

STRATEGIES FOR THE IMPLEMENTATION OF A NEW INTERNATIONAL ECONOMIC ORDER

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Introduction

Recent resolutions of the General Assembly of the United Nations on various aspects of what is being termed as "New International Economic Order" (NIEO) have called for reconstitution of the existing economic order in its various aspects including the restructuring of international trade, terms of trade, removal of trade barriers, redesigning the international financial and monetary institutions and regulation of the so called multinational corporations. The resolutions call for transfer of capital and technology to the Less Developed Countries (LDCs) in a way that they contribute to their development rather than becoming an unredeemable burden.

The quest for New International Economic Order (NIEO) is the result of several forces and cries occurring in the international community. First, it reflects a growing dissatisfaction of the less developed countries (LDCs) with an economic order which as it becomes more interdependent also becomes more unequal and operates to the advantage of the more developed countries (MDCs) and consequently limits the prospects of the LDCs to develop rapidly enough in accordance with self-determined authentic models of development. It also shows the determination of the LDCs to change this order through various political and economic means including horizontal political coalitions and concrete economic actions.

The demand for creation of a new order is a manifestation of both desperation and despair of the LDCs with the attitudes, policies and unconcern of the more developed countries (MDCs) toward creating structural conditions favorable for the development of the LDCs and keep them in a state of dependency on their affluent economies. Further, it indicates a realization that traditional concept and strategies of development of developed countries which the LDCs borrowed from the former to achieve a higher level of development are inappropriate to their situation and cannot ensure an accelerated pace of development for them.

Secondly, the demand for a NIEO both reflects as well as is a consequence of a

shift from a bipolar structure of international power in which the developed countries were hegemonic, keeping the LDCs tied to their political and ideological camps in the name of freedom and democracy to a multipolar power structure in which the LDCs find greater room for political manoeuvres enabling them to form horizontal coalitions. The very fact that resolutions about NIEO could be passed by an overwhelming majority of the General Assembly despite opposition from two major powers and in major international conferences on Food and Population, the LDCs could take a united stand, and the OPEC could survive so long despite tremendous political pressure from some of the MDCs which considered the new oil prices radically unfair, is evident of this shift. Finally, the quest for NIEO also, though implicitly, symbolises a search for something larger, seeking changes into various aspects of world order such as the creation of a new international community which is democratic, egalitarian, free from exploitation and domination by the MDCs, and in which cultural heritage and values important to the LDCs have a chance of not only being articulated and preserved but also could direct the further development of LDCs and mankind.

This historical analysis is undertaken with three assumptions about persistence and change of social systems:

- i) That all social systems including international order, are maintained through a degree of moral legitimacy in their existence which could be created, maintained and changed through control over production of knowledge about values and beliefs as well as through of values. The present world order has persisted because both these elements were present.
- ii) That while in attempting to ensure their persistence, and manage their internal conflicts and tensions, all social systems tend to generate in the process counter ideologies and political forces which tend to undermine or transform them. The world order in its contemporary form is a result of conflict between the forces which worked and are working to maintain it and those which are struggling to change it.
- iii) All social systems tend to remain in flux, never attaining complete legitimacy and permanent institutionalization and therefore remain vulnerable to either breakdown or, persistence through coercion or open to unfolding of their potentialities for higher level of evolution in terms of some higher order human value. The contemporary dominant world order is in a state of flux

and could either break down through endemic conflict, or could evolve into a new more egalitarian and democratic order.

Subsequent to this historical analysis, the major issues involved in the NIEO are examined and followed by a discussion of the options of the LDCs to get the NIEO implemented and strategies they need to follow at international, regional and national, level for this purpose.

II

The World Order During Colonial and Post-Colonial Phase

Emergence of Colonialism

Emergence of the contemporary world order which is characterised by a distinguished political scientist as "interdependent, unequal, and ungovernable" (Deutsch, 1976) and its economic component is the result of historical development of last several centuries particularly the nineteenth and twentieth centuries. In these two centuries, Europe, through its internal historical evolution, made a developmental break through from its feudal social structure and was able to evolve a "modern" society characterised by centralization, industrialization, urbanization, and relative flexibility of social structure. This developmental breakthrough enabled the European societies to gain military and political ascendancy over non-European societies politically organised in the form of classical empires and feudal princely states and in some cases tribal groupings. This in turn accelerated the development of European societies by providing them with cheap raw material and captive markets in the colonies. For colonies themselves, however, it distorted the process of their autonomous development by depriving them of control over their resources and their own destinies (Griffin, 1973; Mazrui, 1975). The development interlocked the international system into a structure of political, economic and cultural dominance and dependency in which each aspect reinforced the other.

Through political and military domination, the economies of the colonies were linked to the core metropolitan countries - a link which operated to the benefits of the latter. Economic institutions and transport and communication infrastructure were created which while in some ways "modernized" the colonies also enabled the metropolitan countries to extract maximum economic benefits from them. This domination also led to the creation of "modern" political and administrative institutions which while centralized and "modernized" the political institutions of the colonies, also provided effective and

inexpensive tools of maintaining control over them. Finally, political and economic domination led to a unilateral and one sided transfer of Western culture of colonies which defined what values and ways of life were superior and desirable, explained what factors internal to Europe were responsible for its development and what factors internal to colonies were responsible for their under-development, finally how colonial rule was in the interest of the colonies more than the metropolitan countries serving as a transmission belt between "superior" and "inferior" cultures. Through these manifold processes the colonialism, over time, was able to create a new class of subservient political elites, administrators, a modern bourgeois class and intellectuals in colonies who were immersed in this new culture and who with varying degrees helped sustain the domination-dependency relationship.

Both the process of internal transformation of the West as well as its external expansion in the form of colonialism in other societies, however, generated counter forces which initiated the process of undermining this domination-dependency structure. Aggressive and parochial nationalism, and the voracious need for raw material and markets to sustain the pace of industrialization, generated in European societies the rush to capture colonies which along with the emergence of centrally controlled and well equipped professional armies, plunged Europe into internecine wars culminating into two major world wars in the twentieth century.

Further, the inequities and sufferings generated by the industrialization and urbanization occurring under a laissez faire regime created a proletariat class, weakly integrated to its national political system as well as a radical social analysis and ideologies which promised a new hope of redemption to this class. While in more advanced European industrial societies, this class to a great extent remained integrated to the polity either through a pride in national glories and foreign conquests, and certain degree of political concession granted to them or through political repression, in a relatively less industrially advanced society of the Soviet Union, this class, under the vanguard of a well organised party, was able to overthrow a repressive regime during the First World War. This ushered in a new socialist society presumably organised around the political domination of this class. Emergence of this new type of regime and society constituted a threat to the Western capitalism and world domination as this regime was not only committed to the overthrow of capitalism but to the support of the struggle of the colonized people to end colonialism as well.

