

A Moment of Possibility: The Rise and Fall of the New International Economic Order

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September 2019

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## **Abstract**

The New International Economic Order (NIEO) was a political campaign brought to the United Nations by the Group of 77 (G77) – the state elites from 120 countries of the Global South. The G77 sought to transcend what they saw as ongoing colonial features of the post-World War II world order, defined as the rules and institutions designed to manage the world capitalist system. The NIEO project aimed to overturn Northern protectionism; increase the stability and diversity of Southern economies through the creation of new institutions; and increase the power of the South in global institutions. With few exceptions, International Relations (IR) theory, both Orthodox and Critical, has either ignored the NIEO, or constructed it as an authoritarian attack on global liberalism that had little to no chance of succeeding. With new archival research and a relational historical materialist approach, this thesis traces the rise and decline of the NIEO as a political project and challenges these assumptions. First, it argues that the systemic reforms advocated by the G77 were not based on a rejection of liberalism, but on the premise that the post-war order was not “liberal” enough. Second, it shows that experiments in a NIEO came very close to being launched and offers an explanation of how G77 state elites might have succeeded. This history of the NIEO contains important insights into the role that non-Western agency and power have played in the post-war order. Not only did G77 state elites, in relying on the wider ‘Third World Project’, offer a powerful critique of the post-war order, they created a viable strategy for its reformation. This is significant for several reasons. First, it challenges the assumption of Critical IR theory that the United States was so overpowering that non-Western agency was insignificant to the post-war order. Second, it questions the prevalent assumption of Orthodox Liberal Internationalism that only liberal states create liberal international institutions and orders. These assumptions are embedded within Eurocentric narratives that conceive the post-war order as the sole creation of the United States. Such narratives are used to frame the present crisis of world order as a result of the rise of non-Western powers, and a failure of American leadership. Any potential for non-Western states to participate in reforming world order is viewed as unprecedented and is certainly not linked to any possibility of global movements encompassing the world’s poorest states. This thesis revises such historical narratives, and in doing so, sheds light on the present crisis. A more general implication of this is a historically justified optimism. The NIEO was built by decades of work by many Third World intellectuals, diplomats, and states people. Their collective praxis culminated in evidence that amidst the uncertainties of world economic crises, global projects aimed at reforming world order can create viable power and are therefore worth pursuing.

## **Declaration**

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint award of this degree.

I give permission for the digital version of my thesis to be made available on the web, via the University's digital research repository, the Library Search and also through web search engines, unless permission has been granted by the University to restrict access for a period of time.

I acknowledge the support I have received for my research through the provision of an Australian Government Research Training Program Scholarship.

Sam Nicholls

## Acknowledgements

I would not have completed this thesis without the early and continuing support from my Grandpa, and fellow amateur historian, Reuben Goldsworthy. He gave me my first history book, and continued to support me through conversation and lucrative research assistance work. After finishing my honours in history my supervisor Dr. Tom Buchanan went far out of his way in helping me to find somewhere to do my PhD on the NIEO. Tom, and Dr. Paul Sendziuk, have been encouraging and supportive to me from undergrad, through honours, and during my PhD candidature.

I learn most easily through conversation. For this reason, I thank everyone who has burdened themselves with talking with me about my research: Cameron Wesson, Michael Goldsworthy, Brij Daniel, Lei He, Cameron Douglass, Carmel Pascale, Thomas Price, George Sarantoulis, Jacob Hendryx, Thur Vo, Ben Nicholls, Oliver Lardner, Dr. Tom Mackay, Dr. Ralph Body, Dr. Czeslaw Tubilewicz and Elyse Chapman.

I have also learned a lot from my fellow post grad students, and POLIR academics, who have attended the discipline's post-grad conferences. Likewise, at the IR Theory Forum at the University of Queensland, hosted by Professor Christian Reus-Smit, my ideas were put through a brainstorm of many highly intelligent minds. Of particular benefit was a discussion I had with Dr. Heloise Weber, who was able to explain graciously that I had misread a text foundational to this thesis.

I have also relied on the assistance of many people working at the University of Adelaide. I am grateful to Shamira Barr, Cheryl Fischer, Snezana Ilic, Dr. Dianne Rudd and Dr. Jennifer Bonham. I thank also Margaret Hosking, whose skills and knowledge as a research librarian have been essential throughout my undergraduate and post-graduate research.

I acknowledge also the support given to me by the staff at the United Nations Archives in New York. I am thankful to the kind offer, and hard work, of a close family friend, Leslie Beresford, who searched through my thesis looking for and finding spelling mistakes.

Also essential has been the assistance given to me by Australian tax payers, who provided me with the financial stability necessary to complete this research.

I owe especial thanks to my two co-supervisors: Dr. Christine Beasley and Dr. Tiziana Torresi, who have helped in many ways.

I am most indebted, however, to Dr. Priya Chacko. Priya took on the task of supervising a student with minimal knowledge of International Relations theory, economics, political economy, or the history of the Global South, even as my thesis was largely about these things. Her patience with me has been of superhuman ability. Her suggestions have always been on point. I would not have come anywhere near close to finishing this without her help. Because of her teaching, these three and a half years have been the most intellectually rewarding of my life.

Of course, none of this is to excuse mistakes or flaws, all of which are my own.

## **Abbreviations**

UNA — United Nations Archives

UNGA — United Nations General Assembly

NIEO — New International Economic Order

UNCTAD — United Nations Conference on Trade and Development

G77 — Group of 77

OPEC — The Organization of the Petroleum Exporting Countries

OECD — Organisation for Economic Co-operation and Development

UNICEF — United Nations Children's Fund

## Introduction

This dissertation is a history of the New International Economic Order (NIEO) that contributes to the wider theory and history of world order. It does this by showing that the NIEO Project was powerful, and so could have succeeded in reforming the post-war liberal order, or the rules and institutions created in an attempt to sustain global capitalism through the promotion of free trade. The NIEO was a project brought to the United Nations by the state elites of the Global South, who caucused as the Group of 77 (G77). This grouping had been created a decade earlier, at the establishment of the United Nations Conference on Trade and Development. However, following the OPEC oil price hike in 1973 Algeria's president, Houari Boumédiène, used a proposal for a conference to discuss oil pricing in order to push for a much wider conference, where both the long term and short term problems facing the Global South could be discussed. As a result, a special session of the United Nations General Assembly was held. Here, G77 state elites called for a New International Economic Order. What followed was the North-South dialogue, in which the concerns of elites from the world's poorest states, and the majority of the world's states, became a core focus of the highest levels of diplomacy. The NIEO was discussed throughout the United Nations' specialised agencies, in a second and third special session of the General Assembly, within the IMF and World Bank, at UNCTAD, and at specially created conferences coordinated with but not formally a part of the United Nations system. The goals and strategy of the campaign for a NIEO became entangled within the uncertainties of the then world economic crisis. Contemporaneous analysts debated whether or not it could or should succeed in establishing multilateral institutions to stabilise commodity prices; reduce Northern protectionism on Southern exports; increase foreign aid to promised targets; create new institutions to manage debt crises; create a new international monetary system; and "democratise" the World Bank and IMF.

The historiography of the NIEO project has concluded, with near consensus, that it failed because it was insufficiently powerful. This is despite renewed efforts by historians, following the Great Recession, to reassess this aspect of the NIEO. I contribute to this historiography by showing that, despite its eventual demise, the state elites of the G77 had created a powerful contingency plan that offered genuine possibilities for the reform of world order. Secondly, by exploring the foundational ideas of the NIEO, I confirm what historians have known for some time, but which has been ignored by orthodox International Relations theory. The NIEO was not opposed to global liberalism. Rather, the NIEO project provides further evidence of the important contribution made by non-Western state elites to the so-called post-war liberal order. I make these historical arguments in order to contribute



towards Amitav Acharya's stated goal of a 'Global IR'.<sup>1</sup> That is, this thesis offers new knowledge of the importance of non-Western agency and power to International Relations by working towards and drawing upon a global, rather than parochially Eurocentric, historiography of the post-war era. By doing this, I contribute to a wider reengagement with the importance of non-Western agency to the history of the post-war order.<sup>2</sup>

However, this history of the NIEO offers something unique to the goal of a Global IR. Whereas scholars have emphasised the importance of non-Western agency to the construction of the ideas and norms of the post-war order, I show that through creating a collective power that could leverage a world economic crisis, non-Western state elites wielded an important material-ideational power in negotiations over the constitution of world order. The power of the G77 elites was "material-ideational" because it was based on shared ideas and material interests, and because the shared ideas helped frame the importance of the shared material interests just as much as the shared material interests had helped shape the creation of the shared ideas. Their power was collective in the sense that it required the G77 elites to convince each other that they would act together. As such, this power had to be created and recreated through time, in response to both a changing world order and the changing position of Northern state elites. This collective power was significant because it contained the potential for both material threats and concessions. Depending on how it was wielded, and how the unpredictable global capitalist crisis of the 1970s proceeded, this collective power could have been used to launch experiments in a New International Economic Order.

While important in and of itself, this thesis' focus on the material-ideational agency of the G77 state elites has specific implications for theories of world order. Firstly, it challenges the conclusions of Critical IR Theory that the post-war order consisted of a US imperialism so overpowering that non-Western agency was too insignificant for consideration. Specifically, I update both the theory and historical interpretation of Robert Cox by showing that a fully relational historical materialism, like that espoused by Bieler and Morton,<sup>3</sup> is able to achieve what Cox had originally wanted: a historical sociology of world order that avoids overly reifying structure, so as to provide knowledge useful for

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<sup>1</sup> Amitav Acharya, "Global International Relations (IR) and Regional Worlds," *International Studies Quarterly* 58, no. 4 (2014), <https://doi.org/10.1111/isqu.12171>.

<sup>2</sup> Mark Mazower, *No Enchanted Palace: the End of Empire and the Ideological Origins of the United Nations* (Princeton, N.J. ; Oxford: Princeton University Press, 2009); Eric Helleiner, *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order* (Ithaca; London: Cornell University Press, 2014); Amitav Acharya, *Constructing Global Order: Agency and Change in World Politics* (Cambridge University Press, 2018); Adom Getachew, *Worldmaking After Empire: The Rise and Fall of Self-Determination* (Princeton University Press, 2019).

<sup>3</sup> Andreas Bieler and David Morton, *Global Capitalism, Global War, Global Crisis*. (Cambridge: Cambridge University Press, 2018).

its reformation.<sup>4</sup> Secondly, this new history of the NIEO shows that orthodox liberal IR can no longer ignore the importance of non-Western agency under the pretext that only liberal states seek to establish liberal orders. Instead, the history of the NIEO, occupying a fundamental place within the history of the so-called post-war liberal order, should form part of the essential context of the present crisis. Finally, this thesis highlights the importance of global capitalist crises to world order. Such crises can offer openings to the reform of world order, even to actors traditionally considered as materially weak.

To provide an overview of this historical research, as well as its theoretical underpinnings and implications, I begin this introductory chapter by providing a historiography of the power of the NIEO Project. I show that, despite recent efforts, historians have been unable to demonstrate how the NIEO Project could have been successful. I then give an overview of the new interpretation of the NIEO Project contained in this thesis, which has been able to interpret the NIEO Project as powerful enough to reform world order. I explain that this has been made possible by both new archival research and a relational historical materialist approach. To show the theoretical implications of this research, I outline the prevailing Eurocentrism within both Orthodox and Critical IR theories of world order. Thus, I conclude by arguing that this historical sociology of the NIEO contributes to the wider goal of a Global IR. By showcasing the material-ideational agency of the G77 state elites as they came close to saving the post-war liberal order from crisis, I show that the non-West has wielded far more power, in certain historical moments, than has hitherto been acknowledged.

### **A Historiography of the Power of the NIEO Project**

While the historiography on the NIEO has been unable to transcend interpretations of the project as not powerful enough to force a compromise with the West, it is not true that the literature holds solely to this interpretation. As I will show in this section, a wave of works that do interpret the NIEO Project as containing the possibility of reforming world order were written before the NIEO had failed. These contemporaneous works are secondary sources on the NIEO, forming part of the first draft of its history. However, they are also primary sources, in so far as they are indicative of how the NIEO Project was perceived during its campaign, and in so far as its authors witnessed meetings of the North-South Dialogue. The NIEO Project entered three broad stages. Initially, following the successful show of unity at the Sixth Special Session of the UN General Assembly, in 1974, the G77 state elites had created a moment of possibility, and this is reflected in some of the works published in these years. By the end of the Paris Conference on International Economic Cooperation (CIEC, 1975-

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<sup>4</sup> Robert W. Cox, "Social Forces, States and World Orders: Beyond International Theory," *Millennium* 10, no. 2 (1981): pp. 130, 44.

77), however, the G77 state elites had not launched any of the actions that had warranted the initial promise of possibility. That is, the strategic basis of the G77's power was not followed through on. It became instead a historically curious, past potentiality. As such, the NIEO Project entered a period of stalemate which eventually dissipated into a full realization, following the international debt crisis, that G77 elites would not achieve the reforms they had sought. Both these subsequent periods, the stalemate, and then the realization of failure,<sup>5</sup> are also reflected in the contemporaneous literature. That is, arguments were created which sought to explain why the NIEO failed, and they implied that its failure was inevitable. Either because of a weakness in the unity of the G77, or because of the overwhelming power of the United States, it came to be assumed that the NIEO Project had been insufficiently powerful. This interpretation has been partially challenged by historians, most notably by Vijay Prashad, who writes of the NIEO, despite its failure, as a powerful movement.<sup>6</sup> Indeed, Prashad's history has been followed by discussions about the role of contingency in the failure of the NIEO Project.<sup>7</sup> Nevertheless, these works have not been able to show how the NIEO Project might otherwise have been successful. Equally, they are unable to reveal exactly what caused the failure of the NIEO Project.<sup>8</sup> This thesis argues that there were, indeed, unpredictable contingencies that disincentivised the implementation of the NIEO Project's initial strategy. Yet, these were contingencies that could easily have gone the other way, incentivising instead significant investment by certain G77 state elites into the project. That is, by peering into the counterfactual realm of possibilities, I aim to show that, despite its failure, the NIEO Project certainly was a powerful movement, and that the post-war order was, at this moment, ripe for reform.

### *The contemporaneous literature*

Writing in 1973, even before the first OPEC oil shock and the subsequent launching of the campaign for a New International Economic Order, C. Fred Bergsten warned in *Foreign Policy* that:

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<sup>5</sup> By failure I refer to the stated goals of the G77 for the North-South dialogue, a series of negotiations that broke down in a stalemate. I do not mean, however, that from the perspective of all the G77's many different state elites their diplomatic efforts had failed or were worthless. Nor do I mean to infer that the NIEO Project failed to have a lasting effect on international negotiations. As an example of the important legacy of the NIEO, in this case to intellectual property rights, see: Sam F. Halabi, *Intellectual Property and the New International Economic Order: Oligopoly, Regulation, and Wealth Redistribution in the Global Knowledge Economy* (Cambridge: Cambridge University Press, 2018), pp. 84-90, 167, 209-28.

<sup>6</sup> Vijay Prashad, *The Darker Nations: A People's History of the Third World* (New York; London: New Press, 2008); Vijay Prashad, *The Poorer Nations: A Possible History of the Global South* (London: Verso, 2014).

<sup>7</sup> Nils Gilman, "The New International Economic Order: A Reintroduction," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015); Giuliano Garavini, *After Empires: European Integration, Decolonization, and the Challenge From the Global South, 1957-1986*, ed. Richard R. Nybakken (Oxford, UK: Oxford University Press, 2012).

<sup>8</sup> Ingo Venzke, "Possibilities of the Past: Histories of the NIEO and the Travails of Critique," *Journal of the History of International Law* 20, no. 3 (2018).

*Present U.S. policy neglects the Third World almost entirely, with the exception of our remaining military clients (mainly in South-east Asia). This policy is a serious mistake. New U.S. economic interests, which flow from the dramatic changes in the position of United States in the world economy and nature of the new international economic order, require renewed U.S. cooperation with the Third World. New policy instruments, including but going far beyond foreign aid, are needed to promote such cooperation.*<sup>9</sup>

Bergsten is an economist who had previously advised the Nixon administration, and would go on, from 1976, to work as Assistant Secretary for International Affairs within the Treasury for the Carter administration. His 1973 article, *Threat From the Third World*, reflected what would be the primary concerns of the NIEO Project. It argued that the most important need for the Third World was increased access to world markets, but that western protectionism was increasing. The ‘attitude of the industrialized world toward LDC exports of manufactured goods’, Bergsten noted, ‘has totally reversed in a remarkably short period of time’. Whereas the United States had supported ‘tariff preferences for them some years ago’, now it was seriously contemplating measures aimed at restricting such exports.<sup>10</sup> Furthermore, Bergsten noted that the ‘level of real aid is stagnant, and the debt servicing of some LDC’s has reached the point where they are now net exporters of capital to the industrialized world.’<sup>11</sup> He also commented on the lack of progress towards the stabilisation of commodity prices, before naming the United States as the least responsive of any industrialized country, and arguing that the ‘Administration and Congress must share the indictment’.<sup>12</sup>

Having outlined a set of issues that could unite the Third World, Bergsten then argued that these states had the power to address them. With prescience, he noted that ‘the United States is rapidly joining the rest of the industrialized countries in depending on the Third World for a critical share of its energy supplies and other natural resources.’<sup>13</sup> This commodity power was not, Bergsten argued, limited to oil alone. The resultant surpluses of US dollars would provide the Third World with power over international capital markets, something that could be used as pressure in attempts at seeking, amongst other things, new international reserve currencies, such as IMF Special Drawing Rights (SDRs).<sup>14</sup> Finally, Bergsten noted that the Third World also had the power to default on its debt, which would be hugely damaging for a United States set to become increasingly dependent on its

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<sup>9</sup> C. Fred Bergsten, "The Threat from the Third World," *Foreign Policy*, no. 11 (1973), <https://doi.org/10.2307/1148041>.

<sup>10</sup> Bergsten, "The Threat from the Third World," p. 104.

<sup>11</sup> Bergsten, "The Threat from the Third World," p. 104.

<sup>12</sup> Bergsten, "The Threat from the Third World," p. 104.

<sup>13</sup> Bergsten, "The Threat from the Third World," p. 107-11.

<sup>14</sup> Bergsten, "The Threat from the Third World," p. 112-16.

foreign investments in order to balance a growing trade deficit.<sup>15</sup> Would such actions, however, be “rational” for the Third World? To Bergsten, it wasn’t sufficient to explain such potential Third World actions away in terms of any “objective” assessment of their national interests, or to calculate who would win such an economic war. This was because ‘individual LDC governments might be forced into such a posture by internal political imperatives even if the outcome was unfavorable to their “true” national interest’. Furthermore, even if the United States “won” a confrontation’, it would nevertheless ‘suffer significant costs’.<sup>16</sup> Thus, because he viewed the Third World as possessing a source of material power, Bergsten called for ‘the United States, and for all the industrialized countries’, to ‘preempt such risks by taking initiatives to help these countries fulfil their aspirations by more stable means.’<sup>17</sup>

If Bergsten’s article was indicative of the unprecedented uncertainties of the early 1970s, which were about to worsen that October when the OPEC managed to quadruple the price of oil, Branislav Gosovic and John Ruggie, in 1975, had concluded from their observations of the North-South dialogue that the G77 had a genuine chance of success. Gosovic and Ruggie’s analysis reflected the moment surrounding the Seventh Special Session of the United Nations General Assembly. At this meeting, and as Gosovic and Ruggie duly note, the Northern state elites showed a new willingness to compromise. The United States, they wrote, upstaged the EEC when its diplomatic team ‘produced a working paper that paralleled the text of the 77 paragraph by paragraph’, using this as a template to highlight areas of agreement and disagreement.<sup>18</sup> Important concessions were offered by the United States’ negotiating team, and this followed from a decision by the G77 state elites themselves to ignore certain issues to which United States’ opposition was known to be fundamental.<sup>19</sup> To Gosovic and Ruggie, the G77 was powerful, at this juncture, because of a ‘confluence of forces and events that preceded the Session’, something that amounted to ‘the fact that the new international economic order negotiations became progressively entangled with oil diplomacy.’<sup>20</sup> In identifying the power of the

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<sup>15</sup> Bergsten, "The Threat from the Third World," p. 112-16.

<sup>16</sup> Bergsten, "The Threat from the Third World," p. 112-16.

<sup>17</sup> Bergsten, "The Threat from the Third World," pp. 107-11.

<sup>18</sup> Branislav Gosovic and John Gerard Ruggie, "On the Creation of a New International Economic Order: Issue Linkage and the Seventh Special Session of the UN General Assembly," *International Organization* 30, no. 2 (1976): p. 322,

<https://doi.org/10.1017/S0020818300018300>.

<sup>19</sup> Gosovic and Ruggie, "Issue Linkage and the Seventh Special Session," p. 320. The G77’s ability to make concessions on the demands it called most strongly for in response to previous negotiations is assessed more systematically in: Jeffrey A. Hart, *The New International Economic Order: Conflict and Cooperation in North-South Economic Relations, 1974-1977* (London: Macmillan, 1983).

<sup>20</sup> Gosovic and Ruggie, "Issue Linkage and the Seventh Special Session," p. 310. More specifically, Gosovic and Ruggie noted that: ‘The words and arguments of the 77 are backed today by a degree of bargaining power they did not previously possess. An institutional structure is emerging among the developing countries that may increase this power in the years to come. Developing countries

G77 as being linked to the group's ability to maintain a unity sufficient to harness the possibilities offered by the OPEC's new petrodollars, Gosovic and Ruggie wrote optimistically of the ability of the OPEC and oil-importing developing states to work together. They argued that while 'differences of substance and strategy obviously exist', on the 'broad political front a shared perception of the problem as well as a mutuality of situation exists between OPEC and the other developing countries' and that this 'symbiosis has, it appears, become even closer over the past two years.'<sup>21</sup> The scholars were also optimistic about the chance of significant concessions coming from the United States. The recent change in the United States' position, even if it might only have been intended as an attempt at weakening the group's solidarity, reflected the fact that 'Critical scrutiny of the structure of the international economy has been legitimized, and the issue now has become how not whether to deal with certain Third World demands'.<sup>22</sup> Thus, while Gosovic and Ruggie did not think that the NIEO Project's success was inevitable, when they wrote in 1975, following the success of the Seventh Special Session, they viewed significant progress as significantly likely.

If the writings of Bergsten, Gosovic and Ruggie highlight that mainstream voices had seen the NIEO as possible, the neo-mercantilist analysis of Michael Hudson was even more emphatic. In 1977, Hudson wrote that the '[d]evelopment of the New International Economic Order' connotes the 'end of America's unique foreign-fed affluence that it has come to enjoy in recent years.' Furthermore, he warned that the longer the United States 'seeks to retard the development of this new economics, the more isolated it will become.' Hudson predicted, inaccurately at least in the short term, that if the United States failed to 'participate in the new order as a joint architect, relinquishing the particular advantages which it gained from World War II', it will only prolong a deeper disruption in world order, that will be deeper when it occurs, 'as occur it must.'<sup>23</sup> Such a sense of inevitability is observable also in the work of Mohammed Bedjaoui, who was a key political actor and intellectual in the NIEO campaign. Although Bedjaoui saw the NIEO as a project that would take decades to be fully realised, he pointed to the 'dialectically inevitable nature of the profound change called for in international relations and institutions as a whole.' Here the NIEO is contextualised as the result of the equally inevitable waves of decolonization, a continued movement in which the 'shareout of the world had to give place, gradually but surely, to the world of sharing.'<sup>24</sup>

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*will seek to take advantage of their potential for disrupting certain international economic flows and the finely tuned economies of the developed countries, as well as the availability of the autonomous financing capacity through OPEC.' p. 342.*

<sup>21</sup> Gosovic and Ruggie, "Issue Linkage and the Seventh Special Session," pp. 312-13.

<sup>22</sup> Gosovic and Ruggie, "Issue Linkage and the Seventh Special Session," pp. 342-43.

<sup>23</sup> M. Hudson, *Global Fracture: The New International Economic Order*, Second ed. (London: Pluto Press, 2005), pp. 171-75.

<sup>24</sup> M. Bedjaoui, *Towards a New International Economic Order* (Holmes & Meier, 1979), p. 11.

Nevertheless, by 1979, when the most detailed examination to date of the bargaining position of the G77 was published, the mood had changed considerably. In Robert L. Rothstein's *Global Bargaining* the outcomes that seemed possible to Gosovic and Ruggie had already failed to eventuate.<sup>25</sup> Rather than the Seventh Special Session leading to a round of fruitful negotiations, the North-South dialogue had, in the several years that followed, fallen into a stalemate. Rothstein noted that the original shock that was felt following the OPEC oil-price rise, in combination with historically unprecedented prices for commodities in general, eventually calmed, and as time passed 'adjustments occurred and fears of imminent resource shortages diminished'.<sup>26</sup> The result was that the 'notion that the old order could be patched together again began to prevail'.<sup>27</sup> The stalemate emerged, according to Rothstein, because of different assessments of the world economic crisis. Whereas the developed states became more certain that no new international economic order was needed, the developing states believed otherwise, and this meant that both sides perceived stalemate as in keeping with their interests. To Rothstein, however, the original ambition of the G77 had turned out to be a mistake. While he still maintained that some compromise was possible, he concluded that the original ambitions of the G77 had been misplaced, and so it should radically depart from this strategy. Instead, by focusing on pragmatic negotiations over the specifics of implementation, there was a chance that at least something could emerge from the North-South dialogue.<sup>28</sup> Nevertheless, Rothstein also offered an interpretation of the stalemate that was far less hopeful. He argued that the stalemate may have emerged from conflicts internal to the G77, conflicts which prevented the group from making anything other than broad statements of principle.<sup>29</sup> Thus, by 1979, Rothstein's assessment of the power of the G77 was that progress in the North-South dialogue was either impossible because of rigidities within the G77 itself, or possible only if the G77 greatly reduced its demands.

### *In the wake of the NIEO*

Already, by 1983, even sympathetic analysts, like Jeffrey A. Hart, had realized that the period from 1974, when the NIEO Project was launched at the Sixth Special Session of the UN General Assembly, until 1977, after the end of negotiations at the Conference on International Economic Cooperation, was the high point of the NIEO Project.<sup>30</sup> Since then, the G77 had called for a new round of global negotiations, but the state elites in the United States, especially in the Reagan administration, would

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<sup>25</sup> Robert L. Rothstein, *Global Bargaining: UNCTAD and the Quest for a New International Economic Order* (Princeton: Princeton University Press, 1979).

<sup>26</sup> Rothstein, *Global Bargaining*, pp. 44-49, 106-07.

<sup>27</sup> Rothstein, *Global Bargaining*, pp. 44-49.

<sup>28</sup> Rothstein, *Global Bargaining*, pp. 44-49.

<sup>29</sup> Rothstein, *Global Bargaining*, p. 98.

<sup>30</sup> Hart, *The NIEO*, p. xvii.

not agree even to this, a sure sign of the reassessment, in Washington, of the power of the G77 alliance. To Hart, the results of the North-South dialogue had demonstrated that ‘only a few oil exporters and newly industrializing countries would join the major industrial countries in having the ability to affect global economic conditions’, while ‘the power of the remaining countries was largely the power of the weak: they could default on loans and appeal for more aid on the basis of humanitarian sentiments and/or strategic insecurity.’<sup>31</sup> Thus the chance that something resembling the NIEO proposals could be successfully implemented was for Hart now in the hands of western state elites. These elites were likely to pass reforms, he argued, because their ‘interests and values will impel the industrial countries toward a more direct confrontation of the issues raised by global poverty.’<sup>32</sup> Thus, by the early 1980s, even the best scholars on the NIEO had come to view the G77’s original position as essentially powerless, keeping their hopes alive only because of faith in the goodness of Western state elites.

While Hart was optimistic even while viewing the G77 itself as insufficiently powerful, John Ruggie had completely changed course. At a conference aimed at assessing the strategy and power of the NIEO Project held in Delhi, and led jointly with Jagdish N. Bhagwati, Ruggie had joined in signing a petition calling for the G77 to stop its calls for a new round of global negotiations. This manifesto, ‘A Statement on North-South Economic Strategy’, had concluded that without a genuine source of power, calls for a new round of negotiations only served to absorb needed diplomatic resources from the Global South, while contributing to the perception that Southern state elites wasted time with overly ambitious rhetorical demands.<sup>33</sup> To John Ruggie, the failure of the NIEO Project to achieve what its leaders had originally hoped for meant that his previous analysis of the power of the G77 had been wrong. It was not enough to argue that the OPEC state elites had not decided to support the oil-importing state elites in the ways that he had originally believed possible. Instead, such ideas were now understood to have always been unworkable. He wrote that, ‘as the OPEC case amply demonstrated, great care must be taken not to overgeneralise from specific interdependent relations.’<sup>34</sup> What Ruggie had originally perceived, in 1975, as genuine G77 power, he viewed in 1983 as a power held only by a ‘small handful of developing countries, primarily oil exporters and newly industrialising

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<sup>31</sup> Hart, *The NIEO*, p. 22. A similar position was taken by Craig N. Murphy, who was also sympathetic towards the NIEO. He wrote that: ‘Despite the grand rhetoric at the Sixth Special Session, a working new order would have to be supported by the developed nations.’ Craig N. Murphy, *The Emergence of the NIEO Ideology* (Boulder, Colorado: Westview Press, 1984), p. 119.

<sup>32</sup> Here Hart seems to align with the findings of the ‘Brandt Report’: Independent Commission on International Development Issues, *North-South, a Programme for Survival: Report of the Independent Commission on International Development Issues*, 1st MIT Press paperback ed. (Cambridge, Mass: MIT Press, 1980); Hart, *The NIEO*, p. 154.

<sup>33</sup> Jagdish N. Bhagwati and John Gerard Ruggie, *Power, Passions, and Purpose: Prospects for North-South Negotiations*, ed. Jagdish N. Bhagwati and John Gerard Ruggie (Cambridge, Mass: MIT Press, 1984), p. 325.

<sup>34</sup> Bhagwati and Ruggie, *Power, Passions, and Purpose*, p. 43.



countries'. These states, Ruggie argued, had also been: 'the weakest link in the Southern chain, least supportive of the NIEO program, and most anxious to maintain favourable bilateral relations with Northern countries.'<sup>35</sup> Thus, by 1983, Ruggie, who had written optimistically about the chances of success for the NIEO Project in 1976, concluded that there simply were no 'historical nor theoretical grounds for extrapolating from the debt problem or from any other sector-specific source of Southern influence to some generalized global restructuring.'<sup>36</sup> When the G77's underlying strategy did not bring results, it became common practice to assume that this was because such results had never been possible.

An even more scathing assessment of the G77's power was created in the later 1980s by Thomas G. Weiss. Weiss, who began working in the UNCTAD in the period in which the North-South stalemate first emerged, formed his interpretation by ignoring important nuances in the earlier arguments of Ruggie, Rothstein, and Hart. In *Multilateral Development Diplomacy in UNCTAD*, Thomas G. Weiss argued that the NIEO Project had failed in a paradox of inevitability.<sup>37</sup> Although the G77's bloc tactics were needed in order for the North-South dialogue to have been launched, it was these same bloc dynamics that led to the inevitable stalemate, and then failure, of the project. This was so, Weiss stressed, because the G77, in seeking a broad platform that could unite the many different states of the G77, had to work at a level of broad ideas and principles. Any attempt to move from a stage of discussion to negotiation would have heightened the group's internal conflicts to the point of collapse.<sup>38</sup> Much of this argument Weiss takes from Robert Rothstein's study. However, where Rothstein offers his account of the G77's internal conflicts as a potential source of stalemate, he is careful to write in a way that still provides for alternative courses of action. Furthermore, Weiss ignores Jeffrey Hart's work, which shows that the G77's choice of preferred policies did change in response to the results of negotiations with the Global North, important evidence that the G77 state elites did not present a simple and inflexible position.<sup>39</sup> By ignoring this, Weiss explains the failure of the NIEO Project as the inevitable consequence of the G77's makeup, a strong claim that only added to the growing consensus that the NIEO Project had always been insufficiently powerful.

### *A burgeoning challenge to the assumption of inevitable failure*

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<sup>35</sup> Bhagwati and Ruggie, *Power, Passions, and Purpose*, p. 43.

<sup>36</sup> Bhagwati and Ruggie, *Power, Passions, and Purpose*, p. 43.

<sup>37</sup> Thomas G. Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84* (Houndmills, Basingstoke, Hampshire: Macmillan, 1986), pp. 6-7.

<sup>38</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 44-47.

<sup>39</sup> Hart, *The NIEO*, pp. 53-54.

