

Disappointment with UNCTAD IV Third World must strive for its own identity

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The outcome of UNCTAD IV, where a 152-nation membership achieved very little in Nairobi last year; and more recently UNCTAD's month-long negotiations in Geneva on a Common Fund to finance international commodity arrangements, which for the Group of 77 ended in failure, brings into focus how far the developed nations are prepared to go and also raises the question of the effectiveness of UNCTAD as a body which could wrest any concessions from the West.

In this paper submitted to the "Economic Review", some time after the Nairobi Conference in 1976, Hussein Mullick, who is Chief of Research in Pakistan's Institute of Development Economics, Islamabad, argues 'that UNCTAD has been a dependency of the richer donor nations.....an instrument to further strengthen the hold of the Western Capitalist order in the peripheral countries'. He maintains that 'agencies like UNCTAD—which founded as they are, largely by the richer nations—cannot escape the influence, good or bad, of their primary donors.....and as long as the Third World is dependent on such agencies there is not much hope that the emergent nations can at all acquire their own distinct identity'.

"A restrictive organisation which cannot articulate the political urge and the supreme authority of the developing countries can hardly be entrusted with the task of guiding their strategy". This is what the Prime Minister of Pakistan said in an article "The Third World: The Imperative of Unity" about the UNCTAD. This assessment is shared by a number of Third World leaders and quite rightly so. This idea seems to have emerged as a reaction to the failure of the UNCTAD IV, and perhaps also with a view to finding some new ways and means to overcome the existing unequal relationship between the 'haves' and the 'have-not' nations. In the opinion of the Prime Minister of Pakistan, the Third World countries should not alone endeavour to obtain better terms of trade and aid, but it should also break the intellectual hegemony of the West. This latter objective has come out quite clearly if one reads the critical assessment of the conventional arguments put forward by the developed countries in support of maintaining a high rate of growth in the affluent nations. To quote the Premier ".....the thesis is increasingly being propagated that the growth and development of the poor must depend upon the continued rapid growth of the rich: for only then can the markets for the goods of the poor expand and the prices of their commodities hold". (*The Pakistan Times*, Rawalpindi, Sept. 6, 1976, p. 5). An equally absurd argument in support of reducing the oil price was put forward by the World Bank eco-

nomist Hollis B. Chenery in his article "Restructuring the World Economy" in which he advocated the thesis that a relatively lower price for oil would stimulate a higher rate of growth. Arguments like these will no longer be accepted, as the Third World, awakened as it is, is now not only trying to throw away the shackles of political domination, but it is also busy in getting itself freed from intellectual colonialism.

There are still more than one opinion on the outcome of the fourth session of UNCTAD in Nairobi. In the assessment of UNCTAD's headquarters, the conference despite the shortfalls and weaknesses that were evident at various points was still able to make some contribution. This optimistic tone is observed from the statement by the Secretary-General of UNCTAD released a few weeks after the conclusion of the conference. The Secretary-General makes us believe that unlike earlier conferences, the UNCTAD IV with a participating membership of 152 nations showed a greater awareness and greater sensitivity to the importance of the development issue as a factor in international relations. The other point that emerged, for the first time, in the conference was the capacity of the "Group of 77" not only to maintain a united front in presenting their demands, but also to back up their demands with a willingness to commit their (resources OPEC), towards the achievement of certain major objectives. The Secretary-General went on to say that the UNCTAD IV was

also able to make some progress on thorny issues, such as, the Integrated Programme for Commodities and the Transfer of Technology. In particular. "the UNCTAD IV was able to make considerable advances in respect of technology transfer. "It is indeed remarkable", the Secretary-General observed, "how this issue... which barely attracted attention ten or fifteen years ago, now looms 'large' so prominently as a feature of the whole development process, as an aspect of international co-operation for development". The areas in which the the Secretary-General was, however, unhappy were (i) external debt-relief, (ii) payments problems, (iii) long-term transfer of resources, and (iv) the reform of the international monetary system.