In the colonies themselves, the colonialism led to the diffusion and generation of

nationalist ideologies, elites, and classes committed to end colonialism and its economic and cultural vestiges giving rise to movements and wars of national liberation. The Second World War gave further impetus to this when the victorious European powers exhausted by the devastation of their economies and weakening of their coercive apparatus could no longer control the colonies. The age of decolonization, begun before and after the War, matured rapidly.

Post-Colonial Phase

The above processes, with the end of the Second World War, brought the decline of old colonial European powers and ushered into the international political arena two new superpowers, the United States and the Soviet Union, which had acquired nuclear technology and whose economies have either remained unscathed by war or were soon rebuilt. These two powers were determined to expand their own influence and power at the cost of each other through all possible means. Consequently the world came to be organised into two antagonistic political camps: Western bloc led by the United States on the one side, and the Soviet Union with its East European satellites and the newly emergent People's Republic of China on the other. The two camps, usually unable to expand into each other's sphere of influence, sought means including military pacts, financial and technical aid, transfer of technologies, and political and military intervention wherever possible and necessary.

This post-Second World War division and rivalry between the two camps for almost three decades decisively influenced the shaping as well as functioning of international institutions and transaction. The United Nations, raised on the ashes of the League of Nations, and other international bodies came to be dominated in the fifties and sixties by the Western bloc which enjoyed a numerical majority, greater internal unity, and could exert a considerable influence over its former colonies. The Soviet Union in this situation opted for playing a defensive role in these institutions. Outside the United Nations framework, it attempted to subvert the unequal and vertical alliance between the Western powers and their non-Western allies.

The dominant economic and political power of the Western bloc enabled it to construct, outside the United Nations, a network of international financial institutions, economic, military and cultural relations with the newly liberated countries which though were not as exploitative and unequal, as in the colonial days, were still essentially cast in that mold. This inequality was reflected in the operation of World Bank, International

Monetary Fund, bilateral and military defence pacts, international trade, transfer of capital and technology and technical assistance and cultural "exchange" programmes. These relations tied the newly independent countries to the economies and societies of the West, and thus decisively influenced the character of their development or lack of it.

These unequal relationships while occasionally brought to the newly independent LDCs much needed financial support and resources, also distorted the process of their autonomous development and increasingly made them vulnerable to external manipulation and control. First, their trade relationship with the Western MDCs worked consistently to their disadvantage (UNTACD, 1975). Secondly, the provision of foreign financial, multilateral and bilateral aid, remained niggardly (McNamara, 1974) and whatever amount was provided was given on terms which proved a continuous and unredeemable burden from which the LDCs could not and so far actually have not escaped. This burden continuously piled up. Thirdly, foreign aid brought to LDCs advanced Western technology and technical assistance through foreign technical advisors who exerted pressure on the LDCs to adopt a Western conception of development aiming for a standard of living of the highly consumption-oriented Western societies, as well as the adoption of capitalistic strategies of development including capital intensive industrial technology stimulating greed for more profit and wealth and concentration of wealth and power in fewer and fewer hands. This assistance "modernized" the elite and strengthened the capacity of LDCs to maintain status quo in core of power relations with marginal adaptations. The transfer of Western technology also stifled the creativity of the LDCs to evolve appropriate and relevant strategies of development, technologies and institutions consistent with the needs of their countries and unfolding of their inner creative potentialities (Gultang, 1971; Sunkel, 1973; Trimberger, 1976; Inayatullah, 1975; and Chase-Dunn, 1975).

A degree of legitimacy was provided to this unequal order by the large scale education of the elite of the LDCs in the universities of the Western MDCs, latter's cultural "exchange" programmes, and through the control of international mass media by the Western MDCs. All this enabled the Western MDCs to project the existing unequal relationship between them and the LDCs in the interest of both which if disturbed could be catastrophic for the LDCs. It also created a belief that the LDCs were not developing essentially either due to their own disabilities of culture, character and institutions or ecological and demographic factors and that international environment does not play any significant inhibitive role.¹ As a consequence of this, the elite in LDCs allied to the Western MDCs came to share a world view which was essentially oriented to maintaining status

quo at international level.

The unequal and inequitable economic, cultural and political relationship, however, could not be sustained by their cultural legitimation alone. Where the autonomous political elites in LDCs questioned these relationships and wanted to change them, they were subjected to various types of pressures including threat of withdrawal of aid, their removal through covert actions such as instigation of local military coups, direct military intervention, etc. In this regard, in some LDCs at least, civil and military bureaucracies which received considerable external help for their expansion and modernization from the Western MDCs were especially vulnerable to external influence and readily overthrew their political rulers, sometimes on their own, sometimes at the instance of the superpowers, especially the ruler who adopted an autonomous behaviors in international politics or attempted to radically restructure internal power relations which limited the power of these bureaucracies. Thus, both physical coercion and "moral" legitimation were combined to maintain the old order.

Simultaneously while this structure of domination by the MDCs of LDCs was being fortified by various mechanisms described above, counter forces were generated in the fifties and sixties which subjected it to a severe strain till it received its severest shock in the first half of the seventies. First, the bipolar structure of power was put to a severe strain as Western Europe sought a certain degree of autonomy from USA in international politics, and the People's Republic of China became disaffiliated from the Soviet bloc, developed nuclear capability and achieved considerable success in its experiments with a new socialist model of development. Europe's autonomy from the USA was further increased first due to the failure of the USA to completely ally with its two NATO allies in their military action against nationalisation of the Suez canal in 1956, then disengagement of France from the Algerian war, and removal of NATO bases from France under de Gaulle's nationalistic regime. Within the Western bloc, Europe's autonomy consistently increased to an extent that by the mid seventies European nations took independent stand on several vital international issues such as the war in Vietnam, Middle East conflict and interpretation of its genesis, and action of OPEC countries.

The final blow to this monolithic bipolar power structure came with the withdrawal of the United States from Vietnam and the rest of Indo-China and victory of the communist forces in these countries which indicated to a number of Asian countries allied to the USA the need for collective self-reliance as well as left them free to act independently in international politics including forging unity with the rest of the LDCs.

Second, as the decolonization process preceded further and more LDCs became members of the United Nations and its affiliated agencies, the LDCs developed a new cohesion, and unity and political power especially after the 1973 Arab-Israeli war. The earlier efforts of the LDCs to unite and establish themselves as independent groups starting from Bandung Conference received several setbacks due to conflicts and wars between some LDCs especially the Sino-Indian border conflict and the overthrow or death of several political leaders of the LDCs who challenged the international domination of the MDCs. But gradually in late sixties and early seventies the movement for unity gained momentum. It also expanded its scope from merely a posture of non-alignment toward military alliances to deal with issues of economic and political inequality and racial discrimination (Mazrui, 1975) and encompassed the three continents of the Southern world.

