

# FROM CONFRONTATION TO NEGOTIATION

Ismail - Sabri Abdalla

*The dialogue required to reorganize the economy can only be achieved from positions of strength argues ISMAIL-SABRI ABDALLA the director of the Institute of National Planning in Cairo.*

Reading the resolutions approved by the General Assembly of the United Nations at the end of the Seventh Special Session in September 1975, might be disappointing and might even have discouraged many supporters of the new international economic order, mostly those who had dedicated themselves to the difficult task of preparing detailed plans for the replacement of the present order. As a result of many arduous compromises the text of these resolutions appears very often ambiguous and even inconsistent. It sounds more like a declaration of good intentions than a programme of action. No operational measure is foreseen. The delicate task of working out concrete proposals for some of the most serious problems has been entrusted to UNCTAD or to its Secretary-General. Other problems are still waiting for capable and competent consideration. The list of complaints could grow longer and longer.

However, I do not share this feeling of disappointment, mainly because I did not consider the Seventh Special Session as a kind of "constituent" meeting to adopt a fundamental bill for the change over from one order, which was established during the course of several centuries, to a better one. This new order is of course desired by the majority of mankind, but its outlines are still undefined; and they can only be defined through a series of confrontations and negotiations with the help, among other things, of an intense intellectual effort that all men of goodwill should make to ensure the survival, progress and well-being of mankind. Not that I do not believe in the usefulness of the United Nations. On the contrary, I am among those who believe in the objective reality of an international community and in the necessity of providing it with adequate organisations.

The industrialized countries, which conceived the United Nations as an instrument for administering international affairs, might be tempted to withdraw from an organization of which they risk losing control. But we of the Third World request a restructuring of international institutions to make them more representative, efficient and democratic. This restructuring will no doubt be one of the main elements of the new world order, and not just a prelude to its establishment.

If I consider as positive the work carried out by the Seventh Special Session, it is because I see it as a step forward in the historical process that has already started, although its final goal—the establishment of a new economic order—will take many years. The concept should not be limited to relations between "developed" and "developing" countries. These relations definitely influence the local economic situation of the nations concerned, but first and foremost, they reflect these situations. Any radical change in the foreign economic relations of a country or a group of countries inevitably implies an equivalent conformity in domestic economic policy. Production precedes trade and it takes place within the countries' framework. Under these conditions, changing the world order means a revision of the strategies and policies followed up to now by the three broad groups: capitalist countries, developed socialist countries and the Third World countries.

## The other side of the coin

For the Third World, the stakes go well beyond the granting of 0.2 or 0.3 percent of GNP of the rich countries as supplementary assistance or even of better trade terms or a greater influence in the reform of the shaky monetary system, etc. All the projects of resolution submitted by the group of 77 to the Seventh Special Session were only immediate claims inserted in a much larger perspective than that of economic decolonization. How many times have the nations that obtained political independence thought they had come out of the tunnel in the solemn moment when

they lowered the foreign flag and replaced it with their national colours? Two decades of development have disillusioned them. They discovered that the physical fight against foreign troops, whatever the bloodshed, was easier than the fight for economic independence against the multiform and sometimes nonphysical presence of the multinationals, which distort their development and encourage them to integrate into the world capitalist system in a position of growing subordination, without reducing the distance between rich and poor either on the national or the international level. These are things of which the people of the Third World today are no longer unaware.

First of all, the fact is that our underdevelopment is nothing but the other result, the other side of the coin, or the process of the development of world capitalism itself. Without using extreme expressions (such as plunder etc.) this kind of development was simply inconceivable without the free access of a small group of countries to the natural resources of the world and to these markets without the massive transfer of all kinds of wealth from the periphery toward the centre, without the free circulation of capital and men where profit required it (even to the extent that men were forced to transfer in the name of freedom: black trade).

## Intellectual dependence

In the second place, we are more and more aware of another reality: the market mechanisms always function to the detriment of our interests. In the abstract model of perfect competition, all marginal producers are bound to disappear. This was even boasted about by the supporters of laissez-faire as a guarantee of efficiency through the survival of the fittest. Now the countries of the Third World are, generally speaking, among the least fit. Furthermore, the capitalist structure is now far from the original model and for many decades has been on monopoly or oligopoly. The characteristics of "imperfect competition" have been outlined theoretically since the 1930's when Keynes denounced the under-employment equilibrium and asked for public action to ensure the full exploitation of resources. Public authorities in the most advanced capitalist

countries have already adopted the measures they believe necessary for the survival of their society, without worrying too much about the market mythology. But with the Third World, they continue to enforce the sacred laws of the market. This is the origin of the present institutional crisis of international economy. If international trade is to develop harmoniously and progressively rid itself of its exploitive character, the international community must be able to end the worst abuses of the world markets... while waiting for international planning.

Thirdly, the Third World is becoming increasingly aware that the type of development imposed on it is neither realistic nor desirable. It is the worst type of dependence: intellectual dependence. We have accepted the historical pattern of the West as unique, we have identified progress with the European-American way of life. From this viewpoint, development is considered only as a simple historical delay which can be made up for with the help of course of those who preceded us and hold the keys to the mystery: capital and technology. The concept of economic stages of growth has even infiltrated the spirit of those criticizing Rostow. Everybody speaks of economic take off as the decisive stages of this race toward growth. After thirty years of efforts and illusions, we can state that nobody has really taken off. Even the few countries considered the 'middle class' of the Third World find themselves out of breath, not to mention the social cost of undernourishment, illness, illiteracy, repression, political instability, etc. I believe it is the duty of all honest and conscientious intellectuals to cry out loud that the average citizen of the Third World will never know the present level of affluence of the average American. Such a level is not only the consequence of the work carried out by American society, but also the historical result of the exploitation of the whole of mankind. Furthermore, it implies such a waste of unrenovable resources that it cannot be guaranteed to all.

