

CHAPTER TWO

THE POLITICAL ECONOMY OF SOUTH-SOUTH COOPERATION

2.1 The Structure of the International System

In defining the structure of the international system, K. J. Holsti argued that, the structure of international system refers to the configuration of power between the major and minor actors. According to him, it is revealed by the answers to several questions: (i) who sets the international agenda?; (ii) which actors typically determine or heavily influence the bargaining over global and regional problems?; (iii) which actors have the capabilities to fashion solutions and, in extreme situations, to force a solution-even far away from home-by the use of arms?; and (iv) whose domestic and foreign policy decisions have the greatest impact abroad?. In his judgement, using such criteria, we can see that the structure of the contemporary international system is stratified, with a few states identifiable as "leaders" and many others being virtually affected by the decisions of those leaders.¹

Goodman however views the structure of an international system as a description of regular or typical patterns of interaction among independent political units and as one variable that helps explain the behaviour of the units comprising the system.² On the question of general international peace and security, the defunct Soviet Union and the United States created a polar world. During the Cold War (1947-1991), the

policies of these two states established in large part, the context in which many lesser conflicts were played out. For example, while a reasonably durable peace in the Middle East was impossible to achieve over the strong objections of key players, such as the Palestine Liberation Organisation, Israel, Syria, or Egypt, it was also impossible without the explicit or implicit support of the superpowers. In brief, most of the questions of war and peace on the globe were in one way or another heavily influenced by the decisions and actions of the superpowers. On more general questions, such as arms control, nuclear proliferation, the stability of alliances, and the introduction of new types of weapons systems, again the truly significant trends or actions were those launched or taken by the superpowers.³

Holsti views in resolving international conflicts is that once the potential equality of all races and nations is accepted, it should be possible to face without any embarrassment the varying deficiencies of the new nations and to consider the ways in which it can be met by the west. In this explanation, the 'varying' term was used because a further fact about the new nations that needs frank acknowledgement is that in many ways-certainly not in all -African peoples are far behind those of Asia in their development. And for the most part-though important local exceptions exist-East and Central Africa are much more retarded than West Africa.

In Holsti's view,

the most pervasive and persistent conflict in the global system was the competition, struggle and occasional crises between the socialist regimes of the East and the private enterprise, constitutional democracies of the west. The sources of the conflict go back into history and involved fundamentally differing views about the nature of history, the relationship of person to labour, the normative value placed on investment capital, the role of individual rights, and many other problems. Basically, each type of regime perceives the other to be the exact negative of its own aspirations and values. While territorial issues and other similar problems exacerbate the conflict, the major sources of tension, hostility, and fear are philosophical and moral.⁴

He further stressed that, in terms of the characteristics of behaviour in the Cold War system, the following were prominent: a gain by one side represented a loss, and therefore a direct threat, to the other. The stakes involved were the future of the world--whether it was composed of independent states each pursuing its values and objectives unrestrained by ideological dogma and the brute military power of a hegemon; or according to Marxist-Leninist blueprint, a development of a community of socialist states, all bound by an international division of labour, each more or less arranging its domestic economies and foreign policies. One's own behaviour was directed toward establishing stability and peace; the other side's initiatives, whether in diplomacy or arms deployment, were directed toward gaining unilateral advantages and, ultimately, some sort of victory.⁵

The Cold War was a constant struggle in many dimensions: propaganda, ideology, armaments, economic output, sports and culture. The goals of the major nations of the system were oriented towards the optimisation of security. He elaborated that, in other issue areas, however, the structure of the international system appears much less concentrated. That is, a larger number of states play critical and influential roles in raising and resolving global issues. On trade, investment, debts and other welfare issues, for example, it is the leaders of the G7: (Japan, Britain, the United States, Italy, West Germany, France, and Canada) who make the critical decisions. On these issues, the Soviet Union was an unimportant player, whereas a number of countries that are only marginally influential on issues of war and peace do play significant roles. In general, then, on the welfare dimension of international relations, the structure of power, influence, and impact is considerably more diffuse, so that the superpowers do not maintain exclusive or hegemonic control.⁶