As against the somewhat optimistic assessment of the Secretary-General, the reaction to the Nairobi Conference hasn't generally been favourable. In the Pakistan press, the UNCTAD IV has been evaluated as a complete failure. Here are some of the comments:

"Mount Kenya has yielded only a mouse stuffed thick with promises..... So irreconcilable were the opposing stands throughout the conference that it looked all but doomed".

(*The Pakistan Times*, June, 1976)

"The recently concluded UNCTAD IV has demonstrated in no uncertain manner that the developed states, east and west and of all political hues, have no intention of giving up their stranglehold over their sector of the international economy and the reasons are not just economic but political as well".

(H. K. Burki, *The Pakistan Times*, June 6, 1976)

"What could be better than to enjoy the luxury of deliberating leisurely and expensively for four weeks on issues whose negative conclusions were known well before the Conference began".

(Nazim, *The Pakistan Times*, June 9, 1976)

The above disappointments came as a natural reaction to the niggardly outcome of the Conference. The most disappointing feature, as it was also conceded by the Secretary-General, was the refusal on the part of the developed countries to grant external debt relief to some of the hard-pressed developing countries like Pakistan. "The mere commitment on the part of the creditor countries to respond quickly and constructively, with a sense of urgency to individual requests for debt relief from developing countries" failed to arouse any sympathy from amongst the majority of the Third World nations. This

concession was no more than a trivial accommodation.

The actual picture may even look bleaker if an allowance is made for the credibility gap emanating from the non-fulfilment of aid-goals agreed upon in various United Nations resolutions. One could easily cite numerous examples in support of the above. The most well-known and significant example is that of the proposal first mooted by UNCTAD in 1964 about granting of 1 per cent of developed countries' GNP to aid the emerging nations. Even later acceptance by the developed countries of the 0.7 per cent of GNP, as a contribution to the developing countries by the affluent countries, was not honoured. Similarly, many of the articles of the Charter of Economic Rights and Duties of States have been more violated than implemented. This holds particularly true in case of article 7 of the United Nations Charter of Economic Rights and Duties of States, Chapter II, which reads:

"Every State has the primary responsibility to promote the economic, social and cultural development of its people. To this end each State has the right and the responsibility to choose its means and goals of development, fully to mobilize and use its resources, to implement progressive economic and social reforms and to ensure the full participation of its people in the process and benefits of development".

can hardly be implemented in a world where foreign interventions on one pretext or another by the Super Powers are still a common and most ignoble feature in international politics. Chile is one of the recent examples of such an unfortunate action. Other such examples were the threats frequently issued by the United States' Secretary of State Dr. Kissinger on the issue of oil supply from the Middle East or for that matter to pre-empt any possible embargo being imposed by the Third World countries on their supply of strategic raw materials.

The disappointment set in motion by the Nairobi Conference has not only confined itself to merely press reaction or for that matter an academic disapproval, but it has also provoked some of the prominent economic and political leaders of the Third World to offer their comments on or resentment against the results achieved at the UNCTAD IV as is now fairly well-known, Dr. Raul Prebisch was the first to take to task his own crea-

tion, the UNCTAD. He said this in his speech delivered at the concluding session of the Conference. In his own words: "Twelve years have now passed since the first session of the Conference.....'but' little has been achieved so far that is of practical significance". The Prime Minister view was 'though' the Third World has the vehicle of the "Group of Seventy Seven" to co-ordinate its common endeavours, the fact cannot be overlooked that the Group was created within the context of the Trade and Development Organisation".

UNCTAD's Failure

From the above remarks one cannot resist concluding that the UNCTAD as it is functioning at present has failed to deliver the goods. It would perhaps be right to say that its role is perhaps more to cool down tempers in the Third World rather than to advocate aggressively the cause of the less developed nations. We know the mandate given to it is restricted, but the way it has been exhibiting its performance leaves a great deal to be desired. The UNCTAD, like so many other United Nations agencies, has become itself a 'dependency' of the richer donor-nations. As long as this is its present financial status, it is doubtful whether it would at all be able to align itself with the aspirations and genuine demands of its poor-member nations. As a consequence of this weaker position, it would not be wrong to say that the UNCTAD has been an instrument to further strengthen the hold of the Western capitalist order in the 'peripheral' countries. This it has done by working for the propagation of foreign aid and imported technology rather than for self-reliance and connected therewith the emergence of a liberated development.

