposals. The US delegation, however, soon put an end to such speculation by insisting that the document was nothing more than a mechanism for "negotiating purposes".

The major differences between the position of the industrialised countries and the developing countries related to questions of indexation, transfer of resources, role of transnational corporations, and debt rescheduling. Indexation was pointed emphasized in the working paper of the Group of 77 in a way that the industrialized countries clearly found unacceptable. The programme proposed in the working paper referred flatly to "indexation of the prices of their imports from developed countries".

The United States expressed its opposition to the idea, as did EEC members, including the foreign minister of the Federal Republic of Germany, Hans-Dietrich Genscher. However, the EEC working paper supported the idea of "remunerative prices" and referred to "ways of protecting purchasing power". The United States was in the beginning
totally opposed to any direct or indirect mention of indexation, but eventually agreed to a study of direct and indirect indexation schemes, along with other options, which would enable the international community to maintain the purchasing power of developing countries.

On the transfer of resources, the "Group of 77" asked the industrialized countries to accept the 0.7 percent target for official assistance. The EEC working paper indicated the willingness of the EEC member countries to try to reach this target. The United States was not willing to make any such commitment, formal or informal. The final agreement incorporated in the Resolution 3362(S-VII) asked developed countries to confirm their continued commitment in respect of the targets relating to the transfer of resources, in particular the official development assistance target of 0.7 percent of GNP, as agreed in the International Development Strategy for the Second United Nations Decade, and adopted as their common aim an

42. Ibid., p. 30.
-effective increase in official development assistance, with a view to achieving these targets by the end of the Decade. The United States still maintained its reservation and in their statements at the conclusion of the Seventh Special Session, both Ambassadors Myerson and Moyrihan indicated that though the United States was willing to work toward an increase in official aid, it did not want to tied down to a target.

The position paper of the "Group of 77" referred to automatic mechanisms for the transfer of real resources, which should be adopted and implemented through agreements on the establishment of a link between the special Drawing Rights (SDR) and the development assistance. A number of industrial countries had reservations on this clause.

Any direct reference to debt rescheduling was avoided because of US opposition, and the resolution recommended that UNCTAD IV consider the possibility of covering, as soon as possible a conference of major donor, creditor and debtor countries to devise ways and
means to mitigate the debt burden, taking into account the development needs of developing countries, with special attention to plight of the most seriously affected countries.

The people who played the most visible role in the discussions and negotiations in and around the ad hoc committee were Jan Bonk, the Dutch minister for development cooperation, Manuel Perez Guerrero, the Venezuelan minister of state for economic planning, and Ambassador Iqbal Akhund, President of the Economic and Social Council. Towards the very end, Thomas Enders, a top Kissinger aide, joined the US side to participate in the hard bargaining. He was brought in, probably because he was most familiar with the detailed and difficult negotiating process that had taken place in Washington within the US government to develop the US position. The patience and ingenuity required to find a text acceptable to all taxed the skills of these and other negotiators a great deal, but finally a draft was worked out that was generally acceptable to the major interested governments, including the United States.43

43. Review of Progress in Implementation of Special Measures in Favour of the Least Developed Among the Developing countries, (UNCTAD, TD/B/AC.17/3, June 10, 1975.)
The resolutions adopted by the special session draws on facts and figures provided in various UN documents, but in its orientation and approach it is very much the end product of a process of negotiations which took as its basis the demands from the Group of 77 and revised them to make them acceptable to most of the industrialized countries. On those issues where agreement was clearly impossible the resolution provides for continuing discussions.

One of the reasons for the success of the negotiations at the special session was what they avoided ideological considerations and concentrated on specific issues. This was as true of the developed countries as of the developing. The public debate produced some sabre rattling, but the informal discussions were not vitiated by empty threats and meaningless slogans.

The OPEC countries, including the Arabs, proved flexible and pragmatic and they received unequivocal support from other developing countries. As it became evident that the links between the OPEC countries and
other developing countries could not be broken, the negotiators on the other side took this as a fact of life and focussed on the task of bringing the negotiations to a successful conclusions.

On the side of industrialized countries, the Americans were the main negotiators. They were open and patient to new suggestions on how to break deadlocks. Among the Europeans, the Dutch and the Scandinavians were ahead of the others, and often managed to persuade other Western Europeans to come along.

The quest for a New International Economic Order is an ongoing process and signifies a perennial conflict of interests between haves and have-nots on the global scale. The process is tough, tortuous and questions involved are large and slippery. The haves of industrialised North are not going to easily submit to the demands of agrarian South. However, Non-aligned and underdeveloped countries must put up a joint struggle to usher in an era of economic and social justice. It is a matter of life and death for the third world countries. They have to pursue the North-South dialogue with great patience and firm determination simultaneously.