From Giuseppe Schiarone's perspective, the traditional scenarios of bloc-to- block confrontation throughout the world have been replaced by a number of conflicts no longer directly inspired by or controlled by the major powers. The variety of approaches and interests, largely unconditioned by traditional ideological tenets, presents unprecedented challenges to international cooperation in all areas, from security to trade

and financial issues to environmental protection and drug abuse control. This is especially true with regard to the theory and practice of development in all its dimensions.⁷

2.2 North-South Relations

In addition to the well-known East-West cleavage in the international system, there is another source of system-wide conflict today: the fundamental disagreement between the industrialised west and many of the developing nations on how international inequality should be redressed in the future. The fact of inequality can hardly be disputed, whether it is defined in terms of the distribution of wealth in the world, the degree of dependence and vulnerability of states, or even, according to some, the vastly differing degrees of exploitation in the international economy.⁸ The inequities in the international system are of tremendous significance. They have given rise to essentially two worlds and the disparities between them are growing, one is the world of the rich, the other the world of the poor, united by its heritage of common suffering.⁹ As the East-West conflict has ended, the North-South polarisation has taken its place, characterised by a clear shift by the developing countries toward less interventionist government policies and an acceptance of the 'democratic model' prevailing in major industrial nations.¹⁰

Spero points out that management problems of the North-South system are quite different from those of the Western system. For the system of the developed market economies, the dilemma is whether it is possible to achieve the necessary international political capability to manage mutually beneficial international economic relationships. In the North South system of dependence, the management dilemma is whether it is possible to achieve the necessary international political capability to create a system, which is mutually beneficial for all. In the Western system, control is facilitated by a perceived common interest in the system, whereas in the North-South system there is no such perception of a common interest. The developed market economies feel that the system of dependence, although perhaps not perfect, is legitimate because it provides them with significant benefits, which they believe extend to the system as a whole. Southern states feel that the system is illegitimate because they have not enjoyed its economic rewards. From their viewpoint, the system has hindered their economic development. The management processes of the North South system are also quite different from those of the Western system.¹¹

In the West there is a relatively highly developed system of control, consisting of international organisations, elite networks, processes of negotiation, agreed norms, and rules of the game. Although power is unequally distributed in the West, all members have access to

both formal and informal management systems. In North-South relations, in contrast, there is no well-developed system with access for all. The South has been regularly excluded from the formal processes of system management. The North as a subsidiary of the Western system controls North-South relations. Understandably, the North perceives this structure as legitimate, whereas the South perceives it as illegitimate. Thus, the policy of the North has been to maintain the system of dependence, whereas the policy of the South has been to change it. It is this conflict between the powerful North seeking to preserve the status quo and the growing pressures for change from the South that is the key political dynamic of North-South international economic relations.¹² The central political problem of the North-South system is whether it is possible for the South to change the system of dependence. Southern efforts to alter the international economic system have focused on two obstacles to change: the present international market and management structure. Which its key problem is whether the existing economic system can be changed or whether it must be destroyed and replaced by an entirely new system capable of providing economic benefits for the South. The reform of management will be determined by the ability of the South to influence the North. There is need for effective negotiation and compliance from the North to modify the system of management and the distribution of rewards, and the combined North-South capacity to reform the system or create a totally new one.¹³

However, the South should bear in mind that the solution to their problem cannot be solved only by levelling the play-ground between them and the North. Instead the crux of their problem is internally generated ranging from:- internecine wars, endemic political instability, heavy debt burden, mismanagement and corruption which includes looting of government treasuries and embezzlement of public funds. Therefore, the practical solution lies in their being able to create a new societal order free from corruption, nepotism, sectionalism, mal-administration and internal political conflicts in order to stabilise their domestic environment.