In view of the continuous failure of the UNCTAD to strike a breakthrough in the dependent-dominant relationship between the developing and the developed countries, the time seems to have come to set up an exclusive Third World agency. This is justified as the experience of the past two decades has revealed that agencies like the UNCTAD which founded as they are largely by the richer nations cannot escape the influence, good or bad, of their primary donors. This is reflected clearly in almost all the activities of the UNC-

TAD. There is also another unhealthy development observed in the activities of the UNCTAD. This is wilful or otherwise division of the developing world into various categories, such as (i) least developed among the developing countries; (ii) developing island countries, and (iii) developing land-locked countries. Although such a division at times could help in scientific and economic analysis, they could also be used as a weapon in damaging the unity of the Third World. Such a situation could arise when the developed countries arbitrarily choose a few developing countries falling under a certain manipulated category for special economic assistance. This seems to have been done even at the UNCTAD IV, which, among others, was able to pass a separate resolution on the above categories of the countries. One of the actions foreseen reads as follows:

"Developed countries should cancel the official debts of the least developed, the developing island and the developing land-locked countries".

"The developed market-economy countries should give immediate concessional terms of relief for the other outstanding debt burdens of the least developed, the developing island and the developing land-locked countries".

In order to counter any move on the part of the developed nations (both from Western and the Eastern) to disunite the Third World—through means such as mentioned above—the need for setting up a separate Third World agency has become imperative. It is only through such an agency that the Third World could possibly hope for some tangible improvement in their present subordinate position to the richer nations. Side by side with this agency, the UNCTAD could also continue part of its activities for the purpose of serving as a forum for both the developed and the developing countries. The proposed agency funded exclusively by the Third World would be able to serve best the interests of its member nations. In the absence of such an agency, the Third World countries, unlike the developed nations, which have their own economic organisations like the OECD and the Council for Mutual Economic Assistance (Eastern Europe), are not in a position to take a united stand on issues in which they are directly involved. The present position in res-

pect of many developing countries is so bad that they are invariably even dependent on the UNCTAD Secretariat for the preparation of their country reports. Even in matters like actual participation, they have to rely heavily on the expertise and guidance of the UNCTAD Secretariat or one or more missions of the developed countries. With the establishment of the new organisation, the Third World, in course of time, would however, be able to improve its data and side by side with this its ability to articulate and present its problems in international forums. Like the OECD which serves more or less as a collective intellectual arm of the West, the Third World agency could play a similar role. However, as long as the Third World is dependent on UNCTAD—an agency dependent on the West—there is not much hope that the emergent nations can at all acquire their own distinct identity. On the contrary the present uncertain situation would permanently jeopardise their genuine interests. In the initial stages, the setting up of the proposed agency is sure to arouse some opposition from the Western Camp—Dr. Kissinger's threat against any trade unionising among the developing countries—but in the long run it would have a positive impact in arriving at 'genuine' decisions. The power constellation as it obtains today on the wider international economic front is tilted more in favour of the developed than the developing countries. Mainly as a consequence of this inequitable power distribution, the Third World has not been in a position to assert itself. The OPEC are only an exception.

But are the elimination of exploitation and the consequent dawn of social welfare a natural sequence to the 'long march' for development? I do agree with many of the leaders of the Third World and even 'nationalist' economists of the 'peripheral' countries that there is the legitimate need to change the existing international economic order which is a hangover of the old exploitative colonial order; but the issue here is how are we going to change it? As we all know the existing international order "is dialectically related to national societies, patterns of production, distribution and consumption,the concomitant class and income structure, the structure of spatial organisation (distribution pat-

terns of the population, urban-rural relations) and people's culture values, ideology and motivations".

And if this is so, it would be natural to reform first the 'domestic order' before the old international order could be dismantled. This is however more easily said than done.

