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A New World Order — the Mote and the Beam

by André van Dam, Buenos Aires *

The dialogue between the Third World and the industrial nations about a new international order is steeped in emotions, prejudices and rhetoric. Yet, what is most urgently needed is a sober appraisal of the hard-core issues of the north-south dialogue in the framework of geopolitical realities.

It took America's "deep south" a whole century to narrow the economic gap with the industrial north-east. In Italy, the south is still fifty years behind the industrial north. More often than not, it takes a Robin Hoodish role of the central government to transfer resources between the economically advanced and backward regions within a prosperous nation state.

It were primarily the trade unions which forced the issue in Western Europe and North America. Therefore, in the absence of a Robin Hood in world affairs, the developing countries of Asia, Africa and Latin America are tempted to follow the examples of those trade unions. Collectively they plan to strengthen their bargaining power vis-à-vis the "north".

In a nutshell, the Third World bargains for nothing less than a new world order¹. Contrariwise the industrial nations argue that the existing international order can be adapted to accommodate some of the Third World's grievances. The resulting dialogue is steeped in emotions, prejudices and rhetoric. Yet, what is most urgently needed is a sober appraisal of the hard-core issues of north-south dialogue in the framework of geopolitical realities.

The crux of the matter is whether fiscal and other responsibilities which do not stop at the gates of a capital city nor at the borders of a rich province, can abruptly halt at the political frontiers of a well-to-do country. To some, it seems morally indefensible and geopolitically myopic. To others, it is the fruit of a historical sequence which must inevitably run its course.

The Third World rests its case upon some hard facts. The developing countries had access to a

mere 5 p.c. of the US \$ 125 bn worth of international reserves created between 1970 and 1974. They account for barely 7 p.c. of the world's manufacturing output — a proportion which has not substantially improved over the past ten years. They receive only 15 p.c. of the prices which the final consumers of the West pay for their (processed) commodities, excluding petroleum. They must set aside half the foreign financial assistance in order to service their foreign public debt of US \$ 150 bn, reflecting the "hardness" of such aid.

The West does not dispute such facts — which it attributes however to history, climate or the demographic explosion. Hard work, frugal living and sound investments will eventually take the Third World to industrialization and prosperity. The market mechanism — that pillar of progress — is bound to put economic growth ahead of a less inequitable distribution of income. When the market is heavily skewed, like in the case of the petroleum cartel, it erodes the affluence of the north upon which the welfare of the south rests. Finally, the West asserts that the gap between rich and poor within many Third World nations is far greater than that between north and south.

Myriad Puzzles

The north-south dilemma is reflected in myriad puzzles which dialogue has hitherto failed to solve. How to explain for instance that Western Europe levies insignificant import duties on raw copper and cocoabeans and fairly high tariffs on copperwire and chocolate — thus penalizing countries such as Chile, Ecuador, Ghana and Zambia? How to interpret the veto of some American labor unions against the southward removal of specific manufacturing industries — thus blocking the progress of fellow workers in the Third World? And how to reconcile the Third World's often avowed disenchantment with private enterprise, whose management, technology and capital are likely to strengthen its bargaining power vis-à-vis the north?

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¹ This paper is based upon the author's impressions in Sidi Feruch, Algeria — where during the last week of October 1976 and under the sponsorship of the Club of Rome, over 200 experts from all over the world appraised the study "Reshaping the International Order", by Professor Jan Tinbergen et al.

Can the Third World really summon political consensus and collective bargaining power? It is only in the wake of the petroleum crisis that such political leverage is acknowledged as a potential asset. It remains to be seen whether most of the Third World can muster the degree of unity — in the fashion of the labor unions — which the petroleum-producing countries displayed in the right dose and at the opportune moment.

It stands to reason that neither canesugar nor bauxite — nor phosphates, rubber or tin, for that matter — can exert the political pressure which petroleum inflicts. Indeed, the Third World's extension of its offshore limits to 200 miles may well signify that its "trade-unionism" rests upon criteria other than the ownership of this or that critical resource.

Through the Opposite Sides of the Telescope

I conjecture that in their quest for a new international order, many developing nations may come to consider their poverty and demographic explosion as assets rather than liabilities. If at the first blush this seems a rather farfetched assumption, the on-stage and off-stage palavers at the Club of Rome's alluring Sidi Ferich meeting provided this supposition with a foundation.

There was near-consensus that a new world order might stand or fall with the banishment of mass poverty, rather than with the breadth of the north-south gulf. Presently, one billion poverty-stricken people (those with less than US \$ 200 income per year) inhabit our planet. Most of them make their "home" in South East Asia.

The World Bank reckons that it may take a full generation plus one dollar per barrel of petroleum (well-spent, of course) in order to bring that many poor to the threshold of the basic amenities of life. There was consensus that the West simply *must* sensitize its grassroots, and through them the power structures, to the idea that banning poverty is the overriding priority for global development and peace.

Peace, indeed. In a world of instant mass communications, poverty, famine and despair may provide the available home-made nuclear weaponry with some unforeseen application. It would be an ostrichlike policy for the West to pin its hope for world development upon family planning and the trickle-down of economic growth. The threshold of tolerance is sinking too fast and too far.

The message at Sidi Feruch was for north and south to stop looking through opposite sides of the telescope. That, however, is easier said than

done. For we continue seeing the mote in somebody else's eye and not the beam in our own. That is where the shoe pinches, excessively so — even at Sidi Feruch.

On one side of the telescope the Third World appears as being militarily, politically and economically too weak to resolutely and jointly bargain for a new world order. On the other side of the telescope the well-to-do countries are perceived as being too engrossed in their endless pursuit of material abundance to take the poor south seriously.

