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Review

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Institutional elements of a new diplomacy for development

(Notes for a book of memoirs)

*Diego Cordovez**

The North-South dialogue is currently passing through a prolonged period of stagnation which has given rise to some pessimism regarding the possibility of securing a change in international economic relations through dialogue and mutual understanding between the parties involved.

While not failing to acknowledge the obstacles standing in the way of any action designed to break the prevailing deadlock, the author stresses the positive effects of this dialogue—both those already achieved and those still perhaps to be obtained—and suggests the measures that should be taken to get the dialogue moving again.

To begin with, he analyses the main features of the new diplomacy for development begun with the first UNCTAD session in 1964 and the way in which it has evolved—sometimes with frustrations, sometimes with achievements—up to the present deadlock situation. This situation derives from the existence of a sharp conflict of interests, either real or perceived, between the developed and developing countries, but it has also been aggravated by a number of institutional problems. Outstanding among these are the proliferation of organs and forums which are often in conflict with each other; the negative effects of the efforts to maintain the unity of the two major blocs; the large number of participants in the negotiations, and finally a certain degree of incoherence in the positions of individual governments in different forums.

In conclusion, the author stresses the need to break the current deadlock in the North-South dialogue and suggests some measures to that end.

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I

Introduction

The establishment of the United Nations Conference on Trade and Development (UNCTAD) in 1964 constituted a watershed in the evolution of the United Nations system. It marked the beginnings of a new diplomacy in the conduct of negotiations on matters concerning development. The style and substance of this diplomacy have inevitably undergone many changes in the intervening years; it is still in the formative stage, and suffers from many defects and difficulties. And yet, international economic relations and multilateral diplomacy itself cannot revert to the methods which characterized the pre-UNCTAD era.

What is the nature of the new diplomacy for development?

The new diplomacy is decidedly different from traditional bilateral diplomacy, not only in that it is principally multilateral in character, but also in the sense that the objectives of the various actors are ultimately congruent, whether recognized as such or not. It involves, in essence, the negotiation by developed and developing countries, normally under the auspices of an international body, of what may be termed convergent measures, the underlying premise being that the developing countries themselves are primarily responsible for their own development and that, guided by considerations of enlightened self-interest, the developed countries adopt in that context policy measures designed to achieve specific goals. There are widely different perceptions of the nature of the measures required, of the urgency of the convergence, and of the short and long-term aims to be achieved. It is the function of the new diplomacy to reconcile these differences.

For the purposes of negotiating, the parties must first define their objectives and then formulate specific measures for achieving those objectives. The speed and flexibility with which the several actors are able to move toward accommodation depend upon the reactions they have to expect in their respective constituencies, in the national legislatures, in public opinion, the press, producers' associations and business interests. One striking phenomenon that has been observed on more than one occasion is that a government which wishes to mobilize domestic

support for a particular international measure deploys *vis-à-vis* its own constituencies the arguments advanced in support of the same measures by "opponent" governments at the negotiating table.

This new diplomacy has been, from the time of the 1964 Conference, confrontational. In fact, the first UNCTAD witnessed what was perhaps the sharpest confrontation between developed and developing countries within the United Nations system up to that time. It should be noted, however, that what happened at UNCTAD I was more than a clash over agenda and tactics. The atmosphere may have been tense, but underneath it all there was a general recognition of the need for a fresh approach to international trade and development issues. Although the States of the Third World were vocal and insistent in stating their grievances and making their claims, the industrial States of the West became increasingly sensitive to the fact that the gap in living standards between rich and poor nations was widening to undesirable and indeed intolerable dimensions.

It could be said, therefore, that the confrontational spirit was on the whole salubrious and constructive. There was, after all, even on the part of the most reluctant participants, the desire to create at least institutional forms of co-operation. Since then, the pendulum has been swinging, albeit slowly, from confrontation to accommodation. What is undeniable, however, is that the determination of the developing countries to assert themselves has imparted a new dimension to multilateral diplomacy for development. Even the most acid critics of North-South negotiations cannot deny that the experience of the inter-war period, during which international economic relations suffered a traumatic upheaval, has been avoided.

A second element in the new diplomacy is that the developing countries display a degree of unity without precedent in world affairs. The Group of 77 was born during UNCTAD I and it bolstered the demands of the developing countries with a coherence and solidarity that took the industrialized States by surprise. The "group system" of negotiation became one of the outstanding characteristics of UNCTAD at an early date, and has since spread, with variations, to

many other multilateral institutions. The group system has the obvious advantage of enabling a large number of delegations to speak with one voice, thereby bringing order to complex deliberation and negotiations. Nevertheless, as was demonstrated in UNCTAD's formative period, it can lead to the adoption of positions which represent either the hardest and most intransigent line or the lowest common denominator of each group—positions which are not always conducive to effective multilateral negotiations.

A corollary of the group system, and an important third element of the new diplomacy, is the "contact group", the quintessence of UNCTAD institutions and now a widely emulated mechanism. Composed of a small number of key delegations which are, as far as possible, representative of the larger membership, the contact group enables the participants to carry on their business with the utmost flexibility in an environment unhampered by procedural rules, publicity and, in practice, deadlines. It enables all sides to attempt, with the greatest degree of give-and-take, to achieve a substantive accommodation of policy positions. It improves the chances of conciliation, compromise and consensus. Wherever successful, its "open-ended" character—that is, the fact that any member of the parent body which has set it up can participate in its deliberations—ensures that the conclusions reached are not going to be modified, even if the conclusions were reached by a process of reasoning that is not fully understood by those who had chosen not to participate. This device enabled UNCTAD and other United Nations bodies to make progress beyond confrontation and, if further improved and refined, it can become an even more valuable instrument in future negotiations.

