

August 2017

The New International Economic Order and Christian Charity

Lilia R. Bautista

Follow this and additional works at: <https://scholarship.law.stjohns.edu/tcl>



Part of the [Catholic Studies Commons](#), [International Law Commons](#), and the [Law and Economics Commons](#)

Recommended Citation

Lilia R. Bautista (1980) "The New International Economic Order and Christian Charity," *The Catholic Lawyer*. Vol. 25 : No. 2 , Article 8.

Available at: <https://scholarship.law.stjohns.edu/tcl/vol25/iss2/8>

This Article is brought to you for free and open access by the Journals at St. John's Law Scholarship Repository. It has been accepted for inclusion in The Catholic Lawyer by an authorized editor of St. John's Law Scholarship Repository. For more information, please contact selbyc@stjohns.edu.

THE NEW INTERNATIONAL ECONOMIC ORDER AND CHRISTIAN CHARITY

LILIA R. BAUTISTA*

On May 1, 1974, the General Assembly of the United Nations in its Sixth Special Session adopted two major resolutions, the Declaration on the Establishment of a New International Economic Order¹ and the Programme of Action on the Establishment of a New International Economic Order. The first document sets forth certain economic rights and responsibilities of all states, while the second outlines specific programs for meeting these rights and responsibilities.

The quest for a new international economic order arises from certain elements of the relations between the developing and developed countries that the former find particularly burdensome such as:

- 1) the division of the world into exporters of primary products and exporters of manufactured goods;
- 2) the unfavorable terms of trade for the products of the developing countries;
- 3) the one-sided dependence of the developing countries on the developed countries for finance;
- 4) the one-sided dependence of the developing countries on the developed countries for technology; and,
- 5) the dependence of most developing countries on the developed countries for their engine of growth through the need to obtain access to external markets, as well as receive direct foreign investment the bulk of it through transnational corporations.²

Thus, the new international economic order is declared to be based

* Assistant Secretary of the Ministry of Industry, Republic of the Philippines.

¹ G.A. Res. 3201, U.N. GAOR, Supp. (No. 1) (6th spec. sess.), U.N. Doc. A/9559 (1974).

² UNIDO, *INDUSTRY 2000 NEW PERSPECTIVE* (Sept. 1979).

"on equity, sovereign equality, interdependence, common interest and cooperation among all states, irrespective of their economic and social systems which shall correct inequalities and redress existing injustices, making it possible to eliminate the widening gap between the developed and developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations."

No doubt, it is conceded that there is a widening gap between the developed and developing countries that needs to be bridged. The developing countries, which constitute seventy percent of the world's population account for only thirty percent of the world's income. The political, economic, and social well-being of present and future generations depends more than ever on cooperation between all the members of the international community as the basis of sovereign equality and removal of the disequilibrium that exists between them. The new international economic order is founded on full respect for the following principles:

- 1) Sovereign equality of States, self-determination of all peoples, inadmissibility of the acquisition of territories by force, territorial integrity and non-interference in the internal affairs of other States;
- 2) The broadest cooperation of all the States members of the international community, based on equity, whereby the prevailing disparities in the world may be banished and prosperity secured for all;
- 3) Full and effective participation on the basis of equality of all countries in the solving of world economic problems in the common interest of all countries, bearing in mind the necessity to ensure the accelerated development of all the developing countries, while devoting particular attention to the adoption of special measures in favour of the least developed, land-locked and island developing countries as well as those developing countries most seriously affected by economic crises and natural calamities without losing sight of the interests of other developing countries;
- 4) The right of every country to adopt the economic and social system that it deems the most appropriate for its own development and not to be subjected to discrimination of any kind as a result;
- 5) Full permanent sovereignty of every State over its natural resources and all economic activities. In order to safeguard these resources, each State is entitled to exercise effective control over them and their exploitation with means suitable to its own situation, including the right to nationalization or transfer of ownership to its nationals, this right being an expression of the full permanent sovereignty of the State. No State may be subjected to economic, political or any other type of coercion to prevent the free and full exercise of this inalienable right;
- 6) The right of all States, territories and peoples under foreign occupation, alien and colonial domination or apartheid to restitution and full compensation for the exploitation and depletion of, and damages to, the natural resources and all other resources of those States, territories and peoples;
- 7) Regulation and supervision of the activities of transnational corporations by taking measures in the interest of the national economies of the countries

where such transnational corporations operate on the basis of the full sovereignty of those countries;