This unity was consolidated in several later conferences in Lusaka (1970) and Algier (1973) and the formation of Group of 77 in 1971 and its later expansion to 100. It gained further strength from the entry of the People's Republic of China into the United Nations, and the greater unity and cohesion among the Muslim countries to act as a power bloc on certain issues showing considerable independence from the two superpowers.

Finally, the 1973 Arab Israeli war led to Arab oil embargo and raising of oil prices by OPEC which further strengthened the unity of the LDCs in spite of the fact that this action had negative effect on the economies of some LDCs. The action of OPEC forced the European countries and Japan, highly dependent for running of their industrial complex on oil, to move further away from the United States. Thus, while unity of the LDCs for a new world order was increasing, that of the Western MDCs to preserve the old order was declining.

Third, the naive optimism generated by the success of the Marshall Plan in Europe that with Western technology, financial and technical aid the LDCs could rapidly develop on the pattern of the urban-industrial West did not materialise. Instead, countries dependent on Western aid found themselves becoming more and more dependent on aid without really developing. Only a small class of urban and rural elites benefitted from most of this aid and large masses of the LDCs were either completely left out of this process or were further impoverished. This created a serious disillusion with Western concept and strategies of development, especially when in contrast, China, with more difficult problems, could eliminate poverty, unemployment, etc. without much external help and

through internal mobilization. This further demonstrated the inefficacy of the Western aid and strategies of development.

Finally, when OPEC countries through their concerted action were able to bring about a significant redistribution of international wealth, both the negative effects of existing economic order on development of LDCs as well as efficacy of concerted action to create a new equitable international economic order were dramatically demonstrated. As a result the movement for restructuring leading up to the 1974 and 1975 sessions of the General Assembly which passed the relevant resolution on the NIEO.

III

Strategies and Options at International and Regional Level

The preceding historical review suggests that the contemporary international order is in a state of flux losing its old stability and resilience but the forces for ushering in a new democratic, egalitarian and equitable order which could ensure the unfolding of creative potentialities of various societies in their historical and cultural contexts are not yet strong enough to translate their ideological consensus on NIEO into concrete strategies for its implementation. The world has to undergo further changes, and international institutions, regional organisations, national and local political groups favoring a new world order have to emerge and evolve to implement a set of strategies and programme of action which result into the realisation of this Order. This section will deal with identification of some of these issues, strategies, and programme of actions.

As the historical analysis of the evolution of the old order suggest, there is a close interdependence between various aspects of this Order the political, the economic and the cultural. Consequently a new economic order cannot be created merely by a change in the economic aspects of the old order unless simultaneous supporting changes occur in the field of international politics and culture. On the other hand, as the above analysis has suggested the old order, like all social systems, contains within it impulses for change, which under appropriate circumstances, could undermine it and prepare the foundation for the erection of a new order. To an extent these impulses for change are already emerging as discussed below.

The critical factor which weakened the old order is the undermining of the

foundation of the old international power structure reflected besides in many other events and actions, in a whole new configuration of interests and emergence of a new bloc of Third World nations supported in general by communist countries. Due to the multi-polarization of world power structure and reluctance of the United States to take military action in support of its allies in the aftermath of Vietnam, and weakened internal unity of the Western MDCs, it has increasingly become difficult for the dominant MDCs to effectively pressure the LDCs to follow their policy in international politics and break the unity of the Third World. Recent attempts in this direction have not produced the desired results.

Secondly, the United Nations agencies which were previously dominated mostly by the Western powers, both in their governing organs as well as secretariats, due to the above noted changes, have come out of their power monopoly, to some extent, and show a certain degree of autonomy in their actions. As a result they are increasingly becoming a forum for articulating the need for a new order as well as propose blueprints for it.²

Thirdly, there is a growing awareness among Third World intellectuals and social scientists that they should reject those elements of the Western intellectual and social science traditions which are ethnocentric and which serve to legitimise and thus perpetuate the inequitable old world order. There is also evidence of a certain degree of commitment by a minority of Third World intellectuals to actively support the creation of the new world order and seek intellectual self-liberation. This is evident in the emergence of a Third World Forum, committed to what it calls "intellectual self-reliance", and which provides a platform for an exchange of views on alternative development strategies, and intellectual support for the Third World for devising their policy options.

To an extent the UN sponsored as well as other regional and training institutions seemed to be engaged in a self-appraisal with regard to the relevance of research and training they are imparting to the Asian policy-makers and are moving toward investing more of their energies in major regional and international development issues, questioning their traditional, narrow and technocratic roles. Finally, it could be hoped that the establishment of the United Nations University would further stimulate research on problems which are vital to the LDCs and suggest effective strategies of solving them, unfettered by the ideological constraints emerging from Western social science and intellectual traditions.

While there are indications as noted above that the traditional unequal political

power structure is to some extent weakening, and that initial steps toward intellectual self-liberation are being taken, the economic inequality and dependence of the LDCs on MDCs as a whole continues and in some respect is further aggravated. The average per capita income in the LDCs constitute a small percentage of those of MDCs and the gap is likely to widen in further (Woodhouse, 1973: 21-22) except probably for some of the OPEC countries even though their average per capita income remains much lower than that of the MDCs.

This widening gap, increasing dependency and inequality is partly due to the internal factors of the LDCs but considerably due to the current international economic structure. This structure is uncondusive to the development of the LDCs in several ways. First of all, the structure of international trade, the "specialisation" of world economy, favors the MDCs. The raw material products of the LDCs get extremely inadequate price compared to what their opportunity cost would justify. The LDCs receive only \$30 billion of their primary export products (excluding oil) while the consumer in the MDCs pays about \$200 billion for the finished products, the balance eaten up by the middlemen and the international service sector controlled mostly by MDCs (Haq, 1975a). On the other hand, exports of MDCs to LDCs are sold at very high prices both because original cost of production due to higher wages and high profits as well as because shipping and in several cases, even distribution of these products in the LDCs is through the MDCs own agencies or agencies controlled by them.

Further, the MDCs, in general, have restricted the movement of factors of production entering the international market by raising high walls of tariffs around them. Consequently, the manufactured products of the LDCs cannot enter and compete with the local products of the MDCs in their markets. Thirdly, in some cases, the governments of the MDCs subsidise the prices of some of their products, as the case with the farm products in USA which created similar barriers.

As a result of the above, the terms of trade for the products of the poor countries have been worsening by an annual 2.2 percent adding up to 44 percent during the last two decades (UNTACD, 1975). This effectively weakens the argument that the development of the MDCs and under-development of the LDCs are unrelated and are purely attributable to internal factor.

