

U. N. ADOPTS RESOLUTION

The General Assembly adopted on September 16th a unanimous resolution on the New Economic Order.

On the question of raw material and commodities, the developing nations dropped reference to market "intervention" arrangements as a form of support for remunerative prices. The U.S. and West Germany opposed the idea of disturbing market mechanisms, but accepted the need for appropriate international stocking and "other forms of market arrangements" to secure stable and equitable prices of commodities.

The developing countries also succeeded in obtaining mention of "direct and indirect indexation schemes" as options to preserve their purchasing power in world trade.

The U.S. proposal of a development security facility to stabilise export earnings, with the provision of conversion of loans into outright grants, was noted.

On the question of transfer of resources, the developing nations received confirmation from the developed countries that the latter remained committed to the aid target of 0.7 per cent of their GNP. However, the proposed time-table to reach this target by 1978 was stretched to the end of the decade.

Developed countries confirmed their continued commitment in respect of the targets relating to the transfer of resources, in particular the official development assistance target of 0.7 per cent of gross national product, as agreed in the international development strategy for the second United Nations development decade, and adopted as their common aim an effective increase in official development assistance with a view to achieving these targets by the end of the decade.

The eight-chapter document urges the need for the establishment of a

link between special drawing rights and development assistance.

It also envisages the establishment of a trust fund to be financed partly through the International Monetary Fund gold sales and partly through contributions, and be governed by an appropriate body, for the benefit of developing countries.

On the problem of increasing debt burdens faced by developing countries, the document directs the UNCTAD IV, to be held at Nairobi this year, to consider the need for convening, as soon as possible, a conference of major donor, creditor and debtor countries to devise ways and means to mitigate the burden, with special attention to the plight of the most seriously affected countries.

On international trade, the approved document urges that an important aim of UNCTAD IV should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof.

On food and agriculture, the approved document suggests that in order to make additional resources available on concessional terms for agricultural development in developing countries, developed and developing countries in a position to do so should pledge on a voluntary basis substantial contribution to the proposed international fund for agricultural development so as to enable it to come into being at the end of 1975 with initial resources of one billion SDRs. Thereafter, additional resources should be provided to the fund on a continuing basis.

All states should co-operate in evolving an international code of conduct for the transfer of technology, corresponding, in particular, to the special needs of the developing countries.

A U.N. conference on science and technology for development should be held in 1978 or 1979 with the main objective of strengthening the technological capacity of developing countries.

There is an urgent need to formulate national and international policies to avoid the "brain drain" from developing to developed countries.

On industrialisation, the document endorses the Lima declaration and plan of action on industrial development co-operation and requested all government to take necessary measures.

EFFECTS ON SRI LANKA

Many of the approved proposals have special applicability to Sri Lanka which comes under the category of the most seriously affected. The proposals relating to trade, development assistance, science and technology, and food and agriculture are of particular value to us.

Sri Lanka's position of setting up a trust fund, to be financed partly through IMF gold sales, for the benefit of the developing countries was accepted.

Poor countries facing a shortfall in income from traditional exports could look for help from the compensatory financing facility. The IMF will have to take the final decision regarding this facility but now the U.N. has given the political mandate. Loans could be converted into grants under the same facility.

The document calls upon developed countries to enlarge the flow of concessional financial resources to developing countries in order to assist them in the implementation of their long-term programmes for economic and social development.

On transfer of real resources, the document urges that financial assistance should, as a rule be untied.

"If the poor nations had been able to exercise the same degree of control over the processing and distribution of their exports as the rich nations at present do and get back a similar proportion of the final consumer price, their export earnings from their primary commodities would be closer to \$150 billions than the present \$30 billions."

Christian Science Monitor

Our Export Earnings Bring Diminishing Returns



RUBBER

For 25 tons of exported rubber Sri Lanka could import six tractors but inflation has taken its toll. Some years ago it was not too bad, in 1964 and 1969 you still got four or three tractors. But the recent inflation (1975) has reduced the value of earnings to only two.