8) The right of the developing countries and the peoples of territories under colonial and racial domination and foreign occupation to achieve their liberation and to regain effective control over their national resources and economic activities;

9) The extending of assistance to developing countries, peoples and territories which are under colonial and alien domination, foreign occupation, racial discrimination or apartheid or are subjected to economic, political or any other type of coercive measures to obtain from them the subordination of the exercise of their sovereign rights and to secure from them advantages of any kind, and to neo-colonialism in all its forms, and which have established or are endeavouring to establish effective control over their natural resources and economic activities that have been or are still under foreign control;

10) Just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy;

11) Extension of active assistance to developing countries by the whole international community, free of any political or military conditions;

12) Ensuring that one of the main aims of the preformed international monetary system shall be the promotion of the development of the developing countries and the adequate flow of real resources to them;

13) Improving the competitiveness of natural materials facing competition from synthetic substitutes;

14) Preferential and non-reciprocal treatment for developing countries, wherever feasible, in all fields of international economic cooperation whenever possible;

15) Securing favorable conditions for the transfer of financial resources to developing countries;

16) Giving to the developing countries access to the achievements of modern science and technology, and promoting the transfer of technology and the creation of indigenous technology for the benefit of the developing countries in forms and in accordance with procedures which are suited to their economies;

17) The need for all States to put an end to the waste of natural resources, including food products;

18) The need for developing countries to concentrate all their resources for the cause of development;

19) The strengthening, through individual and collective actions, of mutual economic, trade, financial and technical cooperation among the developing countries, mainly on a preferential basis;

20) Facilitating the role which producers' associations may play within the framework of international cooperation and, in pursuance of their aims; inter alia, assisting in the promotion of sustained growth of the world economy

and accelerating the development of developing countries.³

The above principles are nothing new. They are Christian principles which are now given official recognition by a group of nations. Today, the expectations of the human race is at its height, so that progress in the production of agricultural and industrial goods and in rendering of services is aimed at meeting such expectations. The fundamental purpose of this productivity is not mere multiplication of production or profit or domination; rather, it must be the service of man, the whole man, viewed in terms of his material needs and the demand of his intellectual, moral, spiritual, and religious life, and every man of whatever group, of whatever race or whatever part of the world.⁴

The parallelism in the principles of the new international economic order and the pronouncements of the Second Vatican Council is evident when the Council stresses that

economic development must be kept under the control of mankind. It must not be left to the sole judgment of a few men or groups possessing excessive economic power, or the political community alone, or of certain especially powerful nations. It is proper, on the contrary, that at every level, the largest possible number of people have an active share in directing that development. When it is a question of international development, all nations should so participate.

The Council further stressed the need for vigorous efforts to remove as quickly as possible the immense economic inequalities which now exist. Employment opportunities should be created in their own areas as far as possible. The livelihood and the dignity of all people, particularly of those in difficult circumstances because of illness or old age, should be safeguarded.⁵

THE PROGRAMME OF ACTION

As a step towards the establishment of a new international economic order, the General Assembly of the United Nations in its Sixth Special Session of May 1, 1974, adopted a programme of action, based on the principles of dignity and sovereign equality, that gives specific attention to the following issues:

- 1) Fundamental problems of raw materials and primary commodities as related to trade and development;
- 2) International monetary system and financing of the development of developing countries;

³ *Id.*

⁴ See THE DOCUMENTS OF VATICAN II 273 (W. Abbot ed. 1966); cf. Pius XI, *Quadragesimo Anno*, 23 ACTA APOSTALICA SEDIS 190 (1931); John XXIII, *Mater et Magistra*, 53 ACTA APOSTALICA SEDIS 450 (1961).

⁵ *Id.*

- 3) Industrialization;
- 4) Transfer of technology;
- 5) Regulation and control over the activities of transnational corporations;
- 6) Charter of economic rights and duties of States;
- 7) Promotion of cooperation developing countries;
- 8) Assistance in the exercise of permanent sovereignty of States over natural resources;
- 9) Strengthening the role of the U.N. system in the fields of international economic cooperation;
- 10) Special programme.

The programme of action on the first issue, fundamental problems of raw materials and primary commodities as related to trade and development, is dealt with on four scores: raw materials, food, general trade, and transportation and insurance.