Second, despite the fact that through international trade, considerable resource of the LDCs have been transferred to the MDCs transfer of development assistance and

funds have been extremely niggardly, inadequate to give a real boost to the development process in the LDCs. The development aid was predominantly in bilateral form and usually subordinated to political and other interest of donors. In overall, the targets of the First and Second United Nations Development Decade of transfer of development of funds from the MDCs were never met and seem of the richest countries were most reluctant to meet this target (McNamara, 1974). Besides, the terms and conditions of provision of official development assistance were such that it added a heavy burden on the scarce foreign exchange resource of the LDCs. As a result, most LDCs are in a situation that they would be unable to repay even part of the \$120 billions debt for the next several decades without totally slowing down their development and putting major part of their foreign earnings, which in any case are declining, at the disposal of the MDCs. Servicing of these debts also cancels out about half of the current amount of development assistance being provided from the MDCs (Haq, 1975: 120). Therefore, it is no wonder that a researcher after examination of considerable data, concluded that "debt dependence definitely does not facilitate economic development" (Chase-Dunn, 1975: 735).

Third, the Brettenwood Institution, IMF, and IBRD, are predominantly controlled by a few rich countries and consequently their policies are naturally oriented to serve the interest of these countries (Hayter, 1971). Consequence of this, particularly in the case of IMF, are negative for the developing countries. They get very little out of the international liquidity created by the IMF. "Out of \$102 billion of international reserves created during 1970-74, the developing countries received \$3.7 billion or less than 4 percent" (Haq, 1975a: 160). The rich countries especially the United States, have in the past increased its dollar supply through deficit financing and thus leading to depreciation of the value of the dollar reserves of the poor countries either with IMF, other international banks, or national banks.

Finally, the operations of the multinational corporations work generally to the disadvantage of the poor countries, a conclusion about which the consensus now is increasing even in rich countries. The liberal concession which they get sometimes by corrupting the governments of the MDCs and bureaucracy for the use of cheap labour and raw material, the remittance of profit all work to the disadvantage of the poor countries.

While the effect of any particular element in the international economic structure on any particular country or set of countries varies, the combined overall impact of all these factors-- unfavorable trade, control over international credit, heavy cost of niggardly transfer of capital resources, and operation of MNCs on the LDCs-- reinforces each other

and constitutes a significant negative factor in their development.¹ The New International Economic Order is an initial effort to change this structure.

Effective strategies for implementation of the NIEO at international and regional level could suggested with three sets of assumptions pertaining to the behavior of the MDCs and LDCs;

- 1) That all MDCs and LDCs would cooperate both in their own interest as well as the interest of the survival of mankind and bargain, and negotiate how to implement the blueprints of the NIEO.
- 2) That some MDCs and some LDCs would not join in this task but majority of them would do;
- 3) That the "privileged minority" of rich countries like all privileged elite would perceive the NIEO as threatful to their existing power and privileges, and therefore would opt for confrontation rather than cooperation.

It could be argued that the first assumption is likely to hold true, and probability of this will be estimated a little later, which would make the ushering in of the NIEO easier. Implementation of NIEO would require marginal sacrifices from the MDCs² in terms of an insignificant slowing down of their growth rate, and weakening of their predominant political position, but would not substantially alter their life styles requiring serious deprivations. The MDCs could also see, and a considerable number of them has already realised, that as the world becomes more interdependent, the power of even a weaker part of it to disrupt the world economic system may further increase which could be core detrimental to the MDCs than the LDCs which in any case are existing on a subsistence level.³ Besides, as nuclear weapons proliferate, and the monopoly of a few countries over

¹ If one takes into account simultaneously the transfer of resources between the poor and the rich countries it appears that there is an annual average of \$8 billion flow of development assistance to the poor countries; while through trade, the rich countries gain \$150 billion annually merely from the import of raw materials and minerals. Besides, what they earn from the sale of their manufactured products in the LDCs, and the remittances for debt servicing and operations of the MNCs, put all together, there could be considerable net transfer net transfer of resources from the poor to the rich countries.

² The world Bank has estimated that if the MDCs contributed a two percent of their estimated future growth rate to official Development Assistance for the LDCs, it could substantially effect the standard of living of the LDCs. Mr. McNamara has reported that several MDCs, especially the richest ones, are reluctant to make such contributions (McNamara, 1974).

³ A report of the "Seminar on the International Economic Order and UNTACD IV" held in Hague in which official of Dutch Government, bankers, and university professors participated states: "The danger of not

them ends, which is very likely to happen in the next two decades, the potential threat of their use by an LDC when in a tight political or economic corner from a rich country may increase, a probability which again may enter into the calculations of the MDCs in favour of creating an international order which does not lead to such desperate acts (Powers, 1976a).

In the circumstances that the MDCs cooperate with the s then the LDCs can seek the following changes in the present economic order based on the principles stipulated by the General Assembly resolutions:

- 1) Long term development aid and finance are taken out of the present bilateral context to make them more and more multilateral under the control of international institutions;
- 2) Instituting some sort of international levy or tax on the use of international commons such as seas and biosphere so that development aid is taken out of its charity context and becomes more an international community (Strong, 1974);
- 3) Greater control by LDCs over processing, shipping distribution of raw materials originating from them, as well as creating conditions in which the raw material and manufactured products of LDCs get adequate prices.
- 4) Creating international food reserves to be controlled by a world food authority;
- 5) Regulating the conduct of the MNCs so that their operations become beneficial to the host countries.

Mr. Mahbub ul Haq, World Bank Economist, has proposed that for this purpose the following four institutions may be created to serve these functions respectively.

- a) an international central bank by restructuring the IMF;

moving fast enough in reorganizing the international economic system and establishing the necessary mechanisms for redistribution may result in further polarisation with economic and political consequences for all, and this may well be more devastating than any thing we have experienced in the present crisis. "(Final Report, 1975; 3). A considered number of European and British scholars and officials accept the need for

- b) an international development fund by restructuring the World Bank;
- c) an international trade organization; and
- d) a world food authority.

He further suggests that these institutions may be placed under a World Development Authority which besides coordinating the work of the above four institutions also serve as a "global economic planning commission in an advisory role". These institution, as he suggests, could emerge out of the reconstitution of the IMF and the World Bank as well as by creating additional institutions (Haq, 1975b). However, what is important is that these institutions are placed under the United Nations where they could serve the LDCs more effectively than is the case with the IMF and the World Bank dominated by the Western MDCS. These proposals need serious consideration.

In case the first assumption does not hold true, the complexity of problems arising from the second assumption holding true would depend upon which countries would not opt against cooperative solution and how strong a position they would take on the issues involved. From among the Western MDCs, the United States is the country which is relatively less dependent on the Third World for its raw material and have the economic capacity to go on its own. From among the LDCs there may be some countries which if the United States take an antagonistic position to the implementation of NIEO or if they perceive that the burden of initial costs of implementing this Order would be greater on them than its benefits, they may opt out or remain on the periphery of the struggle. If the United States does not adopt a hostile attitude toward the NIEO, but remains neutral, something which seems unlikely for a great power, some of the measures suggested above as well as several provisions of the General Assembly resolution could easily be implemented. A small number of the LDCs opting out would not substantially effect the implementation of the NIEO, especially if they do not together control any critically important raw material necessary for devising effective strategies under the third assumption.