The spread of the new diplomacy coincided with the evolution of the United Nations into a sprawling network of organizations and programmes. The establishment of UNCTAD and the installation of an activist secretariat at its Geneva headquarters can be attributed to the continuing refusal of Western and Socialist countries alike to countenance either the enlargement of the Economic and Social Council (ECOSOC) or its transformation into an agency of international economic reform and adaptation.

UNCTAD was, however, only the first of many relatively new United Nations institutions; the continuing quest for new and more effective forums has greatly added to the difficulties of co-ordinating the activities of the different constituents of the United Nations system and has manifestly complicated the conduct of the new diplomacy. For, inevitably, it was not long before the various individual institutions began to disagree as to what their several functions should be, and this disagreement led to rivalry and competition. UNCTAD, and in many ways the system as a whole, suffered from these jurisdictional disputes. The developed countries tended to regard UNCTAD and the United Nations General Assembly as forums in which developing countries could air their grievances and make their

demands; there might be an exchange of views as to the scope and implications of these demands, but the developed countries were not prepared to tolerate more than that—neither the United Nations nor UNCTAD was to be a forum for deciding on action.

The developing countries disagreed. In their view, the United Nations should be more than a debating society; they wanted its institutions to be instruments for serious negotiation and for determining action. Essentially, this conflict still persists. ECOSOC, for example, is virtually paralysed. The conflict has spread and today tends to characterize the sharp split in the attitudes of developed and developing countries towards the uses of the United Nations in the management of international economic relations.

II

The evolution of the new diplomacy: 1964 to 1973

The period from the establishment of UNCTAD in 1964 until the early 1970s was essentially one in which the elements of the new diplomacy were refined and extended. However, the events of this period also illustrate the difficulties inherent in adapting the new diplomacy to the conditions prevailing in the international system, and in using it to achieve new objectives of international economic co-operation. There was little negotiation of specific issues. The principal product of these years was a large body of hortatory legislation, of “negotiated demands”, of what later became, in effect, the programme of the New International Economic Order (NIEO).

One of the positive accomplishments of this period is what might be termed the “education” of all the actors about the nature and characteristics of underdevelopment. At the time of UNCTAD I, policy makers had only superficial and quite elementary notions of the etiology of the economic backwardness of certain countries or of possible cures. Some few individuals, outstanding among whom was UNCTAD’s first Secretary-General, Raúl Prebisch, had the

breadth of vision and the depth of knowledge to realize what could and should be done to promote more rapid and sustained development, but in general those demanding change were quite vague about both the causes of the situation and possible remedies. In the industrialized countries there were some old-fashioned notions of economic and social co-operation based essentially on the traditional relationship of donor and recipient of aid.

The new diplomacy has been a historic learning experience, and the United Nations has influenced it decisively. Through its efforts, the developing countries learned much about their own ills and about remedial measures. Indeed, all States have benefited from the United Nations’ research and dialogue. The Organization’s research budget has been restructured to the point where it gives pride of place to studies of the needs of the developing countries. Moreover, some of the structures which have evolved within the United Nations system clearly had an educational purpose.

As the developing countries came to un-

derstand their own needs more fully and to articulate their demands more clearly, the developed countries were obliged to respond in a more concrete fashion. By a process which entailed both confrontation and accommodation, the demands of the Group of 77 were gradually transformed into negotiated objectives. In other words, the agenda of the Group of 77 became, in effect, the agenda of international co-operation for development, even if the industrialized countries were unenthusiastic about some elements of that agenda and had reservations about much of it. The need to reach *some* agreement—to avoid coming away empty-handed from ever more frequent meetings—led to increasingly higher levels of tentative acceptance of a common set of agreed aims, even if there was not much discussion of practical measures to attain them.

During those early years, the Group of 77 grew into a moderately effective institution with conspicuous limitations. The Group's solidarity became increasingly firm on matters of principle and on many economic issues, provided they were broadly defined. Solidarity proved harder to achieve on many of the specific issues of trade and development. Although the fundamentally different interests of the diverse States which make up the 77 might reduce the scope for common positions on many specific issues, solidarity nonetheless remained a dominant pre-occupation as well as an unquestionable achievement of the Group.

Several institutions were created during this period. Among these was the United Nations Industrial Development Organization (UNIDO). Its establishment in 1966 had particular significance because it provided further evidence of the determination by developing countries to establish congenial institutions as well as an acknowledgement of the need to give industrialization a prominent place on their agenda. UNIDO's creation is also significant because it reflected a shift of some importance in the position of the United States, always a pivotal actor in

multilateral diplomacy for development. Previously, the United States had held to the traditional view of a rough division of labour in the world economy, with the South producing raw materials and the North turning them into industrial products. UNIDO did not represent a complete reversal of American policy, as reaction to the Lima Declaration a decade later was to demonstrate, but the United States decision to support the creation of UNIDO, urged upon President Lyndon Johnson by his Ambassador to the United Nations, Arthur Goldberg, a lawyer with considerable experience in industrial matters, may be seen as one of the early results of the new diplomacy.

Unfortunately, the creation of new institutions has also had negative effects, the more so when those institutions are located in different places. It is arguable, for example, that to set up UNCTAD in Geneva, with its own technical, diplomatic and political constituency, was an historic mistake. Conflict and competition developed between the New York and Geneva economic arms of the United Nations, and the difficulties encountered by governments in their efforts to co-ordinate their policies within these multilateral institutions reduced the effectiveness of the United Nations.

Nor is it only in the relationship between New York and Geneva that the several spokesmen for each government have failed to consult and co-ordinate policy; the picture is further clouded by the presence of bodies of the United Nations system with related tasks in other international centres, notably Vienna and Rome. Each of these institutions has its own secretariat, its own diplomatic corps, dominated by their own influential personalities. Each of these United Nations communities has its own ethos, and develops its own distinctive approach to what are frequently parallel or even identical issues. Levels and sources of representation also differ. In the final analysis, the resulting confusion, duplication, and seeming diversity can be traced to failures of policy co-ordination within national capitals.