On raw materials, it consists of a call for efforts for the exercise of permanent sovereignty, particularly by developing countries, over the exploitation and distribution of natural resources, as well as for a just and equitable relationship between the prices of raw materials and primary commodities exported by developing countries and the prices of manufactured goods and capital equipment imported by them.

In the action programme adopted by the Ministerial Conference of Developing Countries on Raw Materials in Dakar in February 1975, it is stated that "cooperation among developing countries in the field of raw materials and other primary commodities should aim to achieve the following main objectives:

- to promote the processing by developing countries of their raw materials to the highest degree possible in their national territory;
- to promote direct trade in raw and processed commodities between the developing countries.

This decision is based on the recognition that the role of developing countries cannot be indefinitely confined to that of being suppliers of raw materials to the developed countries. In view of the importance of the value added by processing raw materials, developing countries can, by such processing, increase considerably their export earnings and provide substantial opportunities for employment for their people.

The programme of action with respect to food, on the other hand, calls for concerted international efforts contributing to the solution of the food problem, particularly of developing countries. It recognizes the importance of an increase in food production and consumption in developing countries, liberalization of international food trade, specifically by promoting export of food products by developing countries through just and equitable arrangements, and of international agreements on food commodities. In addition, it calls on developed countries to take into consideration, in evolving policies related to food trade, developing importing

countries which cannot afford high prices for their imports and developing exporting countries which need increased market opportunities for their exports.

In UNCTAD V, this programme of action is supported by the resolution passed relating to international food trade which urged a substantial increase in investment and technical assistance, with the support of the developed countries and the international organizations concerned, in order to accelerate food production in developing countries, especially in the least developed countries. It also called for efforts to increase developing countries' exports of food and food products, to achieve stable and equitable prices, to improve nutrition, to promote an adequate supply of food and to strengthen world food security by means, inter alia, of the following:

- 1) Adoption in the developing and developed countries of policies and measures that would encourage food production and improve and strengthen the technological capabilities of developing countries in the agro-industrial sector;
- 2) Adoption of appropriate schemes among developing countries for expanding and diversifying food production and trade;
- 3) Early conclusion, where appropriate, of international agreements on food commodities, including, where necessary, the establishment of adequate reserves.

On general trade, the Programme of Action calls for concrete steps to eliminate chronic trade deficits of developing countries. Such measures are to include, among others, the progressive removal of tariff and non-tariff barriers and restrictive business practices that will pave the way for an improved access to markets in developed countries, expeditious formulation of commodity agreements that will regulate and stabilize the world markets for raw materials and primary commodities, and preparation of an overall integrated programme for a comprehensive range of commodities of export interest to developing countries, and other measures such as improved compensatory financing schemes, improved and enlarged generalized system of preferences, setting up of buffer stocks within the framework of commodity arrangements and their financing by international financial institutions.

On transportation and insurance, the Programme of Action calls for efforts to promote an increasing and equitable participation of developing countries in the world shipping tonnage, in order to increase their trading ability. Specifically, the early implementation of the Code of Conduct for Liner Conferences is called for.

The Integrated Programme for Commodities represents an initiative towards the attainment of the objectives of the programme of action in the above areas. It is founded on the need to improve the terms of trade of developing countries and to achieve stable conditions in commodity trade,

including avoidance of excessive pure fluctuations as well as security and stability of income derived from the export of commodities by developing countries.

Briefly stated, the programme for commodities is based on the following principles and objectives:

- 1) The need to seek solutions simultaneously and urgently to the problems of a number of commodities of major interest to developing countries, both as exporters and importers, in view of the considerable threat to the interest of these countries posed by prospective developments in the world economic situation in both the short term and the long term;
- 2) International action on commodities should take due account of the interest of both exporting and importing countries;
- 3) Cooperative action by producing countries has a legitimate and important role to play in solving the problems of individual commodities;
- 4) Arrangements for the stabilization of prices, in the sense of the smoothing out of irregular or cyclical fluctuations, are required for many commodities in order to allow correct responses to price incentives in production, to help stabilize export incomes and import bills, and to improve the competitive position of natural raw materials facing competition from synthetics;
- 5) Commodity prices should be at levels which provide incentives for the maintenance of adequate levels of production, which are just and remunerative, which take due account of world inflation, and which are consistent with developmental objectives;
- 6) Diversification and the expansion of processing of commodities in developing countries should be encouraged;
- 7) The improvement of marketing and distribution systems, more advanced technology, and research should be actively promoted in the interest of both importers and exporters;
- 8) International commodity arrangements should seek to ensure liberal access to protected markets for exporting countries and security of supplies for importing countries.