There is some evidence that the third assumption rather that the first may hold true. Among the six countries which voted against the "Charter of Economic Rights and Duties

of States" which is the basic document pertaining to NIEO including two "big powers" and permanent members of the security councils the United States and the United Kingdom.⁴ The United States have used implicit and explicit military threats against possibility of OPEC countries raising oil prices to a level where this could strangle the economies of the Western MDCs. The Ambassador of this country to United Nations has declared that a major aim of the foreign policy of his country was to break up the unity of the Third World (*Herald Tribune*, 29 January 1976). Besides, the United States for a long time resisted the demand of the OPEC countries to negotiate the prices of the products of the LDCs together with oil, demanding that prices of oil should be treated as a separate matter although finally it acceded to the demand of the LDCs.

Further, like all privileged minority whose interests are linked to the status quo, some of the MDCs interpret the proposals for restructuring of the NIEO as a "confrontation", which may be a form of what psychologists "projection" (Fromm, 1961) in which one's own hidden motives are projected on the perceived opponent. What strategies and options are available to the LDCs if a situation like this develops?

The important factor in determining whether the NIEO is really created would be the extent of combined bargaining power of the LDCs based on the unity of the LDCs and their willingness to pool their resources to force the recalcitrant MDCs to cooperate in this task. In the absence of military capability of the LDCs and presence of the high military capability of the MDCs, the only effective power the LDCs have is their number. At present the population of the LDCs is about 70 percent and that of the MDCs 30 percent (which if the present trend continues would shrink to 20 percent by the end of this century). In such a situation the dependence of rich nations on the poor nations will greatly increase over time for their natural resources, the use of their space and oceans, even for their labour and effective demand. This is likely to create "reverse dependency" where the life styles of the rich will come to depend on the continued good will of the poor (Haq, 1975c).

One need not, however, underestimate the problems involved in maintaining the political unity of the LDCs to use this "reverse dependency" to their advantage. First, the LDCs suffer from lack of self-confidence and lack of conviction in NIEO in spite of all the rhetoric at international conferences – an attitude which all people subjected to subservience for a long time at initial stages of their struggle for liberation exhibit and

⁴ There is some evidence that the United Kingdom is revising its attitude as evident from its position in the Rome Convention and its proposal at the commonwealth meeting in Kingdom to set up a Group of Experts to examine issues relating to NIEO (Green and Singer, 1975).

which was present in the colonial people at the initial stages of the process of decolonization. In this respect, intellectuals and social scientists of the LDCs have to play a critical role of first liberating themselves from intellectual thralldom and then demonstrate that the creation of NIEO is not an exercise in utopian thinking but grounded in solid facts and dynamics of history.

A second problem would emerge from the internal schism, divergence and incompatibilities of the so-called national interests of some LDCs, and apprehension that implementation of NIEO or "confrontation" with the MDCs may cause unequal and unbearable sacrifices. This problem may be compounded if there is a positive effort on the part of some MDCs to break up this unity through temptation of aid, trade, political protection, special concessions, and military threats.

To maintain the unity of the LDCs and increase their political and bargaining power would require further strengthening the forces that are initiating and sustaining the actions in the direction of change in the contemporary order. It would require strengthening the United Nations and its affiliated agencies, and protecting them from financial and political pressures to revert to their old role of becoming instruments of traditionally dominant powers.⁵ It would require strengthening, and wherever they are absent, creating regional organisations like ASEAN, OAU, etc. so that they could protect and sustain the individual LDCs vulnerable to external pressures as well as evolve common stand and policies on regional economic, political and cultural issues affecting them and thus jointly withstand the pressure from dominant countries and protect their interests. It would require that the LDCs do not rely for the resolution of their mutual conflicts on the United Nations alone where the dominant powers still wield effective power at least in some of its organs or seek the intervention of the dominant powers for resolution of these conflicts, but negotiate, reconcile, and settle them through their regional associations (Saedjatmoko, 1975: 31-33).

A second option for the LDCs is to regulate or withhold the supply of important raw materials and minerals such as oil, copper, tin, natural rubber and, to an extent, bauxite. Withholding the supply of these resource would not only cost the MDCs the \$150 billions

⁵ It is unfortunate that usually it is the small active lobbies in some of the powerful countries which have turned against the UN agencies and are effectively blocking the supply of funds and resources to them. Obviously if the international institutions have to survive, and without them they would be more "ungovernable" than it is now, then the effective devices should be developed to spare them from the pressures of these lobbies uniting a country or the actions of an individual country or a group of countries which become unhappy with any of its resolutions or actions.

which they earn from them annually but disrupt their life style, cause depression, unemployment and dislocations which the MDCs would hardly consider worth the cost of maintaining status quo. Development of substitutes of some of these materials will be highly expensive for the MDCs in view of the high prices of oil which is one major source of producing synthetic substitutes.

This of course could be counteracted by the MDCs by withholding the supply of food, technology and capital needed by the LDCs. But this could be successfully met through a development strategy of collective self-reliance at local, national and regional levels in which the OPEC capital is used in producing food adequate to meet the needs of the population of the LDCs (Haq, 1975).⁶

A third option before the LDCs would be to nationalize and appropriate foreign investments and properties and cancellation or indefinite postponement of the payment of estimated \$103 to \$120 billion debts and withdraw undue and exploitative concessions from the MDCs, etc. This would considerably reduce the burden of foreign remittances which is crippling their economies. Of course, there are moral and military arguments against such a course. The debts incurred should be repaid and property of foreign nationals should be protected and should not be appropriated without compensation. But there are obviously strong moral and economic counter arguments. Obligation to repay a debt is partly linked to the capacity to repay as well as the effects of this debt on the development of the country concerned. If debts become an unredeemable burden which block further development of the LDCs there is no cogent reason for their total and regular payment. Similarly, where foreign investment had led to repatriation of profits several times that of the original investment, it is questionable whether the poor countries should go on "protecting" this investment against their own interests. Similar withdrawal of the concessions granted to the MDCs is the sovereign right of the LDCs when they find them not to their advantage.

Another argument against these actions would be the military one. The MDCs could use their superior military capability and take over some of the countries which take such action. However, recent historical development show that it is unlikely to happen. First, the days of colonialism and gunboat diplomacy seem to be irreversibly gone and it will be difficult for any military adventure against a poor country to succeed, especially when the

⁶ It has been estimated that if per acre output of the Indian agriculture could be raised to the level of Egypt, it could feed all the population of the LDCs. This may appear difficult but certainly not impossible (Powers, 1975b).