III

Crisis and dialogue in the 1970s

Pressure for accommodating the demands of the developing countries began to intensify as from 1973. The new diplomacy, for development, by now more refined and well-practiced, was in full swing. The recently established United Nations institutions had acquired both experience and confidence as forums for the conduct of the new diplomacy and as the catalysts for moving hortatory legislation closer to the stage of implementation. The oil and food crises which broke brusquely on the world in 1973 sharpened to a remarkable degree the minds of those engaged in discussions on development issues. Confronted by the challenge of the Organization of Petroleum Exporting Countries (OPEC), the developed countries were compelled to view their relations with the South in a new and different light. Suddenly interdependence acquired a new meaning. The new diplomacy had at last brought the entire international community to an understanding of the complexity and seriousness of development issues—and their integration in world affairs.

Owing to political discord and to differing economic interest, a genuine dialogue and negotiations on specific issues were bound to be exceedingly difficult, as witness the sixth special session of the United Nations General Assembly held in 1974. By the end of the seventh special session, held a year later, however, the earlier despondency had yielded to a new optimism. The confrontation of the sixth special session had given way to co-operation at the seventh, and to a set of negotiated objectives involving a larger degree of agreement than that achieved in the first decade after the establishment of UNCTAD. In the intervening year between the two special sessions some far-reaching attitudinal changes had taken place. The developed countries had come to the conclusion that the demands for a new international economic order should not be dismissed out of hand, that an accommodation of policies could carry with it important benefits for the industrialized world. The developing countries had agreed that confrontation had its limitations; that results could only be achieved on

the basis of more moderate—some would say more realistic—proposals. The seventh special session had been carefully prepared, the parties having recognized that its deliberations should concentrate on well-defined priority topics. A broad consensus was reached at the seventh special session. The issue, when the session closed, was no longer so much *what* was to be done, as *how* it was to be done.

After the seventh special session, and at the invitation of Valéry Giscard d'Estaing, then President of the French Republic, diplomacy regarding a new order shifted to Paris and to the Conference on International Economic Co-operation (CIEC). Originally conceived as an energy conference where the Western oil-importing States would negotiate with the OPEC countries, CIEC became instead a vehicle for a much more comprehensive North-South dialogue. This transformation was attributable to the Third World's determination to use OPEC leverage in order to compel action on matters of interest to non-oil-producing developing countries and to forestall Western efforts to split the OPEC States from their less affluent partners in the Group of 77.

The Paris Conference was held outside of the United Nations framework and, in marked contrast to the universality which characterizes the United Nations, had only 27 participants (19 from developing countries—eight from OPEC and 11 others—and eight, including the European Economic Community as one unit, from developed countries). This experiment with high-level dialogue in a limited-membership forum about the future of the international economic order seemed for a time to challenge both the role of the United Nations and the solidarity of the Group of 77. However, in spite of its allegedly advantageous structural features, and in part because of them, CIEC proved to be as cumbersome as any United Nations or UNCTAD conference—quite ill-suited to deal with its formidable task. In the end it collapsed without significant agreement.

At CIEC it became readily apparent that the

Group of 77 would insist on holding the Paris Group of 19 accountable to the larger, United Nations-based caucus of developing countries, and after the Conference development diplomacy returned to the United Nations framework in New York. Nonetheless, CIEC was perhaps the first serious discussion of development issues by high-level policy makers. It was the first time that, in addition to Ministers from developing countries, the United States Secretary of State, the British Foreign Secretary and others took off their jackets and held night-long sessions arguing about commodities, monetary reform, energy and related issues. For at least a brief period, something close to a real dialogue took place. The lessons of CIEC are, if only for that reason, not all negative.

After the collapse of CIEC, much of the attention of the international community was directed to simply keeping the dialogue alive. CIEC had clearly demonstrated that the optimism generated by the seventh special session of the General Assembly had been premature, and that very serious divisions remained between developed and developing countries on most issues.

The Paris Conference had contributed to the elucidation of many key issues. Each of the four CIEC Commissions (energy, raw materials, development and finance) was able to reach some agreement at a very general level. In addition, a limited "Special Action Programme" of resource transfers was agreed to; the idea of constituting a common fund for stabilizing prices of some raw material exports was accepted in principle; and donor States pledged higher levels of official development assistance. However, the extent of consensus was modest and very little progress was made on energy questions, the dominant concern of most industrialized countries. Indeed, the energy issue was not thoroughly discussed and the developing countries refused to agree to continue a dialogue between producers and consumers of oil unless this was accompanied by parallel discussions of other issues.

Institutionally, CIEC demonstrated that the United Nations much maligned negotiating processes may not be as bad as had been claimed. Many people had said that deliberations could not be conducted in an effective fashion in this aeropagus of nations. In practice, the discussions

in Paris very much resembled those in New York and Geneva, being modelled, in all essential respects, on well established United Nations practices. The thesis that the North-South dialogue is vitiated by the United Nations setting was certainly not confirmed by the CIEC experience. It merely confirmed the view that the stumbling-block lies elsewhere.

In December of 1976, the 31st regular session of the United Nations General Assembly was suspended rather than adjourned in order to await the outcome of the Paris Conference. When the session was resumed in September of 1977, the status of the North-South dialogue was naturally a central focus of attention. But the deadlock which had been inherited from CIEC was not resolved during the resumed 31st session, nor indeed during the ensuing 32nd session. The major product of the Assembly's efforts was a carefully negotiated compromise between the Group of 77 and the developed countries on the subject of future negotiations. It was agreed that another special session of the General Assembly would be convened in 1980 for the purpose of assessing progress on the NIEO and adopting a new development strategy for the 1980s. The Assembly established a Committee of the Whole to monitor progress with respect to NIEO issues. The Committee began its substantive sessions in May of 1978, but its members were sharply divided over the nature of its mandate, and the Committee made very little headway in resolving the deadlock.