Obstacles to emergence of equal relationship

Most of the developing countries are still torn apart into sharp polarization between the domestic rich and the domestic poor. One reason as to why the international economic order is difficult to change is the division of the developing societies into two groups, one group supporting the exploitative order and the other group too senile to revolt against it. The world is not divided "between the two classes of nations", one belonging to "the hewers of wood and drawers of water" and "those who wield mastery over the planet's resources"; but between "the dominant and the dominated classes in both the rich and the poor countries". It is this alliance between the 'haves' against the 'have nots' which is the main obstacle in the emergence of equal relationships between peoples and individuals. We admit that side by side with these 'deeper equations' the world does look divided into two distinct groups, the developed, on the one hand, and the developing nations, on the other, but this division is more 'historic' than 'ideological'. The reality in both situations is more an outgrowth of the first phenomenon than the latter. A 'bataille-royal' against the present international economic order would not, however, be fought as long as the 'deeper roots' of the capitalist order are not shaken. This job, however, is difficult as it is the internal dominant classes in the Third World which provide the external dominant classes with a base of operation in their own countries.

Thomas E. Weisskopf, Kuitenbrouwer, Samir Amin, Furtado O Camara and so many others who have had the opportunity to study the 'Internal Colonialism' and the concomitant perpetual underdevelopment in the Third World are of the view that most of the developing countries (excluding of course Socialist countries, such as the People's Republic of China, North Korea, Cuba etc.) though well endowed in terms of resources will how-

ever not be able to break the centuries old 'vicious circle' as long as they do not eliminate the existing dominant and dominated relationship. Contrary to the general thinking shared by many political leaders that foreign aid supplements domestic resources, the present author is of view that foreign aid largely supplants national efforts. To appreciate this, we must understand the whole paraphernalia and tentacles of the capitalist system as it operates in many of the developing countries. The various studies carried out by the author into the whole phenomena of underdevelopment, make it clear that unlike the capitalist system in the West—which has been able to generate a rate of economic growth that is rapid enough to allow the upper classes to keep improving their economic position while at the same time permitting a gradual but steady rise in the material welfare of most of the other classes as well;—the prospects of such a development in the developing world; considering the exploitative elite minority, the increasing integration of the world capitalist system, the existence of capitalist institutions, and last but not the least, capitalism's inability to promote in most poor countries a long-run rate of economic growth sufficiently rapid to provide benefits to the whole population or to reduce the income gap between the poor and the rich countries is not, however, so encouraging. Added to these almost system-imminent constraints, the Third World countries have also become the victims of foreign aid and technical assistance, both of which instead of generating a spirit of self-help and self-reliance have in fact led to a still greater subordination, increasing inequality and inadequate growth. As mentioned before, the sharp polarization on the social front leaves very little for investment in the 'mass' sector which in turn further sharpens inequality and gives birth to an economy based on the "law of disequalizing forces". Under this law, development does not take place on purely economic considerations but rather on the basis of political power, social and cultural position which give the already resourceful entrepreneur etc., a distinct advantage over the marginal man. Under the above conditions, what happens is, the patronization of the 'haves' irrespective of association either with a

poor or rich country. Inseparably connected with this are also other features of the Third World member economies, the most important of which are:

- (i) The emulation of consumption patterns of the rich countries. (This is done by the well-off classes in the developing world).
- (ii) Indiscriminate use of sophisticated and capital-intensive technology. This further accentuates the already uneven state and underdevelopment of national resources endowment.

Dr. Raul Prebisch stresses the harmful effects of the "demonstration effect" which unlike the innovatory development of the industrial countries leads to wastage of resources through the "periphery's" imitation of the consumption styles of the metropolis. Further Dr. Prebisch expresses his dismay over the activities of the transnational corporations. In his view these corporations were working hand and glove with the exploitative social classes in the emerging nations. One way to check their negative activities would be the establishment of multinationals by the developing countries themselves.