LDCs are united and the MDCs are disunited on such an action as the 1956 Suez adventure demonstrated. Recently several countries have nationalized properties of oil companies without any action from the rich country. Finally, military superiority of the MDCs may be no guarantee that they could be immune from a selective military damage, if with nuclear proliferation, some of the LDCs come to possess nuclear weapons and employ the "strangulation" argument originally used by Western countries to use them when in right corner.

Finally, another weapon in the arsenal of the LDCs is to withhold demand on the manufactured products of the MDCs, their capital and technology by evolving a new and more realistic concept of development, greater internal mobilization of indigenous resources and development of appropriate technology, greater diversification of their economies and encouragement of greater trade among the LDCs; in short, adopting a strategy of development based on collective self-reliance which is discussed in more details in the subsequent section. This strategy may not have very serious consequences for the MDCs, though certain consequences will naturally follow, but it could ensure a certain level of development in LDCs, and certainly free them from dominance-dependency structure which is a serious obstacle to their development at present.

IV

Strategies at National and Local Level

There is a cogent case that without a benign international environment or establishment of a new world order, the chances of authentic and rapid development of the LDCs are considerably limited. However, the success in creating this new order is equally dependent on several transformations and changes within each LDC which would liberate their internal energies and resources, and increase their bargaining capacity vis-a-vis the MDCs as well as free them from the control of the MDCs, thus obliging the latter to accept the necessity of creating a new order.

The patterns of inequality, exploitation and structural dependency which prevail between the MDCs and the LDCs are replicated at the level of each LDC. The extremes inequalities of income and wealth prevail between the rich and the poor classes, between the urban and the rural populations, and between various ethnic groups and regions within less developed countries (Adelman and Morris, 1971). The unfavorable terms of trade which prevail internationally also prevail between the rural and urban areas, and the rural

producer of raw material gets only a small portion of what the urban exporter receives from the international market. Furthermore, with the type of land tenure system prevailing in many LDCs, especially in the Asian region, the landless laborer, the tenant, and the share cropper do not get adequate reward for their

Similarly as the dominance of international monetary institutions by the MDCs leads to lack of access to development fund and credit to the LDCs, so the poor classes in the LDCs lack access to these funds and credit from national institutions. Consequently the poor are caught in a web of exploitation by the local moneylender on whom they are dependent for meeting their credit needs.

In short the structural dependency prevailing at international level which limits the prospects of the LDCs to fully develop is reproduced at national level. The poors in these countries do not have control over forces which determine their fate and keep them poor. Their participation in decision-making processes affecting their fate is extremely restricted. The urban-based industrialists, merchants, bankers, politicians and bureaucrats as well as the rural-based landlords and middlemen control the forces which determine the fate of the poor.

While every LDC has to develop and grow in its own historical and cultural context there are certain common strategies which could reduce their dependence in the MDCs and enable them to achieve the internal transformations which seem to be prerequisites for the creation of the New Order. A few of them are discussed below.

First, the LDCs need to seriously examine the relevance to their situation of the concept of development which has guided the western countries in the last several centuries and which has been diffused in LDCs through various mechanisms including technical assistance programmes and education of the elite of the LDCs in the West. This concept has several dimensions which need to be examined. The core of this concept is a cluster of values which includes understanding of nature to gain control over it, belief in the unlimited progress of man, belief in the preeminence of economic relationship to which the remaining socio-cultural relationships are subordinated, an individualistic orientation which manifests itself in holding each individual responsible for his economic fate rather than the structure of the society and distribution of power, and sanctification of private property owned by the individual. In their institutional manifestation, these values are enshrined in the mechanism of the market as allocator of values, a form of government which protects the right of private property and only marginally regulates the

"excesses" of the operation of the market and private property.

The concept of development, as evolved in the historical context of the West is culturally specific to it as several great scholars including Max Weber, Tawney and Polanyi have suggested and is not necessarily rooted in any "evolutionary universal" of human history unlike what Parsons seems to suggest (Parsons, 1971).

The adoption of this concept of development in the 19th century led to a considerable transformation of the traditional social structure of the West leaving the individual uprooted from any sustaining human social moorings, setting him in a competitive framework in which the rules of the zero-sum game prevailed (Polanyi, 1957). The driving forces of the "acquisitive mentality", productivity, efficiency and what Weber called "formal rationality" created a new social structure in which the individuals were organized hierarchically in bureaucratic organizations, on the basis of predominantly antagonistic interests and thus mutually alienated from each other. In the twentieth century, though some of the institutional forms in which this concept of development was enshrined were to an extent modified, such as acceptance of the interventionist role of the state, and certain limitation on ownership of property, and use of human relation techniques in bureaucratic organization, the basic structure of society and values underlying it remained intact and produced alienation, anomie and what Eric Fromm called an "insane society" or Herbert Marcuse "one dimensional man", and Rausser "other directed man". This produced in the capitalist West counter-movements especially among the young who sought values beyond consumption of abundant material goods and gadgets, and rejected the dichotomy between work and joy. This concept of development also produced a serious degree of disequilibrium in nature as the pace of man's control over nature, driven by voracious hunger for more goods, more profit, more wealth, led to the depletion of natural resources, pollution of the biosphere, and other negative consequences which endangered man's survival on this planet (Ward and Dubos, 1972).

In view of these consequences of the western concept of development the LDCs need to examine to what extent its adoption generates structural dependencies on the MDCs, expose them to similar ills from which the MDCs are suffering, and generates internal institutional malformation and distortions (Holsti, 1975).

As concrete measures, LDCs need to abandon the aspiration for achieving a standard of living of the MDCs which is in any case unfeasible for them and which has not so far produced the conditions and stimuli necessary for "breaking up of a human nuclear"

or unfolding of potentialities of the vast multitude of human masses in LDCs, enabling them to control their environment. Imitation of this concept of development has not even been assured for their upper middle classes of the MDCs. Instead, learning from the traumatic experiences of the MDCs, and realistic assessment of their own cultural heritage, and historical constraints, the LDCs should evolve a new concept of development which assures most of their people an adequate standard of material comforts compatible with the unfolding of their potentialities, and compatible with gratification of a hierarchy of other human needs such as the need of belonging to a stable and warm human group as well as working for the fulfillment of ego-needs for respect and esteem, and meta-needs for self-actualization (Maslow, 1971). This would require that the elite in LDCs cease imitating the standards of their western counterparts, and strive for collective upliftment of their societies as well as ensure an adequate degree of freedom of the individual and the group necessary for the emergence of differentiated identity. Such a concept of development could be grounded in and reinforced by various indigenous cultural traditions of the LDCs (Dube, 1975; Pieris, 1975). The obvious economic and political implications of this change in conception of development would be the reduction of demand for the luxury goods by LDCs imported from MDCs as well as the transfer of resources used for production of these goods in LDCs for more useful social purposes.