In large measure, the absence of progress reflected the existence of a serious conflict between the real or perceived interests of developed and developing countries. The former were not unexpectedly reluctant to make any substantial economic concessions at a time when they were themselves suffering from spiralling inflation, recession, and persistent unemployment, particularly when high and rising energy costs jeopardized their ability to deal with these adversities. The issues of oil supply and oil prices were thus central to the deadlock; the Group of 77 was unwilling to agree to a dialogue about energy unless it was preceded by progress on the central issues which constituted the agenda for the NIEO. The fact that the OPEC countries had their own priorities certainly did not make the situation any easier.

Efforts to break the North-South deadlock were also hampered by the level of generality at which policy initiatives were proposed and discussed. The ongoing dialogue did not, on the whole, show much promise of moving on to detailed negotiations on specific issues. There were simply too many conflicts of interest—real or imagined—within and among the groups which were parties to the dialogue. Moreover, competing internal interests frequently produced near-paralysis in the negotiating postures of some

governments, making it very difficult for their representatives to bargain seriously. The deadlock was further complicated by conflicting views about the appropriate institutional forums for considering specific issues. Those views were shaped by the sensitivity of governments to the realities of national power and influence, and by the desire of governments to channel negotiations into forums where their leverage was greatest.

IV

Institutional elements of the deadlock

Although conflicting national interests presumably constitute the crux of the deadlock, there are other important factors contributing to the stalemate between North and South. These factors might be termed the "institutional elements" of the deadlock, and they deserve some comment.

The message of the seventh special session of the General Assembly had been that the Members of the United Nations were willing to explore together the establishment of a new international economic order, although not necessarily what the developing countries advocated as *the New International Economic Order*. The demands of the developing States had indeed been transformed into a set of broad objectives, and the focus of attention subsequently began to shift from "what to do" to "how to do it". There were, to be sure, reservations in some quarters about important aspects of the NIEO, but there was an agreement in principle that this was a legitimate agenda for further negotiation. Unfortunately, the question "how to do it" became in large measure a question of the appropriate institutional framework for negotiating the details of a new order which had been sketched at the sixth and seventh special sessions of the Assembly.

Disagreement over the appropriate institutional framework is illustrated by the relationship between UNCTAD and CIEC during the mid-1970s. UNCTAD IV in Nairobi was in many

respects a failure. That failure can be attributed, in large measure, to the general hostility of the majority of developed countries to UNCTAD as a setting for concrete negotiations. In the view of some developed countries, were the Nairobi session to end in complete disaster, developing countries would virtually be compelled to turn to CIEC. However, the failure at Nairobi was not so decisive as to give rise to a broadly-based consensus that the Paris Conference must succeed.

Several key officials within UNCTAD perceived CIEC as a threat to UNCTAD's institutional interests. It was considerations such as this that accounted for an ambitious effort within UNCTAD—the Integrated Programme for Commodities, with its centrepiece, the Common Fund. It was hoped that this initiative would strengthen the role of UNCTAD in the negotiations about the New International Economic Order and, conversely, demonstrate the irrelevance of CIEC. Various scholars and political leaders have viewed UNCTAD's decision to concentrate on the international trade in commodities as a mistake for the developing world, but it should be noted that UNCTAD officials probably had no plausible alternative to a major initiative, given the institutional constraints inherent in UNCTAD and its position within the United Nations system. UNCTAD's Secretary-General, Gamani Corea, had a strong intellectual interest in the idea, which

had its roots in the early work of John Maynard Keynes, but more important was the fact that commodities clearly fell within UNCTAD's jurisdiction. However difficult it might be to establish an effective commodity programme of benefit to the developing world, the reasoning was that the purpose of strengthening UNCTAD as an institution would be well served. The principal defect of this strategy, according to critics, was that the developing countries had been induced to put all their eggs in one basket. The initial lack of progress in negotiations on the Integrated Programme and the Common Fund exasperated many governments of developing countries, and as a consequence the deadlock became more inextricable.

With the Paris Conference also under way, the "new order" negotiating process was severely complicated. Parallel negotiations, conducted in different settings and influenced by different institutional interests, were taking place concurrently. They were, however, proceeding on different tracks, and at different speeds. CIEC was viewed as the "express train", while UNCTAD's work on the Common Fund was the slower "local train". Progress at CIEC was almost certainly impeded by awareness of (and, in some cases, preference for) the alternative forum, and, at a minimum, efforts to make the North-South dialogue more concrete, direct and rational were inhibited. At UNCTAD IV, on the other hand, there was some reluctance to board the slow train when it could be argued that a fast train (CIEC) was coming. In the event, the fast train broke down.

As noted earlier, the failure of CIEC led to an attempt to resume the dialogue within the United Nations framework in New York, specifically in the Committee of the Whole. Subsequent lack of progress in this new forum was also influenced by institutional factors. Indeed, the very creation of the Committee of the Whole, with a mandate to provide impetus to development-oriented negotiations, was a product of the reluctance to use the existing forums, ECOSOC and UNCTAD. The quest for the appropriate forum continued—a quest bedevilled by mutual suspicion, efforts at institutional aggrandizement, false starts, and missed opportunities. Nor was the rivalry between the New York and Geneva-based institutions calculated to advance progress in the Committee

of the Whole. The Committee was never really given clear terms of reference that might have given it a certain standing by defining its purpose and functions. It was intended to act as a clearing house of ideas, to help in settling difficulties in negotiations and to encourage the continuing work in other forums of the United Nations system. It was never made very clear, however, how it was to perform this function of giving impetus to the negotiations.