The interpretation forged in the wake of the failure of the NIEO project, which sees it as the inevitable result of the inadequate power of its underlying strategy, has not been disproven. Nevertheless, great moves towards reassessing this assumption were commenced by the Marxist historian Vijay Prashad. Before Prashad's work, scholars from various disciplines, such as Amrita Narlikar who studies multilateral diplomacy, and Antony Anghie who studies the philosophy and history of international law, continued to agree with the assumption that the NIEO Project's failure indicated either a flawed strategy on the behalf of the G77, as Narlikar argues by reference to Weiss, or the overwhelming power of neo-colonialism manifest in the structure of post-war order, as concluded by Anghie.<sup>40</sup> It is within this context that Prashad's histories, both *Darker Nations* and *Poorer Nations*, are highly significant for both the history and theory of world order. While Prashad's work still concludes that the NIEO Project failed because of 'the Atlantic project', that is, at the hands of the Global North, his history is nevertheless conscious of the fact that too much should not be concluded from the way that history unfolded. That is, to Prashad an important part of the story is the use of agency by the G77 state elites. In particular, Prashad writes that the decision by many G77 state elites to welcome 'IMF-driven globalization, is as responsible for the assassination of the Third World as the social forces (imperialism and finance capital) that were its major adversaries from the 1950s onward.'<sup>41</sup> Prashad's work, therefore, as a macro history that contextualises the NIEO as part of a wider, anti-colonial 'Third World Project', details multiple causal factors in his explanation of the failure of the NIEO Project. While such a work is, therefore, unable to pinpoint exactly what would have had to have been different for the NIEO Project to have succeeded, or to have been more successful, it has certainly paved the way for further questioning of the NIEO. In the literature that has followed Prashad's there exists a deep concern with the importance of contingency, and the potential that the NIEO, despite its failure, might have been powerful. Nevertheless, this research has been unable to determine exactly how powerful the NIEO Project was, or to explain how it might have succeeded.

Following Prashad's *Darker Nations*, several accounts have been careful not to explain the failure of the NIEO in terms of the powerlessness of its underlying strategy. In a chapter on the relation between the end of the NIEO Project and the rise of neoliberalism, Jennifer Bair does not assume that the NIEO's failure was inevitable. Nevertheless, Bair is not explicit in this, writing that 'one can dispute

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<sup>40</sup> Amrita Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO* (London; New York: Routledge, 2003); Antony Anghie, *Imperialism, Sovereignty and the Making of International Law* (Cambridge, UK; New York: Cambridge University Press, 2005).

<sup>41</sup> Prashad, *Darker Nations*, p. 209.

the extent to which the G-77's agenda ever posed a clear and present danger to the existing order'.<sup>42</sup> A similar approach is also taken, in 2012, by the historian Giuliano Garavini.<sup>43</sup> Rather than considering the failed projects of the 1970s as powerless, Garavini writes a history of futures that were then possible. Central to his aims in *After Empires* is the uncovering of plans by socialist leaders in Europe for a reformation of world order that could have incorporated some of the concerns of the NIEO Project. Indeed, this book is the best exploration of the tensions that existed, in the 1970s, between the EEC and the United States over policies towards the NIEO. Garavini writes in the introduction that 'up until the end of the 1970s, and even into the first years of the 1980s, other paths were still open'.<sup>44</sup> Nevertheless, Garavini's history was concerned with the effect of the NIEO Project 'on the nature of western European integration itself', and not on the decision-making or power of the G77 state elites.<sup>45</sup>

Further comments flagging the need for a reassessment of the NIEO Project's failure can be found in a 2015 special edition of the journal *Humanity*, which was dedicated to the NIEO. In its introductory article Nils Gilman contemplates the question that emerges from the assumption that the G77 could never have succeeded. Gilman writes that this special issue 'began as an effort to make sense of this paradox: how an entity that today has been nearly universally represented (insofar as it is represented at all) as an abject and inevitable failure had in its own moment seemed so entirely plausible to so many of both its proponents and enemies.'<sup>46</sup> Gilman wrote with skepticism of the inevitability so easily assumed in the previous literature, arguing that historians should 'always be wary of ascribing inevitability to outcomes that seemed deeply uncertain to the actors at the time.'<sup>47</sup> He even goes so far as to argue that, in this special edition of the journal *Humanity*, 'several essays' demonstrate that 'the failure of the NIEO was the result of a deliberate and concerted strategy on the part of leaders in the North, compounded by strategic choices on the part of the south.'<sup>48</sup> Nevertheless, in the articles that follow, the interpretation of the NIEO as a project destined for failure from the outset because of

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<sup>42</sup> Jennifer Bair, "Taking Aim at the New International Economic Order," in *The Road From Mont Pelerin: The Making of the Neoliberal Thought Collective*, ed. Philip Morowski & Dieter Plehwe (Cambridge, Massachusetts; London, England: Harvard University Press, 2009), p. 356.

<sup>43</sup> Garavini, *After Empires*.

<sup>44</sup> Garavini, *After Empires*, p. 4.

<sup>45</sup> Garavini, *After Empires*, p. 3.

<sup>46</sup> Gilman, "NIEO: A Reintroduction," p. 9.

<sup>47</sup> Gilman, "NIEO: A Reintroduction," p. 9.

<sup>48</sup> Gilman, "NIEO: A Reintroduction," p. 10.

the insufficient power of the G77 is only compounded. Indeed, in every article that attempts to explain the failure of the NIEO, it is assumed to have failed because of the weakness of the G77's position.<sup>49</sup>

Following the renewed interest in the NIEO Project, and the refreshing suggestion that its failure is not sufficient evidence of its powerlessness, others have called for caution. In *Possibilities of the Past: Histories of the NIEO and the Travails of Critique*, Ingo Venzke seeks to address the renewed explorations of the NIEO featured in the journal *Humanity*. Venzke agrees wholeheartedly with the need for historical research into contingency, so that histories do not serve to paper over past possibilities. Nevertheless, he stresses that a high burden of historical evidence is required to prove that something was possible. Historical research must be conducted into the perspective of actors to show that they had at least thought about deciding otherwise. Further research can show what led them to make the decisions that they did make, and thus help to show which contingencies could have been decisive.<sup>50</sup> Venzke, who argues like Antony Anghie that international law's structural biases against the South were not capable of being reformed from within, is correct in claiming that historical research has been unable to counter the near consensus that the NIEO Project had been too weak to succeed.<sup>51</sup>

A similar conclusion is reached by Christopher Dietrich, a contributor to the special edition of the journal *Humanity*. In his excellent history of the rise of OPEC, and the wider project of 'anticolonial elites', Dietrich offers what is perhaps the most historically grounded explanation of the failure of the NIEO Project.<sup>52</sup> He argues that, with the power of the G77 resting on the prospect of OPEC state elites lending sufficient material support to their colleagues from oil-importing states, the NIEO Project could never have succeeded. This tension represented, for Dietrich, the inescapable conflict between two of the NIEO Project's core principles. On the one hand, the nationalisation and subsequent price setting of oil by the OPEC fulfilled the G77's decade long calls for 'permanent sovereignty over

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<sup>49</sup> Antony Anghie, "Legal Aspects of the New International Economic Order," *Humanity* 6, no. 1 (Spring 2015 2015): pp. 145, 55; Christopher R. W. Dietrich, "Mossadegh Madness: Oil and Sovereignty in the Anticolonial Community," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015): p. 73., <https://doi.org/10.1353/hum.2015.0002>; Umut Özsü, "'In the Interests of Mankind as a Whole': Mohammed Bedjaoui's New International Economic Order," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015): pp. 137-38., <https://doi.org/10.1353/hum.2015.0013>; Daniel J. Sargent, "North/South: The United States Responds to the New International Economic Order," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015): p. 202., <https://doi.org/10.1353/hum.2015.0009>; Patrick Sharma, "Between North and South: The World Bank and the New International Economic Order," *Humanity* 6, no. 1 (Spring 2015 2015): p. 190.

<sup>50</sup> Venzke, "Possibilities of the Past," pp. 7-8.

<sup>51</sup> Venzke, "Possibilities of the Past," p. 10.

<sup>52</sup> Christopher R. W. Dietrich, *Oil Revolution: Anticolonial Elites, Sovereign Rights, and the Economic Culture of Decolonization*, Global and International History, (Cambridge: Cambridge University Press, 2017).

natural resources'. This clashed, however, with the G77's simultaneous calls for 'collective self reliance', or a South-South solidarity that would empower the G77 as a whole. If the G77 had to declare that the OPEC could do with its own natural resources whatever its elites wanted, then it was hard for the movement also to demand that OPEC use its wealth to assist the oil-importing developing states harmed by such actions. Thus, to Dietrich, the NIEO failed because of 'its own contradictions', marked by the fact that the OPEC state elites were destined to be 'unconvincing Robin Hoods'.<sup>53</sup>

Finally, even in the recent work of Adom Getachew, which is foregrounded in a call to reconsider the contingent past of postcolonial world-making, it is concluded that the NIEO could not have succeeded. Getachew's *Worldmaking after Empire: The Rise and Decline of Self Determination*, is a path-breaking book that serves to emphasize the importance of non-Western agency in the history of world order. Indeed, she writes forcefully of the need to be careful in how failed projects are interpreted:

*While the internal limits and crisis of anticolonial nationalism contributed to the decline and displacement of its vision of a domination-free international order, the story of self-determination's rise and fall is not characterized by inevitability. Moreover, to read the collapse of anti-colonial worldmaking as a sign of the congenital defects of nationalism is to elide the range of global visions it made possible and to forgo the difficult task of delineating the contingent historical trajectories that led to this decline and have constituted our postcolonial present.*<sup>54</sup>

Nevertheless, in terms of the NIEO Project in particular, as the final part of Getachew's wider story of what Prashad has termed 'The Third World Project', it was so beset by internal contradictions, and so overwhelmed by the power of the Global North, that it could not have succeeded. For Getachew, the only reason that these 'internal limitations and inconsistencies' did not 'in themselves explain the collapse of the NIEO', was that 'external challenges ensured that the project never had the opportunity for its internal contradictions to unfold.'<sup>55</sup>

In surveying the previous explanations of the power of the NIEO Project, it becomes clear that there exists a prevailing consensus that the project was destined for failure, and precisely because of the insufficiency of the collective power of the G77 state elites. While this has been challenged, first by the pioneering work of Vijay Prashad, Ingo Venzke is correct when he argues that this necessary talk

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<sup>53</sup> Dietrich, *Oil Revolution*, pp. 313, 265-68.

<sup>54</sup> Getachew, *Worldmaking After Empire*, pp. 42-44.

<sup>55</sup> Getachew, *Worldmaking After Empire*, p. 185.

of ‘the possibility of something different’ has remained a ‘mere assertion’, which ‘is not the same as arguing that past debates could have taken different turns.’<sup>56</sup> It is this historical research that I have contributed in this thesis. In the following section, I will outline how I have relied upon a relational historical materialist approach, and new archival research, in order to show that, despite its failure, the NIEO Project was powerful, and could have succeeded in reforming world order.

## **A New History of the Power of the NIEO**

I have written a new history of the NIEO by both conducting new archival research, and relying on a relational historical materialist approach. This approach frames agency as dialectically related to historical structure both by being shaped by it, and by recreating it through time. According to this conception, agency and structure are understood as separate only conceptually, because of the necessary evil of cutting up the seamless web of historical causation for the sake of analysis. This is, essentially, to rely on a historical materialist approach that studies humans as Karl Marx described them: as agents who are shaped by historical forces, even as they can, from such foundations, create their own history.<sup>57</sup> In terms of the NIEO, this has meant a focus not just on the historical context from which the project emerged, but also on the decision-making or strategy of the G77 state elites. In particular, I have studied not only the actual diplomacy that took place, what was decided by G77 state elites, but also the options that were discussed but bypassed. It is by discussing the strategic decision making of the G77 within the given historical context that a relational historical materialism, as Bieler and Morton argue, allows for an analysis of the ‘relative autonomy’ of historical actors.<sup>58</sup> Importantly, however, because the decision making of historical actors bleeds into (or actually is a constitutive element of) future structure — and because no one knew what was happening — the structure in which this decision making took place is not assumed to be fixed. Rather, viewed relationally, the political-economic context of the 1970s is comprehended as it was — an uncertain, because changing and malleable, world economic crisis. As such, I have analysed the strategic decision making of the G77 state elites as they responded to the unravelling of this world economic crisis. It was from this approach that I have been able to trace the rise and fall of the NIEO project, and to understand it not as a project based on false hope, but on a powerful contingency plan that could have succeeded.

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<sup>56</sup> Venzke, "Possibilities of the Past," p. 2.

<sup>57</sup> Karl Marx, "The Eighteenth Brumaire of Louis Bonaparte" (1852), <https://www.marxists.org/archive/marx/works/1852/18th-brumaire/ch01.htm>; Bieler and Morton, *Global Capitalism, Global War, Global Crisis.*, p. 44.

<sup>58</sup> Bieler and Morton, *Global Capitalism, Global War, Global Crisis.*, pp. 31, 36, 134.

A relational historical materialist approach is also useful for explaining the historical context that made the NIEO Project possible. Here, I rely on a relational historical materialism that draws upon both Robert Cox's understanding of the interrelatedness of ideas and material forces, or what Bieler and Morton call the 'material structure of ideology'.<sup>59</sup> This is to understand the creation of ideas as, in part, a response to the material forces shaping a given historical moment. It is also to understand the conditions of any historical moment as shaped, in part, by the past creation of ideas. In the case of the NIEO, I show this by demonstrating that the three core ideas that formed its intellectual foundations were created in direct response to the interwar crisis, and the conditions of post-war neo-colonialism. While explaining the creation of these ideas as a material-ideational response to the history of capitalism, I also explore the NIEO's objectives in terms of what liberal IR theorists call the post-war liberal order. In doing so, I argue that, despite being based partly on the work of Marxists, like Kwame Nkrumah, the core ideas of the NIEO should not be considered a 'major attack on the liberal international order'.<sup>60</sup> Rather, the NIEO was based on historical analyses of the post-war order that criticised it for not being liberal, or free trade, enough. While the NIEO Project certainly did not advocate laissez-faire, all its proposals were designed in order to transcend the legacies of both formal colonialism and neocolonialism so that, in the future, world order could work as its ahistorical liberal boosters already assumed it did. Any protectionist proposals were not sought so as to inhibit free trade. Rather, free trade, having never existed, was viewed as an ahistorical construct that served to hide a world order shaped indelibly by its actual history of colonisation. Founded on such a historical understanding of global capitalism, the ideas that underlay the NIEO Project did not, as a result, give up on free trade, or its benefits. Rather, the NIEO Project sought to assist in the creation of a world order in which comparative advantage *would* allow all states to benefit. The difference between the ad hoc protectionism in the North, and the proposed protectionism under the NIEO project, was that the NIEO Project was, as paradoxical as it can seem on first reading, consciously designed to seek more, not less, free trade. Thus, I show in this chapter that the NIEO was, according to the definitions of Orthodox IR, a liberal project.

The NIEO Project, once launched, had to be constantly recreated by the diplomatic agency of the G77 state elites. It had to adapt to concomitant developments in international political economy. I trace this process, beginning with the preliminary discussions leading up to the Sixth Special Session. By analysing records of the debates over the founding documents of the NIEO Project, and of records of confidential meetings held between G77 state elites and the UN Secretary General, Kurt Waldheim,

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<sup>59</sup> Bieler and Morton, *Global Capitalism, Global War, Global Crisis.*, p. 72.

<sup>60</sup> Stephen D. Krasner, *Structural Conflict: The Third World Against Global Liberalism*, Studies in International Political Economy, (Berkeley: University of California Press, 1985), pp. 10-11.

I am able to show, in Chapter Three, that the successful show of unity by the G77 was not preordained. Rather, even in the preliminary talks leading up to the Sixth Special Session, important rifts were identifiable between oil-importing and oil-exporting G77 state elites. It is possible to trace these tensions by way of reference to the debates held over the founding documents of the NIEO, because these debates occurred not just between the “North” and “South”, but also between representatives of different G77 states. It was by transcending these differences, I argue, that the G77 state elites were able to project themselves as having genuine power over the reformation of the post-war order, an order that was then in a crisis that certain G77 members had further inflamed with their oil pricing. That is, I show that, via such debates, the G77 state elites were able to work through their differences in order to create a viable strategy. This challenges claims that the G77 alliance, because of unaddressed rigidities, could never have sustained a negotiation over any of the NIEO proposals.

Following the Sixth Special Session there existed, I argue, a moment of possibility lasting for several years. I demonstrate this, in Chapter Four, by detailing the proposals that were considered by the G77 state elites, which included both threats of economic war, and offers of concessions that could have coaxed Western state elites into a compromise. Because of the ability of the G77 state elites to project such actions as possible, the United States representatives came to the Seventh Special Session with a different negotiating position, one more amenable to compromise. This was achieved even before the G77, as a group, had relied upon any of the potential power that it had created at and following the Sixth Special Session. Thus, it is plausible to imagine that if it had, even further concessions from the Western state elites would have been forthcoming.

The arguments made in the chapters on the Sixth and Seventh Special Sessions of the UN General Assembly are continued in the next two chapters, where I test them against further allegations of the weakness of the G77. I show, in Chapter 5, that the stalemate that emerged in the North-South dialogue was not the result of irreconcilable differences between the different G77 state elites, who represented different forms of state. Rather, the G77 state elites continued to show flexibility and adaptability in their negotiating position. This flexibility, however, depended on the maintenance of the collective power that had been created at the Sixth Special Session. But this power was not a fixed quantum. Having been created, it needed to be continually recreated. At this point in the North-South negotiations, the plans for a new international economic order were based on the prospect that the OPEC would invest in the NIEO Project even without the support of the United States. It was hoped that this threat would lead the US state elites to offer further concessions towards the NIEO Project, for fear of a new regime of international commodity trade being established without any United States’ influence. With the OPEC taking a softer position than expected at UNCTAD IV, however,



the G77, as a group, began to lose its ability to project such moves as genuine possibilities. With the initially feared G77 actions in doubt, US state elites became far less willing to negotiate.

Thus, in Chapter 6, my focus is on attempting to explain the decisions taken by the OPEC state elites to back away from their earlier efforts of projecting themselves as leaders of the NIEO Project. While it is certainly possible, as Christopher Dietrich has argued, that the OPEC state elites were simply never going to be effective Robin Hoods, I explain this change in the position of the OPEC state elites in terms of changes in the world economic crisis. In doing so, I explain the OPEC state elites not as offering a promise of robbing from the oil-importing Western states in order to give to the oil-importing non-Western states, but as building and leading an alliance with their G77 colleagues in order to hedge against a worsening of the world economic crisis. The OPEC state elites, divided between two broad factions, one more radical and one more conservative, projected themselves as leaders of the NIEO Project in a period in which the world economic crisis was incredibly uncertain. Their support was withdrawn as the world economic crisis appeared to calm. This makes sense, I argue, because the OPEC's petrodollar surpluses were at risk when the US dollar's exchange value was declining, a situation that encouraged the OPEC state elites to adopt a more radical position. When the world economic context seemed to have calmed, so that the profits and stability of the various OPEC regimes grew more secure, the OPEC state elites became less inclined to take a revisionist position. The recession in the United States had also lowered demand for oil, reducing the initially much higher balance-of-trade surpluses of the OPEC state elites, and adding a further force of conservatism. Thus, while my history basically agrees with previous works that have explained the failure of the NIEO in terms of the failure of the OPEC to ally with the oil-importing developing states as had been originally envisioned, I explain this decision in terms of the unpredictable unravelling of the world economic crisis. Thus, while the OPEC state elites did not follow through on their originally projected role as lead investors of the NIEO Project, this does not mean that it was not a serious prospect. When viewed without hindsight, the NIEO Project is seen as a truly powerful movement that contained the possibility for the reformation of world order, even if this power was contingent on the decision making of G77 state elites attempting to respond to the unpredictable developments of a world economic crisis.

If in the first six chapters I trace the creation of the NIEO Project, and the strategic decision making of the G77 state elites amidst an evolving world economic crisis, in order to show that, despite its failure, these elites had created a collective power with the capability to reform world order, in the final chapter, I question why a renewed strategy was not created in the early 1980s, when there appeared to be the potential for a debtors' cartel. Here, again, a relational historical materialist approach

requires such an exploration, because it cannot assume that, because a debtors' cartel was not formed, it was not possible. It is also important in and of itself, because of the vast destruction caused by the debt crisis. In this chapter I first survey previous explanations for the failure of a debtors' cartel to emerge, noting the difficulty of establishing such a strategy. Then, however, I explore this failure in terms of the collapse of collective power that followed the failure of the NIEO Project's initial strategy. Having failed to deploy the strategy developed by G77 state elites, a strategy based on a deployment of OPEC's petrodollars for the achievement of the NIEO, the collective power of the G77 was weakened. I show this via the intra-G77 conflicts that were heightened during the late 1970s. With the power of the G77 weakened, Northern state elites were far less willing to consider even banal compromises with the G77. As such, even calls for a new round of the North-South dialogue failed. This breakdown in collective power made the chances of forming an international debtors' cartel even more difficult. Thus, even as there was a theoretical possibility of a new strategy to underlie calls for a new international economic order — the prospect of a collective global default which could have brought down global capitalism — such a move was not propitious at this moment.

### **Towards a Global IR of World Order**

The historical research outlined above has clear significance to the historiography of the NIEO. It offers, for the first time, an explanation of how the NIEO Project might have been successful. This is important for answering many curiosities of this project. Why did, for example, so many state elites put so much time and resources towards a project that most historians have concluded had no chance of succeeding, and why were they, for a time, taken seriously by Northern elites? In short, it offers a better understanding of the underlying power relations of the project. However, it also has important implications for the project of a Global International Relations. The concept of a Global IR was coined by Amitav Acharya in an attempt to envision what the field of IR could be if it were to escape its parochially Eurocentric foundations.<sup>61</sup> Important here is the fact that, as Acharya argues, traditional IR has ignored the agency of the non-West. In contrast, a Global IR would be 'grounded in world history, not just Greco-Roman, European, or US history', and it would recognise 'multiple forms of agency beyond material power, including resistance, normative action, and local constructions of global order.'<sup>62</sup> It would not, however, be opposed to the West, or even support the idea that the West can be considered as distinct from the non-West, apart from where this is a necessary evil of analysis. As such, a Global IR 'subsumes, rather than supplants, existing IR theories and methods.'<sup>63</sup> More recently Acharya has criticised traditional IR for its ignorance of non-Western agency within theories

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<sup>61</sup> Acharya, "Global IR," p. 649.

<sup>62</sup> Acharya, "Global IR," p. 649.

<sup>63</sup> Acharya, "Global IR," p. 649.

of world order.<sup>64</sup> Acharya's work is significant because it focuses on normative agency in order to highlight the importance of the non-West to a post-war order that is traditionally conceptualised merely as 'an extension of the European state system, and subsequently, as the by-product of an American-led liberal hegemonic order.'<sup>65</sup> After outlining the neglect of the non-West by traditional IR, and the emerging body of historical sociology that is challenging this, I will then, in this section, explain how this thesis' historical sociology of the NIEO contributes to Acharya's stated goal of a Global IR. By relying on a relational historical materialist approach, I have created a new history of the NIEO that highlights the fundamentally important role of the material-ideational agency of the non-West to the history of the post-war liberal order. While important in and of itself, I then turn to a discussion of the specific implications of this for the theorisation of world order.

Within IR theory the non-West has, traditionally, been assumed to be either so powerless as to be negligible and unimportant, or so barbaric and threatening that it could upset order. This has been traced systematically in John M. Hobson's *The Eurocentric Conception of World Politics*.<sup>66</sup> From its conceptions of the very founding of the modern states system and global capitalism, traditional IR assumes what Hobson terms a 'Eurocentric Big Bang Theory' (BBT) of world politics.<sup>67</sup> According to this story, capitalism and the modern states system were created endogenously in the West, before being exported by the West upon the non-Western world. This foundational narrative ignores non-Western agency and, most importantly, is untrue.<sup>68</sup> Strikingly, even if Critical International Relations Theorists do not share the fault of ignoring the role of imperialism in this history, they too conform to the BBT by assuming that this imperialism was so strong that there was no real role for non-Western agency.<sup>69</sup> The only exception to this dismissal of agency comes when the non-West is portrayed as a dangerous threat, either to the racial purity of Europe, or — in more subliminally Eurocentric formulations — to global liberalism, or just orderliness in general.<sup>70</sup>

These assumptions about non-Western agency also shape theorising about the post-war world order. Thus, John Ikenberry's work relies on a historical narrative that conceives of the post-war order as

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<sup>64</sup> Acharya, *Constructing Global Order*, p. 1.

<sup>65</sup> Acharya, *Constructing Global Order*, p. 1.

<sup>66</sup> John M. Hobson, *The Eurocentric Conception of World Politics: Western international theory, 1760-2010* (Cambridge: Cambridge University Press, 2012).

<sup>67</sup> Hobson, *Eurocentric Conception of World Politics*, p. 139.

<sup>68</sup> Alexander Anievas and Kerem Nişancıoğlu, *How the West Came to Rule: The Geopolitical Origins of Capitalism*, How the West Came to Rule, (London : Pluto Press, 2015).

<sup>69</sup> Acharya, "Global IR," p. 651; John M. Hobson and Alina Sajed, "Navigating Beyond the Eurofetishist Frontier of Critical IR Theory: Exploring the Complex Landscapes of Non-Western Agency," *International Studies Review* (2017), <https://doi.org/10.1093/isr/vix013>.

<sup>70</sup> Hobson, *Eurocentric Conception of World Politics*, p. 202.

shaped solely by the West, and assesses the non-West only in terms of a rising and authoritarian China.<sup>71</sup> Georg Sørensen, in assessing the present crisis of global liberalism, argues that liberalism will always be faced by the inherent paradox of extending pluralism to illiberal regimes.<sup>72</sup> Sørensen's argument is grounded in an assumption that only liberal states seek to create liberal institutions.<sup>73</sup> Here, again, the treatment of the non-West as insignificant to the creation and maintenance of liberal world order, while simultaneously existing as an inherent threat to liberal world order, continues. Essentially, the post-war order is understood by traditional IR theory as the sole creation of the West, because only liberal Western states seek to establish liberal world orders. While the post-war order was benevolently bestowed upon 'the rest', these illiberal states served either a non-role of insignificant weakness, or a role of a dangerous threat to the very orderliness of the post-war liberal order.

Fortunately, the Eurocentric narratives that underlie theorising about the post-war order have come under increasing revision by a wave of historical research. Eric Helleiner, in *The Forgotten Foundations of Bretton Woods*, has shown that the Global South played an important role in the very founding of the post-war order.<sup>74</sup> Mark Mazower's research has challenged interpretations of the United Nations as an inevitable break with imperialism by showing that, in actual fact, this myth was made possible by the pioneering role of Third World statesmen, especially Jawaharlal Nehru, who used the United Nations to launch sustained attacks on colonialism.<sup>75</sup> Similarly, in the above-mentioned book by Adom Getachew, it is shown that anti-colonial leaders had envisioned alternative futures of the post-war order, something that is echoed in Andrew Phillips' analysis of the historical moment surrounding the Bandung conference.<sup>76</sup> Phillips notes that the 1955 Bandung conference occurred at 'a time of radical systemic fluidity, when the fundamental architecture of the global order remained in flux.'<sup>77</sup> Furthermore, as Tim Dunne, Richard Devetak and Ririn Tri Nurhayati show, the purpose of the 'revolt against the West' that was brought to Bandung was 'not driven by a will to dismantle international society', but 'to expunge the structures and practices of colonialism and racism that underpinned it.'<sup>78</sup> In this way, these authors add to the research of Roland Burke, who has shown

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<sup>71</sup> G. John Ikenberry, "The Future of the Liberal World Order: Internationalism After America," *Foreign Affairs* 90, no. 3 (May/June 2011).

<sup>72</sup> Georg Sørensen, *A Liberal World Order in Crisis: Choosing Between Imposition and Restraint* (Ithaca, N.Y.; London: Cornell University Press, 2011), pp. 40-43, 153.

<sup>73</sup> Sørensen, *Liberal World Order in Crisis*, p. 142.

<sup>74</sup> Helleiner, *Forgotten Foundations of Bretton Woods*.

<sup>75</sup> Mazower, *No Enchanted Palace: the End of Empire and the Ideological Origins of the United Nations*.

<sup>76</sup> Getachew, *Worldmaking After Empire*.

<sup>77</sup> Andrew Phillips, "Beyond Bandung: the 1955 Asian-African Conference and its Legacies for International Order," *Australian Journal of International Affairs* 70, no. 4 (2016): p. 331., <https://doi.org/10.1080/10357718.2016.1153600>.

<sup>78</sup> Richard Devetak, Tim Dunne, and Ririn Tri Nurhayati, "Bandung 60 Years On: Revolt and Resilience in International Society," *Australian Journal of International Affairs* 70, no. 4 (2016): p. 360., <https://doi.org/10.1080/10357718.2016.1155201>.

Bandung to have been a moment in which the Global South promoted human rights.<sup>79</sup> That is, the non-West played an important role in creating a pluralistic world order, an important aspect of liberalism. Finally, and most recently, such work has been extended by Amitav Acharya, who has written a historical sociology of the post-war order that highlights the importance of the normative agency of the non-Western world.<sup>80</sup>

This thesis' history of the rise and decline of the NIEO contributes to this broader historical sociological project which, as Andrew Phillips writes, seeks to 'unmoor IR from its Eurocentric foundations.'<sup>81</sup> So far, however, contributions towards a truly Global IR have downplayed the material-ideational agency of the non-West in the history of the post-war order. Besides noting the anticolonial movements themselves, which played one of the most important roles in shaping the post-war order, proponents of a Global IR, including Acharya, have focused on the ideational power of non-Western actors. This is not to say that the ideational and material aspects of power can be neatly separated, or that Acharya's history of the normative agency of the non-West ignores material power.<sup>82</sup> Nevertheless, it is true that the emphasis has been placed almost solely on the ideational aspects of agency. Acharya does this intentionally, arguing that in order to improve upon a traditional IR that has neglected non-Western agency, 'normative agency, or agency through ideas and ideologies', should be treated as 'especially relevant.'<sup>83</sup> Acharya explains this move by quoting Donald J. Puchala, who argues that for ' "Third World countries, ideas and ideologies are far more important" than power or wealth, because "powerlessness" and "unequal distribution of the world's wealth" are "constants" for them.'<sup>84</sup> While this is no doubt true for much of the post-war era, I show in this thesis that the G77 state elites were able — in relying on the ideas of the Third World Project — to create a collective power that could leverage the world economic crisis. What was up for grabs during the North-South dialogue was the institutional architecture of global capitalism, and the G77 state elites — I argue — had important material-ideational power over this. However, this is not to detract from Acharya's important work, or from any above-mentioned contribution to a Global IR that prides itself on recognising multiple forms of agency.<sup>85</sup> Rather, I contribute to this work by offering further insights into the important role of non-Western agency and power to the post-war liberal order.

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<sup>79</sup> Roland Burke, *Decolonization and the Evolution of International Human Rights* (Philadelphia: Philadelphia: University of Pennsylvania Press, 2010); Devetak, Dunne, and Nurhayati, "Bandung 60 Years On: Revolt and Resilience in International Society," p. 360.

<sup>80</sup> Acharya, *Constructing Global Order*.

<sup>81</sup> Phillips, "Beyond Bandung," p. 331.

<sup>82</sup> Acharya, *Constructing Global Order*, p. 23.

<sup>83</sup> Acharya, *Constructing Global Order*, pp. 18-20.

<sup>84</sup> Acharya, *Constructing Global Order*, pp. 18-20.

<sup>85</sup> Acharya, "Global IR," p. 649.

Thus, this new history of the NIEO, which relies on a relational historical materialist approach in order to trace the collective power of the G77 state elites as they navigated a changing and unpredictable world economic crisis, offers an important contribution to the goal of a Global IR. By showing that, in the most important crisis of global capitalism in the post-war era before the present one, G77 state elites had created a genuine moment of possibility for the reformation of world order, I highlight that non-Western agency had important material power. Of course, this was not solely material. Rather, the collective power that the G77 created was only possible because of the prior creation of ideas (themselves shaped by the material context of the interwar crisis and post-war neocolonialism). Nevertheless, the G77 state elites used these ideas to create a collective power that could leverage the world economic crisis in order to bring about changes to the material basis of world order. Indeed, when G77 state elites were listened to seriously within the North-South dialogue it was because their threats and possible concessions, which were explicit and implicit, had material implications.

This highlighting of the material-ideational agency of the G77 state elites, while important in itself, also has more specific implications for traditional IR theory. These concern conclusions about the malleability of world order, and the contribution of non-Western, and predominantly authoritarian, state elites to global liberalism. By showing that, during the crisis of the 1970s, the G77 state elites had created a collective power that could have been used to reform world order, this thesis paints a new picture of the malleability of world order. While incredibly difficult to create, the NIEO Project shows that global political movements are possible and that they can leverage unpredictable economic crises in order to pry open alternative futures of world order. As such, this thesis argues that, at least in moments of crisis, theorists of world order should be more circumspect about their dismissal of the power of “the weak”. This is especially important for any historical materialist approach to world order, like that of Robert Cox, which specifically seeks to create historical sociologies that can aid in the reformation of world order. Secondly, this thesis’ exploration of the creation of the NIEO Project confirms what a handful of historians and historical sociologists had already concluded. The NIEO was not opposed to global liberalism. Rather, it sought to render world order, if anything, more liberal, in the sense that it sought further advances in free-trade. The possibilities that I argue can be seized upon during moments of economic crisis do not need to be feared, even by Orthodox liberal theorists, simply because they will, because of the sheer distribution of the world’s population, most likely have at least partial origins within the Global South. The power of the Third World should not be restricted to the Eurocentric trope of a barbaric threat to civilisation. While authoritarian attacks on liberal world order are a genuine threat to any such “orderliness”, they can emerge from any region of the globe. Before conclusions can be made about the nature of any political project that may or may not be able

to leverage a world economic crisis to reform world order, it must be studied historically. I have shown that this is possible using a relational historical materialism that considers the perspective and action of actors as intertwined dialectically with uncertain, changing and malleable historical structures. That is, by viewing agency and structure as mutually constitutive, and separable only for the sake of analytical emphasis of specific moments of a moving totality.

