

Changing the old system

A STAGE has been reached in the North-South dialogue where we must examine afresh the real objectives of the Third World in the quest for a new international economic order. The shouting is over, and the process of negotiation has begun, though haltingly. Now is the time for a sober examination of the issues.

My firm belief is that the dialogue should be clearly focused on longer-term structural changes, not on short-term financial concessions, and that the parallel between national and international orders is stark and obvious.

The remedy is not to put the poor on short term and uncertain welfare schemes; it is to make economic opportunities available to them so that they can improve their own productivity in the longer run. The demand is not for ad hoc concessions, but for progressive taxation, land reforms, fundamental changes in the patterns of ownership, as well as access to equal employment opportunities.

At the international level, the new order will require an evolution of international institutions similar to that which has already taken place at national level — embracing international taxation, an in-

ternational central bank, a global planning mechanism, and a new division of labour based on greater equality and self-reliance.

We recognise, of course, that most of the changes in the historic process of economic liberation must take place back home in our own back yards. Equality of opportunity, like charity, must begin at home. In addition, while rejecting the concept of 'catching up,' we must devise development strategies which meet our own needs in the framework of our own values, building development around people rather than people around development.

It is a mistake to seek ad hoc increases in foreign assistance: what we must work for is a different system of resource transfers which converts the periodic and unwilling generosity of the rich into an internationally accepted obligation, gradually introducing some elements of international taxation.

It is also wrong to work for selective preferences on manufactured goods. We must seek a freer international movement of labour as well as goods. The present trade and immigration barriers are denying the Third World the opportunity to earn at least



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30 billion to 50 billion dollars a year more from the sweat of their own brows. And rather than negotiating a stabilisation of commodity prices, the Third World should be seeking instead much greater control over the destiny of these commodities. Similarly, there should be fuller participation in the management and control of the existing international decision-making institutions.

The central issue in choosing negotiating tactics is how soon and how best the Third World can strengthen its countervailing power; here, the first two essential requirements are reforms of national orders, and political unity within the Third World.

But are the objectives of the developed countries and the Third World reconcilable? I believe they are. Without the accelerated development of the Third World, the industrialised nations' prospects for obtaining key supplies or expanding markets for their goods, or even promoting world peace, may be seriously threatened. And

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without the continued growth of the industrialised nations, the prospects for international capital and technology transfers and the demand for the exports of the Third World may be adversely affected.

In the heat of the battle, meanwhile, it is often difficult to keep priorities clear. However, it is imperative that we do so, and the next practical step for the Third World is to work out what it can do to organise itself without having to wait upon the rich nations. There are many courses open — though none of them is easy:

- 1 The Third World could set up a commodity fund (with 10 millions dollars to 20 million dollars from each member and more from oil-producing countries). This fund could be used to take selected initiatives in international commodity trade wherever the developing countries are losing because of their weak bargaining position.

- 2 The food-deficit countries of the Middle East (importing over 5 million tonnes

of foodgrains annually at present could enter into a bargain with those countries in the Third World which have enormous potential to increase food-grain production: the former could exchange some of their present surplus liquidity for future food imports from the latter.

The oil-surplus countries could consider establishing a monetary zone of their own, both to protect the real value of their assets surpluses in the future of and to invest some of the other developing countries. The Third World could establish its own substantive secretariats and intellectual forums to provide background thinking and continuity for its international dialogue.

These would not be steps towards eventual confrontation with the rich nations. They are necessary to demonstrate the determination of the Third World to establish a new order and to provide at least the minimum of organisation and power needed to change the old.

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