Lincoln concludes that the critical international issues arise from asymmetries in North-South relationships. Seen from the perspective of developing countries, there were strong reasons for demanding a New International Economic Order. From this view point, further industrial development is being thwarted by market restrictions in the advanced countries, especially by tariff escalations to deter the import of upgraded raw materials: by quantitative restrictions on labour-intensive manufacturers; and by the threat of countervailing duties on export subsidies needed to offset a variety of disadvantages. In addition, they assert that the terms of trade are systematically biased against them. The developing countries claim that their commodity exports often confront monopolistic market conditions with small number of powerful buyers,

that multinational enterprises based in foreign countries exploit market power to the disadvantage of developing host countries, and that the technology available for import is too costly, inappropriate to their needs or both.¹⁴

Meaningful negotiations on North-South issues are essential for a cooperative and equitable management growing global interdependence. But before such negotiations can be conducted, it is necessary for the South to strengthen its collective position and coordinate its negotiating agenda. Also the issues and the priorities within and among the South and its specific proposals, need to be reviewed in the light of changes and experiences in the 1980s and the ongoing issues as seen from the South.¹⁵

2.3 Pattern of North-South Economic Relations

In assessing the nature of economic relation between the North and South, Walter Rodney, in his book, How Europe Underdeveloped Africa, argues that Western Europe and Africa had a relationship which ensured the transfer of wealth from Africa to Europe. The transfer was possible after trade became truly internationalized when Africa and Europe were drawn into common relations for the first time – along with Asia and the Americas. What was called international trade was nothing but extension overseas of European interests. The contention here is that, over that period Africa helped to developed Western Europe in the same proportion as Europe helped to underdeveloped Africa. He concludes that African development is possible only on the basis of a radical

break with the international capitalist system which has been the principal agency of underdevelopment of Africa for over the last five centuries.¹⁶

Kwame Nkrumah, in his book, Neo-Colonialism: The last stage of Imperialism, expressed that, the less developed world will not become developed through the goodwill or generosity of the developed powers. It can only become developed through a struggle against the external forces which have a vested interest in keeping it undeveloped. In order to halt foreign interference in the affairs of developing countries, it is necessary to study, understand, expose and actively combat neo-colonialism in whatever guise it may appear. For the methods of neo-colonialism are subtle and varied. They operate not only in the economic field, but also in the political, religious, ideological and cultural spheres.¹⁷

Dependence characterises the relations between the developing countries and the industrial west, where dependence is defined as unequal degrees of reliance on markets and sources of supply and unequal ability of the members of a pair of states to influence, reward, or harm each other. Although there are some notable exceptions such as oil-producing countries, the policies or actions developing states undertake have little impact on the political or economic fortunes of industrialised states, while the policies of industrialised states, on the other hand, often have significant consequences on developing countries. And any attempt to alter drastically or terminate the relationship is extremely costly to the

latter, and less to the former. For instance, to consider some of the indicators of dependency, the direction of airline flights remains predominantly from New York, London, and Paris to the major cities of Asia, Africa, and Latin America. Air and Sea communications between developing countries remain at rudimentary low level. Although, some regional news agencies have been organised, many developing countries still beam programmes from abroad, the predominant pattern of the newer nations is to obtain their news from the major western wire services.¹⁸

As Singer pointed out,

for people in Nigeria to find out about an event in Ghana, less than 400 miles away, they must get news that has gone from Accra to London and then to Lagos. Naturally, the news they receive includes all the perceptual distortions of western correspondents and editors.¹⁹