Such ambiguity left the Committee open to frequent charges that it sought to go too far, that it was impinging on the jurisdiction of other institutions better equipped for the negotiation of elements of a new order than the Committee. Ironically, the Committee's critics included defenders of both UNCTAD and the IMF, i.e., institutions of which the former is perceived as the preferred vehicle of the developing countries and the latter that of developed countries. Both institutions were challenged by the creation of the Committee of the Whole and by the more ambitious prescriptions for its role. The Committee wanted to define its principal function as that of breaking the deadlock and stimulating movement across the board on the NIEO, leaving the negotiation of details to other bodies, such as UNCTAD in the case of the Common Fund and the IMF on monetary reforms. But UNCTAD saw its own function in much broader terms, and the IMF resented the implication that the United Nations could or should undertake to define international monetary policy.

The Committee of the Whole was perhaps destined to fail in its efforts to break the NIEO deadlock. As long as UNCTAD's behaviour was seen by the industrialized countries as that of a trade union, it was totally unacceptable as the principal forum for the North-South dialogue. On the other hand, many developing countries in search of a post-CIEC vehicle for action on the NIEO felt that the Committee could function as a New York version of UNCTAD, relying on the allegedly greater political leverage in New York. Yet, even though both sides had coinciding interests in creating a Committee of the Whole, they disagreed sharply on its role as a negotiating forum. In effect, the Committee remained an essentially hollow shell until finally, in 1980, it found its role as a preparatory committee for the global round of negotiations.

Unfortunately, the Committee was also unsuccessful in that role. Charged with producing an agenda, procedures, and a time frame for global negotiations, the Committee came up against fundamental disagreements between the Group of 77 and several of the key industrialized countries. Finally, in June of 1980, the Committee broke down, conceding its inability to reconcile conflicting viewpoints.

The story told above illustrates a disturbing feature of the multilateral diplomacy carried on between the developing and developed worlds: the continuing tendency to resort to the creation of new (and, some would argue, unnecessary) institutions in response to the frustrations of deadlocked negotiations. The wisdom of establishing the United Nations Environment Programme, the World Food Council, and the Intergovernmental Committee on Science and Technology for Development, among others, was frequently questioned by one or another group of countries. It is not suggested that these "new" institutions do not perform useful tasks; indeed, they may reinforce sectoral approaches to development. Moreover, institutional competition may at times improve performance. The resulting web of organizations is, however, evidence of an unplanned, *ad hoc* approach to development and to the reordering of multilateral economic relations.

This proliferation of bodies has been noted, but so far not very effectively addressed, by Members of the United Nations. Indeed, while they have indulged a penchant for creating new institutions and fragmenting the global effort to reform the international economic order, tentative steps have also been taken toward the restructuring of the United Nations system to make it "fully capable of dealing with problems of international economic co-operation in a comprehensive manner". This restructuring effort, which produced a controversial report by a group of experts in 1975 and later a report from an intergovernmental committee on restructuring—which was unanimously accepted by the General Assembly—was intended to introduce cohesion, to streamline, and to improve the management of the United Nations system. Unfortunately, the pace of restructuring has slowed and reforms have not yet been undertaken.

The explanation for the failure to proceed

vigorously in this context can be found in the resistance of vested interests and inertia, and, to some extent, in the fact that restructuring has been linked to substantive progress towards the new international economic order. Different elements within the United Nations view that relationship differently, and for the time being the urgently needed rationalization of the United Nations system's economic and social sectors is not occurring. The relationship between the New York and Geneva wings of the United Nations has not been addressed, nor have the relationships between the United Nations and the specialized agencies. The deficiencies in the operation of ECOSOC have been acknowledged but not cured. The institutional context for the North-South dialogue is still flawed.

One important aspect of the restructuring process relates to the international secretariat. The blame for the propensity of governments to opt for new institutions has been attributed by some to international officials, who have been viewed as too passive and, except for UNCTAD, insufficiently committed to the agenda of international economic reform. Many of the developing countries in particular have long been dissatisfied with what they regard as an absence of creative thinking and leadership in the United Nations Secretariat. Even more basically, in contrast to the wide acclaim formerly accorded to United Nations' reports and studies, recent support documents produced by the Secretariat have been widely criticized for their lack of relevance and utility. A steady flow of ideas and proposals from the Secretariat could well be of considerable value in developing a strategy for breaking the North-South deadlock. Restructuring was intended to create the conditions for such Secretariat initiatives. The new post of Director-General for Development and International Economic Co-operation was conceived as a focal point for a comprehensive, system-wide effort on behalf of international economic reform.

Admittedly, the Secretariat found itself in the awkward position of being expected to provide support concurrently for two processes—on the one hand for the NIEO dialogue and negotiations and, on the other, for the formulation of a new development strategy for the 1980s. These processes should have been complementary, but in fact they were frequently competitive and con-

flictual. The formulation of the new development strategy was at first delayed while officials awaited progress on the NIEO. Since, however, the progress on the NIEO did not materialize, by late 1977 the United Nations had to consider how to reconcile the development strategy with the plan for global negotiations. In the circumstances, it proved necessary to proceed with both, with the focus of the strategy on setting targets without waiting for decisions from the global round of negotiations, which was to have been launched in 1980. Some observers suspected that the Western countries wanted to emphasize the strategy in order to create the illusion of progress and to divert attention from the NIEO. Be that as it may, the United Nations found itself engaged in two important exercises whose interrelationship was poorly defined.