## **Chapter 1: A Relational and non-Eurocentric Approach to World Order**

In order to write a history of the NIEO that contributes to a ‘Global International Relations’, I have relied upon a relational historical materialist framework.<sup>86</sup> Here, my primary inspiration has come from Robert Cox. Cox’s work contains the prospect of a historical materialist approach to world order that can transcend the ahistorical and Eurocentric myopia of Orthodox IR theory. Furthermore, it focuses on material-ideational power, an aspect of non-Western agency which, as I have argued above, is under-emphasised by the emerging Global IR of world order. Nevertheless, and as his critics have shown, Cox fetishises the ‘hyper-agential power of the west’ to such an extent that his work ignores any role for the non-West.<sup>87</sup> In this chapter, I explain how I have remedied this flaw in Cox’s work by adjusting his approach. I have done this by relying on Hobson and Sajed’s criticisms of Cox, and their call for a fully relational sociological approach to world order. However, such a rendering of Cox’s work is problematised by the fact that in many respects his work already is relational. Thus, in this chapter, after explaining the potential benefits of a Coxian approach to world order, I specify the weakness of his historical sociology. I argue that Cox’s problem was not his approach to theory, but his substantialist approach to history. A fully relational historical materialism appreciates that just as theory must be interrogated historically, history needs to be interrogated theoretically.<sup>88</sup> Having shown this weakness, I then explain why a fully relational historical materialism, like that espoused by Bieler and Morton, avoids Cox’s reification of the past as fixed structure. Finally, I explain how I have used this relational historical materialist approach to create this thesis’ historical interpretation. This approach allows for the incorporation of counterfactual methodologies, and it understands actors as shaped by uncertain and malleable historical structures that they themselves partially create. As such, a relational historical materialism allows for an assessment of the material-ideational power of the NIEO that is uninhibited by knowledge of the project’s eventual failure.<sup>89</sup>

### **The Ignorance of Historical Research by Orthodox International Relations Theory**

I have relied on a Coxian approach to world order because it holds the potential, I argue, to contribute to a truly Global IR of world order. I show this in this section by demonstrating that a Coxian critique of Orthodox IR is able to explain why it has not been able to appreciate the importance of historical investigation into the NIEO. As I outlined in the introductory chapter above, International Relations has perpetuated assumptions about both the NIEO and non-Western agency more generally, despite

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<sup>86</sup> Acharya, "Global IR."

<sup>87</sup> Hobson and Sajed, "Navigating Beyond the Eurofetishist Frontier," p. 2.

<sup>88</sup> George Lawson, "The Eternal Divide? History and International Relations," *European Journal of International Relations* 18, no. 2 (2012): p. 219., <https://doi.org/10.1177/1354066110373561>.

<sup>89</sup> Manali Desai, "The Relative Autonomy of Party Practices: A Counterfactual Analysis of Left Party Ascendancy in Kerala, India.," *American Journal of Sociology* 108, no. 3 (2002), <https://doi.org/10.1086/367919>.



lacking the requisite historical research into the NIEO. This is a problem, I argue, because this research can and does challenge assumptions that Orthodox IR holds about the NIEO, and therefore also about the role of the non-West in the creation and history of post-war world order. Cox's approach is a historical materialism that accounts for world order as consisting of domestic, international and transnational social forces. As I show in this section, it is based on an awareness of the historical construction of all theory that can explain the perpetuation of a Eurocentric myopia within Orthodox IR. Furthermore, Cox's framework should, in theory, demand the historical research into the NIEO that is necessary to challenge this.

That Orthodox IR is incapable of relying on a historical investigation into the important turning points of world order, in order to question its own Eurocentric assumptions about the post-war order, is explainable in terms of a Coxian critique of 'problem solving theory'. Cox argued, in *Social Forces, States and World Orders*, that all theory is historically constructed, and that as such all theory can be assessed in terms of its awareness of its own historical conditioning.<sup>90</sup> At one extreme is critical theory, which through an understanding of its own historical construction calls for historical research to guide the process of theorising. At the other extreme is problem solving theory which, via ignorance of its own historical construction, is unable to critically interrogate its own founding assumptions. For Cox, this meant that a problem solving theory, while useful for understanding problems within its given historical context, would legitimise the status quo world order from which it emerged. Orthodox IR — Realist and Liberal Internationalist theory — is problem solving theory in so far as its ahistorical assumptions are held a priori, assumed to be eternal and universal. While these theoretical approaches demand empirical research, they do not require historical research — research into the causal mechanisms driving change through time, via an interpretation of available primary source records.<sup>91</sup> As a result, their theoretical assumptions guide and shape research, so that anything beyond the purview of the theory's terms of reference is easily precluded from analysis. As Orthodox IR has been shaped by the discipline's larger history of Eurocentrism, it has continued to assume Eurocentric narratives.<sup>92</sup> This is a problem because Orthodox IR, as problem solving theory, is not equipped to uncover such assumptions. In what follows I will rely on this Coxian critique in order to outline the assumptions which have created a Eurocentric myopia that perpetuates the ignorance of the history of the NIEO Project.

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<sup>90</sup> Cox, "Social Forces."

<sup>91</sup> This is in keeping with Cox's understanding of what it meant to be ahistorical: 'Having arrived at this view of underlying substances, history becomes for neo-realists a quarry providing materials with which to illustrate variations on always recurrent themes. The mode of thought ceases to be historical even though the materials used are derived from history.' Cox, "Social Forces," p. 131.

<sup>92</sup> Hobson, *Eurocentric Conception of World Politics*.

Orthodox IR has not simply ignored the NIEO. Rather, it plays an important role in the contemporaneous literature on the NIEO. Indeed, Stephen Krasner analysed the NIEO in the 1970s, and in 1986 published *Structural Conflict: Third World Against Global Liberalism*. This book, for its empirical research, is of fundamental importance to the literature on the NIEO and world order. Krasner criticises analysts who attempt to dismiss the NIEO by noting that it was economically irrational. To Krasner, the NIEO reflects the domestic weakness of Third World regimes, which as a result sought order in the form of more authoritative international institutions.<sup>93</sup> As I will argue in the next chapter, much of Krasner's argument aligns with both a Coxian theory of world order, and with the work of the most important historian of the NIEO, Vijay Prashad. Nevertheless, Krasner's ahistorical epistemology served to perpetuate two core myths about the NIEO which in turn worked to preclude the need for further engagement with it by Orthodox IR. Firstly, Krasner did not engage sufficiently with the perspective of those advocating for the NIEO. That is, he interpreted it as an anti-market movement, even without detailing this in terms of the underlying ideas that formed the basis of the NIEO, like the work of Raul Prebisch. As such his claim that the NIEO represented an 'authoritarian attack on global liberalism', while disputed by other contemporaneous analysts,<sup>94</sup> would serve to undermine the potential role that the NIEO could have played in a liberal internationalist imaginary (even as Krasner is not a liberal internationalist). Secondly, Krasner's realist assumptions about the fundamental importance of state power align easily with the failure of the NIEO, so much so that these are seemingly confirmed, even as historical research into the precise causes of this failure are still incomplete.

If Krasner's realist analysis of world order assumes the NIEO to have played the role of an authoritarian attack on global liberalism, orthodox Liberal Internationalist IR ignores the NIEO entirely. Here, historical research into the NIEO is ignored because it is assumed that only liberal states seek to establish liberal international institutions. By way of example, in Georg Sørensen's analysis of the present crisis of liberalism, he argues that liberalism itself is beset by an inherent paradox, whereby liberal states must decide on whether or not to pursue the liberal policy of pluralism, even if this means extending liberalism to authoritarian states who could undermine such liberal principles.<sup>95</sup> This claim is embedded within a wider story that liberal internationalists tell of post-war order, one in which the post-war order was created by the West, and in which the West defended it against the encroachments of the non-West. As Andrew Phillips has noted, similar assumptions are found in the

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<sup>93</sup> Krasner, *Structural Conflict*, pp. 5-6.

<sup>94</sup> Craig N. Murphy, "What the Third World Wants: An Interpretation of the Development and Meaning of the New International Economic Order Ideology," *International Studies Quarterly* 27, no. 1 (1983), <https://doi.org/10.2307/2600619>.

<sup>95</sup> Sørensen, *Liberal World Order in Crisis*, p. 142.

literature concerned with the ‘profound ongoing power shift from the West to ‘the rest’’. Here, Phillips notes, it is assumed ‘that the current international order is the product of exclusively Western authorship, and that non-Western powers’ current assertiveness in seeking to shape that order is unprecedented.’<sup>96</sup> The story of, and concomitant assumptions about, the post-war order held to be true by orthodox liberal internationalists are, despite dealing with the past, ahistorical. Orthodox liberal internationalism ignores the need for the historical research necessary to challenge its founding assumptions. This is why the NIEO is ignored by orthodox liberal internationalists, even though it played a potentially important role in the one systemic crisis of post-war order besides the present moment.<sup>97</sup> Thus, the problem is not so much the claim that illiberal regimes do not seek to establish liberal international institutions. This is something which may or may not be true. Rather, a problem exists whereby the assumptions and stories of orthodox liberal internationalism are used to preclude the historical research into the NIEO which might challenge both this story and its assumptions.

It is via such a circular process that Orthodox IR, as ahistorical problem solving theory, creates from its Eurocentric assumptions narratives of post-war order that ignore the agency of the non-West. Because problem solving theory is ignorant of the historical construction of theory, it necessarily ignores the historical research necessary to challenge its own assumptions, assumptions which, as a result, reflect and uphold the status quo world order. Nevertheless, a growing body of research challenges these assumptions. What I wish to emphasise is that this emerging Global IR of world order is invariably historical. Indeed, a key aspect of Acharya’s call for a Global IR is the need for IR to rely on global histories, rather than Eurocentric stories that have shaped Orthodox IR.<sup>98</sup> The growing body of work that seeks to do this should be considered, by a Coxian analysis, as critical theory. This is because it is work that challenges theoretical assumptions through historical analysis. In this way, a Coxian analysis can explain the perpetuation of the Eurocentric narratives of the post-war order by Orthodox IR. What is striking, though, is that despite this Cox’s own historical sociology also felt comfortable assuming that the NIEO, and therefore also the material-ideational agency of the non-West, was insignificant. Furthermore, Cox did this without first conducting the requisite historical research.

## **The Ignorance of Historical Research by Critical International Relations Theory**

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<sup>96</sup> Phillips, "Beyond Bandung," p. 331.

<sup>97</sup> Ikenberry, "Future of the Liberal World Order."; Sørensen, *Liberal World Order in Crisis*.

<sup>98</sup> This problem of Orthodox IR is reflective of Amitav Acharya’s concern for creating a Global International Relations. It is for this reason that he argues that a Global IR would need to rely on global histories: Acharya, "Global IR," p. 652.

Cox's treatment of the NIEO cannot be explained in terms of his ignorance of the historical construction of theory, for that is a founding epistemological assumption of his theoretical framework. This poses the question of why Cox viewed further research into the NIEO Project as unnecessary for conclusions about its powerlessness. Answers to this can be developed from the critique of Cox made by John M. Hobson and Alina Sajed.<sup>99</sup> Hobson and Sajed criticise Cox, as they criticise most of Critical International Relations Theory, for ignoring non-Western agency through a reliance on substantialist conceptions of West and non-West. The use of such dichotomies, when not properly qualified, can serve to inhibit the analyst from needing to explore more deeply the human agency that creates history without conforming to such constructs — agents occupying the 'interstitial spaces' that such language ignores through a reification of 'the overwhelming hyper-agential power of the West'.<sup>100</sup> Such a critique can also be applied to Cox's conclusions about the NIEO. By focusing on a macro-historical analysis of social forces, and 'historical structures', Cox did not zoom in to the level at which these forces were manifest in, resisted, and recreated by the decision making of the G77 state elites calling for a new international economic order. Furthermore, and as I will outline in more detail below, his understanding of his own goal of using history to uncover possible alternative world orders led him, mistakenly, to adopt a rigid view of the past. Cox saw the past as fixed, and as only useful for explaining the structural forces acting upon the present. As fixed, and understandable only as the structure which determines the present, Cox's view of the past could ignore analysis of past decision making. That is, past agency. This is a problem because this is the type of history needed to analyse the collective power of the G77 state elites who called for a new international economic order. Nevertheless, a simple application of Hobson and Sajed's critique of Cox can easily miss the important ways that his work is relational, and the fact that he explicitly sought to avoid any reification of power structures. Thus, in what follows I analyse the specific cause of Cox's eventual dismissal of the NIEO, so as to determine how his approach can be made more fully relational.

Cox's treatment of the post-war order as an era in which US imperialism was so powerful that there was no important role for the non-West was itself maintained by his interpretation of the NIEO. Nevertheless, Cox didn't initially ignore the NIEO. His 1979 article on ideologies and the New International Economic Order remains the best account of, and explanation for, the debates over the NIEO in the 1970s.<sup>101</sup> But by 1981, when the hope for a new international economic order had faded, Cox's well-known *Millennium* article was highly skeptical of the prospect for a successful reformation, by

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<sup>99</sup> Hobson and Sajed, "Navigating Beyond the Eurofetishist Frontier."

<sup>100</sup> Hobson and Sajed, "Navigating Beyond the Eurofetishist Frontier," p. 2.

<sup>101</sup> Robert W. Cox, "Ideologies and the New International Economic Order: Reflections On Some Recent Literature," *International Organization* 33, no. 2 (1979), <https://doi.org/10.1017/S0020818300032161>.

the Third World, of the post-war order.<sup>102</sup> If ‘the development of a counter-hegemony based on a Third World coalition against core country dominance and aiming towards the autonomous development of peripheral countries and the termination of the core-peripheral relationship’ was then to Cox a ‘remote possibility’, he was already sure that this would not be found in the NIEO Project, which he argued lacked a ‘sufficiently clear view of an alternative world political economy to constitute counter-hegemony’.<sup>103</sup> By the time Cox published his book, *Production, Power, and World Order: Social Forces in the Making of History*, a historical sociology of world order, the NIEO did not get a mention. In this way Cox, without requiring historical empirical research into the precise causes of the failure of the NIEO Project, of how close it came to success, or to what extent it could have been more successful, was able to dismiss it as too weak to be of interest to a historical materialism concerned with possible alternatives to world order. Thus, just like Orthodox IR, Cox came to dismiss the NIEO Project as further evidence of the overwhelming power of the West.

As already mentioned, Cox’s historical sociology is, in important ways, already relational, something that problematises Hobson and Sajed’s critique of his work. A relational approach rejects a substantialist ontology, remaining critical in its use of words, as necessary tools, to explain historical events. While, quite clearly, a relational approach does not avoid using words, it does contest ‘the intrinsically reified nature of *all* categories’, showing how they “totalize” identities that are in fact often multidimensional and contradictory’.<sup>104</sup> Cox himself, in the very first paragraph of *Social Forces, States and World Orders*, wrote in support of such a position:

*‘Academic conventions divide up the seamless web of the real social world into separate spheres, each with its own theorising; this is a necessary and practical way of gaining understanding. Contemplation of undivided totality may lead to profound abstractions or mystical revelations, but practical knowledge (that which can be put to work through action) is always partial or fragmentary in origin. Whether the parts remain as limited, separated objects of knowledge, or become the basis for constructing a structured and dynamic view or larger wholes is a major question of method and purpose. Either way, the starting point is some initial subdivision of reality, usually dictated by convention.’<sup>105</sup>*

Cox also understood that this ‘seamless web of the real social world’ can develop in unpredicted ways, such that theories, including his own, can be superseded by historical developments, a process

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<sup>102</sup> Cox, "Social Forces."

<sup>103</sup> Cox, "Social Forces," pp. 150-51.

<sup>104</sup> Mustafa Emirbayer, "Manifesto for a Relational Sociology," *American Journal of Sociology* 103, no. 2 (1997): pp. 308-09.,

<https://doi.org/10.1086/231209>.

<sup>105</sup> Cox, "Social Forces," p. 126.

that can leave them appearing ‘to be increasingly arbitrary’.<sup>106</sup> Furthermore, through his reading of Vico, Cox came to a criticism of the conception of the nature of man and human institutions as ‘unchanging substances’, considering them instead to be a ‘continuing creation of new forms.’<sup>107</sup> Thus, Cox’s ‘Eurofetishisation’ of ‘hyper-western agency’ is puzzling, because on the level of epistemology and ontology Cox was heavily influenced by a relational sociological approach, the exact remedy Hobson and Sajed prescribe for his Eurocentrism.

Also puzzling is Cox’s explicit warning about the need to avoid the kind of fetishism that Hobson and Sajed have shown him to have perpetuated. In what he called a ‘political economy perspective of the world’, power was to ‘be seen as emerging from social processes rather than taken as given in the form of accumulated material capabilities’.<sup>108</sup> Thus, in what reads as a relational conception of power, power arises for Cox ‘as the result of these processes’.<sup>109</sup> In borrowing from Marx in the same manner as Hobson and Sajed, Cox argued that this relational conception would avoid neo-realism’s ‘fetishism of power’.<sup>110</sup> Likewise, Cox introduced his theoretical framework by warning that it was important to ‘look at the problem of world order in the whole’ while being careful to avoid ‘reifying a world system’.<sup>111</sup> If Cox had formed his theoretical framework from relational foundations, and had intended to avoid a fetishisation of power, then it remains to be shown how his work, in the end, did come to form a ‘Eurofetishist’ view of hyper western agency. In what follows, I show that this arose not from his ontology, but from the way that he breathed life into it via historical analysis.

Cox’s dismissal of the NIEO Project as powerless arose from his understanding of history — both as a discipline and as the complex web of past causation that this discipline attempts to explain. Despite basing his theory on a concern for the historical construction of theory, and calling for historical research to breathe life into his ontology, Cox viewed the nature of this historical research itself far less critically.<sup>112</sup> Thus, while Cox’s original 1981 article, *Social Forces, States, and World Orders*, can be read as a seminal early call for a historical sociology of world order, Cox’s actual deployment of his theory, in his historical analysis, was unable to conjure up agency. Guided by his normative goal of providing knowledge for praxis, Cox viewed history solely as a means of explicating the

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<sup>106</sup> Cox, "Social Forces," p. 126.

<sup>107</sup> Cox, "Social Forces."p. 132

<sup>108</sup> Cox, "Social Forces."p. 141

<sup>109</sup> Cox, "Social Forces."p. 141

<sup>110</sup> Cox, "Social Forces," p. 141.

<sup>111</sup> Cox, "Social Forces," p. 128.

<sup>112</sup> As George Lawson has noted: ‘it is worth acknowledging that just as ‘theory is always for someone and for some purpose’ (Cox, 1981: 128), so history too is always for someone and for some purpose.’: Lawson, "The Eternal Divide? History and International Relations," p. 219.

historical structures that weigh 'like a nightmare on the brains of the living', while only considering the present and future, but not the past, as moments in which 'men make their own history'.<sup>113</sup> For Cox, while the incomplete present 'has to be seen as movement', the 'past can more clearly be grasped as structure.'<sup>114</sup> In the fixity of Cox's construction of the past, there is no role for counterfactual histories, or for histories that contextualize themselves by way of reference, implicit or explicit, to counterfactual analysis. Because counterfactuals 'can never be refuted' Cox thought them to be 'the stuff of idealism rather than of historical materialism.'<sup>115</sup> To Cox, therefore, the past was the past was the past. Thus, although he had a relational approach to theory building, and called for historical research to guide the process of theorising, he did not have a relational approach to the way that this historical research would be conducted.

It is difficult, within this view of history, to conceive of an investigation into the decision-making of those who led the campaign for a New International Economic Order. What were the key decisions made by the leaders of the NIEO Project? What could these G77 state elites have decided that they did not? Could different political action have changed the interaction of social forces, the alliances that formed the power-base of the movement, that Cox's view of history leaves as fixed? Peculiarly, this is the sort of historical research that would align with Cox's vision of a critical theory aimed at uncovering possible futures for world order, because it would allow for a more precise understanding of why past political projects had failed. And if it is not understood why past projects failed, then the structures which arose in the wake of these failures will also be insufficiently understood. As such, counterfactual history becomes useful even for Cox's own purposes of contextualising the present. Indeed, this is the position taken in Ingo Venzke's article on the importance, and difficulty, of histories of the contingencies that led to the failure of the NIEO.<sup>116</sup> Venzke argues, in direct conflict with Cox's view of history, that: 'Trying to understand the past out of its own possibilities and not as a mere prelude to the present may well be the defining sensibility of historical inquiry.'<sup>117</sup> Venzke notes the view of the historian Johan Huizinga who emphasised that the historian 'must constantly put himself at a point in the past at which the known factors will seem to permit different outcomes.'<sup>118</sup> Thus, even if counterfactual history is not taken beyond the realm of provability, peering into its unknowability is itself essential, if the decision making that came to create history is to be understood.

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<sup>113</sup> Marx, "The Eighteenth Brumaire of Louis Bonaparte".

<sup>114</sup> Robert W. Cox, *Production, Power, and World Order: Social Forces in the Making of History* (New York: Columbia University Press, 1987), p. 273.

<sup>115</sup> Robert W. Cox, "'Real Socialism' in Historical Perspective," *Socialist Register* 27, no. 27 (1991): p. 175.

<sup>116</sup> Venzke, "Possibilities of the Past."

<sup>117</sup> Venzke, "Possibilities of the Past," p. 4-5.

<sup>118</sup> Johan Huizinga, "The Idea of History," in *The varieties of history*, ed. Fritz Stern (Vintage, 1973), pp. 290-303., quoted in Venzke, "Possibilities of the Past," p. 4-5.

History needs to enquire into not only what was decided, but also what was bypassed, if it is to come to an understanding of the malleability of the historical structures that Cox fetishises to the exclusion of the agency that potentially created these very same structures.

### **A Relational Approach to World Order**

In order to fulfil Cox's original intentions for critical theory, it is thus necessary to take up Hobson and Sajed's call for a 'relational sociology of global interconnectivities.'<sup>119</sup> A relational approach to world order is able to deploy Cox's original ontology and his historicist epistemology, while also zooming in deeper, wherever necessary, in order to properly investigate the agency operating at key turning points in the history of world order. Cox's ontology consisted of social forces emanating from a dialectical relation with production. These social forces, constituted by both ideas and material capabilities, could become embodied within institutions and different forms of state. Social forces could act both from these institutions and forms of state, and independently above them, at the level of world order. A relational approach to world order emphasises that through all time, these social forces were created and recreated by the agents of history. While it is no doubt superfluous to analyse every decision ever made—from the time each person chooses to wake up, to the time they heat their instant coffees in their dirty microwaves, to the store they eventually choose to buy an electric kettle from—the decision making of historical actors, where this contributed to the creation of the continuities and discontinuities of the history of world order, is vital even in terms of Cox's original ambitions. This is because it is via a study of decision making that the power of past political projects, even if they failed, can be better grasped. And as a result the historical forces that defeated them can also be better understood. A focus on the agency of the non-West serves not only to better elucidate the power of the NIEO Project, but also the neoliberal world order that arose in its defeat. A relational approach to world order that enables such a zooming in on agency draws upon two broad tenets of 'relational sociology', as defined by Mustafa Emirbayer.<sup>120</sup> This is an epistemological caution as to the way that language cordons off into finite units what is, in reality, always in flux (something that, as discussed, aligns easily with Cox's theory).<sup>121</sup> And, related to this, the idea that units of analysis are not fixed and self-generating wholes, but instead change through time via their relations and interactions.

Related to its caution as to the deployment of words as tools for creating and sharing knowledge about an undefinable totality, is the relational approach's understanding of social reality as changing and

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<sup>119</sup> Hobson and Sajed, "Navigating Beyond the Eurofetishist Frontier."

<sup>120</sup> Emirbayer, "Manifesto for a Relational Sociology."

<sup>121</sup> Cox, "Social Forces," p. 126.



dynamic. A relational conception does not consider its ontological units as acting and interacting with each other unchanged, like billiard balls on a near-frictionless blue velvet. Rather, the individual agents, their ideas and perceptions, and the emergent groups they create together, change in relation to each other through time. This has important implications for analyses of power, structure and agency. Rather than conceiving of power as a fixed quantum or entity, ‘something that can be “seized” or “held”’, power comes to be understood as an emergent property of the relations between actors themselves, or ‘the outgrowth of the positions that social actors occupy in one or more networks’.<sup>122</sup> As such, power is always in flux, contingent upon the perceptions that each actor within a given network of power has of the potentialities of all other actors, a perception partly shaped by the actions of these other actors. Likewise agency, ‘commonly identified with the self-actional notion of “human will”’, is conceived relationally ‘as inseparable from the unfolding dynamics of situations’.<sup>123</sup> In this way, agency and structure are dialectically related, and only exist as different concepts so as to assist the historian in discussing different moments in time. As the use of agency by a historical actor responding to the available options of one moment affects future balances of power, future options, it bleeds seamlessly into the structures of the next moment. Or as Emirbayer and Mische put it, the ‘engagement by actors of different structural environments both reproduces and transforms those structures in interactive response to the problems posed by changing historical situations.’<sup>124</sup> This is not to say that all agency is equal. Rather, the extent of agency is assessed in terms of the possibilities of altering future structure. As such, structure must also be perceived differently. Just as agency will become, in future, structure, structure can be considered as the product of the many different uses of past agency. Structure is a process of becoming, a process that results from the present decision making of many different actors. Thus, ‘structure’ is itself — just like the agency it is seamlessly a part of until historians come in and chop it to pieces — always uncertain, changing and malleable.

This does not necessitate the abandonment of Cox’s theoretical approach. Rather, it necessitates a deeper enquiry into his ontology. Whereas Cox is content, in his treatment of the NIEO, with presenting a historical narrative focused at a macro-level discussion of domestic social forces, social forces constituting different forms of state, and transnational social forces acting at the level of world order, a more fully relational conception of his ontology must flag that such an analysis is, while of fundamental importance, only a rough approximation. These social forces do not act upon each other as self-contained units. Rather, they are embodied within the perceptions and actions of the people who create them. It is from such networks of relations that such concepts as ‘social forces’ can be

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<sup>122</sup> Emirbayer, "Manifesto for a Relational Sociology," pp. 291-92.

<sup>123</sup> Emirbayer, "Manifesto for a Relational Sociology," pp. 294.

<sup>124</sup> Emirbayer, "Manifesto for a Relational Sociology," pp. 294.

defined, and it is important not to overly reify such concepts, so as to ignore the actions of the people who create them, and the changing and interconnected consequences that result from such agency. Thus, rather than writing a history that describes hegemony  $x$  acting upon hegemony  $y$ , a relational Coxian approach requires historical research into the people leading hegemony  $x$ , and the decisions that they made which, via the complex consequences of such choices, had consequences on hegemony  $y$ , and indeed, upon the evolving world order which all actors were attempting to understand, and which, via such uncertain processes, they recreated (always with discontinuities as well as continuities) through time.

Such a zooming into the relations that form the basis of Cox's ontology of historical structures, in order to better explain both the structures themselves and the agency that emerges from and recreates these structures, I borrow from the counterfactual historical research of Manali Desai. Desai argues, in opposition to Cox, that a counterfactual approach is not foreign, but essential to an analysis of class forces. To Desai, who studied the political autonomy of parties in India, a counter-factual analysis did not mean assuming that a party could have made any decision. Rather, Desai assumes that 'the political autonomy of parties is relative to the structural relations in a given society'.<sup>125</sup> This conclusion is inseparable from Desai's relational approach to structure and agency. That is, by rejecting a 'concept of structures as unchangeable', and instead drawing upon 'theoretical efforts to understand the mutual imbrication of structure and agency', Desai emphasises that 'it is in the working of structures that we must locate the possible ruptures and openings for transformation, while recognizing that the creativity of strategy and tactics, experience, and other irreducible phenomena make a difference only in so far as they can successfully locate these ruptures and make use of them.'<sup>126</sup> From this analysis, Desai rightly concludes that a counterfactual approach is unavoidable. This is because any statement of historical causation depends, even if implicitly, on a counterfactual historical interpretation. For example, to argue that the NIEO Project failed because of  $x$  is to argue that if  $x$  had not occurred the NIEO would not have failed.<sup>127</sup> Thus, even if a counterfactual approach should not be taken to the level of fictional speculation, peering into the counterfactual world of possibilities by researching what was once thought about, discussed, and decided against, is itself essential for understanding history.

Such a relational historical sociology of world order considers the power of the NIEO Project as created, in part, by the diplomatic activity of the G77 state elites. The NIEO Project was, like the

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<sup>125</sup> Desai, "Relative Autonomy of Party Practices," p. 617.

<sup>126</sup> Desai, "Relative Autonomy of Party Practices," p. 623.

<sup>127</sup> Desai, "Relative Autonomy of Party Practices," p. 626.

world order the G77 elites were a part of and attempting to make sense of, uncertain, malleable and changing. For this reason, neither the G77, nor ‘the South’, should be conceived in a substantialist way. Rather, these concepts should be deployed only as useful tools, as representative of a complex multitude of many different historical actors. Importantly, the work of Manali Desai shows that such a relational approach can still rely on Cox’s theoretical framework of world order. Indeed, it requires such a framework, because it considers agency according to ‘a theory of relative autonomy’, whereby agency and structure are intertwined with each other through time. Thus, consideration of the decision making of the G77 state elites must be limited by studying historically the structural conditions — both material and ideational — that the strategies of the G77 state elites were created in response to. In this way, Cox’s framework can be used to explain the historical context from which the agency of the G77 state elites emerged, and which they sought to reform. Moreover, just as Cox called for historical research to guide the process of theorising, historical research is required to establish which alternative strategies were considered by the G77 state elites. Having done so, historical research can be used in an attempt to determine what would have had to have happened for alternative strategies to have been enacted.

### **Applying this Relational Approach to the History of the NIEO Project**

What does this relational approach to world order look like? It must be able to account for both Cox’s original macro-historical structures of world order — of institutions, ideas, and material capabilities acting at the levels of social forces, forms of state, and world order. Cox’s ontology and historicist epistemology of world order provides important foundations for a relational historical materialism of world order. However, it must also be able to zoom in, where it can be shown that these historical structures are in a process of recreation, through time, that hinges upon the strategic decision-making of individual historical actors. Thus, the application of a relational Coxian approach to world order depends precisely on the historical moment, and the historical question, being studied. Any specific historical moment, according to this relational approach to world order, can be studied either from the outside in, or from the inside out. That is, one can start from the micro level, studying the primary sources that elucidate the decision making of individual historical actors. Here, it must be shown what these actors thought was possible, what they did decide to do, and what they considered doing but did not. However, to appreciate how close historical actors came to deciding otherwise, and to understand how it was that they found themselves in that specific historical moment weighing up those specific options, an understanding of the macro-historical context is also required. In this way, the decision-making of all the many different moments of the past becomes swept up into an analysis of the broad historical context of a given moment. The decision to focus on the specific agency of a

particular moment is, however, not random. The relative power of historical actors varies. Some moments are more ripe for systemic change than others. Thus, the zooming in beneath the surface of Cox's original macro sociology of world order is not required for every conceivable historical moment, nor every conceivable decision. It is, however, especially required for moments of uncertainty and flux, when agents conceivably did have power over the future of world order.

For this thesis, therefore, I first set out, in the next chapter, to provide the historical context necessary to explain how so many different state elites, from 120 different forms of state, were able, under the banner of a new international economic order, to conceive of a common blueprint for the reformation of "liberal" world order.<sup>128</sup> I thus rely initially on what can be considered a more standard Coxian approach to historical sociology. That is, I study the ideas of the NIEO as being created by postcolonial elites attempting to make sense of very real material forces acting within and upon their different forms of state. Having done so, I then turn, in the subsequent chapters, to questions of how G77 state elites drew upon these ideas to create the underlying strategies of the NIEO Project. Here, I rely more on primary sources, because I need to show how the G77 state elites negotiated amongst themselves, what they negotiated, and why it was that they did not go through with the initial strategy of the NIEO Project. Here, my focus is on tracing the collective power of the G77 elites. In order to wield power in negotiations with Northern state elites, G77 elites had to be able to tie their potential threats and concessions to the goals of the G77 as a group. To do this, G77 elites had to be able to work through their own internal conflicts of interest, and convince themselves that they could act collectively. Such intra-G77 diplomacy was essential to the collective power of the G77, perhaps more so than the material threats that could have been wielded. Indeed, a crucial aspect of Northern diplomacy during the negotiations was gauging the extent of G77 unity. The creation of this collective power rested just as much on discourse as it did on material actions. Belief in the potential of the collective power of the G77 could be drastically strengthened, or weakened, depending on the actions of individual G77 elites. While such intra-G77 diplomacy was therefore essential, the resulting collective power also had to be malleable enough to respond to changes in the global economic crisis, and in the position of Northern state elites. That is, more than creating a strong resolve for collective action, G77 elites had to create a position that could change. Otherwise, G77 elites would not be able to negotiate with Northern state elites, or to decide on the appropriate response to a change in the world economic crisis from which the NIEO Project was, in part, a response. Thus, to explore the rise and decline of the NIEO Project, I trace the creation, and recreation through time, of the collective power of the G77,

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<sup>128</sup> As I outline in the next chapter, I take a critical view of the post-war order, arguing that it is not liberal. Nevertheless, I show that according to the definitions of Orthodox liberal internationalists, the NIEO was a project that sought to save and not overthrow the post-war liberal order.

exploring it as related relationally to the wider crisis of world order form which it emerged in an attempt to change.