These patterns are repeated in many other types of interactions, such as foreign economic assistance, private investment funds, military aid and training, higher education, athletics, or even culture. Most importantly, from the day-to-day diplomatic perspective, the sources of information for developing nations' foreign-policy establishments are not only limited in scope but also highly dependent upon the news media of the major industrial countries. A typical developing country will have embassies in immediately adjacent states, in the cities of the major powers, and perhaps in a few regional states. These countries have no

special facilities for obtaining information about other areas of the world and must therefore, rely on published accounts in the better western newspapers. Few have the specialised skills and data-gathering capacities of even the smaller European countries. Again, as Holsti points out, the trend is toward diversification, but unequal resources and flow of information remain characteristic.²⁰

Given the relations of power and the cynicism, with which it is exercised, North South relations are best described by the term dependence. The pattern of interaction between the western industrial states is best characterised by the term interdependence, where flows, rewards, and costs are more nearly equal. The South Commission observed that there were some gestures toward Third World concerns in the 1970s, undoubtedly spurred "by concern over the newly found assertiveness of the South after the rise in oil prices in 1973". As this problem abated and the terms of trade resumed their long term shift in favour of the industrial societies, the core industrial powers lost interest and turned to a new form of colonialism, monopolising control over the world economy, undermining the more democratic elements of the United Nations, and in general proceeding to institutionalise the South's second-class status.²¹

Spero. argued that dependence exists when a Southern country has a high level of economic interaction with a Northern country, when that

interaction is of great importance to the national economy, and when therefore, the Southern country is influenced by actors or events in the Northern state. The Northern country on the other hand, does not have a high level or qualitatively important economic interaction with the Southern state and is not influenced by actors or events in the Southern country. While interdependence is a relatively symmetrical relationship, dependence is asymmetrical.²²

Dependence usually takes one or more forms. With regards to trade, most Southern countries earn a large percentage of their gross national product(GNP) from trade with the North. Also the majority of Third World countries have a small internal market and thus depend on the larger Northern markets for the sale of their products. Thus, a dependent country is highly sensitive to factors in the North--both market and politics which shape Northern demand and thereby influence their trade. Furthermore, a large percentage of Southern countries' exports are often concentrated in a single or a small number of primary products, which reinforces sensitivity to foreign demand by making the country highly vulnerable to fluctuations in demand for the principal products. The heart of any economic system is its credit structure. This is controlled almost entirely by the rich nations at the international level.²³ In the final analysis, a large percentage of Southern countries' trade is often directed to a particular Northern market, which again accentuates the sellers'

sensitivity and vulnerability to demand conditions of that single market. Trade dependence, then, is characterised by the Southern economy's significant dependence on trade with the North and the high levels of sensitivity to factors in the North which influence that trade.

Another form of dependence is in the area of investment. A large percentage of the domestic stock of investment in Third World countries often owned by Northern foreign investors tends to control the most important sectors of production: raw materials and export industries, as well as the dynamic sectors of economic investment. The rich nations control the creation and distribution of international reserves through the expansion of their own national reserve currencies and have been the central banker of the world from the inception of North-South interaction.²⁴ A J. R. Groom shows that, monetary dependence also occurs when an underdeveloped country in a chronic balance-of-payment difficulty becomes dependent on external balance-of-payments assistance through the International Monetary Fund, which then reserves the right to shape and to influence domestic and foreign monetary policy. Aid also creates dependence. Foreign economic assistance to the South is often concentrated in one Northern source, allowing manipulation, management, and decision making from outside. Furthermore, aid may reinforce Northern trade and investment dominance. Usually, these economic dependencies--trade, investment, money, aid etc.--are reinforced by other

types of relationships with the North: cultural ties, alliances and treaties, more informal political ties, and military links ranging from military aid to military intervention.²⁵