Another institutional element contributing to the deadlock has been the emphasis on maintaining unity among the diverse elements which make up the Group of 77 on the one hand, and the Western countries on the other. The desirability of group unity is generally acknowledged, but unfortunately that unity has often been preserved at the expense of specificity in proposals and responses. When the so-called like-minded Western countries adopt a more responsive position on specific NIEO demands, their posture may create the illusion of progress and even discourage the discussion of trade-offs and compromises. When raised expectations are dashed, ill-will ensues. Not only does the situation make intergroup negotiations difficult; it also discourages ministerial participation in the negotiating process, and hence the negotiators lack the leverage necessary for achieving significant breakthroughs.

Where the developed countries are prepared to make concessions and progress is discernible (see the example of the Common Fund negotiations), the symbolic importance of solidarity is less important than the pragmatic quest for economic benefits. Still, the Group of 77 will not lightly abandon its hard-won solidarity, for it fears that the developed countries may pursue a "divide and rule" strategy. In the past, unity has been a political necessity for the Group of 77. Nevertheless, rigid concepts of group unity will necessarily disappear as negotiations become more concrete and the diverse interests of the

members of the Group begin to surface. A sense of priorities will then emerge, and, if movement can then be achieved on priority items, the end of the deadlock may be in sight.

Another institutional element which should be noted is the negotiating process itself. The sheer numbers of participants in this process have been a complicating factor at times, straining the capacities of institutions designed for consciousness raising, but not for negotiating. The United Nations has been under pressure to discover techniques which allow for universality of participation, thereby avoiding one of the major problems of CIEC, while at the same time encouraging the dynamics of small group interaction which are necessary for substantive progress. It can be argued that "numbers" are not an insuperable obstacle; there are more than 150 sovereign States in the United Nations, and one has to accept and come to terms with this fact of international life. Experience has shown, however, that "numbers" are not a serious impediment in cases where there is a genuine willingness to modify positions, i.e., to engage in serious bargaining. A sense of movement in negotiations contributes to the willingness of delegates to rely on small contact groups. At the seventh special session, a few negotiators in effect represented 150 delegations in discussions of the six priority items. This kind of situation has sometimes been encouraged by holding negotiations in small, even uncomfortable meeting rooms. So long as participation is not formally restricted to certain representatives, in other words so long as all States may claim to have been involved in the process, the criticisms levelled against the CIEC can be avoided.

Nevertheless, it is obvious that fully effective rules and procedures for negotiations in the area of international economic policy have not yet been elaborated. A conscious effort will have to be made to devise such rules and procedures, and the United Nations may have to look beyond its own institutions for useful models and practices which might be adapted to its own needs.

A final institutional element in the deadlock should be noted, although it cannot be explored in any detail here. Unlike the others, which are international in character, this one is national: the difficulties faced by governments in formulating coherent policies and in co-ordinating the

attitudes and positions of their various ministries. Indeed, as noted earlier, many of the institutional handicaps which affect multilateral diplomacy are simply the reflection of institutional tangles at the national level. It is no secret that in many cases different ministries hold different conceptions of the national interest in connection with international negotiations in different forums. Foreign ministries and finance ministries can often be counted on to view the same issues differently. Other ministries, such as those concerned with development and agriculture, also express independent views. The task for governments, therefore, is to establish internal mechanisms and procedures for formulating national positions and proposals which take account of divergent interests and serve different constituencies without being hopelessly general.

The consequence of the multiplicity and diversity of national interests is that not infrequently delegations representing the same govern-

ment in different negotiating contexts do not speak with one voice. On altogether too many occasions a minister of development will take a position within the context of UNCTAD negotiations which is at variance with the position taken by the government within GATT, FAO or the IMF, where different delegates, representing different interests, present the government's brief. This inconsistency has at times added to the conflict between New York and Geneva, as well as to tensions between the United Nations and the specialized agencies. It is obvious that efforts to conduct orderly and productive negotiations are hindered by such situations, particularly when so many of the 150-odd delegations are plagued by the same internal conflicts.

Despite the difficulties posed by these institutional elements of the North-South deadlock, there is reason to be guardedly optimistic about the future of the NIEO. It is to this potential for a break in the deadlock that we shall now turn our attention.

V

The future of the new diplomacy: breaking the deadlock

The predominant mood among those who have been actively engaged in the North-South dialogue is sombre, if not gloomy. CIEC ended in failure, and subsequent efforts of a like nature within the United Nations have not been more successful. The Committee of the Whole expired quietly in 1980, leaving almost no mark, and the eleventh special session of the General Assembly, which was to have launched the global negotiations that would culminate in the restructuring of the international economic order, could not agree on the agenda, procedures and time frame for those negotiations. Meanwhile, recent UNCTAD and UNIDO conferences in Manila and New Delhi respectively were widely acknowledged to have failed in their efforts to impart a decisive momentum to the North-South dialogue. Indeed, those two institutions, long identified with the aspirations of developing countries, are struggling to sustain their roles

within the larger system. Economic troubles in the Western world have led to the adoption of more conservative approaches and policies, and a renewal of East-West tensions seems to be pushing the North-South dialogue aside.

Those rushing to write the obituary for the NIEO will, however, be proved wrong. In spite of the disappointments and frustrations of recent years, there is good reason for guarded optimism. A closer look at recent trends, both substantive and institutional, suggests that some progress has been made and that the conditions for further progress exist. Although the general realization that the deadlock must be broken does not guarantee that it *will* be broken, it is fitting that this essay should close with some comments on possible reforms that might facilitate a breakthrough.

First, however, it should be noted that the interests of virtually all State — both within the

developing world and between the developing and developed nations— are sufficiently interrelated to make a breakthrough in North-South negotiations logical. Some would argue that such a breakthrough is in fact inevitable, and that what we are witnessing in the present deadlock is the lag which often occurs between the launching of apparently radical new ideas and their subsequent acceptance after they have become more familiar and less threatening. This is a familiar theme in multilateral diplomacy. Raúl Prebisch favoured the tactic of pushing ideas before their time; he knew that it would take a while before they could be translated into action, but he also understood that the delay would be even longer without early efforts to launch such ideas.