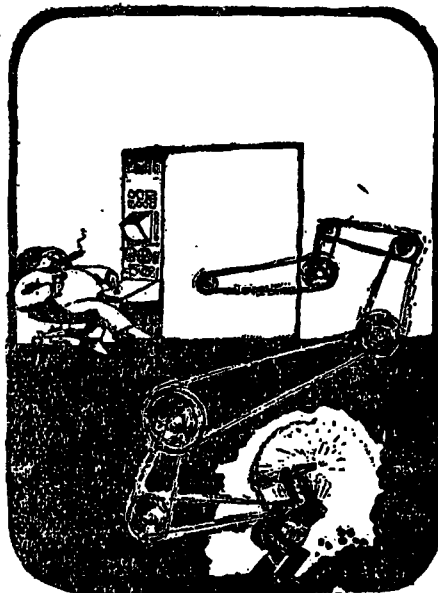
THIRD WORLD PRESSURE PAYS . . .

At the end of the Special Session on the 16th September a compromise resolution was adopted at the United Nations (see box) incorporating some of the demands of the Third World. This is a strong indication that Third World attempts at a world redistribution of wealth, which only two years ago was generally laughed at in the rich countries have now been accepted because of the emerging bargaining strength of the Third World.

This change is amply seen when one considers the coverage given to the Special Sessions in the Western Media. *Newsweek* carried a Cover Story titled 'The New Cold War' which generally takes a relatively sympathetic view of the Third World, although from a Western perspective and it traced the history of how the present demands came to be articulated.

The other leading American international magazine *Time* also carries a Cover Story which although not so sympathetic as *Newsweek* at least brings to the consciousness of the Western world the issues at stake. The British *Economist* likewise carries a generally adequate although still pro-rich coverage. Of the regional news and economic journals, the Indian ones have naturally taken a very pro New Economic Order stance. The only glaring note was from the Hong Kong based *Far Eastern Economic Review* which in a column has taken a stand more anti Third World, than the Western media themselves. In the following week however this magazine in a sharp editorial censured the US stand. capital.

The U.S. position itself which is basically against the New Economic Order on fundamental grounds ("The United States cannot and does not accept any implications that the world has now embarked on establishment of something called the new international economic order" Mr. Kissinger stated in the U.N. on September 16th) has now softened its stand and has come nearer



A view of the existing order

the less hard position of the European states. This although not sufficient a shift to bring an equitable distribution of the world's wealth is a notable change of tone from the hard line U.S. stand only a few months ago. Thus U.S. Ambassador to the U.N. Daniel Moynihan in his much publicised *Commentary* article a few months ago made a frontal attack on the cry for a New Economic Order and U.S. State Secretary Kissinger himself has gone on record many times justifying the existing economic order.

LOOKING AHEAD

The session just concluded has been a partial success from the Third World viewpoint and indicates a rapid rise of the strength of its voice during the last three years. The various world conferences beginning from the Stockholm Environment Conference in 1972 through the Algiers Non-Aligned Conference in 1973 upto the Special Session of the United Nations just concluded are milestones in the Third World's growing awareness of its problems, and of its growing self confidence and militancy. The most

crucial among these various conferences was the Algiers Non Aligned Conference in 1973 in which Algeria on the basis of carefully and laboriously worked out documents on the state of the Third World presented the basic position of the New Third World line.

As economist Mahabub Ul Haq has stated, the call for a New Economic Order is not a one shot affair, but a continuing dialogue. Its ultimate end is the equality between all nations where the standard of living for example of the average U.S. or West German citizen — the richest today (with their present two car, colour television, appliance loaded once-a-year, vacation abroad, life) is the equal of say the average Sri Lanka and Indian living standard (with its present over crowded buses, low per capita consumption of food and the sceptre of unemployment hanging overhead).

In this endeavour of the Third World there are many more meetings and conferences to come in the near future. For example a crucial one in the coming weeks is the Paris meeting of the Oil Producers and Consumers where again an attempt is made to improve the Third World position. The high point in the coming years will have to be — specially in light of the role played by the last Non Aligned Conference, the forthcoming Non-Aligned Conference in Sri Lanka. It would be our historic duty to take the torch lit by Algiers and advance it further in the coming conference. This would mean much work involving hard research into various rich-poor relationships and would imply the mapping of new strategies. During the last 3 years the Algerian work has borne much fruit and we and the other Third World countries are the beneficiaries therefrom. The mantle now can fall on Sri Lanka for mapping out the overall Third World strategy for the next few years.