A clear pattern of transactions between the former socialist states and the Western industrial countries is only beginning to emerge. East-West trade configurations reveal a slight balance in favour of the West; but the make up of trade suggests a complex pattern of vulnerabilities and dependencies. For example, by 1984, Poland was indebted to Western bankers by a sum of about USD46 billion, a potential vulnerability that under extreme circumstances could be exploited by Western governments for political-military objectives. The socialist states are generally dependent upon the West for modern technology. While analysts debate the consequences of this dependency, all agree that Western technology transfers do make a difference in the growth of socialist economies. But the dependence does not run in one direction. Western European countries, such as Germany and Finland, are dependent upon the Soviet Union (now Russia) for oil and natural gas supplies.²⁶ To develop large export markets in the socialist countries involves some risk--in a crisis situation, those markets can be shut off, although only at a very high cost to those who are attempting to wield the economic weapon. The Soviet Union, like its socialist allies, depended to a certain extent, upon the United States for transfer of western technology. Its unimpressive

agricultural output created another vulnerability. In most years it had to import large quantities of grain from the United States, Canada, and Australia.

In 1980, the United States exploited this vulnerability by boycotting the sale of feed grains to Russia in retaliation for the Soviet Union's invasion of Afghanistan. Generally, the dependence, interdependence, and vulnerability was high in East-West economic relations-even to the extent that the socialist world lost its immunity to inflationary pressures from the West. This was a significant difference in the pattern of interactions compared to the immediate post-war period. The implications of this fact are not entirely clear. Nevertheless, Brien and Topolski concluded that the economies of both types of systems have always been influenced increasingly by trends and conditions in the other.²⁷

As Groom and Margot put it, 'for the world economy to be stabilised there needs to be a stabiliser, one stabilizer'. The reverse side of the thesis is that the absence of a hegemon (as in the inter-war period) created a vacuum in the management of the existing international economic order. Pax Britannica, prior to the First World War and Pax Americana after the Second World War, were held to be exemplary hegemonic orders in which a hegemon '...created and enforced the rules of a liberal international economic order'. These assumptions about the

importance of hegemonic power for stability were shared throughout much of the 1970s and 1980s across the spectrum of the North American international political economy (IPE). The major point of difference was between a realist perspective, which expects to see self-regarding action on the part of the hegemon and a liberal, other-regarding perspective in which the hegemon provides public goods. This divide is a fashionable debate between neorealists and neoliberals on how best to explain international economic cooperation.²⁸ So there must be clear rules to govern the conduct of international monetary relations.²⁹ In the international system, which is characterised by anarchy and self-help, decision-making authority is dispersed among many governmental, inter-governmental, and non-governmental groups. Because of the absence of international government, the central problems of international politics are the adjustment or management of conflict and the achievement of cooperation.³⁰

Thirlwall argues that the means by which state and non-state actors manage or fail to manage their conflicts, and the ways in which they cooperate to achieve common goals is the central subject of international politics. Over the centuries, actors have deliberately or inadvertently, developed rules, institutions, and procedures to manage international conflict and cooperation. These forms of managing international order have varied over time, over space, and over issues. They range from

balance of power, alliances, international organisations, from hegemony to colonialism and international law. When there are effective rules, institutions, and procedures, conflict takes place within agreed limits, and cooperation is facilitated. When there are no effective rules, institutions, and procedures, conflict may be unregulated and cooperation impossible to achieve. In such a situation international conflict may escalate into war. It is perhaps, better in the light of the above, to understand the UN as a project of global governance rather than as one of global government.³¹

2.4 The New International Economic Order (NIEO)

In the words of Barbara Ward,

“Thirty years have passed since the signing of the United Nations Charter launched the effort to establish a New international order..[yet] more people are hungry, sick, shelterless and illiterate today than when the United Nations was first set up. To this day, at least three quarters of the World income, investment and services, and most of the world’s research, are in the hands of one quarter of it’s people. Now and in the immediate future, mankind’s predicament will be rooted above all in the structures, policies and behaviour within and between the nations of this world.”³²

Ward further argues that the vastly unequal relationship between the rich and poor nations is fast becoming the central issue of our time. The poor nations are beginning to question the basic premises of an international order which leads to ever-widening disparities between the rich and the

poor countries and to a persistent denial of equality of opportunity to many poor nations. This thinking appears to underline the demand for a New International Economic order.

