

THIRD WORLD UNDER CHALLENGE: THE POLITICS OF AFFIRMATION

Michael Manley

I would like to begin by thanking the Third World Foundation for the extraordinary honour they do me in asking me to speak on this occasion.

Functions that inaugurate something are, by their nature, unique. Today, we launch a new lecture series and the idea of a Third World Prize. Neither lectures nor prizes are unusual. But I dare to believe that this occasion is important not only for what it inaugurates but also for the change in perception of the world that it reflects.

It is inconceivable that even ten years ago anyone would have thought the Third World sufficiently important to warrant a lecture series all to itself, much less a prize to celebrate the achievements of its citizens. Although it undoubtedly deserved this kind of recognition, we of the Third World lacked the confidence to know it.

Nonalignment and the New Economic Order

I would like to try today to share with you a perspective of the Third World as it has emerged since 1945 and, in particular, from the point of view of its experience within the world economic system. This will involve, of necessity, a consideration of the two most important contributions of the Third World to the international community: the Nonaligned Movement and the theory underlying, and the dialogue resulting from, the concept of a New International Economic Order (NIEO).

There are many who may delude themselves into believing that the Nonaligned Movement and the New International Economic Order have no necessary connection to each other. There are others who believe that the Nonaligned Movement is an attempt by idealists to impose a politics of unreality upon the hard, stubborn power configurations that determine the practical world in which we live. They doubtless dismiss the NIEO as the dream of idealists seeking to invoke by rhetoric an unreal international economy in place of an equally unyielding set of principles which shape the international economy in the image of a common, if outsized, marketplace.

Text of the Third World Foundation's inaugural Third World Lecture delivered in London on 29 October 1979.

January 1980 Volume II No.1

nearly one-fifth of the raw materials consumed domestically. Because of the relatively huge size of her economy, however, foreign trade is a smaller fraction of total production and consumption than it is for any other major economy – even though the relative importance of foreign trade, and therefore of interdependence with the rest of the world, has been increasing in recent years. Whether or not the US plays a consistent and constructive or a volatile and obstructive role, in matters of increasing concern to her own as well as the world's interests, is therefore of some considerable importance. To give but one illustrative example, today US multinational banks hold roughly half of the debts of the Third World countries, and about three-quarters of these debts are held by only ten American banks.

NIEO in 1980s

In much the same sardonic spirit as Voltaire, who once said that the point about the Holy Roman Empire was that it was neither Holy nor Roman nor an Empire, it is possible to say that the ideas usually encapsulated in the slogan 'NIEO' are not new but quite old; not so much international but, if practical, then they are dependent on certain crucial and prior domestic changes being made within the rich and perhaps also within the poor countries; not so much economic as political; and not so much about order as how to cope with a situation of prevailing and seemingly increasing disorder. It is wrong, however, even if now fashionable in certain circles, to assume that the need and demand for an NIEO already has passed its peak. In important respects pressure for an NIEO will be a prominent aspect of world affairs in the 1980s. For what is being sought in the name of the NIEO is a revolution in Ortega's sense, not so much an uprising against pre-existing order but rather the setting up of a new order superseding the traditional one.

Today, then, the phrase 'NIEO' indicates a broad agenda of items rather than any unambiguously agreed single programme. And international activities and efforts germane to such a broad agenda occur in many places, quite often simultaneously. Thus in recent months NIEO matters have been discussed, debated and dealt with in one way or another at UNCTAD V in Manila, at the Commonwealth Heads of State and Government Meeting at Lusaka, at the Nonaligned Summit in Havana, at the annual meetings of the IMF and the World Bank, and by the Brandt Commission, whose general report is expected to be available early in 1980. This is by no means an exhaustive, only an indicative, list of some current activities. There are nowadays so many facets, so many interlocking ramifications to these subjects, that it is far from easy to see them clearly and in the round.

Both views are simplistic and reflect a failure to come to terms with a world increasingly shaped by two contradictory phenomena: the dynamics of national independence; and the reality of global interdependence.

Discourse proceeds best where perspectives are confessed. I speak as an internationalist in perception, a democratic socialist by persuasion, a member of the Nonaligned Movement by commitment and a member of the Third World by circumstance.

There is unending confusion about the Nonaligned Movement. In particular, those who think that it was created to avoid involvement in bloc politics totally misconstrue both history and the motives of men like Tito, Nehru, Nasser, Nkrumah and Sukarno. Each of these was consumed with the fire of freedom. Each of these had risked his life, his personal freedom, his material well-being to lead his nation to the enjoyment of sovereignty. Each of these had come with his people to independence to find that its enjoyment was beset with obstacles and fraught with perils. There was the explicit political imperialism which still held sway with alien flags aloft in many lands. There was colonialism, the more insidious twin of the imperial evil; neo-colonialism, the means by which the system perpetuated itself after the external trappings had been dismantled; racism, the ugliest of the offspring; and there was the Cold War. A bipolar configuration of power had released hegemonic pressures in the world at that time. If freedom were obliged to genuflect to one side or another because neither could come to terms with the other, this also was an invasion of sovereignty; this also diminished the opportunities of freedom. The Movement opposed, and still opposes, all of these things to the extent that they limit the opportunities of the weak.