Let us go back once more to Mr. Bhutto's main thesis: Although he has touched upon a number of points in his article, what has received the most prominence is his strong advocacy of the cause of the majority of the less-resourceful developing countries who due to factors beyond their control are being forced to go through the mill. This is how he said it. "The future of the less privileged cannot be allowed to depend upon growing inequality. A way has to be found to improve the terms of trade for the Third World, to remove the inequities of quotas and trade restrictions in the affluent countries and to reduce the paralysing burden of external debt which is largely a result of unequal trade and exchange between the poor and the rich. Although I can appreciate these almost perennial worries of political leaders in the Third World, is there any solution to the development challenge facing the emergent nations. I agree that a solution to these immediate and pressing problems must be found out, but this again is only a partial solution. The real solution for which, in my view, the whole Third World should earnestly move is to explore some new ways and means to remove traditional dependence on the deve-

loped nations. It is in fact this most crucial problem for which a new movement will have to be launched on a worldwide level. The *sine qua non* of the success of this movement would not be merely slogan-mongering, but hard work. The work could for instance, be in the direction of mobilizing domestic resources, broad-basing of development and the gradual de-colonisation of the development re-trading administrative, educational planning and the economic super-structure. It is this "change in totality" which alone can trigger a sustained development in the Third World rather than the now condemned 'trickle-down' process. For such a "change in totality" the present polarised societies in the developing countries and their close links with the powerful minority groups in the developed countries, will accordingly have to be considerably changed. For such a change, it is not the regular or greater supply of foreign aid or for that matter improved terms of trade which are likely to provide the first 'push', for a self-reliant and eventually a self-sustained development, but perhaps just the opposite of it. This fact is not only likely to be held alone in Pakistan but it also holds valid for all those countries where the will to self-help is waiting for such an opportunity. It is only through this "change in totality" and a negation of the old-order that the Third World can at all come out of the 'oxygen chamber' to breathe freely. The success or failure of the "change in totality" would, however, be dependent upon the extent of the resistance posed by the elites of the poor and the rich. But all this isn't going to be an easy job. Mr. Bhutto's call to the Third World nations saying "it would be perpetrating a wrong on humanity if the poor nations should dissipate their relatively limited strength in dividing their own ranks, in creating a gulf between the poor and the rich. The impoverished masses of the Third World are yearning for a new focal point of their collective will".

The summit conference of the non-aligned nations recently held in Colombo hasn't also produced anything new, except a tiny proposal for the establishment of a Third World Bank. Other recommendations made or resolutions passed at the conference do not either deliver something new. Quite unexpectedly the spirit of the

conference was more for the enlargement of membership rather than making it a 'club exclusive'. This is a good development as any disunity or polarization among the rank and file of the Third World countries would only weaken their bargaining position versus the developed countries.

Although the Third World is greatly disillusioned at the niggardly results of the UNCTAD IV, this disillusionment could also be a blessing in disguise. As suggested in this article, what needs to be seriously realized by the Third World countries is the fact that the existing "mode of development" or "mode of co-operation" between the 'haves' and the 'have not' nations has miserably failed to offer a genuine solution to the perpetual problem of underdevelopment in most of the developing countries. We agree that some of the problems like the growing debt burden, the balance of payments gap or transfer of technology do need quick and substantial financial doses, from the richer to the poor nations but as the experience of the past more than two or three decades has shown, such temporary help has failed to do the trick. Whether the Third World likes it or not, it will have to make serious and strenuous efforts to reduce its 'dependence' on foreign aid and technical assistance as any later action will make the external debt burden even more difficult to be managed. The Third World's external debts are reported to have already shot up to US \$ 160 billion. Instead of foreign aid and sophisticated technology, what the Third World actually needs now is the mobilization of its domestic resources, skills and entrepreneurial talent and connected with these the defusing of the existing sharply polarized social structure. It is these new resources which need to be tapped and not that of running after foreign aid. Most of the developing countries are potentially quite rich—perhaps even richer than some of the Western nations—but the tragedy is that they have never put themselves on trial. Unless they did this, they shall never be able to move from the thesis 'dependence' to the anti-thesis 'self-reliance'. It is only through this Hegelian dialectic that the majority of the Third World countries can one day stand on their own feet. Nothing short of it will do.