Proceeding in this way carries inherent limitations. Most importantly, my methodology is limited by the available primary sources. While this thesis is based on new archival research from the United Nations archives, research that has allowed me to peer, as much as possible, into the discussions between G77 state elites that were originally confidential, there are still endless historical blindspots. For example, the archival sources that I have relied upon consist substantially of records of meetings with the UN Secretary General. These illuminate only one vantage point of the North-South dialogue. Of course, I use this in combination with other sources, including records of debates held over the founding documents of the Sixth Special Session, memoirs, newspaper articles etc. Nevertheless, this is an important limitation on this thesis, and of this relational approach to world order. It means that this thesis can certainly not claim to have explained *the* history of the NIEO, even if this were possible. All that I claim to have produced is a valid interpretation of the available primary source records. Specifically, this thesis could be greatly improved if I had access to the national archives of important G77 member states. In particular, those of Saudi Arabia, which may well provide better answers to how the most powerful G77 state elites were assessing their decision making during this period. Nevertheless, such limitations apply to all accounts of all periods, and apply equally to those studies that have already concluded that the NIEO Project failed because of its weakness. What I am able to do in this thesis is demonstrate, with certainty, that these accounts are not certainly true, while showing a historically valid interpretation of the NIEO Project as a powerful contingency plan that could have succeeded.

## Chapter 2: The NIEO as a Liberal Project

In keeping with the relational historical materialist approach of this thesis, I outline in this chapter the historical context that made the NIEO Project possible. Here, historical structure is presented as itself the partial creation of past agency. Thus, I show that the ideas that underlay the NIEO were created by a praxis concerned with understanding, and altering, both the inter-war crisis of global capitalism, and the condition of post-war neo-colonialism. To do this, I first rely on the work of Vijay Prashad, whose class history of the Third World project provides grounds for a needed revision of Cox's original dismissal of the NIEO as insufficiently powerful. Then, I turn to assess the actual content of the ideas that formed the basis of the NIEO. My focus is on understanding the relation of the NIEO to what is called by Orthodox Liberal Internationalists the post-war liberal order.<sup>129</sup> As I outlined in the introductory chapter, Orthodox IR presents a construction of the post-war order in which non-Western agency is either dismissed altogether as powerless, or recognised only as an authoritarian threat to liberal order. Nevertheless, this view is contradicted by the claims of several historians and historical sociologists, who argue that the NIEO was an essentially liberal project.<sup>130</sup> By exploring the creation of the three core ideas of the NIEO Project — the declining terms of trade, neocolonialism, and permanent sovereignty over natural resources — I confirm this interpretation of the NIEO as liberal. This is only so, however, because I adopt the definition of liberal world order espoused by Orthodox Liberal Internationalist IR. Because these theorists define as liberal any world order that seeks to promote free trade, it should also recognise the NIEO as a political project working within this tradition. The NIEO was a global project, and was led, in the main, by elites from authoritarian regimes. Nevertheless, it sought to establish a world order that consisted of more, not less, free trade. As such, this aspect of the history of the NIEO should be read as an important means of creating a truly Global IR of liberal world order.

### Prashad and the Third World Project

A Coxian historical sociology of world order must be updated to incorporate the historical work of Vijay Prashad. Indeed, Prashad's two works, *Darker Nations* and *Poorer Nations*, can be read almost seamlessly with a Coxian theory of world order. That is, Prashad's history treats the creation of a movement that sought to change world order by investigating the history of the social forces — which included what Cox would call both material capabilities and ideas — as they acted at the domestic

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<sup>129</sup> G. John Ikenberry, "Liberal Internationalism 3.0: America and the Dilemmas of Liberal World Order," *Pers on Pol* 7, no. 1 (2009), <https://doi.org/10.1017/S1537592709090112>.

<sup>130</sup> Craig N. Murphy, *Global Institutions, Marginalization, and Development* (London; New York, NY: Routledge, 2005), p. 12, 115; Johanna Bockman, "Socialist Globalization Against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order," *Humanity* 6, no. 1 (Spring 2015 2015); Prashad, *Poorer Nations*.

level, as they embodied different forms of state, and as they acted at the level of world order. Furthermore, his history considers how these three levels interacted and shaped each other.<sup>131</sup> In this way, Prashad explains the rise and decline of ‘the Third World project’ in terms of the hollowing away of the original class alliance that had created the anticolonial movement. Nevertheless, he also explains this process in terms of the structural constraints placed on the Global South by the post-war world order. This is a distinctly Coxian approach, in so far as Cox had argued that there was no one-way causality between his three levels of social forces, forms of state, and world order.<sup>132</sup> In offering this history, Prashad provides better historical context for a close analysis of the NIEO Project than does Cox. As discussed in the preceding chapter, Cox concluded in the early 1980s that the NIEO lacked ‘a sufficiently clear view of an alternative world political economy to constitute counter-hegemony’, which would have required the ‘support from below in the form of a genuine populism (and not just a populism manipulated by political leaders).’<sup>133</sup> Prashad, on the other hand, explains that this had not always been the case. He shows that the hollowing out of the social forces that had once been foundational to the Third World project did, as Cox would agree, greatly weaken its chances of success. Nevertheless, he shows that the underlying ideas of the NIEO empowered the rulers of the South with enough political capital to ensure that the NIEO Project still had to be defeated by the Atlantic powers. Prashad’s history is aware that the underlying ideas of the NIEO were created within a movement that had great problems, problems that arose from the decision-making of its elites as well as from the world order in which they navigated. Despite this, Prashad claims that it was a significant project that needed to be taken seriously by Western powers. Thus, in this section I will outline Prashad’s explanation of the Third World project in order to update Cox’s analysis of the post-war order.

To Prashad, ‘The Third World was not a place. It was a project.’<sup>134</sup> That is, it was a political movement created by people, rather than simply a region of the planet, even if this project corresponded to those African, Asian and Latin American states that made up the Global South. Prashad’s history shows that this project was not simply an elite-driven movement. Instead, he writes that during the ‘seemingly interminable battles against colonialism, the peoples of Africa, Asia, and Latin America dreamed of a new world.’<sup>135</sup> These millions of people ‘longed for dignity above all else, but also the basic necessities of life (land, peace, and freedom).’<sup>136</sup> It was from these social forces that a Third

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<sup>131</sup> Cox, "Social Forces," pp. 140-41.

<sup>132</sup> Cox, "Social Forces," pp. 135-36.

<sup>133</sup> Cox, "Social Forces," pp. 150-51.

<sup>134</sup> Prashad, *Darker Nations*, p. xv.

<sup>135</sup> Prashad, *Darker Nations*, p. xv.

<sup>136</sup> Prashad, *Darker Nations*, p. xv.

World project was able to be created, even as it was led, within the United Nations and other institutions, like UNCTAD, by elites. Sharing broadly common material conditions within the post-war order, these elites were able to rely on a broadly common and growing set of ideas — themselves created by Third World intellectuals — in order to propose reforms to that world order. Here lay the importance of the institutions of the Third World project. The state elites of the South would rehearse ‘the major arguments within the Third World project so that they could take them in a concerted way to the main stage, the United Nations.’<sup>137</sup> To Prashad, therefore, the Third World project was a political movement led by the elites of the South, who sought to channel the domestic social forces unleashed by the anti-colonial moment by using the United Nations to reform world order.<sup>138</sup>

These elites sought political equality at the world level, as well as a redistribution of resources, ‘a more dignified rate of return for the labor power of their people, and a shared acknowledgement of the heritage of science, technology and culture.’<sup>139</sup>

In *The Darker Nations*, Prashad argues that the power base of this Third World project was hollowed away during the post-war era, as Third World elites turned against the social forces that had fought for independence.<sup>140</sup> If the Third World project had called for freedom, democracy and socialism, its leaders eventually sought to quash dissent, and destroy socialist movements (sometimes via mass killings).<sup>141</sup> This was not an immediate process. Rather, even while being critical of the first generation of postcolonial leaders — Nehru, Nasser, Nkrumah, Sukarno etc. — Prashad notes that by the 1970s these leaders, who had had widespread popular support, had either died or been replaced in an upsurge of military coups across the Global South.<sup>142</sup> Thus, Prashad writes that the Third World project, whose leaders had once been ‘brokers between the massive social upsurge across the planet’, had ‘failed to seriously undermine the deep roots of the landed and financial gentry in the social and political worlds that had been governed from above by imperial powers and their satraps.’<sup>143</sup> By the 1970s, the leaders of a delegitimised Third World Project campaigned to reform world order after having betrayed domestically the ideals which this campaign had originally been based upon.<sup>144</sup> This

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<sup>137</sup> Prashad, *Darker Nations*, p. xvii. The politics of the ‘Third World Project’ at the United Nations, including the creation of the G77 and UNCTAD, is covered in: Murphy, *The Emergence of the NIEO Ideology*.

<sup>138</sup> This specific aspect of the Third World Project is the focus of: Mazower, *No Enchanted Palace: the End of Empire and the Ideological Origins of the United Nations*.

<sup>139</sup> Prashad, *Darker Nations*, p. xvii.

<sup>140</sup> Prashad, *Darker Nations*, pp. 122-23, 27, 28-29, 31-33, 62-63.

<sup>141</sup> Prashad, *Darker Nations*, pp. 110-11, 24, 62-63.

<sup>142</sup> Prashad, *Darker Nations*, pp. 31, 108.

<sup>143</sup> Prashad, *Darker Nations*, pp. 13-14.

<sup>144</sup> A similar point is made by: Getachew, *Worldmaking After Empire*, pp. 181-82.



was a central weakness of the Third World project for Prashad, and fundamental to his assessment of its demise.

It is not as simple for Prashad, however, as denouncing the Third World project as a crumbling mess of authoritarianism. Rather, his history also explains why the repression of domestic social forces by Third World elites occurred. He does this by noting the pressures placed upon Third World forms of state by what is called the US-led, post-war order. To do this, Prashad notes that his many national class histories did not conform to a similar pattern by coincidence. Rather, forces acting upon the different forms of state in the Global South from the level of world order incentivised a turn to authoritarianism. Agreeing with the ideas that underlay the Third World Project, Prashad notes the instability and precariousness of the economies of the Global South, as demonstrated by Prebisch's work on the 'declining terms of trade'.<sup>145</sup> Managing and leading such precarious economies was made more difficult by the fact that United States' elites sought to undermine many leaders who were elected democratically.<sup>146</sup> With legitimate fears of US-backed coups, and coups in general, it is no wonder that the condition of neo-colonialism, best articulated by Nkrumah (who was overthrown by a CIA backed coup), could be used to rationalise a crackdown on civil liberties.<sup>147</sup> The influence of the US-led world order was even more malign than this, however. The CIA supported not just the overthrow of democratically elected and authoritarian leaders within the Global South. It also supported the massacre of millions of people, people who formed part of the social basis of the Third World project.<sup>148</sup> Such genocidal acts came with a general US support for authoritarian leadership wherever it allied with the West, whose foreign aid was given not on the basis of human need but of geo-politics.<sup>149</sup> Thus, while it was unique for 'the majority of the world to agree on the broad outlines of a project for the creation of justice on earth', the Third World project did not last. Prashad shows that it was crippled by both external and internal pressures.<sup>150</sup> That is, the elites who led the Third World project were beset by destabilising social forces acting domestically and from the level of world order.

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<sup>145</sup> Prebisch discovered this at the same time as Hans Singer: JFJ Toye and Richard Toye, "The Origins and Interpretation of the Prebisch-Singer thesis," *History of political Economy* 35, no. 3 (2003); Prashad, *Darker Nations*, pp. 67-68.

<sup>146</sup> Prashad, *Darker Nations*, pp. 138-41.

<sup>147</sup> Prashad, *Darker Nations*, pp. 110-11.

<sup>148</sup> Prashad, *Darker Nations*, p. 154.

<sup>149</sup> Prashad, *Darker Nations*, pp. 71-72.

<sup>150</sup> Prashad, *Darker Nations*, p. 276.

Much can be taken from Prashad's history by a Coxian theory of world order. The Third World project can be explained as the continuation of the anti-colonial movements that brought political independence to the Global South. Prashad's history can also explain why the Third World project continued to unify the state elites of the Global South once they had, in many ways, turned against the social forces that had once fought for freedom. This is because the ideas and vision of the Third World project explained the precariousness faced by these elites within the post-war order. Thus, to generalise grossly, if the anti-colonial movement had once relied upon the social forces of the masses, by the time of the NIEO the state elites in the South were motivated by an attempt to bring stability to world order in order to guard against the perennial threat posed by these masses. As such, whereas Cox, in the early 1980s, explained the failure of the NIEO in terms of the lack of any social legitimacy, Prashad's history essentially agrees, but offers an analysis that can explain why it still presented a significant challenge, during the 1970s, to the state elites in the North.

### **The History of the Third World Project and its Relation to 'global liberalism'**

Prashad's history is just as important for Marxist historical sociologies of world order as it is for Orthodox theories. While these approaches are not concerned with envisaging alternative futures for world order, they have suffered from a lack of historical investigation into the NIEO. As I explained in the introductory chapter, Orthodox IR presents the post-war order as created solely by the West, a construction that assumes the non-West to have played either no important role at all, or the role of an authoritarian attack on Global Liberalism. While such assumptions can be found within the literature that seeks to understand the present crisis of world order,<sup>151</sup> the primary empirical study that supports this view is Stephen Krasner's *Structural Conflict*, from the 1980s.<sup>152</sup> Krasner argued that the NIEO represented an 'attack on global liberalism'.<sup>153</sup> This position is challenged, however, by more historically-minded scholars. Prashad, contemporaneous Marxist analysts including Samir Amin, the neo-Gramscian Craig N. Murphy, and the historian Johanna Bockman, all agree, with variance as to the specifics, that the NIEO was an essentially pro-market movement.<sup>154</sup> Furthermore, Helleiner has shown that many of the NIEO's core ideas had been proposed earlier during the Bretton

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<sup>151</sup> Ikenberry, "Liberal Internationalism 3.0."; Sørensen, *Liberal World Order in Crisis*, p. 142.

<sup>152</sup> Krasner, *Structural Conflict*.

<sup>153</sup> Krasner, *Structural Conflict*, pp. 10-11.

<sup>154</sup> Samir Amin, "After the New International Economic Order: The Future of International Economic Relations," *Journal of Contemporary Asia* 12, no. 4 (1982), <https://doi.org/10.1080/00472338285390361>; Murphy, *Global Institutions, Marginalization, and Development*, p. 12, 115; Bockman, "Socialist Globalization."; Prashad, *Poorer Nations*.

Woods negotiations by both Keynes and White.<sup>155</sup> In building on this research, I explore in this section the three foundational ideas of the NIEO and the wider Third World project.<sup>156</sup> I show that despite its origins in the ideas of the authoritarian, and Marxist, Kwame Nkrumah, the NIEO Project was based on a historical critique of the post-war order which did not seek to overthrow it, but to save it. The underlying vision of the NIEO was to create an even more “liberal” world order, or one that functioned as its Northern boosters claimed it already did.

Of course, determining that the NIEO Project sought to save the post-war liberal order requires a definition of ‘liberal world order’. If liberal world order is to mean a world order marked by liberty — or the ability of individuals to do whatever they want, in so far as what they want does not inhibit others from doing likewise — then the NIEO Project did not seek to establish a liberal world order. It was, rather, concerned primarily with establishing a world order that allowed its different state elites more stability and power. This isn’t to say that G77 state elites were not concerned with the material well-being of the people of the South, but that this concern itself was motivated by a deeper concern for their stability of rule. Indeed, as Prashad notes, one of the symptoms of the downfall of the Third World project was its increased inability to discuss the weakness and repression that existed within its regimes.<sup>157</sup> Nevertheless, such a grand and principled conception of liberal world order is impossible to find in the literature, a literature that concludes that *Pax Britannica*, or the entire era of overt colonization, was an example of liberal world order.<sup>158</sup> Indeed, the ease at which the imperialisms of *Pax Britannica* and *Pax Americana* are brushed aside by those who define them as liberal leads one to question whether these descriptions are merely the propagandistic (intentional or otherwise) tools of empire. Perhaps it isn’t overly hyperbolic to argue that there has never been a liberal world order, but only world systems with varying degrees of order depending on where one was being exploited.

It must be stressed, however, that such considerations are not ignored by the orthodox literature on liberal world order. For example, John Ikenberry notes that:

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<sup>155</sup> Helleiner, *Forgotten Foundations of Bretton Woods*, pp. 9, 10-11, 51, 112-13, 30, 69, 211-12, 73-74.

<sup>156</sup> This is not to suggest that the NIEO Project was based solely on three ideas, or three great intellectuals. As Craig Murphy has shown, the NIEO Ideology emerged from much wider debates. Furthermore, it was shaped by the politics of diplomats relying on these ideas, and by the creation and use of institutions such as UNCTAD and the G77: Murphy, *The Emergence of the NIEO Ideology*, p. 68, 73, 85-86; Prashad, *Darker Nations*, pp. 69-70; Helleiner, *Forgotten Foundations of Bretton Woods*, p. 21, 30.

<sup>157</sup> Prashad, *Darker Nations*, pp. 113-14.

<sup>158</sup> Ikenberry, "Future of the Liberal World Order."

*'In the nineteenth century, liberal internationalism was manifest in the United Kingdom's championing of free trade and the freedom of the seas, but it was limited and coexisted with imperialism and colonialism.'*<sup>159</sup>

To accommodate such illiberalism, the orthodox literature has culled significantly from that which 'liberal' would ordinarily signify. That is, liberal comes to mean not liberty, but free trade, or as Ikenberry writes: 'an open, rule-based system in which states trade and cooperate to achieve mutual gains.'<sup>160</sup> The 'liberal' in 'liberal world order' becomes a mere synonym for 'open and rules based'.<sup>161</sup> Order comes to mean periods in which rules, norms and institutions enable free trade, or a tendency towards more free trade.<sup>162</sup> In this sense, despite neo-colonialism or overt colonialism, both *Pax Britannica* and *Pax Americana* were liberal world orders relative to, say, the 1930s, when world order collapsed into the beggar thy neighbour response to the worst ever crisis of global capitalism.<sup>163</sup> Indeed, to Ikenberry a liberal world order can be hierarchical or not, it can exclude non-Western states or it cannot, it can be based on strict state sovereignty or it cannot; it can have a legally binding set of rules or it can have something else; its policy domain can be expansive or it can be narrow.<sup>164</sup> So long as world order is 'rules based and open', it doesn't matter that the 'liberal imagination is vast' or that 'the ideas and designs for liberal international order are also extraordinarily wide ranging.'<sup>165</sup> So long as capitalists can trade with relatively low barriers, it is defined by orthodox scholars as a liberal world order.

With a similar definition of what he calls a 'market oriented regime', a regime in which 'the allocation of resources is determined by the endowments and preferences of individual actors who have the right to alienate their property according to their own estimations of their best interests', Krasner presents the NIEO as the authoritarian Third World attacking global liberalism.<sup>166</sup> Krasner's position must be taken seriously, especially by a Coxian historical sociology, because in important ways he relies on a Coxian-esque analysis. That is, even as he describes his own framework as drawing upon a structural realist analysis that incorporates the importance of international regimes, Krasner explains the position of 'the Third World' in terms of its domestic weakness, and by the fact that this domestic weakness could be ameliorated by reforms to world order. Thus, Krasner argues that the:

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<sup>159</sup> Ikenberry, "Future of the Liberal World Order."

<sup>160</sup> Ikenberry, "Liberal Internationalism 3.0," p. 72.

<sup>161</sup> Ikenberry, "Future of the Liberal World Order."

<sup>162</sup> Ikenberry, "Future of the Liberal World Order."; Ikenberry, "Liberal Internationalism 3.0," p. 72.

<sup>163</sup> Ikenberry, "Future of the Liberal World Order," p. 3.

<sup>164</sup> Ikenberry, "Liberal Internationalism 3.0," p. 73.

<sup>165</sup> Ikenberry, "Liberal Internationalism 3.0," p. 72.

<sup>166</sup> Krasner, *Structural Conflict*, p. 5.

*‘Small size and inflexible domestic structures make Third World states vulnerable: severe domestic political and economic dislocation can occur as a result of shocks and fluctuations emanating from the international system. Such dislocation can be especially painful for political leaders who become the targets of a counter-elite or of popular discontent.’*<sup>167</sup>

Furthermore, Krasner offers an analysis of the importance of ideas to the NIEO that could easily be considered Coxian. He argues that ‘The ability of the Third World to present a coherent world view—one which depicted the exploitation of the Third World as an inherent feature of the global economy—provided a rationale for making demands on the North, helped the Group of 77 ... to coordinate its programs across several issue areas, and reduced negotiating costs among developing countries by suggesting specific policy proposals.’<sup>168</sup> This ideological solidarity had, to Krasner, the industrial world on the defensive, such that the ‘Gramscian hegemony enjoyed by liberal doctrines in the immediate post-war period had been totally undermined.’<sup>169</sup>

Despite offering an important contribution to the study of world order by way of a realist analysis of the NIEO, this analysis, because it is ahistorical, is nevertheless unable to understand the perspective of those advocating a new international economic order. By ahistorical I do not mean that Krasner did not consider the past, but rather that a structural realist analysis looks at moments of the past as static, as useful bits of data that can be compared across different periods of time. A historical perspective views the past as changing and seeks to explain its continuities and discontinuities. It therefore eschews an analysis that ignores change, or the contingencies that exist in each different historical context.<sup>170</sup> This has muddied understandings of the NIEO for two reasons. Firstly, it marginalises the importance of a deep engagement with the ideas that formed the basis of the NIEO. That is, while Krasner can note that these ideas were important for building the NIEO Project, and for challenging the hegemony of the North, his framework does not require him to interpret these ideas with the intent of understanding the perspective of the NIEO’s advocates. Rather, their motivations can be understood simply as arising from their structural weakness, both domestically and internationally. Secondly, however, these ideas were themselves historical. That is, the three core intellectuals, or the three best articulators of the ideas that formed the basis of the NIEO project,<sup>171</sup> had created their ideas

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<sup>167</sup> Krasner, *Structural Conflict*, pp. 11-13.

<sup>168</sup> Krasner, *Structural Conflict*, pp. 9-10.

<sup>169</sup> Krasner, *Structural Conflict*, pp. 9-10.

<sup>170</sup> Cox, "Social Forces," p. 131.

<sup>171</sup> Of course, these ideas were not created in a vacuum. Eric Helleiner, for example, has shown that much of Prebisch’s thinking was similar to the views of many New Dealers who helped to build the Bretton Woods institutions. Indeed, many of the ideas proposed as part of the NIEO had been discussed during the Bretton Woods negotiations: Helleiner, *Forgotten Foundations of Bretton Woods*, pp. 9, 21, 51, 112-13, 30, 243 73-74. Likewise, the important new research of Adom Getachew better contextualises the creation of these ideas: Getachew, *Worldmaking After Empire*.

using historical analysis. If the policy prescriptions of the NIEO project are viewed without an understanding of this analysis, they can be easily misunderstood. This is what Krasner's static analysis does. By discussing the weakness of the Third World without reference to the history of colonization, it ignores a central point made by advocates of the NIEO. This is that the post-war order was barely liberal, in the sense of promoting 'free trade', and that certain short-term policies, even if 'interventionist', could as a result actually serve to make world order more liberal, both in the short and long term. This I will demonstrate in what follows, by interpreting the core ideas of neo-colonialism, the declining terms of trade, and permanent sovereignty over natural resources.

### *Prebisch and the declining terms of trade*

Raúl Prebisch, as the president of the Central Bank of Argentina, had overseen economic policy during and following the Great Depression. From this experience he took, not a position opposed to international free trade, but a deep appreciation of it. Indeed, while holding the available levers of the Argentinian Central Bank, Prebisch had originally held fast to orthodox economic policy, in the hope that an international solution could be devised that would ease the situation.<sup>172</sup> Instead, with the failed leadership of the United States, which allowed its international trade policy to be set by domestic special interests, the world's elites came to competitively out-tariff each other.<sup>173</sup> This was catastrophic, especially for Latin American states like Argentina, which had less power in a trade war.<sup>174</sup> To Prebisch, the solution was neither to abandon the ideals of international free trade, or to remain beholden to orthodox economic theories in a world that these theories no longer seemed to explain. Rather, Prebisch acted pragmatically, and his later economic and historical analysis of this moment lead him to view the ideals of international free trade as being possible, but requiring political action.<sup>175</sup> That is, Prebisch, while coming out of the Great Depression even more infatuated with the ideal of free trade, concluded that for the states of the Global South to benefit from international trade as the theory of comparative advantage suggested that they should, international and domestic efforts would be required to transcend the historical legacy of colonisation. In this way, and as I will demonstrate in what follows, Prebisch's career following the end of WWII consisted of a praxis aimed not at opposing free trade, but at creating the structural conditions in which free trade could work as it was already supposed to.

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<sup>172</sup> Edgar J. Dosman, *The Life and Times of Raúl Prebisch, 1901-1986* (Montreal: McGill-Queen's University Press, 2008), p. 70.

<sup>173</sup> Adrian Wooldridge and Alan Greenspan, *Capitalism in America: A History* (Penguin UK, 2018), pp. 230-32.

<sup>174</sup> Dosman, *Life and Times*. p. 112. UNCTAD and Raúl Prebisch, *Towards a New Trade Policy for Development: Report by the Secretary-General of the United Nations Conference on Trade and Development*, Document (United Nations), (New York: United Nations, 1964), pp. 27-29.

<sup>175</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, pp. 27-29.

Prebisch's time as the president of the Central Bank of Argentina had allowed him the resources and institutional basis from which to conduct pioneering economic research.<sup>176</sup> From the vantage of Argentina, and empowered by his experiences amidst economic crisis, Prebisch published his most influential work: *The Economic Development of Latin America and Its Principal Problems*.<sup>177</sup> Without challenging the mathematics of the concept of comparative advantage, Prebisch's research offered a historical critique, which argued that the era of colonization had shaped what it was that the states of the South had a comparative advantage in. Prebisch, at around the same time as Hans Singer, had concluded that the prices of raw materials declined in relation to the prices of manufactured goods.<sup>178</sup> This was a problem because colonisation had rendered the countries of the South exporters of primary goods. Because the prices of these exports declined relative to the prices of industrial imports, productivity gains made by the economies in the Global South would not necessarily be noticed by the peoples of the Global South. Instead, productivity gains would go towards the increased prices paid for the industrial goods necessary for further productivity gains. Put differently, producers had to become more productive just to break even. More productive, however, meant that agriculture became less labour intensive, something that would lead to a decline in rural employment.<sup>179</sup> How could employment be provided for the displaced rural population, however, when the South was predominantly tied to businesses that had to improve just to break even? It was for all these reasons that Prebisch's relatively simple historical-empirical observation that primary materials trended downwards relative to industrial goods had such significance for the wider Third World project. Indeed, as Prashad notes, his book was widely read throughout the Global South.<sup>180</sup>

However, because of Prebisch's commitment to the importance of international trade, he did not rely on his research in order to prescribe the abolition of global capitalism, or even to call for the diminution of free trade. Instead, free trade was Prebisch's end, even as laissez-faire was not his immediate means. This is observable in reference to Prebisch's critique of extant import-substitution industrialisation policies. Sometimes criticised for promoting a protectionism that led to inefficiency, Prebisch was actually an early critic of the import substitution practiced in Latin America.<sup>181</sup> Latin American states had turned import-substitution industrialisation because of the collapse of the liberal trading system, or because of the response to the great depression by the elites of the liberal democratic

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<sup>176</sup> Dosman, *Life and Times*, pp. 98-103.

<sup>177</sup> United Nations Economic Commission for Latin America and R. Prebisch, *The Economic Development of Latin America and Its Principal Problems* (United Nations Department of Economic Affairs, 1950).

<sup>178</sup> Toye and Toye, "The Origins and Interpretation of the Prebisch-Singer thesis."

<sup>179</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, p. 14.

<sup>180</sup> Prashad, *Darker Nations*, p. 62.

<sup>181</sup> Murphy, *The Emergence of the NIEO Ideology*, pp. 44-45.

regimes.<sup>182</sup> Prebisch appreciated the fact that this had provided a spur towards needed industrialisation in Latin America, but feared the inefficiency inherent in an import-substitution scheme limited to the borders of a nation state.<sup>183</sup> That is, Prebisch worried that a national protectionist scheme would mean that the economies of scale necessary for future industrial development would not be possible. For this reason, Prebisch advocated a reduction in protectionism within Latin America. That is, he favoured an import-substitution policy that worked on a regional or international level.<sup>184</sup> In this way, the balance between a reliance on market forces and tariffs would be shifted in favour of the market, or expanded to a larger regional market size, such that industrialisation in Argentina would be more competitive, and therefore open to further economic growth.<sup>185</sup> To Prebisch, such import-substitution industrialisation schemes, while clearly requiring political intervention in the short term, were required only because of past political intervention (colonisation). These policies were required in order for the full benefits of increased free trade to be realised.

Such a historical critique of neoclassical economics is also evident in his work as the first Secretary General of the United Nations Conference on Trade and Development. If earlier Prebisch had tried to promote his vision for a reformation of international political economy by seeking to strike a deal between the United States government and a group of Latin American governments, as the Secretary General of UNCTAD he attempted to seek agreement at a global level.<sup>186</sup> In keeping with his goal of seeking increased free trade, Prebisch sought to reform world order so that it could help rather than hinder the economic development of the Global South. While he did propose certain ‘interventions’, these were only designed so that, in the future, they would not be needed. To help the South with the problem of the declining terms of trade, Prebisch, and his team of researchers, devised plans that would assist in promoting the exports of the South, while also assisting in the purchase of their increasingly needed imports. Thus, Prebisch called for a reduction on the tariffs that the Northern states placed on the exports from the South.<sup>187</sup> It was argued that these should be lowered without similar, or reciprocal, reductions on tariffs within the South.<sup>188</sup> Protections on Western agriculture incentiv-

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<sup>182</sup> Dosman, *Life and Times*, pp. 209, 179-83; Helleiner, *Forgotten Foundations of Bretton Woods*, p. 16.

<sup>183</sup> Raúl Prebisch, "Statement By Dr. Raul Prebisch, Executive Secretary of ECLA at the Inaugural Meeting on 19 November 1956" (Economic Committee for Latin America Trade Committee, Santiago, 1956).

<sup>184</sup> Dosman, *Life and Times*, pp. 209, 179-83.

<sup>185</sup> Raúl Prebisch, "Statement By Dr. Raul Prebisch, Executive Secretary of ECLA at the Inaugural Meeting on 19 November 1956" (Economic Committee for Latin America Trade Committee TRADE COMMITTEE, Santiago, 1956).

<sup>186</sup> Dosman, *Life and Times*, p. 429.

<sup>187</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, p. 12-13.

<sup>188</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, pp. 25-26, 65-66.



ised greater production of agriculture in the more productive North, which boosted supply and therefore contributed to the relatively lower price of primary produce exports.<sup>189</sup> In this sense, Prebisch's policy was overtly opposed to protectionism. Prebisch was also opposed to South-South protectionism, calling for increased free trade within the Global South.<sup>190</sup> This was designed to enable economies of scale for the industrialisation necessary because of the exodus of rural workers spurred forth by the necessary productivity increases in agriculture.<sup>191</sup> But this opening up of markets within the South, and on Northern imports, Prebisch argued, should be complemented with a system of temporary protectionism for the South as a whole. This would serve as a global scheme of support for infant industries. Thus, Prebisch had created a strategy that, while not relying on laissez-faire in the short term, was aimed at creating a global political economy of increased free trade. It was just that to get there, Prebisch called for an intermediate phase whereby Western protectionism, which was in place only for purposes of rent seeking, would be replaced by a globally coordinated system of preferences for Third World exports that also fostered increased South-South free trade.

Prebisch's other proposals also fitted this mould of promoting targeted interventions aimed at creating more free trade, while relying on market forces as much as possible. These included commodity agreements aimed at mitigating volatility and improving, where possible, prices, as well as wealth redistribution and the sharing of intellectual property rights in order to encourage industrialisation. While all of these policies can be considered as interventions into international political economy, or as opposed to laissez-faire, they were not necessarily opposed to the idea of free trade. For example, commodity price stabilisation was in part motivated by a desire to give better market signals to farmers. Because of the seasonal nature of agriculture, there was an inherent lag in supply in "the market's" response to demand. This meant that "the market" would respond in full sweeps, and was far more volatile as a result. The idea of commodity price stabilisation was to mitigate this so that the invisible hand could once more incentivise a rational allocation of resources.<sup>192</sup> Furthermore, resource transfers were designed as temporary measures aimed at assisting with the problem of the declining terms of trade, something necessary not because the neoclassical view of capitalism was considered by Prebisch to be mathematically unsound, but simply because it was not yet possible, according to Prebisch, for reasons of history. It should also be noted that the idea of internationally coordinated commodity price stabilisation was not invented by Prebisch. As both Helleiner and Murphy have

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<sup>189</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, p. 12-13.

<sup>190</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, pp. 65-66.