Affirmation and Struggle

It is a dangerous fallacy to believe that the Nonaligned Movement began on negative premises. Like all movements of significance in the world, it had its genesis in affirmation. As with all political phenomena, affirmation connotes struggle and struggle implies opposition. Therefore, the Nonaligned Movement did not begin simply because there were blocs. It opposed bloc power configurations, and it opposed imperialism and its allied 'isms' because they involved limitations imposed by the world political environment upon freedom. By the pursuit of its own logic the Nonaligned Movement is obliged to conceive of an alternative configuration for world politics. Its perceptions may be imperfect and its own performance inadequate. Nevertheless, it is driven by the logic of its circumstances and by the perception of its own needs to strive for an international polity that is governed by reason, informed by dialogue, and sustained by the principles of respect for sovereignty, regardless of power or size.

Detente has progressively reduced the relevance of the bloc problem to the Nonaligned Movement. The more visible and explicit political systems of domination have virtually disappeared with a few critical exceptions, such as Southern Africa. Hence freedom seems to be less and less frustrated by political

factors. Yet frustration is on the increase.

The economic system which covers world trade, international investment and the greater part of modern economic development represents the other aspect of the international environment within which the newly independent states of the Third World must operate. It is a system that was created as part and parcel, cause and consequence, of the great colonial empires that flourished between the sixteenth and twentieth centuries. In due course, the Third World had to discover by experience whether this was a favourable or unfavourable environment. The issue was the same as with the political system but the tests, of course, were different. Here, the questions were not whether competing systems of power would obtrude upon decisionmaking. Rather, it was a question of whether this environment favoured the rapid and equitable economic development of countries whose economies had been both deprived and distorted by exploitation.

Freedom answers the need of the spirit, but must be sustained by the experience of the body. And, here, experience was a harsh and sudden teacher. The experience of the nations of the Third World spoke of an environment hostile to their own development and geared in every respect to the perpetuation and increase of advantages long enjoyed by the developed, industrial nations. Increasingly, therefore, the Nonaligned Movement focuses its attention upon the greatest obstacle to the enjoyment of sovereignty and the ability to make of independence the opportunity for true national development. That obstacle is the present nature, structure and working method of the international economic system.

An Unequal Relationship

I wish to make it clear that we do not speak of the NIEO as an excuse for shortcomings in our own development process. We make our own fair share of planning mistakes and are afflicted by inadequacies that we are quick to confess. Nor do we believe that the developed world owes its former colonies a living. Equally, I accept, indeed assert, the obligation of Third World countries to pursue unflinchingly the objectives of equity and social justice within their own systems. Rather, I speak of a system in which the terms of trade militate, of necessity, against the primary producer by comparison with his more advanced trading partner. I speak of an investment climate which witnesses a reluctance on the part of those who control money to move to another nation which pursues equitable policies and acquires the reputation of being 'radical' as a consequence. I speak of a world monetary system which places the burden of adjustment to fluctuations in the world economy on the backs of the poor and the weak. I speak of protectionism, which operates to sustain inefficient industries in highly efficient societies at the expense of the first attempts by poor and less efficient societies to diversify their economies. I speak of transnational corporations which pursue the bottom line of profit regardless of the interests of those countries whose raw materials make them host but whose stage of development precludes them from being master in their own house.

The fact of the matter is that the Third World has come to freedom and discovered that it is a rich man's world. It has discovered that its newly acquired independence is subject not only to the constraints that are imposed by deficiencies in its own development but also by other, and equally inhibiting, factors that inhere in the world system itself. The Group of 77 and the work in UNCTAD are the instrument and the forum through which the Third World seeks economic redress. The NIEO is at once the battlecry, the set of concepts and, latterly, the specifics of the alternative which we propose. We are not so naive as to believe that it can come whole and complete at a single birthing. We understand that every change that is sought will be contested, and that sometimes the contest will be bitter. We know that, as much as anything else, the NIEO is going to involve process and struggle.

Let us now consider the nature of the process and the present stage of the struggle. The early formulation of the new order owed more to concept than to specifics and, most of all, to an often sublime rhetoric. But one must remember that ideas are not necessarily bad because they are well expressed.

As time has passed, the specifics have grown sharper. The Conference on International Economic Cooperation (CIEC) in Paris, from which the misnomer 'North-South Dialogue' was coined, marked a great advance in the technical understanding of how the world's economic system might be modified to produce more equitable results. Indeed, it was a time of high hope. It is now history how those hopes were dashed; and the historians will wrangle through many books in future years apportioning blame amongst the protagonists. In the end, I believe it will be confirmed that the Paris Conference broke on the rock of metropolitan intransigence. The powerful, developed countries simply would not agree to changes that would significantly modify the operations of the free market system which make the world a marketplace dominated by a few large stallholders.