The following mutually supporting elements form the core of this approach to the commodity problem:

- 1) Establishment of international stocks of commodities on a scale sufficient to provide assurance of disposal of production undertaken on the basis of a realistic assessment of consumption, as well as assurance of adequate supplies at all times for importing countries, and also large enough to ensure that excessive movements in prices—either upward or downward—can be prevented by market intervention;
- 2) The creation of a common fund for the financing of international stocks, on terms and conditions that would attract to the fund investment of international capital, including the support of international financial institutions, while also reflecting in its composition the responsibility of governments of trading countries for the management of international commodity policies;
- 3) The building up of systems of multilateral commitments on individual

commodities, whereby governments, on the basis of a multilateral appraisal of trade requirements, enter into purchase and supply commitments as a means of improving the predictability of trade requirements and encouraging rational levels of investment of resources in commodity production. The functioning of the system, and the capacity of governments to undertake commitments on behalf of their export and import sectors, would be facilitated by arrangements for linking the commitments to the operation of international stocking mechanisms and to compensatory schemes;

4) Improved compensatory arrangements in situations of fluctuation in commodity prices and earnings for which international stocking or other arrangements could not secure suitable price and production incentives;

5) The implementation of measures removing discrimination in trade against processed products, encouraging the transfer of technology and supporting a more intensive research effort, in order to secure rapid development in the processing of raw materials in producing countries as a basis for the expansion and diversification of export earnings.

The second major issue in the Programme of Action on the Establishment of the New International Economic Order relates to the reform of the international monetary system and financing of the development of the developing countries that will lead to a deviation from the one-sided dependence of the developing countries on the industrialized countries for finance.

The programme of action requires measures that will finance the development of developing countries and will meet the balance-of-payment crises in the developing world. This is achieved by measures which include among others: an increase in the net amount of financial resource transfers to developing countries for which an official development assistance target of 0.7% of gross national product has been agreed upon; a more effective participation by developing countries in the decision-making process in the International Bank for Reconstruction and Development and the International Development Association through the establishment of a more equitable pattern of voting rights; international financial institutions taking into account the special situation of each developing country in re-orienting their lending policies to suit existing needs; debt renegotiation on a case-to-case basis with a view toward concluding agreements on debt cancellation, moratorium, rescheduling or interest subsidization; and promotion of foreign investment from developed to developing countries.

The above programme of action is based on the recognition that the international monetary system should provide:

1) A more effective and symmetrical international adjustment process with a view to achieving an equitable sharing of the burden of adjustment, greater exchange market stability and a higher degree of international economic policy-coordination inter alia by the active surveillance by the International Monetary Fund in accordance with the guidelines adopted by the

Executive Board over the exchange rate policies of all its members, particularly those with major currencies, and paying due regard to the special circumstances and needs of all its members, noting those specific to developing countries;

2) Improvements in the composition and effective international surveillance of global liquidity, with the SDR becoming the principal reserve asset and the corresponding changes in the role of gold and reserve currencies; and to this end, consideration of a substitution account should be fully compatible with the requirements of developing countries;

3) For the promotion of the net flow of real resources to developing countries and *calls upon* the interim Committee of the International Monetary Fund to examine the establishment of a development link in the context of SDR allocation based on the long-term global liquidity need;

4) Ways and means of maintaining the real value of the financial assets of developing countries by preventing their erosion from inflation and exchange rate depreciation.

In the field of industrialization, the programme of action calls for efforts by the international community to take measures to encourage the industrialization of the developing countries, with a view to bringing about a new international economic structure which would increase the share of the developing countries in world industrial production. This could come in the form of favorable response by developed countries to requests by developing countries for the financing of industrial production projects, particularly for export-oriented production; assistance in the form of contributions in the setting up of new industrial capacities in developing countries; and continuation and expansion of the operational and instruction-oriented technical assistance programmes in developing countries.

The target structure of industrialization may be generalized in the following fashion:

1) Economic growth in order to provide employment opportunities, export earnings, income, and economic stability. These objectives must be reached over the short run. For a continuous achievement of these short run goals, a sustained growth over the long term is needed, through adequate capital accumulation which is generated by the employment process.