Further, the LDCs must examine the Western concept of development usually has implied a gradual and incremental process through which a society acquires a new set of values and technology and achieves a new equilibrium adequate to maintain it in its environment. It also implies a dichotomy between those who are "developers" and those who are to be developed; the former presumably moved by altruistic motivation and professional ethics, and being repositories of greater insights about development of society, technical skills, working toward improvement of the lot of the less developed; the latter presumably being the passive object of development whose attitudes, values, and skills constitute an obstacle to the development process (Werthiem, 1973) and therefore, they need to be re-educated and manipulated to abandon resistance to development and get acculturated to the requirements of the new equilibrium which their society is seeking. The dichotomy applies both at the level of the MDCs and LDCs as well as within the developing countries where the modernizing elite in government are "developers" and the general masses are the object of development. This dichotomous concept is negation of what Maslow calls the "Taoistic attitude of detachment" (Maslow, 1971: 53-54) toward those with whom one shares certain knowledge and experience to enable them to recognise the best way of becoming "fully themselves" rather than imposing on them a set of prescriptions to make them imitations of another self. It is also a negation of what

Friere calls "critical and liberating dialogue" (Friere, 1972) which helps the common people to raise their level of critical consciousness (Friere's calls it "conscientization") and enables them to gain control over their existence. The traditional concept of development also implies a high degree of paternalism and passivity generating dependency.

Recognising these negative implications of it, there is an increasing dissatisfaction with the western concept of development which a distinguished Brazilian scholar suggests should be replaced by the concept "liberation" as it connotes overcoming structural vulnerability, achieving cultural autonomy, and "alter relationship between director and directed societies, between privileged elites and the populace at large within all societies" (Goulet, 1971). If the full implications of the new concept of development called "liberation" are accepted it would require restructuring a whole set of traditional relationships between the "development" agents and the object of development, the human masses. In most LDCs, the development agents are the civil and sometimes military bureaucracies and urban-based middle and upper class political parties which have a particular view of development consistent with their privileged status in the society, focusing on gradual and technical change within a framework of overall stable power relationships.

These institutional mechanisms of development, instead of encouraging autonomy and freedom of the oppressed masses, use their power to contain impulses for significant transformation of the society of the LDCs, and maintain the status quo in core power relationship by implementing marginal development solutions which reduce tensions in the social system and defuse the urge for change. Their power to control society increases as they become "modernized", rationalized and equipped with knowledge and skills of controlling and conditioning the thought processes of their objects, the people, through management training (Inayatullah, 1975a). To adopt the concept of liberation instead of development would require creation of institutions and groups of people which are autonomous and self-reliant, which could promote critical consciousness among the masses, and withstand the external controlling pressure emanating from the elite. It would further require at policy level that the bureaucracy and political parties be responsive to these new organizations and articulator of their views and interests where they affect the overall national development process.

Secondly, the LDCs need to examine the historical context of the West in which certain strategies proved effective and certain options became available for the achievement of their type of development and determine to what extent the contemporary

conditions of LDCs are historically similar to permit employing the same strategies and the same options. The West developed through centralization of political power in nation/state, industrialization, and urbanization through a slow and evolutionary process spread over a period of several centuries. In this period the major portion of the traditional rural population was absorbed in the cities as expanding industries were creating more jobs, and the remaining population became modernized as marginal of agriculture improved and means of communication and transport linked these areas to urban centers.

Further, most of the western countries could shift the burden of industrialization on to their ill-organised pleasantries as well as to the colonies (Moore, 1966) which spared them major political cataclysms and revolutions. Both these processes became possible because the European population during the time of the industrial revolution was increasing only at the rate of 0.0% according to an estimate. Finally, the western urban bourgeoisie proved a progressive force within a regime of laissez faire, unrestricted by traditional forces whose power has been broken, and spurred by profit motive achieved a major technical and social transformation of the western societies.

None of the above elements of the western historical situation are present in the contemporary siltation of the LDCs to permit the effective use of western strategies and options. First, their centralization and nation building process in several cases have not advanced to an extent that they could in the name of "nation" require the politically less powerful groups to carry the burden of development, patiently waiting for the time when they could benefit from it also through the trickle-down-spread effect. If the elites in LDCs shift the burden to these groups, the elites face the threat of either secession from underprivileged ethnic groups or revolution from peasant. Further, the burden of industrialization which was partly shifted by western MDCs to their colonies, the LDCs have to totally place on their rural populations which can hardly sustain it in its present impoverished conditions, and would probably respond violently to such a strategy especially as in some LDCs peasant-based revolutions offer tempting alternative solutions.

Finally, the population in LDCs is increasing much more rapidly both in rural and urban areas than in the comparable European period which further swells the already swollen population of urban centers which are neither capable of offering them new jobs nor modernizing them. The impulses of social and technical modernization reading the village produce consequences which further worsen the rural situation, creating an army of impoverished peasantry on the one hand and concentration of wealth on the other hand

(Griffin, 1974).

In view of the above, it is no wonder that western gradualistic, reformistic and capitalistic strategies of development have not produced the results which they produced in the west. Instead some of the LDCs especially, China, has experimented with a new development model relevant to its conditions which in some respects has produced substantial results. The essential ingredients of this model are: self-reliance, political mobilization of peasantry through encouragement of local participation, building hierarchical self-sufficient collective units of production and consumption, greater emphasis on agriculture, building medium scale industries including agro-based industries decentralized all over the country, discouragement of production of luxury goods and great stress on distributive justice, and finally radically transformation of the traditional social system(Schwartz, 1973; Nakagane, 1974; Schramm, 1975). The Chinese model cannot be replicated out of its historical context as the Chinese leadership aptly emphasizes. But several LDCs may find some ingredients of this model much more relevant to their contemporary conditions which could lift them out of their current stagnation. If this happens obviously their dependence would decrease and implementation of a New International Economic Order would become more feasible.

Finally, to reduce their dependence on the MDCs the LDCs should be innovation of appropriate and relevant knowledge and technology compatible with the concept of development of strategies described above rather than become a passive importer of western knowledge and technology.

The effects of transfer of knowledge, both of natural and social sciences, from the MDCs have been considerably analyzed and generally found to be dependency enhancing. The universities, research institutes, the natural and social scientists, at least, produce knowledge which brings prestige to them in their western reference groups, and frequently promote research on problems marginally relevant to the problems of their societies. At worst, they become what Professor Alatas calls "retailers of western knowledge", or captive minds (Alatas, 1972) accepting definition of research problems which do not exist in their countries and employ exotic research techniques which produce an mass of information without a glimmer of insight. Finally, frequently, the scientists especially social scientist, to avoid any possibility of confrontation with the existing power structure, tend to examine problems which are either of minor significance or enable the power-holders to restore a new equilibrium to the disequilibrated societies and thus consolidate the status quo. The analysis of the total functioning on society, its power structure, processes of its

persistence and change receive less attention (Pieris, 1969), the analysis which could generate the critical consciousness among the population of LDCs and facilitate their transformation (Ashraf, 1975).