Since Paris, the Dialogue has continued to create a sea of words, mountains of paper and a rising temper of frustration. With a new round of global discussions due to begin in the UN system next year, we must ensure that the 'Dialogue' facilitates communication between the parties; and must hope that a wider public understands.

The NIEO represents increasingly the primary focus of the Nonaligned Movement and the meeting ground that unites all members of the Third World. It addresses specifically the following main areas: trade, finance, technology, information, transnational corporations and transfer of resources and, more recently, energy.

Third World Economic Experience

Before we consider briefly the elements involved in each category, it is important to remind ourselves of the essential nature of the Third World economic experience. In the absence of the fundamental changes which are contemplated, and from the point of view of the Third World, the development process is like trying to walk up the down-escalator. For example, the relationship between sugar and

tractors in the system of international exchange is now a classic in the Dialogue. But factually, we need to realise that this is far more than a point in advocacy.

In 1965, the average price per ton of sugar realised by Jamaica was Jamaican \$73.7 compared with Jamaican \$1,536 (cif) for the Ford 5000 tractor — a ratio of one tractor to 20.84 tons of sugar. In 1979, the Ford 5000 tractor is no longer available. It has been replaced by a new model called the 66000 which is slightly more powerful but is designed for exactly the same purposes. For 1979, the provisional average price per ton of sugar is Jamaican \$534 compared with Jamaican \$30,905 for the Ford 66000 tractor — a ratio of one tractor to 57.87 tons of sugar. Insofar as sugar and tractors are concerned, the ratio has moved from 21 to 58 tons of sugar to provide the foreign exchange to bring one tractor into Jamaica.

And lest this might seem to be proof by selected instance drawn from the Jamaican experience, it would be of interest to examine figures published by the International Sugar Organisation comparing the export value of manufactured goods with the daily price of sugar in US cents per lb, which is one of the two major indices of the world market price of sugar. And these figures of course show a general international trend. Starting from a base of 100 in 1970, the unit export value of manufactured goods moved to 245 by the first half of 1979. The price of sugar, on the other hand, declined from 3.68 cents per lb in 1970 to 3.30 in the first half of 1979.

Translated in terms of manufactured goods to sugar price ratio, by the second half of 1979 it took 2.7 times as much sugar as it required in 1970 to buy exactly the same amount of manufactured goods. This is the arithmetic of the down-escalator. These figures answer with shattering eloquence the question: whose interests are served by the present system of international exchange?

The Jamaican Case

In the meantime, it might be instructive to glance at Jamaica's recent history as a non-oil-producing country. In 1972 when our government came to office, we looked back at the decade of the 1960s, a decade which we must objectively regard as a failure. We had achieved political independence, in a formal sense, but the economic picture had undergone no real transformation — our basic resources, our main productive sectors and our utilities were all owned by foreign multinationals. There were few programmes of social reform so that despite an impressive record of growth of GDP in statistical terms, only a few at the top benefited — little 'trickled down'. Indeed we witnessed an extraordinary contradiction which deserves unflinching attention and analysis: unemployment doubled from 12 to 24 per cent in ten years while the growth in GDP averaged nearly 6 per cent per annum.

Even the political life was comparatively backward. We had strong democratic institutions such as parliamentary elections, a free press, and the other paraphernalia of a plural democracy. But the level of political education and of consciousness of the people was low, particularly in relation to that most fun-

damental of Third World challenges: political mobilisation for development and structural change.

In the 1970s we were determined to alter all this. We wanted greater national control of our economic destiny; improvements in the living standards of the poor both through the distributive effects of social reforms and through sustained economic development; and we wanted a genuine deepening of the democratic process.

History has shown that simultaneous achievement of these multiple goals of economic growth, social justice and political freedom is not easy, especially in Third World countries. Nevertheless, we were confident that it should and could be achieved and we were confident that we had the political will, the energy and the determination to succeed. Now in 1979, we look back at the decade of the 1970s and recognise that in the pursuit of this objective success has been limited.

We have achieved greater national control of our basic resources and key sectors of the economy, but with few exceptions we have not been able to increase their utilisation or their returns to us because the markets are in external hands more powerful than ours. In fact, overall production has declined. We have introduced extensive social reforms, but these steps, which have included more equitable distribution of wealth, have meant less than they should because the decline in production has left less to be shared. We have created new structures to deepen the democratic process and raised the level of political consciousness. Meanwhile, the political rivalries of a plural democracy have led to heightened expectations and increasing frustration. This can result in a political reaction and the danger of a reversal of the progressive process. In terms of the heroic aspirations of 1972 the Jamaican drama contains a real element of tragedy. And it gives us little consolation to discover others in similar situations. In fact, the recent report of the World Bank on world development and the prospect for the world's poor during the 1980s might drive the weak to despair.