#### **Not merely cyclical**

Finally, it is not sure whether this unrestrained consumption has helped man to blossom, to find happiness. On the other hand, the Western model

destroys the physical and cultural environment. Our societies, often endowed with a remarkable cultural heritage, must find a way to become modern without losing their personality; they must also seek a direct remedy for the destitution of the masses, without however systematically destroying social structures in which the individual is not forced to follow a solitary road to success and without, above all, the creation or reinforcement of a privileged class. From all the above, it is possible to understand the deep meaning of the Third World's present action: the struggle for economic decolonization; and it is easy to imagine the powerful interests against which it has to fight. But the balance of power now favours the destitute majority. The First World and the Second World are facing problems, even crises, which they will be able to overcome only within the framework of a new international co-operation. The recent recession in the capitalist countries was not merely cyclical, it was characterized by "stagflation", for which the Keynes therapy was useless. Several economists have studied its structural aspects. What seems certain to me is that it is no longer impossible to foresee a recovery based on an unlimited supply of energy and raw materials at low prices.

#### **Recasting the world economy**

On its side, the developed socialist world (that of COMECON) must face the consequences of its insertion into world economy and of the changeover from a relative economic self-sufficiency to a position where domestic growth will depend mainly on trade with the countries that are not members of COMECON and especially with the capitalist countries, at the time of the detente. On the other hand, with the improvement of their standard of living, these countries will have to avoid the negative aspects of a consumer society. It is therefore clearly a process of recasting the world economy. The Third World does not want this to be done without its participation or to its disfavour. Europe and America have been too long accustomed to identify the international community with their own borders. This also is no longer possible; the colonies of yesterday are today nations with full citizenship

rights. The destitute of this world, after all, are citizens of these nations and they want to enjoy their rights in full.

In international fora, it is fashionable to preach negotiation rather than confrontation, but it is only a diplomatic policy. No one is so naive as to believe that world order can be changed by sermons only. To begin with, there is a conflict of interests, therefore the seed of confrontation is there. But just as cohabitation on the same planet is a reality and self-sufficiency, apart from a few rare exceptions, a dream, we try to solve conflicts through negotiation instead of using gunboat diplomacy or economic strangling. It is natural that, before starting negotiations, each party should try to strengthen its own position to persuade or disuade more effectively.

#### **The laws of the strongest**

But why insist on an analysis of conflicting situations and bargaining positions — subjects on which many books have already been written — when recent events have shown our viewpoint eloquently enough? If there is so much talk about a new international economic order and if the industrial countries have made some concessions and have accepted to negotiate, it is the consequence inter alia of two facts, which have brought about a turning point in the history of North-South relations. First of all there is the OPEC decision. In my opinion the real meaning of this act is not the increase in prices, which the industrial countries have camouflaged under the huge wave of world inflation. It is not what has been called a transfer of wealth because petrodollars are, as everybody knows, recycled. But there is the beginning of a transfer of economic power. In fact, for the first time in modern history, a decision affecting world economy as a whole was taken by the Third World countries, and not by the West. Need we mention that this decision was taken after the Arab embargo during the war of October 1973? Everybody recalls "the sound and the fury" all this caused. But the fact remains that the Third World producers of raw materials saw in this a clear demonstration of their own power. Hope and self-confidence grew in those who had endured until then what they believed were the

laws of the market, and were instead nothing but the laws of the strongest. And it is at this point that the second historical event took place: the total victory of the Vietnamese people. The lesson to be learned from this terrible war, where the most sophisticated technology had devastating effects, is that strength, the last argument of the powerful, can become powerless in the face of the stubborn determination of an "underdeveloped" people.

### A new set of rules

In the future, therefore, there will be confrontations because they are inevitable, and furthermore they are the *primus movens* of change. But we must also ensure that these confrontations do not cause the disruption of world economy and the regression that could follow it. What the international community needs more than anything else is a new set of rules involving forms and procedures that will allow, every time there is a conflict, to go from confrontation to negotiation. Must we add that a good confrontation always leads to a good negotiation? Thus the historical process of economic decolonization will be able to continue at minimum social cost. This process, we repeat, is already in progress. How long will it last? Considering only the active phase of political decolonization, it is to be noted that twenty years almost to the day have gone by between the Bandung Conference and the independence of Mozambique. Nothing leads us to believe that economic decolonization will take less time.

It is in this context that I consider the work carried out by the Seventh Special Session positive. It established the beginning of a dialogue, while a few months before, in the eyes of some statesmen, the claims of the Third World were pure, if not the worst type of rhetoric. The work reminds us of the resolutions adopted by the General Assembly, more than fifteen years ago, condemning colonialism. But the colonized people were not liberated by the simple power of words. These resolutions reflected a worldwide feeling of awareness against the colonial status, which had been considered natural up to then.

The actual liberation of the colonies often caused bloodshed. But it was encouraging for the people who were fighting to know that they had the sympathy of other people in the world. In fact, the importance of the growing feeling against colonialism inside the colonising countries themselves cannot be underestimated.

In the same way, economic decolonization will depend fundamentally upon the deliberate action of the Third World countries, upon the desire for social justice in these countries, and upon the close and multiform co-operation among the nations of three continents. But there again, our interests converge with those of the people who, in the First and Second worlds, are aware of the ineluctability of these changes and work to bring them about. Let us add that, in this case, there are deeper reasons which favour a change, especially as the feeling of the profound unity of mankind increases.