Viewed in this light, the present deadlock is but a stage in a protracted process, frustrating to be sure, but not cause for despair or for the termination of the dialogue. However slow the process, it will lead to a greater acknowledgment of interdependence and hence to real bargaining. The United States, which is relatively more self-sufficient than most OECD States, imports such vast quantities of goods that global negotiations will ultimately serve its interests almost as much as they are expected to benefit most Third World nations. The Europeans are already more interested in global negotiations than is the United State because their needs are more acute. This difference was apparent during the eleventh special session, when the United States was preoccupied with an election leading to a change in administration, allowing the European Community to display more flexibility on the most controversial issue—the challenge posed by the United Nations to the authority of the International Monetary Fund. Although there is, of course, no groundswell of support within the EEC for the United Nations becoming a vehicle for international monetary reform, the Europeans have seemed somewhat more willing than the United States to find at least the language of accommodation.

In the meanwhile, the system and its members have displayed a capacity for adaptation which must be regarded as encouraging. One could even argue that the United States, which has most vigorously resisted some of the reforms sought by the developing countries, was in fact

one of the first champions of a new order. Washington signalled its commitment to change as early as 1971 when it acted to set aside some of the Bretton Woods rules: an event which suggests that IMF reforms, now so widely demanded, really began in 1971. In fact, for all of the criticisms levelled at the IMF by developing countries and the very substantial agenda of unfinished business, the Fund has not been unresponsive to pressures for change. It has established a number of special facilities designed primarily for the benefit of developing countries, and has reformed the operation of one of these, the Compensatory Financing Facility, in a variety of ways which enhance its value to those countries. The Executive Board has been enlarged to accommodate the special role of Saudi Arabia as one of the two largest creditor members and the participation of the People's Republic of China. Moreover, the Fund has finally acknowledged the structural character of developing countries' balance-of-payments deficits.

These changes do not, however, overhaul the outdated quota system, nor do they satisfactorily deal with the troublesome issue of conditionality. Yet, within those constraints which cause the Group of 77 to view it as an "old order" institution, the IMF is trying with some measure of success to demonstrate that it is flexible and responsive to the demands of a changing international order.

The GATT, too, has shown a certain capacity for adjustment. Although the Tokyo Round of Multilateral Trade Negotiations was deeply disappointing to developing countries on several counts, it demonstrated that the Contracting Parties have now officially embraced the principle of non-reciprocity in trade relations between developed and developing countries, which is central to the NIEO, and one of the principal aims advocated by UNCTAD. The pace of change within the GATT framework is not dramatic, but the incremental and inadequate character of reform may be less important in the longer run than the evidence that even the so-called "rich man's club" can bend its rules to accommodate some elements of a new order.

Instances of institutional adaptation are to be found on every hand. For example, the International Fund for Agricultural Development

(IFAD), a new United Nations specialized agency created in 1977, takes a significant step away from "old order" habits and toward "new order" realities by explicitly recognizing the role of oil-exporting countries in its governing body. It also exemplifies a creative impulse in a controversial area of the NIEO, multilateral decision-making, by adopting a tripartite system of membership and leaving to each of the three groups of States—developing countries, OECD States, and OPEC States—the decision as to how to allocate votes within the group. A willingness to be flexible with respect to participation and decision-making is also visible in the agreement reached in UNCTAD in June of 1980 on a Common Fund; that agreement reflects accommodation by both developed and developing countries, resulting in a formula which uses neither the United Nations nor IMF/World Bank as its model.

The long and difficult negotiations in the United Nations Conference on the Law of the Sea broke important new ground in several areas. One of the most significant of these new departures was the acceptance for the first time in international law of the concept of consensus and its definition in the text of the Convention ("the absence of formal objection"). Consensus has been advocated by the developed countries for many years, and has been informally employed in lieu of formal voting in many multilateral forums. Developing countries, conscious of the advantages which their numerical majority gives them, had hitherto been loath to encourage the institutionalization of decision by consensus, but it would appear that they modified that position in UNCLOS. Moreover, the Authority which is to be established to make the important decisions regarding the exploitation of the seabed is to be governed by principles and rules of participation and voting which are generally consistent with the ethos of the new order; the complex decision-making system is a monument to the perseverance of negotiators and their willingness to experiment with new formulae for this precedent-setting international instrument.

Indeed, UNCLOS has already added substantially to the lore of international negotiations, giving us a *vade mecum* of negotiating tactics to use and to avoid in the interest of reaching agreement on NIEO-type issues.

These are but a few of the adaptations

the United Nations, which dominated the occurring within the United Nations system which suggest that its institutions are not immutably fixed in their rules or practices and that member States are not irretrievably rigid or inflexible. The institutional agenda for the near future is a demanding one, but as these instances of adaptability suggest, it is not impossible. What is now required?

The most important requirement is that all States should be persuaded that the objectives of the new order are in their national interest. In the short term, it is obvious that virtually every element of the NIEO confronts at least some States with some hard choices. In the longer run, however, all States—developing and developed alike—will benefit from the changes contemplated by the NIEO and from the more balanced and equitable system of international relations which would result from its realization. Enlightened self-interest, therefore, acknowledges interdependence and dictates policies which seek orderly development, economically secure nations in all regions, strong trading partners, and the confident exercise of sovereignty by States over their own resources and economic planning.