Yet we cannot give up in the face of the reverses of the decade of the 1970s. Rather, we must intensify the search for solutions. In this endeavour, it is helpful to understand the world economic crisis which has gathered momentum in the 1970s. But it is a dangerous fallacy to believe that this crisis, traumatic as it has been, is the cause of the present difficulties of the Third World. We now know that the root cause goes much deeper and is to be found in the harsh reality of the structure of the world economic system and that failure of the collective political will to which we have referred. Indeed, whatever the mistakes made in the course of the Jamaican experience in the 1970s, and there were many, objective analysis demonstrates that the hopes of the people for progressive, simultaneous change in their qualitative and their quantitative experience have been eroded constantly, if not overwhelmed, by the factors at work in the international environment. To add insult to injury, this experience unfolds to an international chorus evoking a picture of social justice, greater equity between nations and the 'closing of the gap' between rich and poor. For two-thirds of mankind, however, the gap is widening; and for one-half of these poverty is absolute. The ultimate tragedy lies in the fact that this experience is not accidental but structural. Hence, there will be

no correspondence between the rhetoric of justice and the experience of the people until the structures have been transformed.

The Price Factor

And so to the specifics of the NIEO, beginning with trade. The representatives of western developed countries are never keen to address this problem of metropolitan inflation for manufactured goods by comparison with the historical price stagnation that attaches to commodities. They prefer to deal with the question of fluctuations of price. This preoccupation is, with respect, disingenuous. Everybody agrees that instability of prices for commodities is bad for planning. Equally, the occasional runaway prices that are associated with a commodity like sugar, perhaps once every ten years or so, are an inconvenience to consumers in developed countries. Hence, everyone approves of measures designed to create stability in commodity trading. Stability, however, does no more than scratch the surface of the fundamental problem which is adumbrated in the comparisons which I have just given, and which tell the story of the creeping disaster of the terms of trade.

Much has been made recently of the agreement, in principle, reached in Geneva on the establishment of a Common Fund. You may, of course, be tempted to chide me for being ungrateful for small mercies. But the mercies are small indeed! If there is to be any attempt to introduce justice, as distinct from stability, into commodity trading, one must deal with the following elements:

- a) an institution with funds at its disposal which can guarantee floor prices for an adequate range of commodities;
- b) the capacity to buy and unload stocks of the commodity to keep the prices within an agreed range;
- c) the capacity to move the price range itself in a manner that maintains a direct relationship with metropolitan inflation as it affects capital, manufactured goods, and other forms of sophisticated exports from developed countries;
- d) mechanisms that permit the management of a range of commodities as an integrated whole;
- e) mechanisms and sources of finance that permit developing countries to benefit from research into byproducts and other means of achieving diversification of their economies upon the foundations of their basic commodity marketing activity.

Finally, there is need for political will and commitment in a sufficient number of nations to ensure the creation of international commodity associations covering the various items that figure substantially in world trade so that a genuine, alternative system of economic management is created.

The Geneva Agreement accepts the principle of the Common Fund, the need for buffer stocks and the desirability of a stable price range. Any thought of linking the price range to metropolitan inflation has been rejected; the level of finance that can support substantial 'second window' operations conducive to diversification has not been forthcoming; and, so far, virtually nothing has

happened with respect to the creation of the commodity associations themselves. In short, the UNCTAD understandings do not address the central crises of the Third World and subsequent events cast serious doubt upon the intentions of the developed countries with respect to the commodity associations.

This dismal record cannot be excused on the grounds that the Common Fund is a concept conceived in rhetoric and delivered stillborn in the world of reality. The economists have demonstrated precisely how a dynamic Common Fund, based on an integrated commodities programme and involving price linkage and 'second window' operations, can work. It is not in effect today only because of the stubborn refusal of the developed countries to yield the upper ground of unfair advantage which they now enjoy.

What is Protectionism?

Let us look at protectionism.

One can understand the difficulty which an ageing, inefficient industry which, nevertheless, supports families in a developed country, represents for decision-making. But the policy which protects this industry to the exclusion of the more efficient product of the developing country is short-sighted in more ways than one.

First, we must consider the international division of labour. If the exports of an expanding Third World economy at, say, the level of garments are given opportunity in the developed country they generate growth, development and demand. And what is demanded? Other more sophisticated products that are currently beyond the reach of the developing country, or, more importantly, more machinery to produce more garments.

Who produces these goods? Who produces the machinery? Obviously, the developed country. Therefore, the protectionist saves an inefficient industry that has outgrown the capacity to function usefully. This is achieved at the expense of national expansion in fields in which it is currently pre-eminent; and all this to the detriment of a poor country that is struggling to develop. This by itself is an equation of madness. But consider further that the developed country has, in all probability, superb techniques for protecting those who suffer temporary job dislocation; and it will certainly have the means to re-train and re-equip workers. By contrast the developing country is probably mired in massive unemployment; probably cannot afford unemployment insurance; and will most certainly be taxed beyond its limits in the re-training and re-equipping of a skilled workforce that represents its one slim hope of survival.