<sup>191</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, p. 14.

<sup>192</sup> Gamani Corea, a "Prebischian" economist also Secretary General of UNCTAD also made this point: Gamani Corea, *Taming Commodity Markets: The Integrated Programme and the Common Fund in UNCTAD* (Manchester: Manchester University Press, 1992), p. 9; UNCTAD and Prebisch, *Towards a New Trade Policy*, p.19.

shown, in allusions to the ‘Keynesian’, and therefore liberal, aspects of the NIEO, both Keynes and White had proposed similar measures during the Bretton Woods negotiations.<sup>193</sup>

Prebisch’s intellectual contribution to the Third World project was not anti-free trade. Rather, by being based on the nuance of a historical-empirical analysis of actually existing capitalism, Prebisch was able to expose the prevailing global trading system as not free trade enough, while offering solutions to fix this. No doubt, Prebisch’s analysis and the views of the state elites who would come to rely on this analysis are different. Indeed, Prebisch, throughout his career, had lobbied just as much for domestic reforms in the Global South as for global reforms.<sup>194</sup> Such issues will be discussed later, when the ideas of the Third World project will be compared to the policies advocated by the NIEO Project. Nevertheless, it is important to note that the approach to political economy that formed the basis of the Third World project, and the NIEO Project in particular, was certainly not geared towards an attack on global liberalism. Rather, emerging from the material reality of the great depression in the 1930s, Prebisch wrote of his support for the Bretton Woods system.<sup>195</sup> Prebisch’s critique was not opposed to trade. It was only that he thought world order could do more to assist in the development of the Global South, such that it could be even more liberal.

### *Kwame Nkrumah’s Neo-colonialism*

If it is surprising that Prebisch’s political economy is pro free trade, it is even more so that Nkrumah’s is. As one of the twentieth century’s most important Marxists, and as a post-colonial leader who oversaw the whittling away of democracy in Ghana, it is certainly surprising that his key conceptual contribution, an analysis of neo-colonialism, was also geared towards promoting rather than overthrowing international free trade. Like Prebisch, Nkrumah’s theory emerged in response to experiences with the material reality of the global capitalist system. Nkrumah’s praxis embodied the tragedy of the Third World project, as it actually unfolded throughout history. After leading a movement of millions of Ghanaians for independence, Nkrumah was elected democratically, from his prison cell, to be the leader of Ghana.<sup>196</sup> From this position, Nkrumah experienced the instability and pressures placed on the post-colonial state by the post-war order. By incorporating and corroborating Prebisch’s analysis of the declining terms of trade, and noting the various forms of imperialism that continued

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<sup>193</sup> Murphy, *Global Institutions, Marginalization, and Development*, p. 12, 115; Helleiner, *Forgotten Foundations of Bretton Woods*, p. 9, 10-11, 51, 112-13, 30, 69, 212-13.

<sup>194</sup> Dosman discusses Prebisch’s leading role in the Charter of Punta Del Este, where there was intended to be a quid pro quo between US support and domestic reforms by Latin American states: Organization of American States, *The Charter of Punta del Este*, (1961); Dosman, *Life and Times*, pp. 364-65.

<sup>195</sup> UNCTAD and Prebisch, *Towards a New Trade Policy*, pp. 8-9.

<sup>196</sup> C. L. R. James, *Nkrumah and the Ghana Revolution* (London: Allison and Busby, 1977), pp. 136-48.

in the post-war era, Nkrumah did the most to advance understandings of neo-colonialism. Neo-colonialism is the idea that in the period following formal colonisation, colonialism continued, but only in a more pernicious, because harder to detect, way. Indeed, Nkrumah argued that in the days of overt colonisation there was at least some measure of support and sympathy for the colonised found within the working classes of the core imperial states.<sup>197</sup> Nevertheless, Nkrumah came to undermine the institutions of democracy in Ghana, and imprisoned thousands of untried Ghanaians.<sup>198</sup> Nkrumah justified this by referring to the threats posed by neo-colonialism. This was not unfounded paranoia. The CIA did support the coup that overthrew his rule, and had done likewise to many other Third World regimes. Amidst all these contradictions, however, something quite interesting emerged. As I will show in this section, when Nkrumah argues that neo-colonialism was the last stage of imperialism, and that as a system it would breed its own crises that could be harnessed by the Third World to overthrow it, he did not articulate a vision for a world order freed from free trade.

Written in the 1960s, Nkrumah's *Neo-colonialism, the Last Stage of Imperialism* incorporated Prebisch's work on the declining terms of trade with arguments based on Nkrumah's own experience as the president of Ghana. This is important because it shows how the three core concepts that formed the basis of the Third World Project — the declining terms of trade, neo-colonialism, and permanent sovereignty over natural resources — were entwined not only haphazardly in debates within the United Nations, but in ways inherent to their conception. Thus, Nkrumah noted in confirmation of Prebisch's arguments that the productivity gains made by Ghana's cocoa industry were lost through lower prices. According to Nkrumah, Ghana's 210, 000 tons of cocoa earned £85.5 million in 1954, whereas its 590, 000 tons in 1964 earned only £77 million.<sup>199</sup> Also like Prebisch, Nkrumah argued that this problem could not be overcome by the states of the South acting individually. Instead, Nkrumah argued, a 'continent like Africa, however much it increases its agricultural output, will not benefit unless it is sufficiently politically and economically united to force the developed world to pay it a fair price for its cash crops.'<sup>200</sup> Clearly, Prebisch's work on the declining terms of trade had become an essential aspect of Nkrumah's concept of neo-colonialism.

It was his more overtly political analysis of the post war order, and of neocolonialism, that Nkrumah contributed to the Third World project. If Prebisch had offered a historical-empirical account of the economic difficulties faced by the Third World, Nkrumah wove these into a wider story about the

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<sup>197</sup> Kwame Nkrumah, *Neo-colonialism: The Last Stage of Imperialism* (London: Nelson, 1965), pp. xi.

<sup>198</sup> David Rooney, *Kwame Nkrumah Vision and Tragedy*, [2nd ed.]. ed. (Accra, Ghana: Sub-Saharan Publishers, 2007), pp. 195, 201-02, 10-11, 38.

<sup>199</sup> Nkrumah, *Neo-colonialism*, pp. 10-11.

<sup>200</sup> Nkrumah, *Neo-colonialism*, pp. 10-11.

way that imperialism continued even after the ending of formal colonialism. To Nkrumah, neo-colonialism meant that the newly independent states were weakened by both economic forces and political intervention from imperial powers — intervention aimed at stoking domestic unrest in ways that could topple regimes. Furthermore, authoritarian regimes that aligned with US imperialism would be supported by US imperialism. Neo-colonial power could also be subtle. Foreign aid, by being tied to military spending, was used to constrain the decision-making of the neo-colonial state. To respond to such continuations of divide and rule tactics, Nkrumah called for unity. Through unity, a neo-colonialism beset by its own contradictions could be overthrown. Indeed, to Nkrumah neo-colonialism was ‘a mill-stone around the necks of the developed countries which practice it’, and ‘[u]nless they can rid themselves of it, it will drown them.’<sup>201</sup>

But how could such an overtly Marxist analysis of post-war order, a book whose title explicitly referenced Lenin’s *Imperialism, the Highest Stage of Capitalism*, come to be relied on by a movement, the NIEO, led in the main by the Third World bourgeoisie? This was possible because Nkrumah was not opposed to a system of international free trade. While he did call domestically for ‘the total mobilisation of the continent’s resources within the framework of comprehensive socialist planning and deployment’, in terms of world order, Nkrumah, like Prebisch, wanted a system of free trade in which all could benefit.<sup>202</sup> Thus, Nkrumah argued that the:

*‘struggle against neo-colonialism is not aimed at excluding the capital of the developed world from operating in less developed countries. It is aimed at preventing the financial power of the developed countries being used in such a way as to impoverish the less developed.’*<sup>203</sup>

Additionally, he argued that:

*‘We are certainly not against marketing and trading. On the contrary, we are for a widening of our potentialities in these spheres, and we are convinced that we shall be able to adjust the balance in our favour only by developing an agriculture attuned to our needs and supporting it with a rapidly increasing industrialisation that will break the neo-colonialist pattern which at present operates.’*<sup>204</sup>

Thus, just like Prebisch, Nkrumah was not opposed to what its boosters now call a ‘liberal world order’. Rather, he just understood there not to have actually been one. Despite calling for a Marxist-Leninist state, his analysis of neocolonialism could very easily be used in order to argue for a more,

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<sup>201</sup> Nkrumah, *Neo-colonialism*, p. xvi.

<sup>202</sup> Nkrumah, *Neo-colonialism*, p. 11.

<sup>203</sup> Nkrumah, *Neo-colonialism*, p. x.

<sup>204</sup> Nkrumah, *Neo-colonialism*, pp. 10-11.

not less, liberal regime.<sup>205</sup> It sought not the abolition of international trade, but of international imperialism.

### *Permanent Sovereignty over natural resources*

If Nkrumah's work on neocolonialism, and Prebisch's work on the declining terms of trade, were to converge to form the NIEO Project's political economic critique of the post-war order, Third World elites also drew upon the praxis of an anti-colonial jurisprudence of international law. This is interesting in and of itself, because it shows that the NIEO was not based on a strategy to attack the idea of what is now often termed a 'rules based' post-war order. Instead, it sought reform it from within, using international law. That is, the actions of the anticolonial elites were justified in terms of an interpretation of international law that sought to reform, not usurp, the extant order. Interestingly, this position, epitomised most strikingly by the calls for 'permanent sovereignty over natural resources', relied on both Prebisch's and Nkrumah's political economic analysis. Articulated most forcefully in Mohammed Bedjaoui's *Towards a New International Economic Order*, the Third World project relied on the concept of sovereignty, and a critique of both the effects of the era of colonisation and its continuation in the era of neo-colonialism, in order to justify needed reforms to international law.<sup>206</sup> Thus, as I will argue in this section, while the NIEO Project sought not to overthrow but to improve global liberalism, it also provided a basis to do this using the rules and institutions of the so-called liberal world order.

Just as Nkrumah relied on the work of Prebisch, Mohammed Bedjaoui, who wrote forcefully for the NIEO Project, and who served as Algeria's ambassador to the UN during the campaign,<sup>207</sup> relied on both the ideas of neo-colonialism and the declining terms of trade in his pioneering work of legal history and philosophy, *Towards a New International Economic Order*.<sup>208</sup> Unlike Prebisch and Nkrumah, Bedjaoui's work did not form part of the underlying ideas of the NIEO in the sense that its publication preceded the project. Rather, published in 1979, it was written as an explicit rallying call for a new international economic order. It provided an overview of the history of international law

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<sup>205</sup> Getachew makes the same point: *'The NIEO was, as we shall see, Marxist in its diagnosis of economic dependence, drawing on traditions of dependency and world systems theory. Ultimately, however, its prescriptions were articulated within the terms of a liberal political economy, a contradiction dependency and world systems theorists, whose critiques had in part inspired the NIEO, immediately recognized.'*: Getachew, *Worldmaking After Empire*, p. 159.

<sup>206</sup> Bedjaoui, *Towards a New International Economic Order*.

<sup>207</sup> Prashad, *Poorer Nations*, p. 81.

<sup>208</sup> Bedjaoui, *Towards a New International Economic Order*, p. 20, 35-36.

that contextualised the continued moves, since the end of formal colonisation, to decolonise international law.<sup>209</sup> Most famously, the state elites of the South had challenged international law in the 1950s and 1960s by calling for the ‘permanent sovereignty over natural resources’. Here, it was believed that the sovereignty of the nation-state should extend to the ability of the state to decide the fate of its own natural resources, even if there existed a contract with another state or corporation that predated independence.<sup>210</sup> To Bedjaoui, a participant in the campaign for a NIEO, the legal aspect of the project made sense only in the context of a political-economic history that drew upon the work of both Presbisch (and others who had furthered the study of Core Periphery relations) and Nkrumah. Describing ‘the declining terms of trade’ as ‘the new form of slavery of modern times’, Bedjaoui argued that international law’s assumption of the equality of sovereign states hid the continued structural exploitation first begun in the colonial era.<sup>211</sup> Because recently independent states had to agree, at independence, to pre-existing international law, they gained their independence only to find themselves within a regime that continued to justify their underdevelopment. For this reason, it was necessary to establish a new international economic order based on the permanent sovereignty over natural resources, and the democratisation of international institutions.<sup>212</sup>

Also like Prebisch and Nkrumah, Bedjaoui did not imagine that the decolonisation of international law, via the establishment of a new international economic order, would require the abolition of what Orthodox IR considers to have been a post-war liberal order. ‘The underdeveloped countries,’ Bedjaoui argued, ‘too long excluded from international relations by an inegalitarian and inequitable system, do not hanker after its converse, which would favour them and make the privileged of the past and the present the outcasts of the future.’<sup>213</sup> Rather:

*‘the underdeveloped countries are aware that peace and progress cannot be served by obstructing or destroying the development of the advanced countries. All the fundamental structural changes that the activities of the Third World countries are gradually working towards, aim at the ‘integrated development’ of the whole world. Resources must be used as efficiently as possible to foster the development of all human societies; and it is there that the reserves of growth lie.’*<sup>214</sup>

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<sup>209</sup> Özsu, "Mohammed Bedjaoui's NIEO."; Nico Schrijver, *Sovereignty Over Natural Resources: Balancing Rights and Duties* (Cambridge ; New York: Cambridge University Press, 1997); Anghie, *Imperialism*.

<sup>210</sup> Bedjaoui, *Towards a New International Economic Order*, pp. 131-32; Schrijver, *Sovereignty Over Natural Resources*, pp. 31-32; Anghie, *Imperialism*, pp. 212-20.

<sup>211</sup> Bedjaoui, *Towards a New International Economic Order*, pp. 59-60, 86-87.

<sup>212</sup> Bedjaoui, *Towards a New International Economic Order*, pp. 86-87.

<sup>213</sup> Bedjaoui, *Towards a New International Economic Order*, p. 71.

<sup>214</sup> Bedjaoui, *Towards a New International Economic Order*, p. 72.

Thus, Bedjaoui, the core jurist of the NIEO Project, had relied upon the work of the core intellectuals of the Third World Project's critique of international political economy. The decolonisation of the post-war order would not mean the abolition of free trade. If anything, it was argued, by freeing the post-war order from the vestiges of neocolonialism, it would be rendered more liberal.

### **The Intellectual Foundations Manifest**

If in the previous sections I have outlined the core ideas of the Third World project, in this section I show that these ideas were, indeed, vital to the campaign for a new international economic order. There was, of course, a disconnect between the intellectual foundations of the NIEO and the way that these were used by the state elites of the Group of 77. Prebisch, for example, had been concerned also with the need for domestic reforms.<sup>215</sup> Nevertheless, while such concerns were not entirely absent from the NIEO platform, the concern was predominantly with reforms to world order that would allow more autonomy for the state elites of the Global South.<sup>216</sup> Nevertheless, it is striking how closely the founding texts of the NIEO align with the intellectual foundations of the Third World project. While this certainly does not prove that all the G77 state elites agreed with all of these ideas, or that they genuinely wanted to achieve reform in all of these areas, it does suggest that these ideas were essential for allowing the G77 state elites to articulate and create a common position. That is, these ideas, at minimum, were what made it possible for the G77 state elites to work together as an oppositional force that could propose reforms to world order. Without a broadly common set of ideas to understand post-war order, many state elites from over 100 of the world's states could not have worked together in proposing a unified set of reforms to that order. This is also important because it means that the NIEO Project was more than, as some have alleged, a simple 'shopping list of demands'.<sup>217</sup> Rather, and as Vijay Prashad has argued, it was the culmination of the Third World project, and a movement that sought not an overthrow, but a 'revision of the "free trade" agenda'.<sup>218</sup>

The *Declaration on the Establishment of a New International Economic Order*, one of the two core documents voted on in 1974 when the NIEO Project was launched at the Sixth Special Session of the United Nations General Assembly, draws heavily from an analysis of neo-colonialism. Indeed, with the contemporaneous struggles against Portuguese colonialism in Africa, the document called for

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<sup>215</sup> Murphy, *The Emergence of the NIEO Ideology*, pp. 44-45, 141.

<sup>216</sup> The declaration on the establishment on the NIEO did call for: *'The need for developing countries to concentrate all their resources for the cause of development'*: United Nations General Assembly, "Declaration on the Establishment of a New International Economic Order," (1974): Para. 4 (r). <http://www.un-documents.net/s6r3201.htm>.

<sup>217</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*. p. 44; Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO*, pp. 63-64.

<sup>218</sup> Prashad, *Poorer Nations*, pp. 2-3.

continued struggle against overt colonialism as well. Thus, in the first paragraph of the document following the preamble, it states that: ‘the remaining vestiges of alien and colonial domination, foreign occupation, racial discrimination, apartheid and neocolonialism in all its forms continue to be among the greatest obstacles to the full emancipation and progress of the developing countries and all the peoples involved.’<sup>219</sup> In terms of its remedies for tackling neo-colonialism, the document addressed several specific points raised by Nkrumah. It called for the ‘Regulation and supervision 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’.<sup>220</sup> This was in keeping with Nkrumah’s argument that international trade should not be discouraged, but that states should be able to rely on this trade for their own development.<sup>221</sup> Finally, and in direct keeping with Nkrumah’s analysis of neo-colonialism, the document called for an extension of ‘assistance to developing countries by the whole international community’ that would be ‘free of any political or military conditions’.<sup>222</sup> To Nkrumah, a core feature of neo-colonialism was the way in which developing states became dependent on bilateral aid that could be used to control the neo-colonial state, something that could only be overcome through multilateral aid.<sup>223</sup>

The document also addressed the declining terms of trade, calling for a:

*‘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’.*<sup>224</sup>

The document’s prescriptions also aligned with Prebisch’s analysis of the declining terms of trade. It called for measures to improve ‘the competitiveness of natural materials facing competition from synthetic substitutes’; preferential and non-reciprocal treatment for developing countries, wherever feasible, in all fields of international economic co-operation whenever possible’; ‘promoting the transfer of technology and the creation of indigenous technology for the benefit of the developing countries’; ‘[t]he strengthening, through individual and collective actions, of mutual economic, trade, financial and technical co-operation among the developing countries, mainly on a preferential basis’;

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<sup>219</sup> Assembly, "Declaration on the Establishment of a NIEO."

<sup>220</sup> Assembly, "Declaration on the Establishment of a NIEO," para. 4 (g).

<sup>221</sup> Nkrumah, *Neo-colonialism*, p. x.

<sup>222</sup> Assembly, "Declaration on the Establishment of a NIEO," para. 4 (k).

<sup>223</sup> Nkrumah, *Neo-colonialism*, pp. xv-xvi.

<sup>224</sup> Assembly, "Declaration on the Establishment of a NIEO," para. 4 (j).



and the facilitation of the 'role which producers' associations may play within the framework of international co-operation 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.'<sup>225</sup> These were all measures which related to Prebisch's critique of the declining terms of trade, as presented in his report to the first United Nations Conference on Trade and Development.

The NIEO's founding document also encapsulated Bedjaoui's historical materialist critique of international law. Thus, it called for 'Full and permanent sovereignty of every State over its natural resources and all economic activities', arguing that:

*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;*<sup>226</sup>

Also keeping with Bedjaoui's argument concerning the need to decolonise international law, the document called for a democratisation of international institutions. Thus it called for the 'broadest co-operation of all the States members of the international community', and for '[f]ull 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'.<sup>227</sup> Just as in the case of Prebisch and Nkrumah, these statements reflected the general arguments of anticolonial intellectuals, in this case epitomised most closely by Bedjaoui.

This section has broken up the intellectual foundations of the NIEO into three distinct categories. This is, of course, misrepresentative of the nature of the intellectual foundations of the NIEO, because these three concepts — neocolonialism, the declining terms of trade, and permanent sovereignty over natural resources — were interrelated. The concept of the declining terms of trade was essential to Nkrumah's work on neocolonialism, just as the concept of neocolonialism was essential to Bedjaoui's historical materialist critique of international law. Furthermore, these heterodox intellectuals shared a belief that the post-war order should be reformed, but not upturned. This sentiment too is found in the founding documents of the NIEO Project. It can be seen in the way that the *Declaration on the Establishment of a New International Economic Order* stressed that its proposals were intended to help all members of the world community. Thus, the text states that:

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<sup>225</sup> Assembly, "Declaration on the Establishment of a NIEO," paras. 4 (m), (n), (p), (s), (t).

<sup>226</sup> Assembly, "Declaration on the Establishment of a NIEO," para. 4 (e).

<sup>227</sup> Assembly, "Declaration on the Establishment of a NIEO," paras. 4 (b), (c).

*‘Current events have brought into sharp focus the realization that the interests of the developed countries and those of the developing countries can no longer be isolated from each other, that there is a close interrelationship between the prosperity of the developed countries and the growth and development of the developing countries, and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts.’<sup>228</sup>*

Thus, by drawing on an intellectual project that, despite its heterodox origins, shared a common critique of the imperialism still present in global capitalism, but not an opposition to a system of international free trade, the NIEO Project was launched in an attempt at highlighting the potential benefits of such reforms for all countries. That is, it strove to reform world order so that it could work as its Northern elites already claimed it did.

## **Conclusion**

In this chapter, I have relied on Prashad’s history of the Third World project in order to update the previous interpretations of Robert Cox. Prashad shows that the NIEO Project was made possible by a much larger political project, one that was born from the global struggles against colonisation, and was continued by the first generation of post-colonial leaders as a challenge to the post-war order at the United Nations. They challenged the post-war order for being insufficiently liberal. By the time of the NIEO Project, however, a wave of coups and moves against many of the original supporters of the anti-colonial movement had swept the Global South. The NIEO Project, while relying on the same critique of the post-war order, was thus led, in the main, by a generation of authoritarian elites with far less legitimacy than their predecessors. The hollowing out of the original social basis of the Third World project was incentivized, and actively sought out by a US-led imperial order that backed authoritarian regimes, supported coups against democratically elected leaders, and had tariff policies geared against the Global South. Thus, the historical context from which the NIEO Project emerged was fraught with class conflict unbounded by the nation state. The state elites who led the campaign for a new international economic order were beset by instability coming from both domestic and transnational social forces—they were sandwiched between a domestic instability and a US-led order that took advantage of and stoked this domestic instability. Nevertheless, by engaging with the core ideas that emerged from attempts at explaining and changing this world order, and showing that these ideas were used to create the common vision of a new international economic order, I have been able to show that it was, according to the definitions of Orthodox Liberal Internationalism, a liberal project. The NIEO project certainly sought to make world order more liberal than it had been under

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<sup>228</sup> Assembly, "Declaration on the Establishment of a NIEO," para. 3.

colonial and neo-colonial rule. If successful, it would have been the most "liberal" of all world orders to date.

*'To support the establishment and/or improvement of an appropriate mechanism to defend the prices of their exportable commodities and to improve access to and stabilize markets for them. In this context the increasingly effective mobilization by the whole group of oil-exporting countries of their natural resources for the benefit of their economic development is to be welcomed. At the same time there is the paramount need for co-operation among the developing countries in evolving urgently and in a spirit of solidarity all possible means to assist developing countries to cope with the immediate problems resulting from this legitimate and perfectly justified action. The measures already taken in this regard are a positive indication of the evolving co-operation between developing countries;'* – Program of Action on the Establishment of a New International Economic Order.<sup>229</sup>

### **Chapter 3: Creating a Strategy for a New International Economic Order: Negotiating Collective Power at the Sixth Special Session**

This thesis offers a new historical interpretation of the NIEO that claims that it is an important instance of material-ideational agency and power. That is, I argue that the G77 state elites had created genuine possibilities for the reform of world order. For this to be tenable, I must be able to dispel the arguments of scholars who allege that the G77, as a group, was so unwieldy that it had never possessed the collective power necessary to negotiate its demands.<sup>230</sup> These scholars argue that the G77 elites were only able to maintain unity by ignoring their many intra-group conflicts. As such, it is presumed that while the G77 elites were able to concoct a list of proposals, their only possible strategy was the ultimately futile move of forcing these proposals through the United Nations General Assembly, where the G77 possessed a clear majority. Such a strategy could not, however, have been effective where it mattered most, in negotiations over the implementation of the NIEO proposals. In this and the following three chapters I challenge this interpretation. Here, I show that at the launching of the NIEO campaign at the Sixth Special Session of the UN General Assembly, the position of the G77 was not brittle or non-negotiable. The G77 state elites were able to negotiate with the Northern elites while simultaneously renegotiating their own intra-G77 compromises. This, I argue, is evidence of the adaptability of the collective power created by the G77 state elites. Rather than ignoring their internal conflicts of interest, the G77 elites continuously renegotiated them. In this way, I improve in this chapter upon interpretations of the NIEO, and the Sixth Special Session, as a solely North-South

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<sup>229</sup> United Nations General Assembly, "Programme of Action on the Establishment of a New International Economic Order," (1974), <http://www.un-documents.net/s6r3202.htm>.

<sup>230</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*; Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO*, p. 133; Nicholas Lees, "The Evolution of International Inequality: Justice, Order and North-South Relations from the NIEO to the G20" (Doctor of Philosophy University of Oxford, 2013), p. 133; Mark Mazower, *Governing the World: The History of an Idea, 1815 to the Present* (Penguin Group USA, 2013), p. 302.

conflict. Central to the construction of a collective power capable of reforming world order was the negotiation of South-South conflicts, and also instances of North-South cooperation. It was because of such innovative and effective diplomacy that the G77 elites were able to act as a powerful diplomatic force at the Sixth Special Session, projecting themselves as possessing genuine power over the future of world order.

The research in this chapter is also important for challenging another explanation of the alleged infeasibility of the NIEO Project. Many scholars have, from the 1970s onwards, assumed that the initial optimism for a new international economic order rested upon the prospect that the G77 elites could extend the OPEC's strategy to the cartelisation of other commodities.<sup>231</sup> Such a conclusion, when it is the sole explanation for the G77's initial projection of power, can lead to an easy dismissal of the NIEO as having never stood a chance of success.<sup>232</sup> This has not, however, been the sole interpretation of the G77's position. Works, both contemporaneous and especially more recently, have avoided such conclusions.<sup>233</sup> The counter interpretation is that while non-oil commodity producers did seek to form commodity cartels, this was not intended to give them great power, at least not in the short run. Realising that establishing commodity price stabilisation would often require agreement between producer and consumer states, the G77 elites had instead been optimistic about commodity price stabilisation because they thought that OPEC investment could render such schemes viable. Thus, while on the one hand the NIEO Project is interpreted as having been based on the prospect of an extension of commodity power to non-oil commodities, the alternative view is that it was realised at the outset that only OPEC elites had a new source of power, in the form of petrodollars, and therefore that strengthening an OPEC–“NOPEC” alliance was central to the formation of the collective power of the NIEO Project. This latter explanation is confirmed by the research in this chapter. I show that the tension between these two broad groups of elites played the most significant role in intra-G77 debates. Furthermore, I show evidence that G77 elites from oil-importing states were well aware, at the Sixth Special Session, that they would not be able to replicate the OPEC's strategy in isolation. As such, in demonstrating that the G77 was able to transcend its internal conflicts of interest, I show

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<sup>231</sup> Amin, "After the NIEO," p. 435; Hart, *The NIEO*, p. 21; Caroline Thomas, *New States, Sovereignty, and Intervention* (Gower, 1985), pp. 128-29; Garavini, *After Empires*, pp. 168-69; Lees, "The Evolution of International Inequality," pp. 134, 42-44; Helleiner, *Forgotten Foundations of Bretton Woods*, p. 275; Helleiner, *Forgotten Foundations of Bretton Woods*, p. 275; S. Moyn, *Not Enough: Human Rights in an Unequal World* (Belknap Press of Harvard University Press, 2018), p. 117.

<sup>232</sup> Stephen D. Krasner, "Oil Is The Exception," *Foreign Policy*, no. 14 (1974); Lees, "The Evolution of International Inequality," pp. 142-44.

<sup>233</sup> Tony Smith, "Changing Configurations of Power in North-South Relations since 1945," *Int Org* 31, no. 1 (1977): pp. 8-9., <https://doi.org/10.1017/S0020818300006469>; Rothstein, *Global Bargaining*, pp. 44-49; Robert Rothstein, "Regime- Creation by a Coalition of the Weak: Lessons from the NIEO and the Integrated Program for Commodities," *International Studies Quarterly* 28, no. 3 (1984): p. 312, <https://doi.org/10.2307/2600633>; Dietrich, "Mossadegh Madness," pp. 276-82.

that it was able to offer a genuine negotiating platform, rather than a mere rhetorical projection of demands, and I show that this rested upon a compromise that enabled material clout: the potential that the OPEC elites might invest their petrodollars into the NIEO Project.

In order to explore the creation of this initial underlying strategy of the NIEO Project, I rely on new primary source materials from the Sixth Special Session. These sources have their own weaknesses and strengths. Speeches in the Plenary Session, the forum where all delegates could attend, cannot be read as a transparent snapshot of the material-ideational interests of any given state class, or individual state elite. In these speeches, the state elites of the G77 had to present themselves as a unified group, in so far as possible, so as to maintain their bargaining position with the North. Nevertheless, this fact, in and of itself, serves to emphasise any conflicts of interest that can be identified within these speeches. As such, the speeches must be read, not as statements only to the Global North, but as forms of diplomatic signalling from one G77 member state to the others. Alternatively, the records of the debates at the *Ad Hoc Committee*, even without being word-for-word transcripts, show clearly the disputes that occurred over the precise wording of the draft *Declaration* and *Programme of Action*. In this forum, state elites were more direct in offering and criticising amendments, making it a useful means of exploring intra-G77 conflicts. Nevertheless, these conflicts would often surface at the *Ad Hoc Committee* only to be reined in, with suggestions made by G77 delegates for discussion to return to closed meetings. Thus, the records of the proceedings of the *Ad Hoc Committee* can be used to show which intra-G77 conflicts were so important that they had to be raised in the presence of the Global North in order to spur forth progress in closed-door discussions. The best insight into these back-room discussions themselves is found in the confidential meetings held between certain G77 delegates and the UN Secretary General, Kurt Waldheim. Only a handful of these records show information about intra-G77 conflicts, but these are far more frank, because they were confidential, and so more revealing than records found in the more formal sources.

By using these three sets of primary sources, I first describe the way in which the Group of 77 was able to be malleable and reflexive enough, at the *Ad Hoc Committee*, to negotiate and compromise with the North, while simultaneously negotiating a collective G77 response. This was achieved by maintaining the underlying principle of G77 unity while testing and exploiting the weakening structures of world order. Because speaking in public was a necessity of the negotiating process, G77 members could air intra-group conflicts as a way of signalling to other G77 members the importance of an issue when back-room discussions were not leading to the emergence of compromise positions. In this way, there was a constant metabolic relationship between back-room discussions and the debates over the drafting of the founding texts of the NIEO. Following this, I outline the main conflicts

that arose and highlight the conflicts that were important enough to be aired in public meetings with the Global North. These conflicts largely reflected the underlying material forces – namely the different interests of dominant classes in each state. Elites representing the states most seriously affected by the economic crisis had an interest in gaining short-term relief from their growing debt in the face of the declining balance of trade, and support for a food crisis. The OPEC elites, on the other hand, were more concerned with medium to long-term structural reforms, like monetary reform that would minimize the whittling away of their export revenues by inflation of the US dollar. Likewise, the OPEC elites had an interest in ensuring that the majority of assistance needed by the most seriously affected states came not from their new-found oil wealth, but from the “old money” of the Global North. Finally, I will attempt to outline how the intra-G77 conflicts were transcended, such that a strategy for the reform of world order could successfully emerge from the Sixth Special Session. To do this I will explore not just South-South cooperation, but also South-North cooperation. The latter was an important aspect of the leverage of the most seriously affected states, as well as a way by which the needs of these states could be met without damaging its alliance with the OPEC. Ultimately, it was this alliance that underpinned the creation of a strategy capable of reforming world order.

### **Tactical Approach at the Sixth Special Session**

Previous accounts of the Sixth Special Session, and its role in launching the campaign for a New International Economic Order, have overemphasised the extent to which the G77 bargaining position — and indeed, the position of its member states — was bound to positions reached within the preceding meetings of the G77. Just as was the case in UNCTAD meetings throughout the preceding decade, G77 policy was arrived at through a negotiating process that began in closed meetings held in each of its three regional groups (South America, Asia, and Africa), before being finalised in G77 meetings held before any global conference (as in UNCTAD, where the G77 was created).<sup>234</sup> It is because of this process that a prevailing view about the G77’s negotiating policy at the Sixth Special Session, and throughout the North-South dialogue, has been that it was overly rigid. Because the G77 had to defend a consensus wrought by complex compromises behind closed doors, and because the power of the G77 came from its unity, the position taken by the G77 in advocating for a New International Economic Order, it is argued, was rigid and relied, as a result, only on the majority voting power that the group held in the General Assembly.<sup>235</sup> The implication of this is often that the NIEO was doomed from the outset, because the consensus position within the G77 states could never be the

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<sup>234</sup> The leadership for the NIEO proposals was taken, in this instance, by the Non-Aligned states, led most vociferously by Algeria, which had called for the Sixth Special Session.