Inequalities led the new nations of the world to demand with increasing urgency, a new reshaped international economic order which will be more just and give them more resources for investment and rapid development. The essence of their demand was expressed in the declaration and the programme of action for a new international economic order, adopted at the sixth special session of the United Nation's General Assembly in May 1974 and elaborated in greater detail in the Manila Declaration, adopted by the so called group of G7 most industrialised nations of the world in 1976. Fast development is the result of fast exploitation. Aggressive exploitation of natural resources for the benefit of a few richer nations has created bottlenecks in the circular flow of economic activities in the world, resulting in inflation, unemployment and recession. To avoid regional imbalances and economic stagnation, there must be global agreement on the economic growth rate of each nation, in a given period of time.³³

Noam Chomsky, commenting on the new world order, maintained that with the Cold War at an end, there were calls for a new world order which came in several varieties:- the earliest was published by the non-

governmental South Commission chaired by Julius Nyerere and consisting of leading third world economists, government planners, religious leaders and others. Reviewing the miserable state of the traditional western domains, they called for a "New World Order" that will respond to the South's plea for justice, equity and democracy in the global society. They also observed with dismay that the terms of trade resumed their long-term shift in favour of the industrial societies. The core industrial powers lost interest, and turned to a new form of colonialism: monopolising control over the world economy, undermining the more democratic element of the United Nations and institutionalised the South's second class status--the natural course of events given the relations of power and the cynicism with which it is exercised.³⁴

The international economic system experienced an important increase in turbulence after 1973--the global economic system as a whole grew in complexity and interdependence. The actors became more uncertain about the nature of trade-off they faced both domestically and internationally.³⁵ According to the World Bank, "any treatment of the North-South economic and political relations must begin with a picture of the enormous gap which exists between the poorest and the wealthiest people in the world". The World Bank estimates that about 800 million people live in what is called "absolute poverty", that is, inadequate food, shelter, health care and education. The majority of the absolute poor are in rural

areas with the greatest concentration in the South. An increase in developing countries' share of world industrial production to about 25 percent by the end of the century was demanded. This was to be achieved by a permanent reduction of direct and indirect barriers, by phasing out certain industries in the industrial countries, by facilitating the transfer of technology, by stimulating the flow of direct investment and by increasing development aid.³⁶

The call for a New International Economic Order (NIEO) was endorsed by the Sixth Special Session of the United Nation General Assembly in 1974. The United Nations pledged itself to work urgently for the establishment of the NIEO based on equity, sovereign equality, common interest and cooperation among all states, irrespective of their economic and social systems. The new economic order shall correct inequalities and redress existing injustices, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development, peace and justice for present and future generations. The Programme of Action called for such things as improved terms of trade for the exports of poor countries, greater access to the markets of developed countries for manufactured goods, greater financial assistance and alleviation of past debt.³⁷

It is noteworthy that until today, the success rate of New International Economic Order (NIEO) endorsed by the United Nations in 1974 leaves much to be desired. It thus indicates the true position between proposal and performance. As such, the breakthrough of the poor nations will depend largely on how they restructure their home environment to move forward.

2.5 The Bandung Conference

Panchamukhi³⁸ recounts that immediately after gaining political independence, the newly independent countries started nourishing fears that the military power blocks may use the Cold War tactics to continue to foster military dependency in the erstwhile colonies. There was a vocal section of the community of new nations which felt that military blocks were instruments for destabilising the environment of independence in its totality. There were fears also that the independence gained by them in a hard way could be nullified if the colonial masters or other super powers tried to gain control of the economic activities of these countries. There was also an early awareness of the need for cooperation between countries of different regions within the South which resulted in the formation of an informal first meeting of the April, 1954 Colombo Powers: India, Pakistan, Burma, Ceylon and Indonesia-where India proposed convening an Afro-Asian conference in 1954. Bandung's principal architects were: (1) Prime Minister Nehru of India, who

represented the world's second most populous country and its largest democracy, (2) President Tito of Yugoslavia, whose authority derived from his historic break with the USSR which enabled him to bring a genuinely communist element into the movement; and (3) President Nasser of Egypt who had become a symbol of resurgent Arab nationalism. These men convinced the third world nations to accept Non-Alignment as a legitimate alternative to taking sides in the Cold War. Prominent among them was Nehru who was said to be responsible for the emergence of the third world as a new political force.