And still we can explore the equation of madness even further. We are told that the citizens of developed countries question constantly the relevance or efficacy of overseas aid programmes. Some protest the very existence of these programmes. Yet, the only way in which the pressure for, and the burden of, overseas development assistance can be lightened in the future is when more and more can share it. Already, born of a deep common experience of despair, Third World countries are developing an instinct for helping each other where they can. If the

international division of labour were allowed to take the course that is dictated by logic and humanity, more and more countries would enter the lists of those who can share the burden of assistance, lightening the load that all must carry.

When one looks at the problem of trade, one is amazed at some of the arguments that are advanced against, say, the Common Fund. It is argued by some that favourable prices for commodities would help developed countries who enjoy exports in both the sophisticated and the commodity fields. But surely if there is a structured and managed relationship between all the major elements in world trade, everybody's economy is bound to benefit, everybody's capacity to plan must be enhanced. Others say that indexation will add further fuel to the flame of world inflation. But this is a circular argument: for the lower the rate of metropolitan inflation, the lower the indexation which would be required to defend developing countries against its adverse effects.

Then again there are those who argue that positive pricing for commodities would lead to disproportionate profits for traders and middlemen. Indeed it might; but only on the assumption that the governments of the exporting countries permitted this to happen. It is not even remotely beyond the wit of man to devise mechanisms which will ensure that the increase in price or an equitable part of it is paid to the producer.

The Bretton Woods System

One turns from trade to finance. The main preoccupation of the Bretton Woods system, which was established by the western industrial nations in 1945, was to prevent a return to the monetary chaos and instability of the 1930s. This underlies the establishment of a key reserve currency – the dollar backed by gold; the system of free convertibility at fixed exchange rates; and the prohibition of competitive devaluations. Third World countries were, in the main, not represented at the Bretton Woods Conference, nor were their needs, which derived from the structural characteristics of underdevelopment, taken into account. The standard IMF formula for balance-of-payments deficits – exchange rate devaluation and fiscal and monetary restraint – were devised for mature industrial market economies in which the balance of payments may indeed be responsive to such policies.

Stabilisation programmes by the IMF in the Third World have, therefore, often employed draconian methods with relatively only modest results on the balance of payments, but at great cost in social terms and the arrest of the effort at development and structural change.

Moreover, the world monetary system has undergone enormous changes since 1945. I am told that there is an estimated \$900 billion swimming around on the Eurocurrency market, which neither the IMF nor the central banks of the leading industrial countries are able to monitor, regulate or control. The destabilising potential of this on monetary conditions – and thereby on trade, investment and overall economic activity – is enormous. I believe that this is one area where all parties – the leading western industrial nations, the smaller industrial countries,

the Third World and the socialist countries – have a mutual interest in effecting reforms to promote order and bring about a more just distribution of world reserves, as well as support patterns of economic development in the Third World which we ourselves consider appropriate.

The classic prescriptions employed presuppose developed factors of production in place and needing only the stimulus of market opportunity. Often the problem of the Third World country is one stage further back. It needs time to develop the productive capability in the first place. A European farmer may need only a market. A Third World farmer may need training, capital, help from extension services, and many other factors before he can significantly lift his production. In short, the Third World country needs more time than a short-term balance of payments stabilisation programme, as prescribed by the IMF.

In the meantime, I dare to assert that some, at least, of the current crises in the world economy can be traced to foreign exchange starvation in the non-oil-producing developing world. We find that the stringent requirements of IMF conditionality stand in striking contrast to the inadequacy of the resources at its disposal. Countries such as my own have been through the wringer of the most stringent conditionality, have mobilised their people to accept the sacrifices, and their producers for the battle of production and for export-led growth. All this has been done only to find that the foreign exchange, which is the indispensable oxygen if the process is to succeed, is not available in the quantities which can guarantee success.

The fact is that international financial institutions do not have the resources to carry out their function as the midwives of world development and world economic expansion. Ironically, it is not only the people of a Third World country who suffer when its foreign exchange is exhausted; it is also the exporters of the developed country who are confronted with declining sales.

If we turn to technology, we find that the price attaching to its transfer, and secured through numerous ingenious devices, is unjustifiably high because the developing countries simply do not have access to the kind of information they need to bargain effectively. Hence, it is often the case that the economic activity resulting from a transfer of technology sets up a haemorrhage of earnings and foreign exchange that comes near to cancelling the benefit of the undertaking. This issue is critical because there can be no development without adequate and relevant technology.