The transfer of western knowledge or its reproduction in MDCs serves the LDCs ill in several other ways. It legitimises the existing inequitable international order by imparting distorted image of the existential reality and historical dynamics. It facilitates the acceptance of a view that development and underdevelopment of societies are structurally unrelated, MDCs achieving their developed status through unfolding of their internal dynamics and the LDCs not developing because of their failure to follow the "universal laws" of development and their internal conditions (Ashraf, 1975; Inayatullah, 1975). Further, this knowledge sustains and reinforces concept and strategies of development which besides being dependency producing also fail to produce development and distribute the fruits of whatever development evenly, blocking further internal development of the LDCs (Dube, 1975; Mullick, 1975: 15-16).

Finally, imitating a misperceived model of natural sciences and believing in the myth of the value neutrality of sciences, the social scientists seek a detachment between diagnosis of a problem and action needed to solve it and thus maintain a sublime indifference toward those affected by underdevelopment, an indifference sustained by their class background. This deprives them of an access to "true knowledge" that is born from an intimate contact with existential reality established without social and intellectual barriers. As a result, the knowledge produced generally in LDCs within the borrowed conceptual framework, and methodologies is empty of substance though occasionally having a facade of formal validity.

The dependency producing effects of hard capital intensive technologies imported from the MDCs have been well documented (Cooper, 1973; Griffin and Enow, 1970; Kuitenbrouwer, 1975). The transfer of capital intensive technology displaces locally abundant input of labour, makes the LDCs dependent for import of spare parts and thus adds to their foreign exchange deficit, as well as place them under bondage of the enterprises and companies which transfer this technology linking its outputs not only to their own benefits but to those of their national economy. Further, the ease with which technology could be imported creates a pressure that "other factors" are "adjusted and changed" rather than the imported technology is adjusted to local situation for its optimum use. This in turn reduces pressure for developing indigenous appropriate technology which could produce development, stifling creativity among the scientists and the technicians of

LDCs to evolve appropriate technology.

What follows from the above analysis is that to become self-reliant and independent, the LDCs must bring about significant changes in their educational system and create an environment which promotes scientific creativity and makes science and technology relevant to the development problems of the LDCs. This of course does not imply that the scientists in LDCs should operate in a closed system, unaware of the development in science and technology in the MDCs but that they should not be overwhelmed or overawed, or develop an imitative attitude towards them and lose their intellectual moorings.

To build self-reliant societies and economies, the LDCs need to examine the role of foreign aid, loans, foreign investment, and structure of foreign trade. There is considerable research evidence available now that the positive role expected of them has not materialized; in fact some negative effects have precipitated. There is evidence that foreign investment dependence retards economic development generally and in manufacturing and agriculture and agriculture particularly (Chase-Dunn, 1975: 733-734). The foreign debts have not proved to be a stimulator of development (Chase-Dunn, 1975). They have frequently aggravated income inequalities as well as perpetuated dependence (Griffin and Enos, 1970), as for repayment of debts either new loans are to be sought or scarce foreign exchange resource need to be diverted from internal productive uses. The structure on international trade instead of bringing the advantages presumably inherent in specialisation of would economy under the law of comparative advantage, has worsened the terms of trade between the poor and the rich countries to the advantage of the latter (UNCTAD, 1975) and drained resources from the former. Besides, where a poor country is highly dependent on a single export material to rich countries, its vulnerability to fluctuations in international prices remains high, sometimes leading to economic catastrophes.

Obviously, the creation of a New International Economic Order is being sought with the hope that these negative effects of foreign investment and trade would be minimized. But in the worst case where, due to the political and power factor involved, such an order cannot be created by the first of General Assembly resolutions, should not the strategies of self-reliance and collective self-reliance be pursued which makes the emergence of the NIEO inevitable?

This proposed approach to development in LDCs obviously has two limitations.

First, currently most of the world resources are controlled and consumed by the MDCs, and suggesting that the LDCs lower their developmental aspirations and entirely rely on their own efforts for development would be tantamount to supporting status quo, in which the MDCs continue to exploit and waste the work resource with their ever escalating aspirations of higher standards of living and of becoming richer without the lot of LDCs ever improving and consequently making this each uninhabitable, the poor countries suffering from it as well (Woodhouse, 1973). However, within the context of this analysis, this approach is being suggested only to decrease the dependence of the LDCs on MDCs and to enhance their bargaining position to redistribute world wealth and not to perpetuate the old order.

The second limitation in the strategy of internal transformation proposed here stems from problems of getting a new concept and strategies of development accepted by the elite of the LDCs. These problems stem from three sources. First the elite in the LDCs, whether overtly in collaboration with the elite in the MDCs or by sheer historic consequences of the operation of the present order, do not seriously suffer themselves from it and in fact, frequently, where foreign dependence generate further concentration of wealth and power, benefit from it. Whether they could go beyond supporting resolutions for the New International Economic Order which may result in a more equitable pattern of development within LDCs and affect their power and privilege negatively, is a critical questions.

A second problem emerges from the inegalitarian social and economic system prevailing in most LDCs which supports the power and privilege of the elite of the LDCs. To implement the strategy of self-reliant development would asking this elite to voluntarily liquidate the social structure which supports this position, abandon a life style to which they are accustomed and which they believe they have "earned" and are entitled to, this may be asking too much.

A third problem stems from lack of internal capacity to transform the highly resilient internal social structure of the LDCs, assuming that the political elite somehow become genuinely committed to its transformation. The dominant mobilization and administration apparatus are wedded to status quo. The internal social structure in many LDCs is strong enough to confine and control the impulses of the common man to break through this social structure.

The problem of whether the choice is to plan a self-reliant strategy of development

which is hopefully implemented by national elites to re-inforce the effort toward the creation of a New International Economic Order or whether the choice is to wait till internal developments in the LDCs lead to weakening of the existing social structure, needs to be seriously considered.

¹. A whole set of theories explaining the underdevelopment of the LDCs in terms of their internal characteristic cropped up during the last three decades. For a critical review of these theories, see Mark Kesselman, 1973; Tipps, 1973; Bodenheimer, 1970; and Inayatullah, 1975b.

². This, of course, is naturally considered by some of the Western countries detrimental to their interests and consequently they attempt to discredit the majority of the LDCs in the UN agencies by a charge of irresponsible international behaviour and engaging in an exercise in "tyranny of the majority".