2) Distribution goals covering, for instance, the interpersonal distribution of income, the allocation of resources over time, and the intersectoral and regional distribution of production and income.

3) Social and other indirect goals for achieving non-economic goals such as social or socio-political goals. Industrial growth can expand the occupational choice of the population of a country, promote greater equality in social as well as economic terms, and promote national pride, national self-reliance, and national independence.

The Lima Declaration and Plan of Action on Industrial Development and Cooperation, adopted by the Second General Conference of the

United Nations Industrial Development Organization in 1978, articulates a concrete formulation of industrialization objectives and targets consistent with the programme of action on industrialization.

The Lima Plan calls for national and international efforts to achieve a target figure of at least twenty-five percent of the world industrial output by developing countries by the year 2000 from a figure of 8.6%, which in 1975 was the developing countries' share of manufacturing value added. In terms of annual manufacturing investment, the requirements of the Lima target are placed at \$450 to \$500 billion (at 1975 prices). This estimate implies that the proportion of total investment allocated to industry will have to rise from eighteen percent in 1975 to between twenty-two and twenty-five percent by the year 2000.

On the issue of transfer of technology, the programme of action calls for the formulation of an international code of conduct for the transfer of technology corresponding to the needs and conditions prevalent in developing countries, for the expansion of assistance from developed to developing countries in research and development programs and in the creation of suitable indigenous technology, and for the promotion of international cooperation in research and development, in exploration and exploitation, in conservation and in the legitimate utilization of natural resources and all sources of energy.

A concrete step that has been taken in response to this call for action is the ongoing negotiations for the elaboration of an international code of conduct on transfer of technology which will define a set of universally acceptable standards of technology transfer transactions among countries and lay down the ground rules governing trade practices of technology transactions of various countries. Related to this is the ongoing revision of the Paris Convention for the Protection of Industrial Property which seeks to lead to the promotion of indigenous, inventive, and innovative capacity and the working of protected inventions, particularly in developing countries, in order to accelerate the development process.

A resolution passed in UNCTAD V stresses the importance of strengthening the technological capacity of developing countries to accelerate their technological transformation. It recognizes that cooperation among all countries should play an important role in the attainment of this objective. Such international cooperation could be in the form of:

- 1) assistance to developing countries in the development of their technological capacity through the optimum utilization and development of their human and other natural resources as well as in the selection and adaptation of suitable technologies;
- 2) technological research and development in fields most relevant to requirements of developing countries; and
- 3) measures to facilitate and increase participation by enterprises of all sizes in international transfer of technology.

The issue of regulation and control over activities of transnational corporations likewise calls for the formulation, adoption and implementation of an international code of conduct for transnational corporations with the following objectives:

- 1) to prevent interference in internal affairs of host countries;
- 2) to regulate their activities in host countries, eliminate restrictive business practices and conform to national development plans and objectives of developing countries;
- 3) to bring about assistance, transfer of technology, and management skills to developing countries on equitable and favorable terms;
- 4) to regulate repatriation of profits taking into account the legitimate interests of the parties concerned; and
- 5) to promote reinvestment of their profits in developing countries.

The Charter of Economic Rights and Duties of States adopted by the General Assembly in its 29th Session of January 15, 1975 establishes generally accepted norms to govern international economic relations systematically. It was conceived as an effective instrument for the establishment of a new system of national economic relations based on equity, sovereign equality, and interdependence of the interests of both developed and developing countries. The Charter is premised on the principle of international cooperation and has for its objects:

- 1) the attainment of wider prosperity among all countries and of higher standards of living for all people;
- 2) the promotion by the entire international community of the economic and social progress of all countries, especially developing countries;
- 3) the encouragement of cooperation, on the basis of mutual advantage and equitable benefits for all peace-loving States, which are willing to carry out the provisions of the present Charter, in the economic, trade, scientific and technical fields, regardless of political, economic or social systems;
- 4) the overcoming of main obstacles in the way of the economic development of the developing countries;
- 5) the acceleration of the economic growth of developing countries with a view to bridging the economic gap between developing and developed countries; and
- 6) the protection, preservation and enhancement of the environment.