<sup>235</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 6-7.

basis of a consensus with the Global North, least of all the United States.<sup>236</sup> However, this argument is contradicted by the evidence of the debates over the NIEO in the Sixth Special Session. In the *Ad Hoc Committee*, where the founding texts of the NIEO were debated by all states,<sup>237</sup> there was explicit debate amongst G77 delegates about their ability to advance amendments to the draft texts agreed upon in earlier meetings. Indeed, proposals to amend the draft texts came just as often from G77 state elites as from either their Soviet or Western counterparts. There certainly existed a view that arguments about amendments to the draft text should be kept, as much as possible, to the closed meetings of the G77. However, this was not agreed on by all representatives and was certainly not a principle followed with fidelity during the negotiations. Besides representing a clear example of the complexities of intra-G77 politics, this disagreement was used by the G77 as a diplomatic tool. While all G77 state elites agreed that they could propose amendments so as to compromise and bargain with developed state elites, this in itself allowed delegates the ability to propose amendments aimed purely at testing the resolve of other G77 members. Such proposals were used as a means of expressing the seriousness of one's position. In this way, G77 states could use the wider forum of the *Ad Hoc Committee* to express the seriousness of an issue that was failing to be resolved in closed G77 meetings. As such, the records of the *Ad Hoc Committee* display the remarkable negotiating flexibility that a group of 122 states managed to achieve in their attempt to reform such a wide array of aspects of world order.<sup>238</sup>

There certainly existed, within debates amongst the G77, the notion that conflicts between its members should be negotiated and co-ordinated entirely amongst themselves, behind closed doors. During the debates within the *Ad Hoc Committee*, several representatives (from Burundi, Senegal, and Somalia) stated that their membership of the G77 inhibited their ability, or desire, to seek amendments to, or share their true beliefs about, the draft texts of the *Declaration and Programme of Action*. In a debate with Tunisia about clauses concerning South-South cooperation, a Somalian delegate, Mr. Yusuf, argued that because the subject matter 'related only to developing countries, they should be discussed in the Group of 77.'<sup>239</sup> Mr. Fall, a delegate of Senegal, argued that as a member of the Group of 77 he did not 'intend to reconsider the contents of the draft Declaration, which had been the outcome of five weeks of hard work.'<sup>240</sup> For Mr. Sinarinzi, representing Burundi, the constraints of

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<sup>236</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*.

<sup>237</sup> Assembly, "Declaration on the Establishment of a NIEO."; Assembly, "Programme of Action."

<sup>238</sup> There were 122 members in 1980: Karl P. Sauvart, *The Group of 77: Evolution, Structure, Organization* (New York: Oceana Publications, 1981), p. 103.

<sup>239</sup> United Nations, "Official Records of the General Assembly: Sixth Special Session," *General Committee and Ad Hoc Committee of the Sixth Special Session, 10 April - 1 May 1974 A/AC.166/SR.1-21* (1974): p. 51.

<sup>240</sup> Nations, "Sixth Special Session," p. 25.



membership were even more severe. He argued that his membership of the G77 made it ‘difficult for him to express any views on the draft Declaration’.<sup>241</sup> These claims by G77 members may be indicative of either a reasonably held prior assumption that as the G77 had agreed on the draft texts, they shouldn’t be unnecessarily tampered with. It could also, however, be indicative of an awareness by these delegates that the current draft texts already represented their views. That is, the claim that G77 states should not propose amendments to the draft texts could reflect their use of the idea of G77 unity and consensus as an attempt to shore up their own interests.

Indeed, despite such claims by certain delegates, this principle was openly challenged, both through argument and practice, by other G77 elites. Such statements occurred both in arguments between different G77 members, and between G77 members and members of other groups. For example, when Somalia argued that clauses on South-South cooperation should be discussed solely within the G77, Mr. Driss, representing Tunisia, countered by arguing that ‘although the draft Declaration had been prepared by the Group of 77, the members of that Group wished to hear the views of other delegations in order to be able to reformulate the text in a spirit of compromise.’<sup>242</sup> This view, that for the necessity of finding a consensus between the G77 and other states, the G77 would have to allow sufficient flexibility for its individual member states to discuss, within the *Ad Hoc Committee*, their own preferences for and interpretations of amendments, was both widely held and acted on. Indeed, at certain points, negotiations within the *Ad Hoc Committee* were criticised, by both G77 members and others, for being overly saturated by amendments brought forth by G77 member states.<sup>243</sup> Nevertheless, this phenomenon was also openly defended by G77 members. Largely, the justification for this was found in the fact that the draft declarations of the NIEO had been conceived so as to allow for flexibility in the negotiations. Thus, Mr. Shemirani, a delegate of Iran, when responding to a proposed amendment from Pakistan, stated that in forming the draft declarations, the G77 ‘had considered several possibilities and decided that it would be preferable not to define from the outset the new economic order sought, since the latter would be attained after lengthy discussions, the outcome of which could not be foreseen.’<sup>244</sup> Similarly, when the G77 was criticised by Mr. Carinicas, representing Greece, for the fact that ‘most of the amendments and sub amendments had been submitted by countries belonging to the Group of 77, which had actually drafted the text under consideration’, a representative of the Ivory Coast, Mr. Nioupin, argued that he ‘considered the comments of the representative of Greece inadmissible.’<sup>245</sup> To Mr. Nioupin, the ‘draft Programme of Action was not an official proposal of the

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<sup>241</sup> Nations, "Sixth Special Session," p. 26.

<sup>242</sup> Nations, "Sixth Special Session," p. 51.

<sup>243</sup> Nations, "Sixth Special Session," pp. 26-27 (Iran); p. 84 (Greece).

<sup>244</sup> Nations, "Sixth Special Session," p. 24.

<sup>245</sup> Nations, "Sixth Special Session," p. 84.

developing countries, but a basic text.<sup>246</sup> Clearly, therefore, there existed disagreement amongst the representatives of G77 member states about the appropriate balance to be struck between closed-door discussions internal to the G77, and open discussion, with both the Global North and Soviet states.

This tension within the G77 about the appropriate parameters for discussion was used by delegates to test the malleability of world order, so as to create better compromises for both their own individual and collective interests. That is, the fact that compromises needed to be made with Northern elites allowed G77 elites to air their internal grievances in order to push for a better compromise. If, however, such probing by a G77 member received, in response, strong criticism from another member, the G77 states could contain the dispute by calling for the need for a return to closed group discussions. This process is observable in a dispute that emerged between Iraq and Uganda. Iraq, in seeking an amendment to a clause on the transfer of resources,<sup>247</sup> evoked a response from Mr. Driss, of Tunisia, and Mr. Kinyata, of Uganda.<sup>248</sup> With this internal G77 conflict surfacing into open discourse with both the Soviet and Western state elites, Iraq's testing of the waters had received ample evidence, from Uganda and Tunisia, that its concern about the clause on financial assistance was not insignificant. Such was also clear to the representatives of other G77 states, several of whom (Upper Volta, Guinea, Mauritania, and Iran), silenced the dispute by suggesting 'that the question should be referred to the Group of 77'.<sup>249</sup> In this way, the group bargaining of the G77 was neither brittle nor certain. Rather, the G77 negotiating strategy within the Sixth Special Session allowed flexibility for its members in seeking amendments, within certain limits, to previous intra-group compromises. Furthermore, this process allowed G77 elites to bring their internal conflicts into dialogue with the group's collective conflicts of interest with the Northern elites, who had their own internal conflicts of interest. Hence, the G77 negotiating position was constantly being searched for, and created, through

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<sup>246</sup> Nations, "Sixth Special Session," p. 84. Other delegates also commented on this issue: "26. Mr. DRISS (Tunisia) said that every country, regardless of the group to which it belonged, had the right to submit amendments to the draft Declaration; it was true that the members of the Group of 77 had adopted a consensus, but only in a very general way, and the text had been submitted to the various Governments after the adoption of the consensus. It was therefore natural that some delegations should now wish to propose amendments.

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30. Mr. AKRAM (Pakistan) said it was quite proper that amendments to the draft Declaration were being proposed mainly by developing countries. The text now before the Assembly was indeed only a working paper, and Governments had had only a short time in which to study it. The problems in question affected primarily the developing countries, which were, moreover, much more numerous than the developed countries." p. 33-34.

<sup>247</sup> Nations, "Sixth Special Session," p. 49-50.

<sup>248</sup> Nations, "Sixth Special Session," p. 49-50.

<sup>249</sup> Nations, "Sixth Special Session," p. 49-50.

processes involving backroom and open discussions. The G77 negotiating strategy, just like the structures of world order that it was seeking to reform, was malleable, and uncertain, and so open to testing and reinventing.

### **The Conflicts Within the Group of 77**

Because of the renegotiation that the G77 allowed for, conflicts of material and ideational interests between G77 states surfaced within the *Ad Hoc Committee*. These conflicts existed, largely, between poorer and less-poor states, and between states more severely and less severely affected by the world political economic crisis.<sup>250</sup> Certain states that were relatively less severely affected by the world political economic crisis (and especially the OPEC states that had been able to benefit from it directly) relied on the dichotomy between developed and developing states in an attempt to minimise the financial contribution demanded of them by the New International Economic Order. For representatives of states most seriously affected by the economic crisis, emphasis was placed on the difference between its short-term and long-term effects. While these states agreed with the other, relatively-less-severely-affected developing states regarding the need for the NIEO to focus on ameliorating long-term structural problems — the declining terms of trade, reforms to international institutions, monetary reform etc. — they were also seeking urgent relief for short term problems, like the famine augmented by increased food and fertiliser prices. Through the debates that surfaced between poorer, and less-poor developing states — and especially between OPEC and non-OPEC developing states — the records of the *Ad Hoc Committee* display evidence of the need for the G77 state elites to forge compromises over material and ideational conflicts, so as to allow for the emergence of a negotiating strategy for the actual implementation of, and idea of, a NIEO. That is, the G77 elites had to work together in mitigating the short term consequences of the world economic crisis, so that they could maintain enough cohesion to reform the rules and institutions of liberal world order. In this section, the conflicts that arose between least developed, and most seriously affected, states, and other developing states will first be explored. Then, by using also the records of the Plenary Speeches and confidential meetings with the UN Secretary General to contextualise the negotiations in the *Ad Hoc Committee*, the conflict of interests between OPEC and non-OPEC developing states will be described.

Within the *Ad Hoc Committee*, arguments arose between the “most seriously affected countries”, the “Least Developed Countries” (LDCs) — a then official, and yet no-less hazy, category used in negotiations since UNCTAD 1971 — and other “non Least Developed” countries, states which were also

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<sup>250</sup> This aligns with the work of Craig N. Murphy, who had noted such intra-G77 conflicts as existing already in the 1960s: Murphy, *The Emergence of the NIEO Ideology*, p. 67.

no doubt poor, and suffering from the world economic crisis.<sup>251</sup> This conflict emerged, within the *Ad Hoc Committee*, around proposals to amend a paragraph in the draft *Declaration* that stressed the special needs of the LDCs:

*3. The new international economic order should be founded on full respect for the following principles:*

...

*(c) equal participation 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 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;*<sup>252</sup>

Even though this clause, which had achieved a “consensus” within the G77 before the Sixth Special Session, struck a balance in its emphasis of the importance of establishing a new international economic order that benefited developed and developing states alike, Mr. Driss, of Tunisia, sought an amendment. The Tunisian delegate wanted to add, at the end of the paragraph, the words ‘without losing sight of the needs of the other developing countries’.<sup>253</sup> Mr. Driss argued that his amendment was intended to ensure that non-LDCs would not be neglected, ‘even if those countries were not victims of economic crises or natural calamities.’<sup>254</sup> In response to this, Mr Tarzi of Afghanistan (who had been advocating for the interests of the LDCs since the first meeting of the *Ad Hoc Committee*<sup>255</sup>) proposed that the interests of the LDCs were so unique that they required a separate paragraph or sentence. Following these two proposals, a conflict emerged between, in the main, countries that were classified as LDCs (Afghanistan, Sudan, Upper Volta, Nepal),<sup>256</sup> and countries that were not (Tunisia, Colombia, Philippines and Morocco)<sup>257</sup>.

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<sup>251</sup> "Creation of the LDC category and timeline of changes to LDC membership and criteria," 2019, accessed 21/1/19, 2019, <https://www.un.org/development/desa/dpad/least-developed-country-category/creation-of-the-ldc-category-and-timeline-of-changes-to-ldc-membership-and-criteria.html>.

<sup>252</sup> Assembly, "Declaration on the Establishment of a NIEO," para. 3 (c).

<sup>253</sup> Nations, "Sixth Special Session," p. 32.

<sup>254</sup> Nations, "Sixth Special Session," p. 32.

<sup>255</sup> Nations, "Sixth Special Session," pp. 14, 16, 19.

<sup>256</sup> Nations, "Sixth Special Session," pp. 32-33.

<sup>257</sup> Nations, "Sixth Special Session," pp. 32-33.

While the disagreement was, in semantic terms, subtle to the point almost of irrelevance — both sides of the conflict were proposing texts that supported the interests of the other group — it represented the flaring of a genuine conflict, along socio-economic lines, that existed within the G77. In any call for special assistance to the most seriously affected states, other developing states, which were also trying to use the G77 as a platform to better survive the world economic crisis, had an interest in mitigating the effect any special assistance would have on their own position. The overcoming of such conflicts was vital to the agreement of a common negotiating strategy for the establishment of a New International Economic Order. Thus, even if the nuances of the proposed amendments to the draft text are at the level of semantics irrelevant, the argument displays a much deeper division within the G77. This can be deduced by noting that there was no need for this conflict to have found its way into the negotiations in the *Ad Hoc Committee*. The G77 states had prepared before the Sixth Special Session, and were having closed meetings during its proceedings. Considering that its purported strategy was to present collective interests as a united group, the flaring of a conflict in the open within the presence of both the Western and Soviet states, should be read as an attempt by the states concerned to flag to the rest of the group the need to work harder to resolve a deeper division. Perhaps, for example, some states had attempted to raise the issue of short term assistance to the most seriously affected states within a closed meeting, but no progress was being made. By seeking amendments to the draft texts of the NIEO in ‘public’, a message was sent that this was not a menial issue for either side of the dispute. Indeed, once the dispute between representatives of the developing and least developed/most seriously affected states had flared, several states’ representatives (Kuwait, Sudan, Pakistan) called for the discussion to return to closed meetings.<sup>258</sup>

If there was conflict between G77 states on how assistance from the international community should be allocated, there was also conflict within the G77 about how much assistance its recently wealthy OPEC states should contribute. The justification for a divergence from rhetorical allegiance to the developed/developing dichotomy was based, in this case, on both the new-found wealth of OPEC states, and the fact that this wealth had been wrought at the cost of economic stability and growth for other members of the G77. In terms of negotiating for a New International Economic Order, non-OPEC state elites had to be confident that OPEC elites would lend their new-found power towards helping the G77 as a whole, rather than just using the G77, and the Sixth Special Session, to shield itself from criticism from the West. The importance of this potential conflict formed part of the discussions and preparations in the lead up to the Special Session, as shown in records of meetings held by UN Secretary General, Kurt Waldheim. In a meeting held a week before the Special Session,

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<sup>258</sup> Nations, "Sixth Special Session," pp. 32-33.

H.E.M. Abdellatif Rahal, the United Nations permanent representative of Algeria, told the Secretary General that in the view of Algeria the 'problems among the developing countries should be settled by them and that the OPEC as well as the Arab/African meetings should be seen in this light.'<sup>259</sup> Rahal was implying that meetings being held in the lead up to the Sixth Special Session were attempting to resolve problems that existed within the ranks of the G77, so that the Special Session could 'concentrate on a new constructive and serious dialogue between developing and developed countries.'<sup>260</sup> Nevertheless, one day before the special session, President Siaka Stevens, of Sierra Leone, telling Waldheim that the problems of inflation and financial difficulties 'had now been compounded by the oil crisis', said that 'he was against states "ganging up" to protect and promote particular types of raw materials.'<sup>261</sup> With tensions clearly high, other states, like Guyana, were urging caution. This is observed by comments to the Secretary General by Guyana's Foreign Minister, Mr. Shridath Ramphal. Ramphal told Waldheim that in 'his contacts with the developing countries, he had advised them not to attack the OPEC countries publicly but to make their views known throughout private contacts,' and that 'the OPEC countries appreciated that approach.'<sup>262</sup> Clearly, the issue of the OPEC's newfound oil wealth, and the immediate and drastic consequences it was having for oil-importing developing states, was of paramount importance to attempts at maintaining G77 unity, even in the lead up to the special session.

Despite concerns about the OPEC/non-OPEC tension within the G77, and calls to limit it, as much as possible, to private discussions, many G77 states made calls for assistance from OPEC central to their speeches in the Plenary Sessions of the Special Session.<sup>263</sup> These calls for assistance were never, however, attacks on OPEC, or its recent oil-price hike.<sup>264</sup> Rather, they often began with exultations about the successes and merit of OPEC's oil price hike, and how important this was for the struggles of developing states. Thus Mr. Mwaanga, representing Zambia, stated that his country 'welcomed the decision by OPEC members to draw [the] attention of the world to the legitimate real value of their raw materials', while also stating that there can 'be no denying the fact that the oil crisis has had some crippling though unintended effects on the economies of most of the developing countries.'<sup>265</sup> But

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<sup>259</sup> UNA, "Notes on a Meeting Held in the Secretary-General's Office, 28 March 1974," (S-0908-0002-04): pp. 68-69.

<sup>260</sup> UNA, "Notes on a Meeting," pp. 68-69.

<sup>261</sup> UNA, "Notes on a Meeting," p. 91.

<sup>262</sup> UNA, "Confidential Notes and Minutes, 26 September 1974," (S 0984 Box 1 File 2).

<sup>263</sup> States that made specific calls for assistance from OPEC: Liberia, Zambia, Uruguay, Cameroon, Guyana, Mauritius, Sri Lanka, Philippines, El Salvador, Rwanda, Jamaica, Uganda, Kenya, Nepal; While the plenary speeches were not part of formal negotiations, they served as a platform for all states to present their views of the economic crisis, and to propose solutions, which were then compiled and discussed in the *Ad Hoc Committee*, and other smaller forums.

<sup>264</sup> It should also be noted that several countries affected by OPEC's oil price hike did not call for OPEC to give assistance in their plenary speeches, but rather supported rhetorically OPEC, and called more stridently for assistance from developed states.

<sup>265</sup> United Nations, 2211th plenary meeting of Sixth Special Session, A./PV.2211, paras. 248-51.

because of the damage caused by OPEC, Mr. Mwaanga said that the OPEC states should 'provide substantial relief to the oil-consuming countries of the third world to finance their import bills'; 'set aside a certain proportion of their oil resources or funds to promote the economic development of the third world'; and 'use their growing monetary power to strengthen the hands of the developing countries in discussions with the developed countries in formulating a new and just world order in international trade and monetary affairs.'<sup>266</sup> These were not rhetorical fancies, but rather direct calls for action from the OPEC. In being aired publicly in this way a clear message was being sent from a significant section of the G77 that for group cohesion to be maintained, OPEC would have to use its newfound wealth and power to help the G77 as a whole.

With the importance of this issue even in the lead-up to the Special Session, and the concerns raised in the plenary sessions, it is unsurprising that it surfaced within negotiations over the draft texts in the *Ad Hoc Committee*. There, Iraq was the most strident advocate of the interests of oil-exporters. Mr. Al Chalabi asked whether the draft *Declaration*, in calling for a New International Economic Order based on the principle of "Securing favourable conditions for the transfer of financial resources", was 'meant to refer to the transfer of resources by the developed countries and the international community to the developing countries.'<sup>267</sup> According to Mr. Al Chalabi, the 'text did not seem specific and should be amended to make this point clear.' Essentially, the delegate from Iraq was attempting to alter the draft *Declaration* such that it in no way made calls on OPEC for assistance to developing states. In response to this, the delegate from Tunisia stated that the meaning 'was sufficiently clear for it not to need any amendment'. Mr. Kinyata, representing Uganda, argued that the clause had been written by the G77 with the understanding that 'there were many sources from which financial resources might be transferred to the developing countries, and they included not only the developed countries but also some developing countries.' Despite calls coming from delegates representing Upper Volta and Guinea for 'the question to be referred to the Group of 77', Mr. Al Chalabi stated that he 'was still dissatisfied with the text'. He wanted an amendment to be made such that the clause would specify that the securing of favourable conditions for the transfer of financial resources would be in regards to transfers "from the developed countries and from regional and international institutions". Following this proposed amendment, a delegate from Mauritania proposed again that 'the Group of 77 would be a more appropriate forum for discussion of that amendment.'<sup>268</sup>

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<sup>266</sup> Nations, 2211th plenary meeting of Sixth Special Session: paras. 252.

<sup>267</sup> Nations, "Sixth Special Session," p. 49.

<sup>268</sup> Nations, "Sixth Special Session," pp. 49-50.

These conflicts within the G77 about the sourcing and distribution of international assistance concerned the essential core of the group's bargaining position, and how its material power would be wielded in order to achieve a New International Economic Order. Within the G77, already a decade old, there was a consensus that the force underlying the new-found potential to implement reforms to world order lay in the OPEC's oil weapon. As mentioned above some scholars have assumed that the G77 strategy lay in the hope that it could extend the cartelisation of oil to other commodities.<sup>269</sup> While this was part of the plans for a NIEO, the weight of the evidence from the Sixth Special Session demonstrates that the G77's leaders knew that the potential shift in the power structures of world order lay instead in their ability to place their collective efforts behind the possibilities of deals on oil pricing, and the possibilities of either the targeted investment or divestment of petrodollars. This can be seen, firstly, in speeches at the Plenary, where the strategic importance of OPEC for the G77 as a whole was commented on by delegates who also criticised the short term consequences of the oil price hike, by delegates who only praised the price hike, and from the OPEC state elites themselves.<sup>270</sup> Thus Guyana, although agreeing that for some states the OPEC oil-price hike had caused 'especial hardships' and the 'aggravation of the acute economic crisis', was keen to note that 'in terms of the international system, what these policies have produced is a long-needed catalyst, a force at last capable of change within the system.'<sup>271</sup> Furthermore, comments by G77 delegates in the *Ad Hoc Committee* show that these state elites had no illusions about the ease with which power could be gained through the cartelisation of other raw materials exports. Thus, Mr. Nioupin, representing Ivory Coast, in seeking clarification on 'whether the developed countries, particularly the United States, had abandoned their opposition to commodity agreements', argued that clarification on this point was important because it 'was evident that, when a developed country like the United States, which imported 25 percent of the world's cocoa, was opposed to a cocoa agreement, the latter had little chance of success.'<sup>272</sup> Thus, while some scholars have essentially scoffed at the demands made by the G77 for a NIEO, based on the impossibility of an OPEC-like strategy being applied to other exports,<sup>273</sup> the evidence shows that this was never intended to be the strategy of the G77. Rather, the G77 strategy lay behind a collective effort to rely on OPEC's newfound power. This is also why conflicts occurring along this divide were so important for the successful emergence of a G77 strategy that had the potential to reform world order.

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<sup>269</sup> Amin, "After the NIEO," p. 435; Hart, *The NIEO*, p. 21; Thomas, *New States, Sovereignty, and Intervention*, pp. 128-29;

Garavini, *After Empires*, pp. 168-69; Lees, "The Evolution of International Inequality," pp. 134, 42-44; Moyn, *Not Enough*, p. 117;

Helleiner, *Forgotten Foundations of Bretton Woods*, p. 275.

<sup>270</sup> States that spoke of the strategic importance of OPEC for the G77 (in addition to those states that called for the use of this power, those already mentioned): Guinea, Yemen, Bahrain, Congo, El Salvador, Ivory Coast, Peru, Ghana, Guyana, Albania, Ecuador.

<sup>271</sup> United Nations, 2215th Plenary Meeting of Sixth Special Session, A./PV.2215, p. 8, para. 77.

<sup>272</sup> Nations, "Sixth Special Session," p. 71.

<sup>273</sup> Krasner, "Oil Is The Exception."



## **Overcoming the Internal Divisions: The Creation of a Strategy for a New International Economic Order**

The dialogue over the NIEO, and the success that the G77 had in maintaining its unity through complex multilateral diplomacy, is best explained using a relational conception of the power structures of world order, and political economic power structures more generally. That is, because the structural constraints on the delegates were socially constituted, and because they were uncertain, the dialogue and diplomatic manoeuvres of the Sixth Special Session were needed both to discover possible futures, and to create them. For elites from the most seriously affected developing states, they needed, at the Sixth Special Session, to discover the extent to which they could reasonably rely on the OPEC to use its petrodollar power for the collective interests of the G77, and the extent to which this would be effective. These elites were primarily concerned with finding as much assistance as possible for the alleviation of their pressing, short-term problems. To achieve this, they had to engage in dialogue with both themselves, and the other developing state elites, including those representing the OPEC. They also possessed their own bargaining strength, as will be shown below, by exploring other possible futures through potential alliances with states from the North, some of which were pursued. The OPEC elites, with their own internal disagreements, had themselves to explore, through dialogue, the possible futures then available. At what point would the G77 break down, with the other, poorer states, siding with the North in calls for a more consumer-weighted deal on energy prices? Individual OPEC elites thus had also to determine the extent to which other OPEC member states, and other developing states, were committed to the underlying ideas of the NIEO. How much would other developing state elites be willing to compromise for the sake of the long term goals of a New International Economic Order, and what would those goals have to entail? Not only were the structures of power that encouraged certain possible futures above others uncertain, but they were malleable and so reformable. State elites had to convince each other of their own assessments of the current world economic crisis, such that they could compare the risks of creating history in one particular direction to those involved in steering it off into another. That is, the G77 elites drew upon the underlying ideas of the NIEO in order to come to terms with the future possibilities of a world order that was in a moment of uncertainty and flux.

To strengthen its alliance with the oil-importing G77 members, so that the OPEC could rely on the full weight, and legitimacy, of the Global South in its negotiations with the North, its members had to reassure oil-importing states that the OPEC would use its new-found oil wealth, as much as possible, to help all G77 members. Clearly, however, and as has been discussed earlier, the OPEC states had an interest in arguing that, as much as possible, assistance to oil-importing states should come

primarily from developed states. In order to explore the extent and nature of the limits inherent in this tension, the OPEC had to assuage fears within the G77 that it might hang the poorest states out to dry. Thus, at the plenary sessions, each of the OPEC states' delegates mentioned their concern for the oil-importing states most severely affected by the economic crisis. While this was never done without first emphasising that the economic crisis was the fault of the developed states, and that the prime responsibility for alleviating these problems should come, therefore, from them, the most oil-rich OPEC members nevertheless stressed the point that they were aware of the unforeseen consequences of the oil-price hike, and were willing to use their new-found oil wealth to assist developing states financially, and the new-found oil power to bargain for the collective interests of the G77 as a whole. Thus, Jamshid Amouzegar, the Finance Minister of Iran who had been instrumental in the oil-price hike, and the first OPEC delegate to speak at the plenary sessions, spoke of Iran's proposed special development fund. The fund, which would receive donations from developed states as well as OPEC states, would be 'the first time in the history of development assistance ... that the recipient countries will have a voice in the policy of receiving aid.'<sup>274</sup> In this way, Iran's proposal had complete NIEO credentials, in that all states, whether donors or receivers of aid, would have equal voting on the fund's board. Also of fundamental importance was the speech by Ahmed Zaki Yamani, Minister of Petroleum and Mineral Resources for Saudi Arabia and also instrumental in the oil-price hike. Yamani, after discussing the problems faced by developing states, and Saudi's willingness to support their interests, segued from a discussion of the need for states to sacrifice their self-interests to an allusion to Saudi Arabia's potential and willingness to cut oil production further. After first noting that Saudi Arabia's current production was, for altruistic reasons, twice as large as the state required for its own 'economic well-being', Yamani stated that, 'Saudi Arabia, with its large oil reserves and production capacities, on the one hand, and its financial standing that permits it to cut its present production by half, on the other, can play an important role in determining the level of oil prices.'<sup>275</sup> Having been contextualised by a discussion of Saudi Arabia's keenness to assist the other, oil-importing developing states, Yamani's speech should be read as a signal to these states, as well as to the Global North, that it was willing to use its newfound oil wealth and power to support the G77's collective call for a new international economic order.

Nevertheless, the reassurances given by OPEC state elites in plenary sessions to oil-importing developing state elites were contingent on back-room negotiations, where the conflict between the interests of the OPEC and the most seriously affected states could easily have stalemated negotiations. There were even differences of opinion between the OPEC state elites themselves about the compromises

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<sup>274</sup> United Nations, 2209th Plenary Meeting of Sixth Special Session, A./PV.2209, para. 249.

<sup>275</sup> United Nations, 2217th Plenary Meeting of Sixth Special Session, A./PV.2217, pp. 9-10, para. 106.

that should be forged with the other G77 members, and the possibility or tractability of these different strategies had to be explored through negotiations both with elites from the North and with the other G77 members. Thus, even with the special fund proposed by Iran, which would have served as an example of an international institution operating under the aegis of the NIEO ideal of equal voting for each state, the conflict that existed within the G77 between assisting the urgent short-term needs of the most seriously affected states, and the goal of bargaining for more long-term structural reforms, served as a difficult proving ground. Evidence for this appears in the records of meetings held with the UN Secretary General Kurt Waldheim, during the Sixth Special Session. These records show that Waldheim had spoken to delegates from Sudan and Guyana about ‘the Algerian package approach and the division in the ranks of OPEC.’<sup>276</sup> The ‘package approach’ alluded to seems most likely to represent a strategy advocated for by Algeria, which in another meeting two days later the Secretary General describes as being aimed at linking the fund to ‘the achievement of several other purposes (nationalization of natural resources, preferential treatment of certain raw materials and the settlement of the debt question).’<sup>277</sup> Thus it appears that, in discussions behind closed doors, Algeria was advocating a position whereby the short-term goals of the special fund, vital to the needs of the most seriously affected states, were employed as a wedge to achieve more long-term, structural reforms. While I can only speculate as to exactly how this proposal would have worked, it is likely that it would have seen either certain proportions of donations to the fund allocated to other, relatively more long-term structural issues (like the debt crisis etc.), or that OPEC donations to the fund would be contingent on concessions by the North on issues like ‘preferential treatment of certain raw materials’. In either case, Algeria’s proposed package deal pitted the needs of the most seriously affected states for immediate assistance against the willingness of the developed states to agree to contribute to a fund consisting of such conditions. Because the strategy was deterring pledges from the North, it conflicted with the interests of oil-importing developing state elites, who required, as a primary objective, as much short-term relief as possible.

In response to the stalemate between Algeria’s package approach to the special fund, and the North’s unwillingness to donate on such terms, the oil-importing and most seriously affected state elites had to discover and create new possible futures. It is in this light that a meeting between Mr. Shridath F. Ramphal, the Minister of Foreign Affairs of Guyana, and Dr. Mansour Khalid, Minister of Foreign Affairs of Sudan, and the Secretary General of the United Nations, Kurt Waldheim, should be understood. At the meeting, Shridath Ramphal told the Secretary General that ‘the most affected countries, such as Sudan and Guyana, were very disappointed because despite all the talk and schemes very

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<sup>276</sup> UNA, "Confidential Notes and Minutes, Saturday, 20 April 1974," (S-0984 Box 1 File 1 ACC 91/5).

<sup>277</sup> UNA, "Confidential Notes and Minutes, Saturday 22 April 1974," (S-0984 Box 1 File 1 ACC 91/5).

little has materialised in the way of emergency aid to those countries.<sup>278</sup> In order to overcome the fact that the 'work of the Ad Hoc committee and its subsidiary organs has not produced any results', the two foreign ministers asked Waldheim 'whether a meeting could be arranged to bring together the representatives of the three groups of countries, namely: the rich industrialized countries, OPEC countries and the most affected developing countries.'<sup>279</sup> That the delegates had referred to the 'three groups of countries' is itself indicative of the conflict at hand, and that this request was taking place on the 20th of April, only two days short of the close of the plenary sessions, is evidence of its urgency. These states, in fear that they might lose out on achieving an agreement even on emergency assistance, had sought to rely on the Secretary General. In this way, the most seriously affected states, led by Sudan and Guyana, relied upon the interest that the Secretary General had in ensuring positive outcomes from the special session of the United Nations, in order to send a signal to both the OPEC and the developed states that the relational structures that were being created, and which were inhibiting progress in negotiations, needed to be revised.

The oil-importing developing state elites were not dependent solely on assistance from the United Nations Secretariat, however. They were also pursuing collaborations with elites from the Global North, so as to hedge against, and strengthen their negotiating position with, their alliance with the OPEC. Evidence for this can be found in the open support given by several of the LDCs to Henry Kissinger's plenary speech. Kissinger's speech, interpreted by many as existing as part of a wider strategy to divide the G77 coalition,<sup>280</sup> argued that international economic interdependence had meant that the 'notion of the northern rich and the southern poor has been shattered'.<sup>281</sup> Nevertheless, Kissinger called for consumer-producer cooperation in setting the prices of raw materials, professed United States' willingness to assist with the transfer of technology to oil exporting states, and called for the OPEC to do more to help oil importing developing states.<sup>282</sup> This speech was praised within plenary sessions by Sri Lanka, Pakistan, and Sudan. Felix Dias Bandaranaike, representing Sri Lanka, said that he was 'gratified' to hear of Kissinger's proposed 'international fertilizer institute', an idea that Bandaranaike took to be 'essentially complementary to the proposal made by my Prime Minister.'<sup>283</sup> Similarly, Manour Khalid, Minister of Foreign Affairs of Sudan, said that Kissinger had put forward a blueprint 'worthy of a country whose power and influence in the world charges it with great

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<sup>278</sup> UNA, "Confidential Notes and Minutes, Saturday, 20 April 1974."