The Bandung conference was concerned with five broad issues:

(1) The reluctance of western powers to consult the new nations on issues concerning Asia, (2) the tensions between the USA and China which threatened the peace of the region, (3) the desire to find peaceful solutions especially between the rest of Asia and Communist China and also, between China and the West, (4) opposition to the continuation of colonialism in either Asia or elsewhere, and (5) the more precise question of Indonesia's claim to West New Guinea or Irian Jaya. This question was inevitable because Indonesia was the host country; in any case, the issue could be seen as part of the question of decolonization. Bandung gave rise to the "Bandung Spirit" of co-operation between the new nations of Africa and Asia. The Bandung Declaration reaffirmed the five principles first formulated by China and India in 1954: (1) Respect for territorial

sovereignty (2) non-interference in the internal affairs of other countries (3) equality and mutual benefits (4) non-aggression and (5) peaceful coexistence. The conference of April, 1955 may be taken as the formal date which signalled the birth of Non-Alignment and perhaps also of the third world policy of Non-alignment.³⁹ (See Appendix One of the NAM Summits).

2.6 The Unchanged Situation

Through the instrumentality of various international organisations formed by the developing nations, series of efforts have been made to alleviate their economic problems through dialogue with the developed nations. Yet, international trade, far from providing an engine of growth is inherently a process of unequal exchange. Trade and Investment extract surplus from the developing countries and transfer it to the core countries in the international system. Capitalism, by its very nature, creates wealth and poverty, development and underdevelopment. Thus, the division of the world into economically wealthy and impoverished countries is not accidental but the outcome of a process of uneven development central to capitalism. Foreign investment and aid create and perpetuate dependence and retard the development of autonomous and self-sustaining growth.⁴⁰

The failure of world society to provide a safe and happy life for all is not caused by any present lack of physical resources. The problem today is not one of absolute physical shortages but of economic maldistribution and misuse (of these resources). Humanity expects that better ways of life and social system can be evolved that are more respectful of the whole planetary environment. The road forward does not lie through the despair of doom-watching nor through the easy optimism of successive technological fixes.⁴¹

2.7 The Next Line of Action

It is obvious that right from independence, the developing nations have been yearning for their social, political and economic status. Yet the developed nations have not initiated the sincere pragmatic approaches appropriate to save the situation. Based on the above reason, developing nations thought it necessary to embark on self-reliance approach. The concept of self-reliance implies that, there should be a deliberate de-link of the Third world from its past dependent relationships with the developed countries. Mahbub UL HAQ observes that many of the developing countries have been so intimately linked to their previous colonial masters--politically, economically and socially--that any slight tremor in these mother countries can cause a major earthquake within the developing world. This was quite obvious during 1974 and 1975, when the developed world went through a period of

recession and temporary interruption in oil supplies which had a major impact on the demand for raw materials from the developing countries and on the rate of growth the Third World could maintain in the face of a slowdown of growth in the OECD countries.⁴²

A self-reliant national development must be capable of protecting the essential living standards from such external shocks. For one thing, this means that a central part of such a development strategy should be the focus on food production so that the society can, at least, feed itself, irrespective of international developments. Another aspects, is that the Third World countries should get together among themselves in the arrangements of collective self-reliance so that they can buy some protection against the temporary disturbances in the developed countries.

