The New International Economic Order and UNCTAD IV

The Institute of Social Studies organised a seminar on the NIEO and UNCTAD IV from October 21st-23rd. This had been requested by the UNCTAD Secretariat as part of a world-wide attempt to (i) promote more active participation by intellectuals and other interested groups in the preparation of UNCTAD IV, and (ii) create enlightened public support for the development issues which will be dealt with at UNCTAD IV. The seminar was attended by more than 100 Dutch experts and people from research institutions, business enterprises, trade unions, political parties, government organisations, action groups and mass media.

The plenary session was opened by the Rector ad interim of the Institute, Professor J. G. M. Hilhorst, who outlined a theoretical framework in which the NIEO could be discussed. Professor Tinbergen then elaborated his project 'Reviewing the International Order' and posed a series of inter-related questions, the answers to which would constitute the building blocks for the new order.

Participants were then divided into five working groups, each concerned with a crucial problem area about which papers had been written and distributed in advance.

Working Group I dealt with the world food problem, the most appalling aspect of underdevelopment, on the basis of a quantitative model prepared by a research group from the Free University of Amsterdam. In view of the fact that the situation can only be improved by a substantive increase in food production in the poor countries, Working Group I was of the opinion that traditional food aid should be given only as a short-run measure; all effort should be concentrated on achieving a stable price level that is high enough to enhance production but not so high as to increase the hunger of the poorest strata in the developing countries. This will require the establishment of international buffer stocks. Rich countries should maintain the higher price level by manipulating their imports and exports, i.e. by an internal agricultural policy by which quantities produced could be controlled.
and possibly also those consumed.

Working Group II concentrated on the international monetary system. After exploring the implications of the system's possible objectives, i.e. stability and transfer of resources, the group concluded that stability and the fight against inflation are of primary importance though difficult to achieve in the short term. It considered that the function of IMF should be strengthened and that the distribution of quotas should be revised. The subsequent replacement of an international reserve unit would serve the purpose of stability; however, as SDR's would be distributed more according to need, the transfer objective would also be achieved. Finally, the utilisation of inflationary financing to help the most seriously affected countries might be considered as a temporary measure.

Working Group III dealt with some problems which have always been central to UNCTAD interests, i.e. trade and industrialisation. Starting with the political and economic relevance of OPEC strategy for other raw materials, the relationship between prices of raw materials and of manufactured goods was discussed. The integrated commodity approach and adjustment policy were then analysed. The commodity plan of the non-aligned countries was supported by most of the group, which concluded that the rich countries should introduce indicative planning in order that an adequate adjustment policy may be achieved.

Working Group IV discussed foreign aid in its two components: public and private. With regard to public aid, it was agreed that DD II targets should be fulfilled, that channels of distribution should be diversified according to motive, that continuity be stimulated by automatic mechanisms, and that transfers by international institutions should not be regarded as national aid efforts of donor countries. With respect to private flows, the group considered it necessary that a set of international rules relating to the movement of commodities be drawn up, similar to those of GATT, and also that an international advisory body be created to strengthen the bargaining position of the poor countries in negotiating with multinational corporations, an objective which should also be pursued via regional cooperation. The hope was expressed that MNCs would be made more serviceable to the needs of the poorest in the developing countries and that an independent research institution might be set up to study the function of, and to improve the understanding of the phenomenon 'multinational corporation'.

Working Group V dealt with growth and income distribution, arguing that pursuit of the first should be accompanied by reduction of
income inequalities and of unemployment, while attempts should be made to foster self-reliance and to improve the overall position of the poorest. The group considered that aid-giving countries and international organisations should utilise more social cost-benefit analysis and should encourage private companies to adopt the same objectives. It was agreed that aid giving should be based on the principles of automaticity and progressivity so as to initiate a movement towards the establishment of a world tax system. Priority in the allocation of funds should be given to the poorest among the developing countries and to those projects which have an income equality content. No aid should be given to countries whose governments are not committed to reducing domestic income inequalities. Finally, it was proposed that the government of the Netherlands transfer all its legal rights with regard to its credit position with developing countries to the UN Trust Fund or to some other international body. The servicing of this debt and the repayment of the principal would provide extra resources for new development loans. Such a transfer would meet the requirement of net development aid, and would maintain the principle of repayment while creating relief measures for countries in difficulties. Attempts should be made to persuade other countries to adopt such transfer resolutions.

During the final plenary session, attended by the Minister of Development Cooperation, the recommendations of the working groups were presented to a larger public.

The seminar was given wide coverage by press, radio and TV. It is hoped that it has helped to stimulate public interest in UNCTAD IV and in the movement to establish a new international economic order.

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