<sup>279</sup> UNA, "Confidential Notes and Minutes, Saturday, 20 April 1974."

<sup>280</sup> This has, indeed, been shown by historians to have been true: Sargent, "North-South: The US Responds."

<sup>281</sup> United Nations, 2214th Plenary Meeting of Sixth Special Session, A./PV.2214, p. 4.

<sup>282</sup> United Nations, 2214th Plenary Meeting of Sixth Special Session: para. 37-113.

<sup>283</sup> United Nations, 2219th Plenary Meeting of Sixth Special Session, A./PV.2219, p. 16.

responsibility.<sup>284</sup> Finally, Dr. Mubashir Hasan, Minister of Finance, Planning and Development of Pakistan, said that Pakistan was ‘reassured by the determination of the United States, announced by Secretary of State Mr. Kissinger, to build food reserves, to restore the world’s capacity to deal with famine and to increase the quantity of food aid over the level provided last year.’<sup>285</sup> These comments, made in the open by several oil-importing developing state elites, were a signal to elites from both the United States, and other states of the North, as well as of the other G77 members, that they were more than willing to work outside the ranks of the G77, to form compromises with advanced industrial states, in order to ensure immediate relief from the acute and various symptoms of the world economic crisis.

Such discussions amongst elites from oil-importing G77 members and states from the Global North resulted in a joint proposal by Sri Lanka and New Zealand for a special fund for fertilisers. This example of South-North co-operation highlights the agency of G77 delegates in creating alternative futures. The joint New Zealand/Sri Lanka proposal on ‘Emergency measures in regard to the supply of fertilizers and pesticides’, is significant in that it was targeted at a specific aspect of the economic crisis for oil-importing developing states, fertilisers, that had a direct link to the OPEC’s oil price hike. As such, this South-North cooperation highlights the ability of the elites from the most seriously affected states to create diplomatic solutions to their pressing problems with any other state elites. Nevertheless, the move was not by any means solely an attack on the OPEC, with the proposal calling for donations of fertilisers and money from developed as well as developing states, and with it calling for ‘those developed countries manufacturing fertilizers and pesticides substantially to expand exports to developing countries at reasonable prices, bearing in mind their serious balance of payments difficulties, and to increase production particularly for that purpose’.<sup>286</sup> Thus this proposal, a joint South-North effort, showed the ability of diplomats from within the G77, and from without, to propose pragmatic measures targeting the pressing short-term needs produced by the economic crisis.

Such work by Sri Lankan elites, of exploring the possibilities of collaboration with states like New Zealand, and of Guyana and Sudan, in seeking the assistance of the Secretary General, while perhaps not glorious moments of triumph, are nevertheless indicative of the kinds of actions that were required for the G77 to maintain its unity, and for a general overarching strategy for the reform of world order to emerge. This is because these efforts served to allow the elites from the world’s weakest states,

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<sup>284</sup> United Nations, 2221st Plenary Meeting of Sixth Special Session, A./PV.2221, p. 11, para. 145.

<sup>285</sup> United Nations, 2224th Plenary Meeting of Sixth Special Session, A./PV.2224, p. 14, para. 146.

<sup>286</sup>UNA, "New Zealand and Sri Lanka: Draft Resolution: Emergency Measures in regard to the supply of fertilizers and pesticides," (S-0908-0002-05, A/AC.166/42).

those most severely affected by the world economic crisis, the assurance needed to be confident that their alliance with the OPEC and other developing states would not infringe upon their urgent, short term needs for assistance. The result of this approach by the G77 members, which treated the Sixth Special Session not as a simple forum for rallying against the Global North and pressing forth a list of preordained demands, but as a meeting place whereby the current state of the structure and agency of world order could be discovered, experimented with, and reformed, allowed the emergence of a strategy that, for the first time, contained the possibility of a genuinely global, and pluralistic, reform of the so-called liberal world order. At no point during the Sixth Special Session was it guaranteed that G77 unity could be maintained such that the entire Global South could rally behind the OPEC's newfound oil power. Rather, this was only one of many possibilities, and it had to be created through explorations by the many G77 delegates of the structural possibilities and constraints of world order. Because of this, elites from the Global North, who were far more divided at the Sixth Special Session than were those representing the G77, were sent a powerful message. While the United States' elites were struggling to maintain a unity only amongst themselves and the elites of Japan and the European Economic Community, the state elites of the 122 states of the Global South had managed to overcome very real contradictions of material interests. By transcending their short-term conflicts of interests the G77 elites had created a powerful collective challenge to the so-called post-war liberal order.

## **Chapter 4: A Moment of Possibility: Collective power in Action**

In the second chapter I argued that the NIEO was, despite being supported by the leaders of many authoritarian states, a project aimed at reforming “liberal” world order. In the previous chapter I argued that that the G77 displayed, during the creation of its initial strategy at the Sixth Special Session, a collective power based in large part on an OPEC/NOPEC alliance. Furthermore, I demonstrated that this power could be effectively wielded in negotiations. In this chapter, historical evidence will be used to gauge the effectiveness of the strategy that was created at the Sixth Special Session. While the prevailing view of the NIEO, prevalent in both sympathetic and critical accounts, is that the project was too weak to have ever stood a chance of success, I argue in this chapter that the strategy showed, when implemented, significant gains in the form of compromises from Western state elites. These initial concessions came, as I will argue, because the G77 members were able to project themselves as possessing the ability to wage economic war, and to offer significant concessions. Importantly, this was not simply illusory, a projection sustainable at the time only because of a lack of information. Rather, at that point it was possible that the G77 might actually initiate the South-South cooperation needed to make further threats of economic warfare believable. This was because of the uncertainties of a world economic crisis that was not yet explainable by orthodox economic theory, and the fact that the future was, as always, in the hands of human agency. With G77 elites optimistic about the prospects of a new international economic order, they discussed plans for economic warfare at the highest ministerial levels of the G77 and the OPEC. There were, in fact, several levers which the G77 state elites could have pulled which, because of general world economic uncertainty, recession, and rising commodity prices, could have made concessions towards an NIEO far more appealing for Western powers than global collapse. In this way, the years following the Sixth Special Session in May 1974, and preceding the failure of North-South dialogue at the Paris Conference on International Economic Cooperation in 1977, should be considered — despite the fact that the NIEO’s underlying strategy was never followed through on — as a moment of genuine opportunity for the reform of world order.

In order to present the moment of optimism for the NIEO as, also, a moment of genuine possibility, I will first argue, via historical-empirical interpretation, that the G77’s position had tangible effects on Western negotiating strategies and goals. As such, I will be able to conclude that if more tangible efforts towards South-South solidarity had been made, so as to increase the legitimacy of the threat of economic warfare, even further compromises towards the goal of a new international economic order would have been possible. Secondly, I will outline, again via historical-empirical interpretation, the proposals made by leading OPEC state elites for measures that would have served to unite the G77 behind a genuine threat of economic warfare, as well as their plans to use petrodollars to force

reforms to the international monetary system. Thus, I will conclude that G77 state elites had created possibilities for the reformation of world order. As such, this chapter helps to form a critique of interpretations of the NIEO which assume that, because the project failed, it could never have been successful. It argues that the underlying strategy on which the NIEO Project was built — collective action based on a South-South solidarity sufficient to leverage the economic crisis for the reform of world order — was a powerful one. The state elites of the G77 had created for themselves a world order with options for reform.

As detailed in the introduction to this thesis, attempts to re-examine the power of the NIEO Project, an endeavour launched by the pioneering work of Vijay Prashad, have been unable to explain exactly how it could have been successful, and have, therefore, been unable to fully appreciate its significance for understanding the post-war order. Furthermore, other historians have doubled down, claiming that the NIEO failed because it was insufficiently powerful. That is, that it had never had any chance of success. This is the argument taken by the historian Christopher Dietrich. Dietrich's book is important because it, more than any other work, highlights how the alliance between the OPEC and the oil-importing developing states had always been the essential component of the NIEO Project's potential power. Nevertheless, to Dietrich this strategy, which he analogised as OPEC playing the role of a Robin Hood who stole from the Global North in order to distribute to the oil-importing states of the Global South, was unrealistic.<sup>287</sup> Indeed, echoing a point made earlier by Murphy, he sees it as reflecting an irreconcilable contradiction between the OPEC's championing of the principle of 'permanent sovereignty over natural resources', and the goal of South-South solidarity.<sup>288</sup> That is, the OPEC wanted to claim full sovereignty over petroleum prices, while the NIEO Project required some compensation for oil-importing states (South-South solidarity) to remain viable.

In the following two chapters I will challenge this argument, by showing that there is no reason to think that the OPEC state elites were not genuine in their initial projections of themselves as leaders of the G77. That is, there is no reason to dismiss the prospect that the OPEC elites came close to using their 'permanent sovereignty over their natural resources' in order to strengthen 'South-South solidarity'. In this chapter, I present an interpretation of the available primary source evidence to show, in more detail, what the initial strategy of the NIEO Project was. The purpose of this chapter is to trace the options that were considered by the G77 state elites during the initial moment of optimism for a new international economic order. I then attempt to assess how significant these options could have been for the implementation of a new international economic order if they had been undertaken.

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<sup>287</sup> Dietrich, *Oil Revolution*, p. 313.

<sup>288</sup> Murphy, *The Emergence of the NIEO Ideology*, p. 128; Dietrich, *Oil Revolution*, p. 313.



By doing this, I show that the contemporaneous analysts of the NIEO, and the leaders of the NIEO Project, who viewed world order as reformable during these years, were not mistaken.<sup>289</sup> Or, at least, that there is no evidence to prove that they were mistaken. Rather, there were options available which would have greatly increased the chances for the establishment of a new international economic order.

### **The Latent Powers of the G77**

Historians cannot find primary sources for futures that were once possible but never created, because historians only have access to primary sources reflective of the singular past that leads to now. Nevertheless, this singular past was created by historical actors who chose between other options. As such, even as no evidence exists to show what would have happened if these actors had decided otherwise, their decision-making itself is a part of our past. Indeed, this decision making is of fundamental importance to a history that includes agency as well as structure, and it is only possible to understand it by reconstructing how historical actors imagined and created their available options. In this way, past possible futures, as they existed in the imaginations of historical actors, are just as much a part of “actually existing history” as the futures that were created.

Such an analysis of the decision making of G77 state elites allows the historian to peer from the realm of actual history into the un-certifiable realm of counterfactual history. While this is not counterfactual history proper — not the complete envisioning of what might have been — it is the act of attempting to work out, via historical research, what options were rejected. It is by determining what options were actively rejected that it is possible to trace the options that were available to the G77 state elites, or the extent of their agency. Of course, it is also necessary, as will be discussed in subsequent chapters, to determine how close historical actors came to deciding differently. In this chapter I will only outline what the alternative options were, in so far as they were imagined by the G77 state elites themselves. I show that the strategy created at the Sixth Special Session was further developed in the several years that followed. I will also show that, despite not being followed through on, the G77 state elites had devised a genuinely powerful strategy for the reform of world order. I will show this first by outlining the strategy that the G77 state elites created, via the unity displayed at the Sixth Special Session, and especially in the OPEC’s *Solemn Declaration*. Then, I will show that the creation of this underlying strategy resulted in fundamental changes in the negotiating position and goals of the Northern state elites. This strategy was seen as a legitimate prospect to the extent that it was founded on genuine South-South solidarity. As such, it can be concluded that if further, more tangible

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<sup>289</sup> C. Fred Bergsten, "The Threat Is Real," *Foreign Policy*, no. 14 (1974), <https://doi.org/10.2307/1147948>; Gosovic and Ruggie, "Issue Linkage and the Seventh Special Session."

efforts had been made to increase South-South solidarity, even further concessions by the North towards the G77 position would have been greatly encouraged. That is, the power of the G77 would have increased.

### *OPEC Solemn Declaration*

Following the G77 state elites' successful show of unity — and flexibility of negotiating position— at the Sixth Special Session in 1974, they continued to project themselves as capable of a united effort, backed by genuine threats of economic warfare, as well as genuine proposals for compromise. This was epitomized in 1975 by the OPEC's *Solemn Declaration*, the first of only three in the organisation's history. In it, as will be shown below, the OPEC announced to the world that it was willing to grant the Western powers what they sought with regard to energy pricing and supply, but only if the Western state elites were willing to compromise on not just the OPEC's but also the G77's needs for a New International Economic Order. As such, the OPEC was declaring to both Western elites and the elites from the oil-importing developing states that it would only compromise if issues of international political economy were treated as a whole. The *Solemn Declaration* was thus aimed at increasing the perception of G77 unity, so as to increase the bargaining position of the G77 in the North-South dialogue.

Threats of economic warfare from the OPEC were viewed with a sensible dose of scepticism in the West. This scepticism rested almost entirely on questions of G77 unity. Essentially, the oil-importing developing states had already suffered immensely from oil price rises, and so any further price rise threatened the power base of the entire movement. As such, just as at the Sixth Special Session, the OPEC sought to signal, to both developed and developing states alike, that it would assist the poorest, oil-importing developing states. Beyond proclaiming their 'natural solidarity which unites their countries with the other developing countries in their struggle to overcome under-development', the OPEC noted that it was the oil-importing developing countries that were most seriously affected by the economic crisis, and listed measures they were already taking, and planning to take, to amend this.<sup>290</sup> The *Solemn Declaration* stated that the OPEC would contribute to the 'UN Special International Programme and to extend additional special credits, loans and grants for the development of developing countries'; to 'co-ordinate their programmes for financial co-operation in order to better assist the most affected developing countries, especially in overcoming their balance of payments difficulties'; and to 'co-ordinate such financial measures with long-term loans that will contribute to the

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<sup>290</sup> OPEC, *Solemn Declaration: Conference of the Sovereigns and Heads of State of the OPEC Member Countries* (Algiers, 1975), pp. 8-10.

development of those economies'.<sup>291</sup> To assist more directly with the effects of the oil price increase on rising import costs, especially for agricultural exporting states, 'the Sovereigns and Heads of State have decided to promote the production of fertilisers, with the aim of supplying such production under favourable terms and conditions, to the countries most affected by the economic crisis.' Such measures were designed to address specific grievances made at the Sixth Special Session by oil-importing developing states, and sent a message that it was possible for a G77 unity to be created that would transcend material conflicts of interests. This projection of the potential for G77 unity to legitimise genuine threats of economic warfare was strengthened by the *Solemn Declaration*'s final point about assistance to oil-importing developing states. It reaffirmed OPEC's willingness to cooperate with 'exporters of raw materials and other basic commodities in their efforts to obtain an equitable and remunerative price level for their exports.'<sup>292</sup> Such a statement signalled to the West that it should not be so sanguine about the unfeasibility of OPEC-like action with other raw materials, in so far as other commodity agreements were held back by financial limitations. Indeed, the vision of G77 unity presented in the *OPEC Solemn Declaration* projected the possibility of material support enabling a unity powerful enough to underlie G77 threats of economic warfare, and of bold experiments in a new international economic order even without Northern support.

The *Solemn Declaration* explicitly called for Western state elites to grant concessions towards a new international economic order. It stated that the OPEC's goal in promoting 'genuine cooperation' was 'key to the establishment of a new international economic order.' To this end, the *Solemn Declaration* called for 'the full implementation of the Programme of Action adopted by the United Nations General Assembly at its VI Special Session'.<sup>293</sup> Beyond referencing the founding texts of the NIEO, the *Solemn Declaration* emphasised what the OPEC considered to be the most needed reforms. Thus, it was stated that the developed countries 'must support measures taken by developing countries which are directed towards the stabilisation of the prices of their exports of raw materials and other basic commodities at equitable and remunerative levels'.<sup>294</sup> In terms of the transfer of resources, the *Solemn Declaration* called for the fulfilment of the developed countries' 'international commitments for the second UN Development Decade'.<sup>295</sup> This referred to commitments made by the advanced industrial countries to give 0.7% of their GNP.<sup>296</sup> Importantly, this was an issue in which the OPEC had led by

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<sup>291</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>292</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>293</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>294</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>295</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>296</sup> United Nations General Assembly, "Resolution 2626 (XXV) on an International Development Strategy for the Second United Nations Development Decade," (1970): para. 43.

example, with its members donating, in 1978, 1.11% of GDP, far higher than for the USA (0.26%/GNI), or the Development Assistance Committee (DAC) average(0.32%).<sup>297</sup>

In addition to measures such as these, including a call for more food aid, which was aimed at addressing the concerns of the poorest, and oil-importing developing states, the OPEC highlighted the need for measures from the West that aligned with its own direct interests. Thus, the *Solemn Declaration* called for the need for the ‘adequate and timely transfer of modern technology and the obstacles that slow the utilization and integration of such technology in the economies of developing countries’. The transfer of technology, of prime importance to the OPEC state elites, whose economies rested on depleting resources, should not, according to the *Solemn Declaration*, ‘be based on a division of labour in which the developing countries would produce goods of lesser technological content’, and should ‘be commensurate in speed and volume’ with the rate of depletion of oil, ‘which is being accelerated for the benefit and growth of the economies of the developed countries.’<sup>298</sup> The OPEC also sought to get a major portion of any planned oil refineries and fertiliser plants to ‘be built in the territories of OPEC Member Countries with the co-operation of industrialised nations for export purposes to the developed countries with guaranteed access for such products to the markets of these countries’. Finally, in an appeal that would benefit all developing states, but particularly the more developed, the OPEC called for reductions in protectionism on the exports from the Third World.<sup>299</sup>

For Western state elites, the most important aspect of the *Solemn Declaration* was probably its stated willingness to grant to them their primary goal. For if the *Solemn Declaration* was aimed at presenting the OPEC as a backer of G77 unity, so as to legitimise the bargaining position of the South in advocating for a new international economic order, it also offered Western state elites what they most urgently sought from the OPEC in return: a multilateral agreement on stability in the supply and pricing of oil. For the West, suffering from the historically unprecedented stagflation, oil price rises added only further fuel to the fire. President Nixon had attempted to develop a Western unity via the International Energy Agency so that consumer power could lower oil prices, but division within the West was strong.<sup>300</sup> Now, in the *Solemn Declaration*, OPEC stated that it was willing, despite the fact that inflation had already begun to reduce the original gains of its oil price hike, ‘to negotiate the

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<sup>297</sup> The DAC is a sub-group of countries from the OECD: Overseas Development Institute, *OPEC Aid*, 1980, p. 3, London, <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6634.pdf>; OECD, "Net ODA (indicator)," (22 January 2019 2019).

<sup>298</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>299</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>300</sup> Garavini, *After Empires*, p. 187.

conditions for the stabilisation of oil prices which will enable the consuming countries to make necessary adjustments to their economies'.<sup>301</sup> The *Solemn Declaration* was, by stating this, sending a clear message that the OPEC elites were willing to compromise on exactly what the West wanted of them. In this way, the *Solemn Declaration*, more than just serving to project a united G77 backed by the OPEC, also offered a potential quid pro quo with something to benefit the Western state elites.

### *The Seventh Special Session*

The *Solemn Declaration* was an important expression of G77 unity. It expressed the willingness of the recently oil-rich OPEC state elites to overcome the intra-G77 conflicts of interests first raised at the Sixth Special Session so that the G77 could rely collectively on the threat of economic warfare to achieve a New International Economic Order. That such signalling was effective is evidenced by the genuine concern about the NIEO campaign shown by Western analysts,<sup>302</sup> but even more so by the effects that this strategy had in achieving concessions from the state elites in the West — even as the threat of economic warfare was still only a possibility projected in speeches and declarations. This is seen most evidently at the Seventh Special Session of the United Nations General Assembly, held six months after the release of the OPEC's *Solemn Declaration* in 1975. If at the Sixth Special Session state elites had debated declarations of principle drafted by the G77, at the Seventh Special Session proposals for reforms to world order aimed at reaching common agreement were brought forth by the G77, the European Economic Community, and the United States. As Christopher Dietrich has argued, such compromise proposals were specifically designed as part of the United States' strategy of stalling further progress in the North-South dialogue.<sup>303</sup> Nevertheless, this in itself, in conjunction with the fact that the concessions the United States was committing to were, in many ways, substantial, is significant given the fact that the threat of economic warfare from the South was, at this stage, only a possibility.

Evidence of the effects of the G77's confidence, aided by the proclamations of the OPEC, on the negotiating strategy of Western states can be found in a confidential memorandum written by the CIA five days before the beginning of the Seventh Special Session (August 27, 1975).<sup>304</sup> The document, 'Intelligence Memorandum: Prospects for the 7th Special Session of the UN General Assembly', seeks to establish an appropriate strategy for negotiations at the Seventh Special Session, in light of what the CIA then knew of G77 strategies and power. Central to the analysis of the memorandum

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<sup>301</sup> OPEC, *Solemn Declaration*, pp. 8-10.

<sup>302</sup> Sargent, "North-South: The US Responds."

<sup>303</sup> Dietrich, *Oil Revolution*, pp. 284-89.

<sup>304</sup> CIA, Intelligence Memorandum: Prospects for the 7th Special Session of the U.N General Assembly, 27 August 27 August 1975, CIA-RDP79T00865A002600200001-2.

was its emphasis that US policy should serve to assist in giving the upper hand to the more conservative members of the G77, so as to take the power away from the more radical members. According to the memorandum, Algeria was the key radical state. Algeria, the memorandum stated, ‘has tried to capitalize on its role as a broker between the oil exporters and the developing countries to enhance its status as spokesman’.<sup>305</sup> A strategy aimed at weakening the leadership of Algeria within the G77 was deemed to be possible, especially considering that ‘Algeria has not gained any substantial economic concessions for its allies nor delivered much from its OPEC partners’, leading the memorandum to conclude that the realisation ‘of these facts may gradually weaken Algeria’s strength as a visible and vociferous advocate of economic change who has focused the attention of the industrial world on the concerns of the Third World.’ While the CIA analysts were aware that the strategy advocated for by Algeria — an OPEC backed G77 threat of economic war — had only been implied through speeches and declarations, and that support for such a strategy was liable to wane, they were nevertheless concerned enough about such a possibility to recommend that the United States should attempt to negotiate with sincerity and that it should propose reasonable compromises towards the NIEO. ‘If the voices for negotiation rather than confrontation among the developing states are to retain what little influence they have,’ stated the memorandum, ‘the industrialized nations will probably have to make concessions’.<sup>306</sup> By offering concessions towards the NIEO, the memorandum reasoned, the more moderate members of the G77 would be empowered by evidence that a less radical, more diplomatic approach could be more effective than the threats being made by Algeria, and implied in the *Solemn Declaration*. The concern displayed in the memorandum, and its advice to make concessions that went against the United States’ perceived interests, is indicative, I argue, of the power that the G77 had gained, even when their threat of economic warfare was only a possibility. Despite the threat being, at this stage, only projected through public pronouncements, and displays of solidarity at the Sixth Special Session, it was real enough to affect strategic analysis in the Pentagon.

The strategic reasoning displayed in the CIA memorandum seems to have been a fair reflection of the perception of the G77 threat, considering that, broadly, its prescriptions were followed at the Seventh Special Session of the United Nations General Assembly. There, at the session on ‘Development and international economic cooperation’, held in the first two and a half weeks of September 1975, the diplomatic strategy of both the United States and the European Economic Community were markedly different from that at the Sixth Special Session. At the Sixth Special Session, the Ad Hoc Committee was used as a forum where the declarations on the *Declaration on the Establishment of*

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<sup>305</sup> CIA, Prospects for the 7th Special Session.

<sup>306</sup> CIA, Prospects for the 7th Special Session.

— and *Programme of Action on the Establishment of a New International Economic Order* were debated clause by clause. As such, it was a negotiating environment in which the G77 states issued a rough blue-print of their vision for a new international economic order, while the Northern states were on the back foot, attempting to weaken the essential strength of the documents. Of course, as has been argued in the previous chapter, this was also a moment when the G77 state elites themselves negotiated over the document, using the discussions as a proxy for mediating their own internal divisions. Nevertheless, with the success of G77 unity shown at the Sixth Special Session, the OPEC *Solemn Declaration*, and general uncertainty about world order, Western state elites were more wary at the Seventh Special Session. This can be seen by the fact that both the European Economic Community and the United States brought their own draft proposals to the conference.<sup>307</sup> This fact, in and of itself, demonstrates that the two parties took the Seventh Special Session seriously. Reflecting the analysis of the CIA memorandum, there was a genuine concern that some progress needed to be made at the Seventh Special Session in reaching at least some compromise positions with the G77.

The draft document that the United States brought to the Seventh Special Session was more concise than that brought by the European Economic Community, reflecting a sense that, even if its positions were not as aligned ideologically with the G77 as those proposed by the EEC, it was at least more likely to be backed by tangible results (whether or not this actually would have been the case is, of course, unknown). While the draft did not contain any indication of support for the G77's, and UNCTAD's, proposed Integrated Programme for Commodities,<sup>308</sup> it did contain support for 'a Development Security Facility' to be 'established within the International Monetary Fund to stabilize over-all export earnings for developing countries from commodities and manufactured goods.'<sup>309</sup> While such an approach would not have solved the underlying cause of commodity price fluctuations (a failure of the price of primary produce to reflect the underlying supply/demand position of the export), it could have served to mitigate the problems that these commodity price fluctuations brought to the balance of trade of developing countries dependent on them. There were clear ideational and material power differences here. An Integrated Programme for Commodities would have required a much more extensive bureaucracy for its implementation, more capital, and would not have been entirely free of the risk that the Common Fund, which was to be drawn from in order to stabilise prices, could be exhausted under the strain of either excessive demand or supply. Furthermore, an Integrated Programme for Commodities could have represented a potential shift in economic power

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<sup>307</sup> UNA, Seventh Special Session, S-0983-0001-0005-00001.

<sup>308</sup> A proposal which sought the stabilisation of international commodity trade brought under a common umbrella in an attempt to increase the funds available to stabilise each commodity, an approach that the UNCTAD secretariat considered would overcome shortfalls in commodity price regulation that had occurred in the past: Corea, *Taming Commodity Markets*.

<sup>309</sup> UNA, Seventh Special Session.

to the primary produce exporting states, who would be able to work more easily as a collective in order to threaten rapid price changes (although this is more speculative, especially since the IPC was designed to be based on both producer and consumer co-operation). On the other hand, the idea of commodity price stabilisation would not have served to fix the underlying problems faced by primary produce exporting states, and ruled out the more ambitious goals of the more radical G77 states of not only stabilising prices, but of indexing them to the value of imports. Nevertheless, it is important to consider the significance of the United States' proposal. Made not at the end of the conference, but at the beginning, the proposal could have amounted to an international economic order in which the balance of payments fluctuations of the primary produce exporting states of the Global South were mitigated by the IMF.

The proposal of the European Economic Community was less concise than that of the United States, for it included statements that, while not containing specific policy proposals, were aimed at flagging support for the general ideas that motivated the G77. The proposal lent its support to such measures as the United States' proposed export earning stabilisation scheme, which is not surprising considering that the EEC had established just such a scheme for the developing states which were adherents to the Lomé Convention.<sup>310</sup> Their draft document also stated that they supported the achievement of 'prices which are fair for consumers and remunerative for producers and to encourage a long-term equilibrium between expanding production and increasing consumption', as well as 'measures to limit excessive price fluctuations.'<sup>311</sup> Such statements implied support, at least in principle, for the G77 delegation's proposed Integrated Programme for Commodities. The EEC document also flagged the EEC's support for the G77's call for an extension of the Generalised System of Preferences, an arrangement first debated in the UNCTAD while Prebisch was Secretary General, which had already achieved arrangements for preferential tariff reductions on some exports from the South. The EEC's draft document flagged support to the G77's proposal to extend the GSP to other commodities. Furthermore, it flagged its support for efforts to abolish tariff regimes that increased in direct proportion to the level of industrial processing of a good. This was a practice that was damaging because it discouraged industrial development in the South.

The change in the official negotiating position of the Western state elites, as grouped together as the United States and the European Economic Community, resulted in the strengthening of North-South alliances on the key issue of international monetary reform. On this issue, the G77 proposal, in echoing the OPEC's concerns about the international monetary crisis made in the *Solemn Declaration*,

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<sup>310</sup> Isebill V Gruhn, "The Lomé Convention: inching towards interdependence," *International Organization* 30, no. 2 (1976).

<sup>311</sup> UNA, Seventh Special Session.



stated that ‘national reserve currencies should be gradually phased out and replaced by the creation of a truly international currency, like the SDRs, so that no country can influence the international monetary situation through export of its deficits or any other monetary measures taken under domestic compulsions.’ In the meantime, however, ‘measures should be taken to maintain the real value of the currency reserves of the developing countries by preventing their erosion due to inflation of prices and exchange rate depreciation or reserve currencies.’<sup>312</sup> On this position, which directly challenged US power over international monetary liquidity, the EEC agreed. Its report stated that: ‘The Community and its member States favour the establishment of the SDR as the principal reserve asset and the reduction of the role of gold and of reserve currencies in the international monetary system.’<sup>313</sup> As such there emerged, at the Seventh Special Session, both a strengthened willingness on the behalf of Western state elites for compromise with the G77, and new potential alliances between certain Western state elites and the state elites of the G77.

The change in Northern state elites’ negotiating positions was sensed by the state elites of the G77, who showed significant variation in their interpretations of it. While some state elites interpreted, for example, the new US negotiating position as a positive step towards progress, others saw it as disruptive to the goals of the G77. This can be observed from reports of confidential meetings held, during the Seventh Special Session, between G77 delegates and the UN Secretary General Kurt Waldheim. In a meeting on the 4<sup>th</sup> of September, only four days into the conference, the Foreign Minister of Tunisia, Habib Chatti, agreed with Kurt Waldheim that ‘the ongoing Seventh Special Session offered prospects for progress towards creating a new international economic order.’ To this effect, Chatti ‘stressed the efforts made by the United States.’<sup>314</sup> On the other hand, the Minister of Foreign Affairs of Iraq, Mr. Saadoun Hammadi, was not at all impressed with the stance taken by the United States. He cited Kissinger’s speech at the Seventh Special Session as containing ‘a strong attack’ on OPEC countries, and noted that this ‘had been further highlighted in the paper the US had submitted to the Ad Hoc Committee.’<sup>315</sup> While there can be no certainty as to what exactly explains the differences of opinion about the change in US diplomacy, it seems reasonable to hypothesise that what seemed like a sign of increased willingness for compromise from the United States would appear to be a positive change for Tunisia, which was struggling with the increasing costs of its imports, and as a negative move for an OPEC member like Iraq, which could discern quite clearly that the US policy was aimed precisely at splitting G77 unity. If, again, this adds further evidence to the argument

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<sup>312</sup> UNA, Seventh Special Session.

<sup>313</sup> UNA, Seventh Special Session.

<sup>314</sup> UNA, "Meeting Between the Secretary-General and Foreign Minister Habib Chatti of Tunisia, 4 September 1975," *Minutes on Meetings* (Series 0984, Box 1, File 7).

<sup>315</sup> UNA, "Minutes on Meetings, 10 September 1975," (Series 0984, Box 1, File 7).

made in this thesis that the NIEO cannot be understood in purely North-South terms, and that even the weaker, oil-importing developing states could gain leverage within the North-South dialogue, it is also true that all state elites at the Seventh Special Session were aware that a change in US negotiating policy had occurred, that it was a change towards compromise, and that it had corresponded with the continued projection following the Sixth Special Session, by the G77, that it could overcome its internal conflicts of interest, so as to rely on the threat of petrodollar power.

### **Possible Futures**

As argued in the previous section, the available evidence suggests that the underlying strategy of the G77, to unify in order to back the proposal for a new international economic order with threats of economic warfare, while also offering cooperation on the pressing needs of Western elites, was effective. Even when such a position existed only as an idea that had emerged from the unity displayed at the Sixth Special Session, and within the speeches and declarations of G77 state elites, and especially the OPEC *Solemn Declaration*, it resulted in fundamental changes in the negotiating position of the Western powers, something keenly noticed by the G77 state elites. Therefore, it can be concluded that if the G77 had moved beyond such declarations, developing more significant South-South solidarity in terms of material assistance for its weakest member states, then the material basis for this strategy, and the perceived threat of the G77 by Western powers, would only have increased. As will be shown in this section, further evidence for this claim exists in the form of documents that highlight a change, after the Seventh Special Session, in the way that the United States viewed the threat of the G77. I argue that the United States, as evidenced in further CIA memoranda, began to doubt the ability of the G77 to maintain unity sufficient to pose a legitimate threat of economic warfare. Nevertheless, I also seek to explore the possibility that such G77 unity, and the economic power of the G77, could have been increased. While never acted upon, innovative proposals were made at the highest level of the OPEC, which would have resulted in a G77 solidarity that disrupted the calming assessments being made in Washington. Of particular importance, state elites from Venezuela, a key G77 leader, proposed an oil-price hike with the sole goal of raising funds to alleviate the debt of the poorest oil-importing developing states. Secondly, an aspect of economic power often neglected in assessments of the G77, is an OPEC proposal to rely on its increased monetary powers to push for the abolishment of the US dollar as the international reserve currency.