According to Mahbub UL HAQ, more specifically, there are four elements, which are important in the concept of self-reliance. First, the society should not introduce any consumption goods, which can not be shared by the vast majority of the population at that particular stage of development. This essentially, underlines the rationale of China's reliance on bicycles and public buses instead of the introduction of automobiles, which naturally could have been owned only by a few privileged people in the country at its low level of per capita income.

This means that, by deliberate action, no such consumption goods should be allowed into the society which can not be afforded by the masses with their average per capita income.⁴³

Secondly, the concept of self-reliance implies the maximum use of indigenous resources and technology. In the first excited phase of development, many developing countries were in a hurry to overthrow their traditional cultural patterns or the use of their traditional skills. This reflected a lack of confidence and pride in their own past and a mad anxiety to follow in the footsteps of the developed world. China has been one singular exception to this, in blending its past heritage with its future needs. This is evident in their use of ancient Chinese skills to create new products, and the establishment of relevant organisations and technology, from barefoot doctors to labour-intensive means of constructing huge buildings and dams. There is a tremendous call today on the Third World to make much greater use of local resources and indigenous technology. This technology cannot be developed in international institutes outside the Third World, since that would be an ironic mockery of the very concept of indigenous technology. It must be fashioned within these societies. In fact, if the emphasis of the society is on the production of simple essential goods, this reorientation in development strategy will, by itself, lead to an emphasis on indigenous resources and technology.⁴⁴

Thirdly, the developing countries must view their reliance on foreign assistance as the minimum the country can not do without, not the maximum the country can negotiate. In most parts of the Third World, there is a tremendous scope for reducing their current dependence on foreign assistance without reducing their growth rates. Unfortunately, the size of foreign assistance has become a serious political and national game in many developing countries, so that the energies of the top policy makers are often spent outside their countries in persuading reluctant donors to cough up additional assistance. It is suprising and tragic, how soon the performance criterion for judging the success of many bureaucrats and policy makers in their own countries becomes their ability to negotiate external assistance. This generally distorts the basic signals in a society to such an extent that, in some of them, far more analysis and time are devoted to the task of negotiating assistance than to mobilising domestic resources or to allocating them intelligently and equitably.

Finally, the concept of self-reliance also implies that there must be a deliberate de-linking of the third world from its past dependent relationship with the developed countries. Many of the developing countries have been so intimately linked with their previous colonial masters-politically, economically and socially – that any slight tremor in these mother countries can cause major earthquakes in the developing

world. This was quite obvious during 1974 and 1975, when the developed world went through a period of recession and temporary interruption in oil supplies which had a major impact on the demand for raw materials from the developing countries and on the rate of growth that the Third World could maintain in the face of a slow down of growth in the OECD countries.

2.8 Conclusion

The economic gap between the developed and developing countries todate has not been closed despite the efforts of the leaders of the South. From the period of independence, the new nations saw that their social-economic status was so low compared with the colonial masters. From that time they started series of dialogue and conferences to press for a new international economic order. Most times, in the summits of the developed and developing nations over the restructuring of the international economic system, the North will in principle pay lips service but will not translate the resolutions into practical reality. Psychologically, the developing nations understood that the developed nations are not pre-disposed to assist them to be at the same socio-economic status with them. Naturally, nations like to enjoy superior status over others and as such, will not readily be a party to projects or proposals that will enable their counterparts in the comity of nations to achieve parity with them.

Economically, the world is polarised into the high income, middle, and low income states. While the low income countries are aspiring to ascend to the middle income level, the middle income nations are longing to close the gap with the high income states. In the process, the developed ones keep on maintaining their status quo through protectionism and other technical processes. Even within the South, there still exists protectionism among member states. Therefore, the behaviour of the North is merely a psychological and natural course. Furthermore, the ongoing tragedies in the nations of the South are compounded by corruption in government and internal conflicts caused by the struggle for leadership positions, nepotism sectionalism and misdirected policy pursuits.

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