Another requirement is that the somewhat artificial conflict between the United Nations and the specialized agencies should be resolved. The Group of 77 has tended to insist upon the primacy of the United Nations in the negotiation of the NIEO; some of the developed countries, led most vigorously by the United States, have resisted efforts to give the United Nations a right of review (and reversal) of issues traditionally within the purview of the specialized agencies. It is clear that a middle ground is needed between these positions, that the United Nations cannot assume the role the Group of 77 has claimed for it, but that neither can the agenda of new order issues be left to a business-as-usual approach in a host of unreconstructed specialized forums. The United Nations' logical function is to provide a sense of direction as well as political impetus in the realm of global economic reform, and to ensure as much coherence as possible in the decentralized United Nations system. It cannot and should not pre-empt the functions of the specialized agencies; ultimately they must do the job in their own areas of competence.

Thus the debate over the paramount role of eleventh special session and effectively halted efforts to launch global negotiations, is increasingly sterile. No government today denies that the United Nations is vital to the process of international economic reform, and that it has an important legitimising function. But insistence on institutionalizing that role tends to obscure the need to introduce reforms and modify the rules and procedures of many bodies in the United Nations system.

Foremost among these is the IMF. As we have noted, the Fund has been undergoing change, albeit slowly, in a direction which will benefit the developing countries. That process of reform must continue, especially in the controversial areas of conditionality and quotas, and pressure from the United Nations may be able to help create a climate of opinion in which reform is perceived to be both necessary and urgent.

Ironically, one of the reforms most often cited in discussions of the Bretton Woods institutions—greater participation by developing countries in the decision-making process—may not be so critical. The growing practice of resorting to decision by consensus may have made this something of an artificial issue. At the same time it is true that there are numerous other areas within the United Nations system where further adaptation of rules and procedures is urgently needed and where obstacles of structure and habit and expectation will not be easy to overcome. UNCTAD, which has sought a central role in the NIEO negotiating process and is now experiencing something of an identity crisis, must reevaluate its function. The establishment by the Group of 77 of its own substantive support mechanisms—as decided upon at the recent “South-South” Conference in Caracas—will facilitate that process. The prominence of technology issues is of importance to UNESCO, which must prepare itself for an expanding agenda. UNIDO must digest the lessons of its nearly disastrous conference in New Delhi and its subsequent retreat from the confrontation over the proposal for establishing a huge industrial development fund.

One of the most vital of these institutional reforms falls under the rubric of restructuring. As the United Nations system has grown and as its components have gone their separate ways,

the system has become fragmented. Whereas some division of labour is obviously desirable, the present disarray is surely excessive and even counterproductive. Developing countries have a stake in restructuring because it would contribute to a more integrated approach to development and because, with a more rational and streamlined United Nations system, their limited resources would go further. Developed countries, as the major financial supporters of the United Nations system, would also benefit from the increased efficiency which restructuring would presumably bring. The restructuring process, begun with much fanfare, must be invested with new life and efforts will have to be made to expand its scope to the relationships between New York and Geneva and between the United Nations itself and other institutions of its system.

The issue of participation also needs to be addressed. Some countries are conspicuously under-involved in the search for a new order, especially the Soviet Union and other socialist countries as well as the more affluent of the OPEC States. The international community will have to find ways of enlisting these States more fully and effectively in global negotiations and in action to cure some of the fundamental economic ills from which the developing world is suffering.

Equally important to the success of the North-South dialogue is bureaucratic leadership. Global negotiations require a much more forceful and a more imaginative and creative input from international secretariats. It was on the basis of ideas first mooted in international bureaucracies that some of the most important steps in multilateral economic co-operation were taken in the early post-war years and again in the watershed period of the late 1950s and early 1960s. There is no reason why this tradition should not be continued or revived where it has fallen into desuetude. Bureaucratic leadership will not come easily, however. Organizational trends have not favoured the assertion of such leadership, and the political climate adds an element of risk for international officials with a creative bent of mind. The requisite skills are there, however, and restructuring, properly conceived and carried out, can help to bring them into play. Governments must be persuaded that *their* interests are served by raising standards

and expectations where the international civil service is concerned.

In spite of several false starts, the international community is edging inexorably toward global negotiations, i.e., negotiations leading to a broadly approved statement of intent reflecting agreement among States as to the major elements of a global compact, mutually ben-

eficial to developing and developed States alike. Such an agreement will be but the beginning, not the end, of a long process. Subsequent negotiations in specialized forums will be necessary to work out the details. It is not inconceivable, given trends which indicate some convergence of previously polarized positions, that global negotiations could produce decisions on specific issues.

VI

Conclusion

Much lip service is paid to the concept of interdependence, and the term itself has become controversial. Nevertheless, the term accurately characterizes the world situation. No nation-State can escape the logic of interdependence, the United States or Belgium no more than Tanzania or Bangladesh. The new diplomacy for development is, in effect, the diplomacy of interdependence.

This new diplomacy is by now well established and thoroughly familiar to its practitioners. It has helped to create an increased awareness of the nature and scope of all that development implies and of the positions and tactics of the leading protagonists. It has also produced some tangible results which look insignificant only when compared with the size of the remaining task. As noted at the beginning of this essay, there can be no turning back the clock to the diplomacy which characterized international economic relations before UNCTAD appeared on the scene in 1964. The new diplomacy is not, however, immutable. Indeed, it is

only if its flaws are acknowledged and adjustments made that the United Nations system will be able to play the role in which it has been cast.

Some of these adjustments are identified in the preceding pages. Three of them are so vital to the prospects of the NIEO that they should be underscored in conclusion:

- the need for all countries to perceive the objectives of the new international economic order from the standpoint of enlightened self-interest;
- the need to define the political role of the United Nations and the technical role of the specialized agencies in a way which would lead to more coherent action; and
- the need for a more vigorous and creative leadership effort on development issues on the part of the United Nations system secretariats.

Once these needs are recognized and action is taken to respond to them, the new diplomacy will gain a new lease on life and the prospects of a better world order will be greatly enhanced.