The broad area of information has another, more insidious, aspect. The fact is that the control of technology and economic power is supported by a comprehensive system of propaganda designed to defend the status quo and to invest it with mythical attributes. Whether intentional or otherwise, the effect of this is to mobilise the people of the developed world to hold what they have and to protect their advantages with the dedicated tenacity of medieval knights defending hallowed ground. Equally, it is designed to induce uncertainty and maintain inertia in the Third World by suggesting that their claims are directed against a natural order, if not a system of divine right.

Transnational Corporations

And so, finally, to the transnational corporations. There are many aspects to this complex subject. I will comment on one feature. The transnational corporation's primary motive is to appropriate resources as cheaply as possible so as to maximise profits. Developing countries find their non-renewable resources disappearing as the years pass, often with little to show. Should one developing country, or two, or three, seek redress, seek a more reasonable share of the wealth that is created by their natural resources, what do we find? They may propose or impose a higher tax than heretofore. They may be able to demonstrate that the tax is a very modest part of the total financial operation that is involved.

Transnational corporations in the field then have two choices. They can consult with producers and together work out new levels of taxation that provide a real benefit to all producers in equal measure. This would be principled, rational and just. But which transnational does that? On the contrary, it is more likely that the transnational will move from one host country to another until it can find one that will agree to charge a lower level of tax in return for the promise of increased production. By this means it is able to wind down the production of the countries that dare to claim more and wind up the production of the country that is prepared to accept less. Accordingly, transnational corporations have tended to reduce Third World countries to a situation not unlike that of a pack of dogs snarling around the bone of survival. This is the other side of the coin that is blandly described as maximising profits through efficiency.

In the last analysis, it is inevitable in an increasingly interdependent world that economic activity will involve the simultaneous coordination of factors of production in many different parts of the world. This trend is irreversible. In any event, the trend itself is not the problem. The problem lies in the fact that the present system of ownership and management of transnational corporations puts them beyond the reach of the control of the countries which host their activities – individually and, even more so, collectively. Inevitably, it has led to the development of corporations of vast size and hitherto unimaginable power. The issue is not to seek a return to some simpler period of economic history but, rather, how to devise the means to make their operations subject to international control and accountable to the people as a whole as well as to their shareholders.

This, then, is why we struggle for an international code to govern, it might be better to say restrain, the conduct of transnational corporations. One day I may be led to understand why the developed countries do not support the concept beyond the stage of the appeal of moral suasion and will not as yet contemplate any system of sanctions such as might enforce the conduct which all agree is desirable.

The Question of Energy

Among the specifics looms ever larger the question of energy. The developed countries expect energy to split the Nonaligned Movement and divide the Third World. They are going to be disappointed. We do not need anyone to tell us that

the price of marker crude oil which has moved from \$3 to \$18 a barrel in six years places intolerable strains upon our economies.

However, we begin our analysis with the fact that the oil is not going to last much longer, but the need for energy will increase in the future as far as we can see. At the same time, oil is the foundation of many of the components of our present civilisation; petrochemicals, plastics, synthetics and the like. Therefore, in a sense, our generation is busily burning away part of the basis of its own civilisation.

Hence, oil has become a highly priced commodity and must be diverted increasingly to its alternative uses. At the same time, we know perfectly well that the OPEC producer sees in the oil at his disposal the single best means to accomplish two vital objectives: the defence of his economy against the ravages of imported inflation, and the economic and social development of his people. He will tell you, rightly, that when the oil is finished it is modern technology that will have to supply the answer to much of the energy needs of future generations. It is the developed West that commands this technology and it is the developed West which will set the price of it.

Therefore, so long as the developed countries refuse to agree to create a world economy that is structured in a manner that makes it subject to rational control by governments acting on behalf of their people and in the interests of equitable economic exchange, so long is OPEC bound to act as it now does. The day that we of the Third World who are non-oil-producing see the concrete signs that the developed nations are willing to cooperate to achieve structural change and have the capacity to control their own inflation, we will be the first to say to OPEC: come and join the new Order and subject your prices to the equitable considerations which that Order seeks to impose.

Closing the Gap

In the meantime, we are casualties of a war between giants. We know that it is critical that western countries should stop squandering the world's oil; we know that the insatiable appetite for oil drives up prices even beyond the intentions of OPEC. Above all, we know what price we pay and what we suffer as a consequence. But we do not believe that we will solve our problem by fighting to hold the price of oil to that of our commodities, joining both in a common paralysis while the exports of the developed nations continue to dance their inflationary jig.

In the meantime, even assuming fundamental structural change, it is impossible to speak realistically about closing the gap between rich and poor nations without discussing substantial transfers of resources, at least during the early years of a serious attack upon the problem. If we are to put the world on a basis where equitable results are produced by economic exchange, we must tackle structures. We must create structures which are deliberately designed to produce reasonable opportunities and balanced rewards for countries that are willing to make the effort. But no matter how good the structures we create, we are faced

with an immediate and overwhelming problem in the Third World: the problem of underdevelopment in its widest sense.