The fundamentals of international economic relations as enunciated in the Charter are governed by the principles of sovereignty, territorial integrity, and political independence of States; sovereign equality of all States; non-aggression; non-intervention; mutual and equitable benefit; peaceful co-existence; equal rights and self-determination of peoples; peaceful settlement of disputes; remedying of injustices which have been brought about by force and which deprive a nation of the natural means necessary for its normal development; fulfillment in good faith of international obligations; respect for human rights and fundamental freedom; no

attempt to seek hegemony and spheres of influence; promotion of international social justice; international cooperation for development; and free access to and from the sea by land-locked countries within the framework of the above principle.

The Programme of Action on the Promotion of Cooperation Among Developing Countries is based on the principle of collective self-reliance and cooperation among developing countries in order to strengthen their role in the new international economic order. It calls for concerted efforts among developing countries in the establishment or improvement or both of appropriate mechanisms to defend the prices of their exportable commodities; to protect their inalienable right to permanent sovereignty over their natural resources; to promote, establish, or strengthen economic integration at the regional and subregional levels; to increase considerably their imports from other developing countries; to promote close cooperation in the fields of finance, credit relations, and monetary issues; and to promote and establish effective instruments of cooperation in the fields of industry, science and technology, transport, shipping, and mass communications.

A number of initiatives and activities have been undertaken to further this programme of action which, it should be stressed, do not diminish the responsibilities of all other countries to establish just and equitable international economic relations. These steps were taken at the Mexico City Conference on Economic Cooperation among developing countries in September 1976, which provided a basic framework for the development of further action to attain the objective of economic self-reliance of developing countries; the Fifth Conference of Heads of States or Governments of Non-Aligned Countries held at Colombo in August 1976, which adopted the Action Programme on Economic Cooperation; the Fourth Ministerial Meeting of the Group of 77 held in Arusha in February 1979, which adopted the First Short/Medium Term Action Plan for Global Priorities on Economic Cooperation Among Developing Countries; the UN Conference on Technical Cooperation Among Developing Countries which took account of technical cooperation as a basic instrument for the promotion of economic cooperation among developing countries.

In summary, the essentials of the New Order are as follows: in the area of commodity trade, the program comprises five basic elements. They are (a) the establishment of internationally-owned stocks covering a wide range of commodities; (b) the establishment of a common financing fund that will make resources available for the acquisition of stocks; (c) the institution, in circumstances which justify it, of a system of medium to long-term commitments to purchase and sell commodities at agreed prices; (d) the institution of more adequate measures than are at the present time available to provide compensatory financing to producers to cover shortfalls in export earnings; and (e) the initiation of an extensive

program of measures to further the processing of commodities by the producing countries themselves.

Several measures are recommended to increase the growth rate in the industrial sector and raise the share of the developing nations in world production to twenty-five percent by the year 2000. They include improving the preferential tariff schemes in existence, lowering import duties of special interest to developing nations, improving adjustment assistance policies in the developed countries, and adoption of codes of conduct on transfer of technology and transnational corporations.

A third broad area of recommendation involves reconstitution of the international financial and monetary framework. One urgent financial goal is to work out some means of providing relief from debt in servicing charges. New facilities for financing trade deficits and increasing the flow of long-term capital are also recommended.

A final area of action urged concerns the provision of additional special aids to the most disadvantaged developing countries many of whom are land-locked.

Attempts made in the last years to achieve some progress in moving towards a new international economic order through international discussions and negotiations have been met with much difficulty.

The specific measures established in the program of action for the establishment of the new international economic order are meeting resistance that has delayed the attainment of the targets set under the same programme of action.

Little progress has, for instance, been achieved in the preparatory meetings and negotiations on the majority of the individual commodities under the Integrated Programme of Commodities. This was recognized in the UNCTAD V meeting; thus, the resolution urged acceleration of the processes leading to the negotiation of international commodity agreements on the commodities in the indicative list contained in Conference Resolution No. 93 (IV) including copper, tropical timber, hard fibers, vegetable oils, and bananas.

New achievements have been reached in the implementation of the Integrated Programme of Commodities in the form of the UNCTAD V resolution containing agreements to establish frameworks for international cooperation for expanding local processing and primary commodities in developing producer countries and the export of processed goods therefrom, and for increasing participation of developing countries in the marketing and distribution of their commodity exports. The following positions of the developed countries, however, still present major roadblocks in successful negotiations:

- 1) their rejection of the concept of indexation for commodity prices; and
- 2) their strong objection to any action within the Integrated Programme of Commodities of UNCTAD which would discriminate in favor of developing

countries.