The Swiss Referendum

A peculiar example of the "telescopic" distortion of the north-south perception is provided by the Swiss. In a popular referendum they vetoed, by a 56 p.c. majority, a US \$ 80 mn creditline to the World Bank's "soft window". The veto mirrored the Swiss' anxiety that their funds would least benefit those who need these most: the poorest of the poor. Identical fears seem to prevail in other well-to-do countries.

Regrettably, the referendum reflects the overwhelmingly monetary posture of the north-south dialogue. In the final analysis, geopolitical and psychological obstacles may overshadow the financial ones. The absolute amount of money required to ban poverty from the world's forgotten one billion needy, is insignificant. It represents 5 p.c. of the world's annual expenditures on armaments and defense. It equals the world's yearly *incremental* expenditures on tobacco, alcohol and cosmetics. In essence, the Swiss veto was not a matter of the individual pocketbook, but of the aims of development.

Hitherto, industrialization of the Third World has rated a higher priority than rural development. Partly this is so because the energy crisis, the patterns of overurbanization and the ecological concerns move agriculture and animal husbandry out of the limelight. Yet, a new world order must take the plight of the landless peasants and marginal farmers at heart.

To that end, agricultural commodities should be stabilized at (to the marginal farmers) remunerative price levels. This should be partly a matter of replacing voluntary trade concessions by binding agreements, and partly a matter of "on-the-spot" processing. In this framework, Third World governments are likely to grant new priorities to integrated rural development. The latter is to include infrastructure projects, concessional co-operative credits, employment creation, and last but not least: agro-allied industries. Such comprehensive development schemes are bound to

preempt fears such as those expressed in the Swiss referendum, for they are the new international order that was envisioned at Sidi Feruch.

Self-reliance versus Mutual Dependencies

Such a new world order is expected to pivot upon an as yet untested formula: the meshing of (collective) self-reliance with mutual dependencies. The lack of consensus at Sidi Feruch reflects the complexity and political sensitivity of the formulation itself.

The petroleum crisis was a dramatic illustration of the mutual dependency between producers and consumers of crucial resources. Other examples abound, such as Europe's 14 mn guest workers, the ocean "commons" and nuclear proliferation. In 1976, world trade reached a volume of US \$ 1 trillion, knitting an intricate web of myriad interdependencies. Economic growth, technological innovation and the vagaries of the weather all tend to lift interdependencies to precarious heights.

However, mutual dependencies can be quite asymmetrical when some countries are far more interdependent than others. (In the absence of gunboat diplomacy, how to safeguard vital supply lines?) While the United States worked on an Energy Independence Project and Japan on its Tanaka Project, "Europe Plus Thirty" was being drawn up for not too dissimilar reasons.

And what about the Third World? The petroleum crisis taught it to henceforth bargain collectively with the north. Without common interests with the north, the south has nothing to bargain for, and without conflicting interests, nothing to bargain about. Such a bargaining posture demands a high degree of self-reliance. This is not a matter of cutting the Third World off from the main stream of Western technology, trade and finance. Self reliance is, on the contrary, confidence in its bargaining power in order to secure the necessary inputs for a development process solidly anchored in the Third World's own culture and values (rather than making a xerox copy of alien value systems). That, in a nutshell, is how self-reliance fits into mutual dependency.

The Global Bazaar

The extreme diversity of Third World countries does not facilitate collective bargaining priorities. To a much lesser extent this holds good for the trilateral countries: Western Europe, North America and Japan. With 150 countries and myriad topics involved, collective bargaining may turn into a global bazaar.

The quintessence of a new world order (also termed the "planetary bargain") is the relative

transfer of resources from north to south. There is no lack of proposals with regard to the scope and mechanism of such transfers — but there exists a considerable lack of consensus concerning the priorities and practicalities. The salient proposals comprise:

The abolishment of trade obstacles to manufactures from the Third World; the stabilization, at remunerative levels, of crucial commodity prices; international development assistance to the tune of 0.7 p.c. of gross national income, to gradually reach 1 p.c.; Third World access to world liquidity in the form of special drawing rights; to reschedule foreign indebtedness of Third World countries with inherent balance-of-payment problems; to impose an international taxation on scarce, wasteful or contaminating resources; and, last but not least, to reach for food self-sufficiency in eligible Third World countries in order to accelerate their development "take-off".

There was consensus that such transfers should favor poor people rather than poor countries; that transfers should become automatic; that Third World governments themselves should ensure that such resources benefit those who need them most, viz. the poorest of the poor; and, last but not least, that such transfers should be channeled through multilateral organizations. There was no consensus with regard to the timing, the height of the transfers, nor to the role of the private sector therein.

In Quest of "Robin Hood"

There was a heartening consensus at Sidi Feruch that *the* most urgent and most important task ahead is to sensitize the grassroots in the industrial nations on what India terms: "Garibi Hatao" — ban poverty. We will have to strike a responsive chord with artists, churchgoers, engineers, housewives, labor unionists, professionals, sportsmen, students — and through them, with those who have the power of suasion and action: the power structures.

History teaches us that most progress has been achieved under duress — through conflicts, wars, chaos and rebellions. The presence of nuclear proliferation at a time of brinkmanship should induce each well-informed, motivated world citizen to partake in a crusade — while there is time — in favor of a new world order under conditions of orderly change and transition. Victor Hugo used to say that all the world's armies were unable to stop an idea whose time has come. The idea: there can be no island of prosperity in an ocean of poverty. Not for long. That, in a nutshell, was the message from Sidi Feruch.