Political Imagination and Statesmanship

There is a basic shortage of capital, know-how, institutional experience, technology, skilled manpower, supporting social services, education and health, including even basic nutrition. In terms of development, the backlog to be overtaken is stupendous. However, concealed in this vast problem is an enormous potential waiting to be released. The overriding irony of today's world is that it is so obviously in everybody's interests that this potential be unleashed. The developed world has the resources to make a serious start possible. What is needed is a great act of collective imagination, a quantum leap in statesmanship.

I spoke of the irony of the denial of the mutual self-interest that is involved. Concealed within it, however, is an even more baffling contradiction. At the end of World War II, the US looked at a shattered Europe, including an enemy which it had just defeated. A great act of political imagination calling for a quantum leap in statesmanship was required. It was forthcoming in the Marshall Plan. At that time the US contributed more than 2.7 per cent of its gross domestic product to overseas aid and has never had a moment of regret arising from this act of enlightened self-interest.

Today, faced with 400 million people on the verge of starvation and more than a billion deeply trapped in poverty, everyone a potential producer and consumer, there is not one developed country in the world that is contributing as much as 1.0 per cent of its gross national product to overseas assistance. The US itself has seen its contribution fall from more than 2 per cent to 0.2 per cent.

A proposal in the name of the Nonaligned Movement is now before the UN pointing to the fact that the world is spending \$300 billion a year on weapons of destruction. It was proposed, on behalf of the ninety-five nations who represent the majority of the people of the world, that 10 per cent of this expenditure during the next ten years could make a vital difference. An average of \$30 billion a year of additional overseas aid for the next ten years could provide the critical life-line to those Third World economies now drowning in debt; the fuel to those with the will but not the means to get started; perhaps even the stimulant to those that are beginning to succumb to despair.

What we need are structures that take care of the future and transfers that enable us to embark on the road that leads to it. Is 10 per cent of a collective exercise in self-cancelling folly and futility too high a price to pay for a world of basic decency and simple opportunity for all of its people?

We often ask ourselves why. Why will the developed West not join us in a serious assault upon all these problems? Sometimes we are told that the problem is to be found within the decisionmaking processes and consumer proclivities of the industrial democracies. We do not doubt that there is a substantial element of truth in this. Plural democracy is not designed for serious popular discussion except, perhaps, in times of crisis. It is in the nature of the competitive processes

that the system generates that people tend increasingly to view life in the shortest possible perspective because it is tomorrow's benefit that is most easily promised. In the political horizons of plural democracy, even the day after tomorrow can be made to seem remote through the glamour of today's advertising. So we can see that the voter in this system is not easy to persuade to a longer view of the world's prospects; nor to an awareness of the connection between his fate and that of the world outside. The system does not challenge him to that kind of perspective.

The Indefensible Citadel

So much by way of explanation. But an explanation is not an answer. At some point of time those who lead industrial democracies must ask themselves the question: how long do they think they can defend a citadel if its walls separate the privileged from the deprived? And here I do not speak threateningly but, rather, almost sadly from within the perspective of history.

I believe, however, that there is a more important explanation with the truth suspended somewhere between and including the two. I come back to that interlocking complex of transnational corporations and financial institutions with which I began the analysis and which are the legacy of the explicit political phase of imperialism. This has become a new government of the world. But it is a government with a difference. It is not responsive to popular control. It is not accountable to any set of people who have the capacity to articulate a sustained point of view about its operations. The system has shareholders, it is true, but in the nature of things the shareholder is accountable to no one and nothing except to his own expectation of return. Furthermore, the shareholder group is not co-terminous with the people but, rather, represents an advantaged enclave. Consequently, the system is run by a cadre of executives and technocrats who I dare to suggest are less accountable than almost any power group in the history of mankind.

Hence, in the last analysis, I believe that it is not so much the electorates with which the leadership of the industrial democracies cannot contend, but rather, I believe the problem is to be found in a supranational, non-accountable governance of economic technocrats that is virtually beyond the reach of the political process.

Where, then, do we go from here? As far as the industrial democracies are concerned, the answer depends on the view that they take of the future insofar as it can be deduced through analysis of the present. It is an increasingly interdependent world and some seem to feel that the mere statement of that fact is enough to guarantee that all the world's inhabitants will gallop off in hot pursuit of a uniformly defined goal of equity. This, however, is naive. The slave and the slavemaster were interdependent, as were the feudal baron and his serf. Yet the slavemaster and the feudal baron eventually lost their lion's share of the product of their interdependent relationships because the relationship itself was not equitable.

An Interdependent World

In the end, the question that has to be posed in the industrial democracies is whether they continue to insist upon the lion's share of the world's product in spite of the fact that the world is interdependent. If they continue to choose that path, they will find that the contradictions that already exist within the present arrangements, largely as a consequence of its lack of equity, will grow and multiply. We cannot say precisely how the outcome will be achieved, but we can be sure that the outcome itself will be unpleasant. On the other hand, the industrial democracies can choose to bring themselves to see that inequity within an interdependent world is itself a contradiction which can be resolved by a common determination to remove its cause. This can lead to a future that is more secure politically for everyone because there is a more ample world economy which is more widely and more reasonably shared.