There has likewise been a delay in the implementation of the common fund which is an important element of the Integrated Programme of Commodities. In the UNCTAD V meeting, thirteen governments pledged a total of \$87-88 million to the second window of the common fund while other countries merely expressed interests to pledge specific amounts at a later time.

Increase in the net disbursements of Official Development Assistance (ODA) in real terms since the International Development Strategy for the Second Development Decade was adopted has been inadequate. Developed countries who have not reached 1.7% of the target of ODA are, therefore, urged to increase their ODA share towards the target. In this connection, the developed donor countries should consider adopting new and additional measures such as increasing their aid budget in real terms and reducing the time lag between commitments and disbursements. Aside from the quantity of ODA, the developed countries should adopt additional measures such as softening terms of assistance and untying of loans in order to improve the quality of ODA.

Substantially increased transfers of resources to developing countries are a necessary factor for accelerating their development and could help stimulate global economic activity. The increased resource flows called for should be compatible with the development priorities of developing countries. Some developed nations, however, disagree with the claims to resource transfers, as they are based, according to these nations, on charges of wrongdoing by rich countries to poor countries that call for repayment. The group opposed, on certain grounds, the unrestricted transfer of resources, general relief of external debt, transfers through higher commodity prices and greater distribution to developing nations.

Projections on the development of the world economy up to the year 2000, on the other hand, shows a number of strongly negative features:⁶

- 1) The Lima target of twenty-five percent of world manufacturing value added would not be reached despite the expectation of a substantial shift in the global distribution of manufacturing capacity;
- 2) While GNP would rise fairly quickly in absolute terms in the developing countries, the disparity between developed countries and developing countries would hardly be reduced;
- 3) The least developed countries would experience no improvement in their position in absolute or in relative terms;
- 4) There would be no diminution in the existing relations of dependency between the developed and the developing countries.

Added to this is the position of developed countries firmed up in the

⁶ UNIDO, *INDUSTRY 2000 NEW PERSPECTIVE* (Aug. 1979).

recent UNCTAD V meeting that a target share by developing countries of total world production by the year 2000 and of at least thirty percent of world trade in manufactures by then is unrealistic and unacceptable to them.

The negotiations for a Code of Conduct on Transfer of Technology has been short of expectations. While agreement has been reached on eighty percent of the draft Code's provisions, the issues on which this has not been possible involve basic questions that call for consideration at a higher level, such as the legal nature of the Code, applicable law, extent of application to parent/subsidiary relationships, approach to definition of restrictive business practices, institutional machinery for implementation of the Code. The only agreement reached in the resolution was on resuming the U.N. Negotiating Conference on a Code of Conduct for the transfer of technology. This fell short of the expectations of the developing countries that basic issues which have delayed the negotiations in Geneva would be settled at UNCTAD V.

Partly, the difficulties and delays met in arriving at agreements could be attributed to the lack of urgency and sincerity in the response by the developed countries to the calls for international efforts raised by the developing countries.

The principles have been laid down, the programme of action has been established and what is needed at this point is the unity and cooperative spirit to initiate and implement that programme of action for the universal common good.

The developing nations will be unable to procure the necessary material assistance unless the practices of modern business undergo a profound change. Additional help should be offered by advanced nations.

If an economic order is to be created that is genuine and universal, the spirit of Christian charity should prevail. As has been suggested in the Second Vatican Council documents, "the advanced nations, have a very heavy obligation to help the developing peoples in their desire to seek complete human fulfillment of their citizens as the explicit and fixed goal of progress." If this worldwide collaboration is to be established, certain psychological and material adjustments will be needed among the advanced nations; these should be brought about.

Thus, these nations should carefully consider the welfare of weaker and poorer nations when negotiating with them. Such nations need for their own livelihood the income derived from the sale of domestic products.

This very well ties up with the rationale behind the establishment of the new international economic order which "rests in part on the contention that all peoples have a right to the satisfaction of basic human needs

and that those who have been able to do so also have a responsibility to satisfy that right for others, in the name of solidarity of humanity.”⁷

⁷ Goulet, *World Interdependence: Verbal Smokescreen on New Ethic*, in OVERSEAS DEV. COUNCIL DEV. PAPER No. 21 (1976).