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No Turning Point in North-South Relations

When the movement of the non-aligned nations was called into being in 1955 with the Bandung conference, it was directed against the polarization of power represented by the Communist and non-Communist alliances and towards the abolishment of colonialism. Now the great powers are increasingly showing a seriousness of purpose in trying to achieve détente while colonialism, according to a Sri Lankan draft paper, "is no longer much more than a marginal problem". So among many of the non-aligned the emphasis has shifted away from the traditional political aspirations to another common cause.

The new goal which dominated also the recent fifth summit meeting of the world's non-aligned countries in Colombo is the establishment of a new economic order which is to lead to a narrowing of the gap between the poor nations, most of which were represented at the Colombo meeting, and the rich nations, most of which were not. While this demand has in recent years been raised on many international mammoth conferences, the striking feature of the Colombo meeting was what some observers referred to as a new consciousness of the Third World of its strength and ability to deal forcefully with the industrialized countries on the economic front. For, although the wellknown demands to the address of the rich countries were repeated once again in Colombo, the emphasis in the economic sphere was for the first time put on the principle of collective self-aid.

Among the envisaged measures was the demand that the non-aligned states should grant trade preferences to each other and that public orders should preferably be placed with suppliers from developing countries. These measures which both are to serve the purpose of intensifying the trade between the Third World countries seem to be a step in the right direction. A specialisation in foreign trade between developing countries will not suffer from the asymmetrical structures that characterize exchange relations between developing and industrialized countries. The example of the latter has shown that high expansion rates can be achieved in the exchange of substitutive rather than complementary goods. Besides the development and employment of technologies that are adapted to the specific needs of developing nations can hardly be expected from the industrialized countries.

As against that, the ambitious proposal to reduce the developing countries' dependence on the present monetary system by the creation of a new reserve currency and a commercial bank of their own does not appear to have a significant chance of realisation. So far the non-aligned nations were not even able to channel sufficient amounts into their existing solidarity fund.

As far as the economic relations with the advanced nations are concerned, the non-aligned countries' intention became obvious to use their raw materials as a weapon in order to force what could not be achieved by way of negotiation. The formation of producer cartels was envisaged for copper, bauxite and other raw materials with the aim of stabilising and increasing the developing countries' export proceeds. The necessary buffer stocks are to be provided exclusively by the developing countries themselves. This, however, would involve huge funds which only the oil exporting countries would be able to raise and it may well be doubted that their solidarity with their poorer counterparts among the non-aligned countries will go that far. Apart from this the example of the oil cartel — which the participants in the Colombo conference had in mind — cannot simply be imitated since the formation of the OPEC cartel was favoured by a number of preconditions which in their combination are not fulfilled with any other raw material.

That the non-aligned themselves do not place too much confidence in producer cartels became apparent by their intention to index raw material prices. With properly working cartels any indexation would be totally superfluous. Besides, what applies to raw material cartels, applies as well to index-linked prices: they, too, have to be effected in the market.

Thus the measures contemplated in Colombo appear, for the most part, inappropriate for achieving substantial progress in the Third World's struggle for a better position in the international economy, either because the new instruments will not even be brought into action, or because they will prove largely ineffectual. It is therefore most unlikely that the Colombo conference will — as some observers expect — later be referred to as a turning point in the history of north-south relations.

Claus Hamann