In the meantime, it is not for me to speculate on either the choice that is likely to be made or the means by which a constructive alternative to the present futility might be pursued. Time will tell.

And what of the Third World itself? The Nonaligned Movement and the Group of 77 have to view the future in terms of both a political and an economic perspective and must understand that their prospects will be enhanced to the extent that each perspective reinforces the other.

The Third World must, first of all, find an answer to the negotiating problems that are created by its numbers and the diversity of its interests. With more than one hundred nations now classified and identifying themselves as the Third World, it is an intimidating prospect. But it is not beyond us to find answers through the identification of the main streams of interest, regionally and sectorally, within the Group. The problem should not be approached from the point of view of numbers, but rather, the other way around, from the point of view of commonality. But the kind of analysis which can identify the factors that are common to the interests of a large and diverse group presupposes a high degree of political unity; and unity presupposes, in turn, a high degree of consciousness, which in turn must be the source of the necessary political will. It is here, again, that we see the Nonaligned Movement as critical to the outcome.

Meeting the Challenge

Assuming increased political consciousness, will, and, hence, unity, one must enquire: to what should these energies be directed? First, the negotiations have to be pursued with increasing determination and precision. This much is obvious. Less obvious is a more important requirement. The Third World has to begin to alter the balance of economic power in the world through greater self-reliance within and as between its national territories. Economic cooperation among developing countries, ECDC, as it is called, can take many forms. The sources of energy in one area can be married to the raw material of another in response to a market somewhere else again. More simply, patterns of trade can be redirected. ECDC invites, indeed commands, attention to the development of commodity

associations with the capacity to mobilise and to demand and negotiate more equitable terms. But if this is to happen it must be preceded by a common political determination. To the extent that ECDC succeeds, we can expect political will to be reinforced, cooperation justified, and unity heightened. Above all it is through this process that the Third World will command more respectful attention from the industrial democracies, not in response to any voice of conscience, however eloquent, but in recognition that an alternative system is being created. It may be that the extent to which the industrial democracies begin to examine their constructive, alternative choice will not be determined so much within their political processes as within those of the Third World itself.

In the last analysis, the challenge is threefold: to the Third World, it consists of collective self-reliance and internal social justice; to the developed world, it is the substantial transfer of resources that sets us all in motion; to the whole world, it is the new structures that will keep us in motion because we will all share in the fruits of our labours.

Material abundance is not the sole purpose of human existence; but poverty defeats all other possibilities. Hence poverty is both the ultimate affront to conscience and a certain guarantee of instability. Surely, the supreme challenge of our times is to work together to eliminate it from human experience.

BETWEEN DEVELOPMENT AND DECAY: ANARCHY, TYRANNY AND PROGRESS UNDER IDI AMIN

Ali A Mazrui

A major aspect of world history is the rise and fall of great heroes and great villains. The corridors of time echo the applause and denunciations of yester-years. Fused into the paradox of heroic evil was Idi Amin – at once a hero and a villain, at once a subject both of applause and denunciation. As a villain he was a symbol of tyranny. Hundreds of thousands of his compatriots died under his rule. As a hero, Amin has four meanings for Africa and the Third World. Economically he attempted to strike a blow against dependency and foreign control of his country's economy. Culturally, he signified a reaffirmation of cultural authenticity. He helped to foster cultural self-discovery among Africans – for better or for worse. Politically, Amin was often in rebellion against the northern-dominated power structure of the twentieth century. He made fun of the mighty – and sometimes helped to inspire self-confidence in the ranks of the Third World. Morally, Amin signified a basic leverage between the liberal values of the western world and the nationalistic concerns of much of the Third World. Let us first examine Amin the villain, before we explore the dialectical anomalies of his heroism.

Tyranny Versus Anarchy

It is important to remember the ancient distinction between tyranny and anarchy. How much of the anguish of Uganda between 1971 and April 1979 was due to the tyranny exercised by Idi Amin? How much of it was a consequence of sheer anarchy and normative collapse?

Tyranny involves centrally-directed force; anarchy entails decentralised violence. The two processes could reinforce each other. Governments scared of what appear to them to be anarchic trends could get more tyrannical. On the other hand, groups which are dissatisfied with the credentials of a government, and are unwilling to concede its legitimacy, could destabilise society as a whole. A third possibility is when groups take advantage of either governmental weakness or general erosion of public morality – and create even further arbitrariness and insecurity in society at large.

The precise balance between tyranny and anarchy in the Third World as a whole varies from country to country. In Amin's Uganda the tyrannical factor was by far the more publicised, partly because of the flamboyant personality of