That further moves towards South-South solidarity amongst the G77 state elites would have contributed to vastly different possibilities for the reform of world order is demonstrable by the fact that it was the lack of sufficient South-South solidarity that had led to the perception, by the CIA, that the G77's economic powers had been grossly overestimated. This can be seen in a CIA assessment of the

power of the G77. Written in August 1976, a year after the Seventh Special Session, and in which the North-South dialogue was making slow progress in UNCTAD and the Paris CIEC, the report concludes that the threat of economic warfare by the G77 was extremely low, and that the United States should continue in the North-South dialogue only because of the negative long-term symptoms for the United States in a world of poverty and failed states.<sup>316</sup> The report bases its conclusions on an analysis of ‘manifest divisions and other weaknesses of the LDCs en bloc’ that ‘tend to work against strong and united confrontational efforts to achieve an NIEO’.<sup>317</sup> That is, any act of economic warfare relying on restrictions of oil supply would have negative consequences for the poorest, oil-importing developing states. Because of these sorts of internal divisions, the report concludes that it ‘has been the capacity of LDCs to apply leverage that has been in greatest doubt.’<sup>318</sup> The important conclusion that can be drawn from this is that if assistance could have been provided from oil-exporting developing states to oil-importing states, such that the possibility of economic warfare seemed more legitimate, the entire bargaining position of the G77 would have been strengthened. Rather than the high watermark of hope for an NIEO lying at the Seventh Special Session, when threats of economic warfare were interpreted as likely enough to warrant a significant change in policy by Western state elites, progress towards the reformation of the so-called post-war liberal order could have continued.

To evaluate whether such South-South solidarity, in real material terms, could have eventuated — to begin to wonder whether, if the clock was turned back to 1974, things might have, because of the nature of human decision-making, happened differently — it is necessary to enquire into the extent to which moves towards such solidarity actually did develop. To do this, it is necessary to pry into, as far as possible, the debates within the G77, and, more specifically, the OPEC. When this is done, it appears that, at least to the state elites of the G77, there was no sense of inevitable failure. For key members of the G77, who were also members of the OPEC, discussions of support for the oil-importing developing states were key planks of their diplomacy during this period. As has already been noted, Algeria, whose president had been instrumental in calling for the Sixth Special Session, had sought to be a leader within the G77. As an OPEC member, its state elites sought to use its position to win support amongst oil-importing developing states, by convincing them that the OPEC could serve to support the interests of the G77 as a whole. Furthermore, Venezuela — whose chief diplomat and G77 leader in the North-South dialogue, Manuel Pérez Guerrero, was a former UNCTAD Secretary General — also lobbied within the OPEC in favour of unprecedented and innovative ways to

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<sup>316</sup> CIA, "The Dynamics of "Small-State" Leverage: Implications for North-South Relations, 7 August 1976," (CIA-RDP79T00889A000800020001-9).

<sup>317</sup> CIA, "The Dynamics of "Small-State" Leverage."

<sup>318</sup> CIA, "The Dynamics of "Small-State" Leverage."

assist oil-importing developing states. The Venezuelan President, Carlos Andres Perez, had proposed in 1977, in an opening speech of an OPEC conference, an oil price increase ‘which for one year should be devoted to reducing the debt burden of the Third World’.<sup>319</sup> Such an idea, although never implemented, would have greatly strengthened the collective power of the G77, rendering new international economic orders more possible than ever. Firstly, it would have demonstrated that the oil weapon could have been put to the use of genuine South-South solidarity. As a threat in negotiations, this strategy would have vastly altered the assessment by Western state elites of their own material power interests. If, that is, Third World debt was to be abolished via further price increases in oil, Western state elites would have had a far stronger interest in offering counter proposals, that might have achieved similar results — like, for example, giving the aid that had been promised. If there were a choice between further market disruptions thanks to an OPEC oil price hike, which amounted, essentially, to the forced reallocation of Western capital to the alleviation of debt in the Third World, then why would the Western state elites not offer counter proposals for assistance in such transfers that, if on a smaller scale, were less disruptive? Simply put, the Venezuelan proposal represented the epitome of the South-South solidarity required to empower the G77 with legitimate threats of economic warfare.

Besides the latent potential for a South-South solidarity reliant on oil-cartelized acts of economic warfare, the OPEC state elites had accrued significant monetary power. When the OPEC increased the price of oil, the result was, for them, a huge balance of payments surplus. That is, these states had sold a higher value of oil than they had bought goods from other states. As an inevitable corollary to this, all other states, in aggregate, bought a higher value of goods, especially oil and oil-related products, like fertilizer, than they sold. Thus the world was faced by a situation in which money, useful in the first degree as a means of mediating exchange, was instead facilitating an unequal exchange of goods. Through the use of money some states were, in terms of tangible goods, trading more for less. That is, the OPEC was, through the exchange of US dollars, trading a higher dollar value of oil than it was importing, say, of industrial products. The result was that international reserve currencies, chiefly the US dollar, were being pooled up in the hands of the OPEC state elites. Such a phenomenon can’t continue forever. Eventually, the states buying more than they are selling (like the United States) would run out of capital. They would have to either reduce their imports, which would trigger or would be triggered by a recession or, somehow, increase their exports. Not all states, however, could increase their exports to surplus, because a surplus for one state necessitates an equal but opposite offset elsewhere. Of course, the pooling of surplus US dollars had been occurring already, throughout

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<sup>319</sup> Ian Skeet, *OPEC: Twenty-five Years of Prices and Politics*, Cambridge Energy Studies, (Cambridge: Cambridge University Press, 1988), p. 138.

the 1960s. Then, however, the reserves were pooled in Europe, with state elites that the United States trusted enough to work as allies in its monopoly of international reserve currencies, so as to maintain international capitalism. Only one state, France, decided to sell its US dollars for gold, an action that put pressure on the then fragile Bretton Woods system. By the mid-1970s, however, when the United States no longer promised to exchange US dollars for gold at a rate fixed well below its market price, it still had to worry about international liquidity. If the OPEC state elites did not choose to invest their new “petrodollars” in Western banks — if they, instead, decided to simply hold onto them — global capitalism would have been faced by a crisis of liquidity. As the supply of money dried up in the United States, for example, the increased demand for money would force up interest rates. This would, in turn, make it impossible for the countries then importing more than they were exporting to receive the credit they needed to continue to ride out this imbalance in international trade. Simply put, the OPEC could have triggered an economic disaster.

The OPEC’s newfound monetary powers seemed, or should have seemed, more dangerous from a Western perspective, because the OPEC state elites had more directly self-interested reasons for relying on it. Firstly, the unequal exchange of value between the OPEC’s exports of oil and its imports of other goods was being whittled away by US elites’ monopoly control of the dollar. The domestic crisis in the United States, and in all Western states, of stagflation, which had no clear solution, was being fuelled by expansionary monetary policy that persisted in the false Keynesian-ish assumption that unemployment could be overcome through inflation. This US inflation, which resulted from an economic crisis within the advanced industrial states, was whittling away the value of the OPEC’s reserves of US dollars. These US policies served as an incentive for the OPEC state elites to use their newfound monetary powers to spur on reforms in the international monetary system. Interestingly, in this regard, as has been noted earlier in this chapter, there was also agreement on the need for international monetary reform amongst European state elites.

The idea of using the powers that the OPEC had over international liquidity was in itself not unprecedented. In fact, the OPEC state elites had already relied on such powers in the late 1960s, using the monetary power they had accrued in the form of Sterling holdings to devalue the pound, a significant factor in Britain’s withdrawal east of Suez. Echoing the condition faced by the United States in the 1970s, Britain’s position as controller of an international reserve currency was under threat by its continuing balance of payments deficits.<sup>320</sup> The balance of payments deficits had resulted in an ex-

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<sup>320</sup> Steven G. Galpern, *Money, Oil, and Empire in the Middle East: Sterling and Postwar Imperialism, 1944-1971* (Cambridge: Cambridge University Press, 2009), pp. 268-70; Dietrich, *Oil Revolution*, p. 170.

pansion of Sterling in the hands of those state elites representing countries with corresponding balance of payments surpluses. So long as these Sterling holdings were reinvested in London, Sterling could retain its market price, and Britain could continue to fund its balance of payments deficits. Nevertheless, the inherent pressures placed on Britain by this situation, including threats made by Kuwait that it would sell off its Sterling, which would have triggered a run on the pound and damage to the entire international payments system, was leading to reassessments in Whitehall about Britain's continued military role in the Persian Gulf. In the end, the restrictions on the sale of oil to Britain during the 1967 Arab-Israel War, and the large sell-offs of Sterling by Arab holders, forced a devaluation that saw the end of the Sterling as a significant international reserve currency, and, as such, put even further pressure on the position of the US dollar, as the selling of Sterling resulted in the loss of gold reserves from Central Banks that the dollar was then tied to, under the Bretton Woods system.<sup>321</sup> There was here, therefore, an important precedent that both the OPEC state elites, and Western state elites, were well aware of. The OPEC state elites' huge increases of US dollar holdings in the 1970s, due to their massive balance of payments surpluses, and concomitant balance of payments deficits in much of the rest of the world, amounted to an acute position of leverage in international discussions over the reform of the so-called post-war liberal order.

With the value of the US dollar under threat from inflation, the OPEC state elites discussed the potential for using their newly increased monetary powers to force changes to the international monetary system. As Skeet quotes in *OPEC: Twenty-five Years of Prices and Politics*, the OPEC had, at its 44<sup>th</sup> meeting in 1975, 'decided to adopt the use of the SDR as a unit of account ... and will define the practical modalities for the implementation of the SDR at its next Extraordinary Meeting'.<sup>322</sup> This wasn't, of course, the same as the OPEC announcing that it would not accept US dollars, but it would have meant that sales of oil could no longer have been as easily whittled away by a depreciating international reserve currency. It also would have bolstered the idea, then widely discussed, of relying on the IMF's Special Drawing Rights for international liquidity, a move that would have served to reduce even further the United States' monopoly over international reserve currencies, as well as facilitated, multilaterally, the process of recycling the surpluses from balance of payments deficits, all moves that were, as noted earlier, supported by European state elites. If the United States, via the Federal Reserve Bank, could rely on its monopoly of international reserve currency to force the rest of the world to absorb the costs of its own economic crisis, the rest of the world was not completely powerless. Indeed, as this moment of history shows, the OPEC cartel, at its highest levels, was discussing countervailing measures.

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<sup>321</sup> Galpern, *Money, Oil, and Empire*, pp. 268-70; Dietrich, *Oil Revolution*, p. 170.

<sup>322</sup> Skeet, *OPEC*, p. 131.

## **The Underlying Power and Agency of the G77 State Elites**

In the previous sections of this chapter it has been shown that the underlying strategy of the G77 — the creation of a unity through South-South solidarity sufficient to legitimise projections of material power — was, when followed, effective. It was also shown that plans to bolster the strategy were discussed at the highest levels by the most powerful G77 (that is, OPEC) state elites. In this concluding section it will be argued that when these plans are considered within the context of the uncertainties of the historical moment, a serious reappraisal of the power and agency of the G77 state elites is in order. The collective power of the G77 consisted of the potential to offer both material threats and concessions to Northern state elites. On the one hand, petrodollars could have been withdrawn from Western banks, or oil prices could have been further raised, acts that risked bringing down the world economic system. On the other hand, the G77, again led by OPEC, could have offered what the Northern state elites wanted: a multilateral agreement to bring stability to oil prices. Finally, OPEC could have invested its petrodollars directly into the establishment of core NIEO proposals, like the Common Fund, which would have drastically altered the international regime of commodity trade, so that more states than ever could have afforded commodity price stabilisation agreements. While I will analyse more deeply why such actions were not taken in Chapter 6, it is important to note here that all of these options were encouraged by conditions of uncertainty and crisis, and that, during the moment of possibility for a NIEO, uncertainty and crisis were endemic.

The G77's plan to establish a New International Economic Order was encouraged by uncertainty and crisis because the worse that the prevailing world order was for the G77 state elites, the least they had to lose in seeking to create a new world order. For example, acts that would have been perceived as economic warfare by Northern elites, like the systematic withdrawal of petrodollars from Western banks, would have been hugely costly for OPEC state elites if the exchange value of these dollars was stable. However, OPEC state elites would have been increasingly more inclined to disinvest their dollars the more that these dollars were losing exchange value. Likewise, OPEC investment in novel experiments such as the Common Fund would have been relatively less risky if the prevailing world order was itself not holding up. In worsened conditions of global capitalist crisis, when the value of the US dollar was declining, G77 elites would be far more likely to take tangible actions towards creating new international economic orders, because there would be far less to lose by abandoning the prevailing system. This is to consider the plans for a New International Economic Order not as something to ram through at all costs, but rather as an important contingency plan, created by G77 elites because it was unknowable, at the time, how bad conditions would get.

Indeed, such planning made complete sense, during the moment of possibility for a New International Economic Order, because the world capitalist system was faced by deep uncertainty and crisis. This uncertainty can be demonstrated via editorials published in *The Economist*. There, editorials wrote worryingly in January 1974 that ‘Only swift action can prevent this situation deteriorating into open trade and economic warfare’.<sup>323</sup> Six months later, in attempting to comprehend the then crisis of international liquidity, the fact that ‘a dangerous situation is building up over the oil money’, *The Economist* bemoaned that: ‘It is a habit of finance ministers to wait until the skies fall in’, something that ‘could happen very soon’.<sup>324</sup> This uncertainty had meant a crisis not only of world order, but of the theories hitherto relied upon by *The Economist*, and other orthodox observers, to explain it. Thus, *The Economist* reported Mr Beryl Sprinkel of the Harris Bank of Chicago as stating that ‘Economic theory does not provide a guide for determining the speed with which the economy will adjust to an abrupt shortfall of oil’; and Mr A. Gilbert Heebner of the Philadelphia National Bank as saying that ‘The trouble is that economists have no experience with a political crisis of this magnitude. Presumably it is a threat to the economy, but we don’t know how to measure it’. Finally, it reported that a member of the United States Federal Reserve Board, who declined to be named, had told *The Economist* that he ‘had never felt so bewildered and uncertain’.<sup>325</sup>

## Conclusion

In this chapter I have shown that alternative futures of world order were created, and considered, by the most powerful G77 state elites, and that the historical record shows such strategising was powerful. This represented the creation of a powerful strategy for the reformation of world order. In so far as OPEC state elites were willing to support oil-importing developing state elites, the OPEC-NOPEC alliance could be believed as viable. In this way, the G77 elites took advantage of the then world economic crisis in order to assert their power, and push for reform. These efforts had been effective in drawing a response from Northern state elites in the form of new compromises in negotiations. Strikingly, this occurred even without a tangible demonstration that the South-South solidarity that was being projected would actually be followed through on. Additionally, the sorts of actions that were being, explicitly and implicitly, projected as possible by the G77 elites had already been deployed previously, when OPEC elites had used their monetary reserves to force changes in British policy in the Arabian Gulf. Therefore, I argue that from the Sixth Special Session and until the ending of the Paris Conference on International Economic Co-operation, there existed a moment of genuine possibility for a New International Economic Order. What follows from this, however, is the question

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<sup>323</sup> *The Economist*, "Editorial ", 12 January 1974, p. 11.

<sup>324</sup> *The Economist*, "IMF Discussions About Monetary Reform," 8 June 1974, p. 65.

<sup>325</sup> *The Economist*, "And a Thoroughly Confused New Year," 29 December 1973.



of why, if this is true, the G77 elites did not follow through on the potential for reform they had created. In the following chapters I will offer explanations for this. In so doing, I will attempt to explain how close the NIEO Project came to being implemented.

## **Chapter 5: The Emergence of Stalemate in the North-South Dialogue: A Revisionist Interpretation**

In the previous two chapters I argued that the launching of the NIEO Project was successful because of the power created when the G77 elites transcended their material conflicts of interests at the Sixth Special Session. By transcending these conflicts the OPEC was able to project itself as lending the support of its petrodollar power to the NIEO. In order to test my argument that the G77 state elites had, as such, created a moment of possibility for experiments in the reformation of world order, the counterclaim that the G77's bloc tactics inhibited any possibility of these discussions transitioning into negotiations must be disproved. That is, I must show that the NIEO Project was not destined to fail the moment that hopes for the reformation of world order entered the necessary cutting-room floors of negotiating fora. In order to defend against this counter argument I further develop the arguments made in the previous two chapters by assessing the available primary source evidence and previous interpretations of the stalemate that emerged at UNCTAD IV in Nairobi. I find, in support of my argument that the NIEO Project represented a moment of possibility for the reformation of world order, that an alternative interpretation of the stalemate exists. This interpretation can be traced in an incipient and weaker form in the contemporaneous analysis of Robert L. Rothstein, in the documents of the UNCTAD Secretariat, and in speeches made by the state elites of the G77. By relying on these interpretations, I show that rather than arising from the brittle bloc tactics of the G77, the stalemate at UNCTAD IV emerged as a result of the withdrawal, by the OPEC state elites, of their initially promised support for the NIEO Project.

Explaining the emergence of stalemate in the North-South dialogue is important in forming my thesis that the NIEO Project can be interpreted as a moment when the G77 had created the possibility of reforming the post-war liberal order. It is important because the cause of the stalemate holds implications for assessments of the level of "possibility" that existed for the G77's proposals. If it is alleged, as Thomas Weiss argues, that the G77's bloc tactics, while necessary for launching the North-South dialogue, were paradoxically also the reason that the dialogue failed to transition to a stage of substantive negotiations, then the arguments made in the previous two chapters are useful only for explaining the emergence of what, with hindsight, should be considered a moment of false optimism. Indeed, this is the predominant view of the stalemate in the North-South dialogue. In order to assess this interpretation, I will first provide an overview of the important aspects of its argument. In doing so, I distinguish between the "facts" of the consensus interpretation — those aspects of the history of the North-South dialogue verified by the available primary source evidence — and the set of assumptions and corresponding logic that the predominant view relies upon in order to interpret these facts. Having done this I then outline my argument that an alternative interpretation better accounts for both

the evidence previous interpretations have relied upon, and for further primary source evidence from UNCTAD IV. This interpretation posits that rather than being bogged down by the bloc tactics of the G77, the stalemate in the North-South dialogue emerged because of the withdrawal of originally promised OPEC support. To show this, I must overcome two core challenges raised by the critics of the G77's bloc tactics. Firstly, I must show that the G77 continued, leading up to and at UNCTAD IV, to mediate its internal conflicts of interest. Secondly, I must show that the proposals made by the G77 were not overly ambitious, that the G77 state elites had not, in asking for too much, overextended their actual power.

### **The Hitherto Interpretation of the Stalemate**

While, when the G77 was still actively calling for a new international economic order, analysis existed suggesting that the implementation of the G77's demands, or some watered-down version of them, was or even might be possible, ever since the realisation of the NIEO Project's failure became widespread the stalemate in the North-South dialogue has predominantly been interpreted as inevitable. More specifically, it has been assumed that the stalemate arose from the bloc tactics of the G77. This literature, just like the contemporaneous literature before it, is very small. Analysis of the stalemate that emerged within the North-South dialogue features primarily in the works of Amrita Narlikar and Thomas G. Weiss.<sup>326</sup> However, these two works cite the earlier, contemporaneous work of Robert L. Rothstein. Rothstein, writing before it was certain that the NIEO Project would fail, was also critical of the bloc tactics of the G77. He, an observer of UNCTAD IV, was the first to note that the North-South dialogue failed to transition from a stage of discussions to a stage of negotiations. To Rothstein, failure was not inevitable, but the G77 would have to reduce its expectations and be willing to negotiate over the practical details of its proposals, rather than only discussing matters of broad principle.<sup>327</sup> Rothstein thought that 'massive change for the benefit of the developing countries was never likely, and persistent demands for such immediate changes only guaranteed immobility', and therefore that 'steady change was a good deal better than nothing', 'particularly because it at least kept open the possibility of more significant change down the road.'<sup>328</sup> Despite talking down the power of the G77, Rothstein did not rule it out completely. Even though Rothstein was, in 1979, reasonably certain that the OPEC would not back the NIEO Project with any significant material support, he noted that the fact that this was, nevertheless, a possibility, did empower the G77 to some degree.<sup>329</sup> He understood that this possibility is what explained the G77's sense of optimism.

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<sup>326</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*; Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO*.

<sup>327</sup> Rothstein, *Global Bargaining*, p. 25.

<sup>328</sup> Rothstein, *Global Bargaining*, pp. 25-26.

<sup>329</sup> Rothstein, *Global Bargaining*, pp. 44-49.

Following the realisation that the NIEO Project had failed, Thomas G. Weiss, who began working at the UNCTAD just as the stalemate was emerging, relied on the work of Rothstein, but did so in order to argue that the G77's bloc tactics had meant that stalemate was inevitable. To Weiss, the North-South dialogue had failed to transition from discussions to negotiations because the G77's unity, necessary for launching the dialogue in the first place, was so fragile that it could not actually withstand mediations of its own internal conflicts of interest.<sup>330</sup> Furthermore, by ignoring the other aspect of Rothstein's analysis (even as Rothstein, I argue, understates it) Weiss argues that because the G77 had no real collective power, it was unable to convince the state elites of the Global North that it would be worse for them not to negotiate.<sup>331</sup> The argument made by Weiss is, in 2003, also made in the work of Amrita Narlikar, whose research focuses on Southern tactics in multilateral negotiations in the 1980s, but which concludes, like Weiss, that the NIEO Project, in the 1970s, was doomed from the beginning because of the bloc tactics of the G77.<sup>332</sup> Taken together, these works amount to what has been, since the realisation of the failure of the NIEO project, a consensus interpretation of the emergence of stalemate in the North-South dialogue. In this section I will first outline its claims, so that I can, in the next section, explain the advantages of my revisionist interpretation.

The historical-empirical basis of the previous interpretation consists of four facts about the North-South Dialogue. Firstly, as discussed in my previous chapter on the launching of the Sixth Special Session, it points to the fact that the G77, as a bloc, created its proposals by amassing and negotiating over a list of the desires of its more than 100 member states. Secondly, it relies on the fact that the North-South dialogue failed, in large part, to move from an initial stage of discussions to the necessary stage of negotiations over issues of implementation.<sup>333</sup> Thirdly, it relies on the fact that, in the final analysis, the North-South dialogue failed to achieve any significant results.<sup>334</sup> Finally, it relies on the fact that, when a watered-down Common Fund was finally agreed to, the ratification process had to be extended, and some of the relatively poorer developing states had to be pressured to ratify.<sup>335</sup>

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<sup>330</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 6-7.

<sup>331</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, p. 16.

<sup>332</sup> Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO*, pp. 16, 31-32.

<sup>333</sup> Rothstein, *Global Bargaining*, pp. 79-81; Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 14-15.

<sup>334</sup> None of the initial proposals brought to the Sixth Special Session were ever passed. Something resembling a Common Fund for commodities was passed, but it was too watered down to alter the incentives inhibiting the formation of commodity agreements.

<sup>335</sup> Corea, *Taming Commodity Markets*, pp. 91-92; Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 82-83.

The first conclusion that arises from the dominant interpretation of the facts of the North-South dialogue is that the G77 was unable to negotiate through its internal conflicts of interest. This claim is made in order to explain the inability of the North-South dialogue to move from discussions to negotiations. Thus, it is argued, both by Weiss and Narlikar, that the G77's unity rested on its ability to discuss issues of broad principles, and, as such, it could simply never seek to resolve what were, at the level of the actual implementation of these principles, irreconcilable conflicts of interest.<sup>336</sup> To Narlikar, this is further elaborated upon via a distinction she draws between coalitions and blocs. Coalitions, which can form around a specific issue, can be adaptive, because they are based on the self interest of members acting for instrumental purposes. However, the G77, as a negotiating bloc, was according to Narlikar formed more because of a commonly shared identity, for ideational rather than instrumental purposes. It is for this reason, Narlikar argues, that the G77 was good, during the North-South dialogue, at 'proposal-making and blocking' but not flexible enough to actually negotiate.<sup>337</sup>

Secondly, the previous interpretation argues that the G77's demands, which had to be ambitious enough to win the support of all G77 member states, could never have formed the basis of substantial negotiations with the Global North, because Northern state elites preferred not to negotiate rather than to make any compromise even vaguely similar to the G77's demands. That is, it is argued that the NIEO Project's proposals were overly ambitious, in the sense that they were not matched by any substantial negotiating power. As Weiss argues: 'Without a change in the procedures of group bargaining, the logical notion is violated that parties negotiate when the outcome from doing so promises to be better than that expected from refusing to do so. The last ten years of the North-South dialogue would seem to belie this principle.'<sup>338</sup> This claim by Weiss, however, is itself premised on a subsequent assumption, also shared by Narlikar, that the OPEC power was either not substantial, or was never a likely enough threat to win concessions from the state elites of the North.

Thus, the previous interpretation of the emergence of stalemate in the North-South dialogue relies on the facts that (1) intra-group bargaining was not easy for the G77, (2) the North-South dialogue failed to transition from discussions to negotiations, (3) the North-South dialogue failed to win any significant results for the state elites of the G77, and (4) that, when a watered-down Common Fund was eventually agreed upon, some of the poorest developing states which had called for a Common Fund

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<sup>336</sup> Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO*, pp. 58-59, 61, 64-65, 68-69.

<sup>337</sup> Narlikar, *International Trade and Developing Countries Bargaining and Coalitions in the GATT and WTO*, pp. 58-59, 61, 64-65, 68-69.

<sup>338</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, p. 59.

had to be pressured into ratifying it. In interpreting these facts, Weiss and Narlikar argue that stalemate emerged from the G77's bloc diplomacy. In order to interpret the facts in this way, Weiss and Narlikar assume that (1) because the G77 was unable to mediate between its internal conflicts of interest it was limited to making overly ambitious rhetorical demands. These rhetorical demands were the glue holding the otherwise fragile G77 bloc together. Thus, (2) its "negotiating" position was limited to making declarations, which were so ambitious that they could never have succeeded in winning the support of the state elites from the Global North. In order to demonstrate the superiority of my counter interpretation I, in what follows, build on the work in my previous two chapters in order to account for all the facts relied on in the previous interpretation, and to challenge its important interpretive assumptions.

### **The Continuation of Intra-G77 Bargaining**

Much of my revisionist interpretation of the emergence of stalemate in the North-South dialogue builds on work in the previous two chapters. As I argued in Chapter 3, the NIEO Project was launched as a result of the successful negotiation of potentially fatal intra-G77 conflicts of interest. This alone challenges the arguments made by the previous interpretation of the stalemate in the North-South dialogue, in so far as the previous interpretation alleges that the G77 failed to transcend its internal conflicts of interest in a way that allowed for flexibility in negotiations.<sup>339</sup> Nevertheless, I must also demonstrate that the initial ability of the G77 to negotiate amongst its own state elites was extended from the Sixth and Seventh Special Sessions and into the UNCTAD and other forums, where it was hoped that the negotiations over the actual implementation of the NIEO would begin. Thus, in this section I demonstrate the existence of a continuity of intra-G77 conflict mediation. This mediation, I argue, was fruitful. Evidence for this is found in the continued development of G77 policy, which became so nuanced as to incorporate the diverse and potentially conflicting interests of its many member states. Secondly, the proposals brought to, and speeches given at, UNCTAD IV show that the G77 state elites were willing to call upon each other, to pressure each other, in order to make progress. To demonstrate this, I will focus on three issues paramount to the NIEO platform which have been cited in the works of the dominant interpretation as evidence that the G77 bloc could not work as a negotiating team: commodity market stabilisation and indexation; debt forgiveness; and the conflict that existed between oil-importing and oil-exporting developing states. The dominant interpretation alleges that these conflicts were irreconcilable, and that G77 unity was maintained only by ignoring them. I show that strong and successful attempts were made at mediating these conflicts

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<sup>339</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, p. 77.

and that this is evident at UNCTAD IV, highlighting a continuity of such conflict mediation that began before the Sixth Special Session.

### *Debt*

The G77's position on debt alleviation is cited in the work of Thomas G. Weiss as serving only to unify the group at the level of rhetoric, while amounting, in terms of material interests, to a conflict between G77 member states too intractable to resolve.<sup>340</sup> Weiss' claim about the G77 position on debt at UNCTAD IV in Nairobi is that it was 'highly unrealistic', because it 'demanded cancellation or adjustment measures by all developed countries in respect of the debt of all developing countries.'<sup>341</sup> Weiss' point is not only that such an alleged demand was too ambitious, but that it entailed a conflict of interest between relatively poorer and relatively wealthier developing states. While the poorest developing states were seeking debt cancellation, the wealthier developing states did not seek debt cancellation, for fear of damaging their credit ratings.<sup>342</sup> Thus, Weiss makes the observation that 'when the Latin American countries withdrew their claims for such measures and the language of the text was changed to eliminate obligation, meaningful negotiations became possible.'<sup>343</sup> These claims by Weiss are made to support his overall thesis, that the G77's bloc tactics inhibited any intra-G77 conflict mediation, so that the bloc tactics also inhibited any successful negotiation with the Western powers.

The primary source records, however, show Weiss' claims to be false. Even in the *Declaration of- and Programme of Action on the Establishment of- a New International Economic Order*, the G77 had not called for complete debt cancellation for all developing states. These documents, forged at the founding of the NIEO Project at the Sixth Special Session, called for '[a]ppropriate urgent measures' to 'mitigate the adverse consequences for the current and future development of developing countries arising from the burden of external debt contracted on hard terms'.<sup>344</sup> Importantly, it called for such debt 'renegotiation' to be dealt with on a 'case-by-case basis'.<sup>345</sup> The founding documents of the NIEO also called for developed states to 'consider favourably the cancellation, moratorium or rescheduling of the debts of the most seriously affected developing countries, on their request, as an important contribution to mitigating the grave and urgent difficulties of these countries'.<sup>346</sup>

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<sup>340</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 113-14.

<sup>341</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 113-14.

<sup>342</sup> There are other important differences. The poorer developing states were indebted, in the main, to international financial institutions like the IMF and World Bank which offered concessional loans (loans with interest rates below the market rate).

<sup>343</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 113-14.

<sup>344</sup> Assembly, "Programme of Action," Section II, Sub-section 2., para. f.

<sup>345</sup> Assembly, "Programme of Action," Section II, Sub-section 2., para. g.

<sup>346</sup> Assembly, "Programme of Action," Section X, Sub-section 4.

Thus, even at the founding of the NIEO Project, the G77 had agreed not to complete debt cancellation, but to debt cancellation on a 'case-by-case basis', particularly for the most seriously affected states, and only 'on their request'. The primary source records show quite clearly, then, that the conflict between relatively poorer and relatively wealthier developing states had, in the mediations at the launching of the Sixth Special Session, been resolved, and that this is evident in their 'demands'.

By the time of UNCTAD IV, in Manila, the general thrust of what had been agreed to at the Sixth Special Session remained unchanged, but the G77 showed signs that it had further developed its ideas into more practical proposals. In the *Manila Declaration and Program of Action*, adopted at the third ministerial meeting of the Group of 77, from 26 January to 7 February 1976, the G77 called for debt relief from 'bilateral creditors and donors in the form, *inter alia*, of waivers or postponement of interest payments and/or amortization, and cancellation of principal, of official debt to developing countries', but only for those countries 'seeking such relief.'<sup>347</sup> It did, however, state more matter-of-factly that the 'least developed, the developing land-locked and the developing island countries should have their official debts cancelled.' For 'other most seriously affected countries' it was stated that they 'should receive the same treatment or, as a minimum, have their debt-service payments on official debts waived until they cease to be regarded by the United Nations as most seriously affected countries.'<sup>348</sup> Thus, rather than lumping all the G77 member states together in a demand for a complete debt moratorium, the G77 had managed to mediate between its potential intra-group conflicts of interest over the debt issue, allowing its more developed states, whose elites were concerned about their credit ratings, to stand aside, while it called for support for its 'most seriously affected' states. In fact, it even dealt with differences between its relatively poorer developing states, as indicated by reference to those states disadvantaged by their geographies. Perhaps most importantly, it called for a path back to full debt service payments once a state was in a position to do so. Rather than reflecting the immobile bloc tactics of a G77 avoiding its own internal conflicts of interest, the calls for debt relief show the G77 as using its weight to support the interests of its poorest member states, without such pledges having to impact on the interests of its wealthiest.

### *Commodities*

The literature on the emergence of stalemate in the North-South dialogue provides three main arguments in support of the claim that the G77's bloc tactics, by ignoring important intra-group conflicts of interest, served to inhibit actual negotiations over commodity price stabilisation and/or indexation.

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<sup>347</sup> G77, "Manila Declaration and Programme of Action," (1976): section 4, para. 3.

<sup>348</sup> G77, "Manila Declaration," section 4, para. 3.



As with debt, the claim is made that despite ignoring the intra-G77 conflicts surrounding the commodities issue, the G77 was actually divided in terms of the material interests of its different forms of state. Firstly, there is the fact, as noted by Rothstein, that while the overwhelming majority of G77 states were net exporters of the commodities proposed to be regulated, around 20% of them were not.<sup>349</sup> Secondly, there existed a potential conflict between elites from member states that already enjoyed commodity market stabilisation agreements, and those from states which did not. This potential conflict existed because of the fear that the proposal for an Integrated Programme for Commodities and Common Fund might render pre-existing agreements less stable.<sup>350</sup> Lastly, there existed a fear that the negotiation of commodity agreements at a global level would amount to an interference with the more specific interests and sovereignty of commodity exporters.<sup>351</sup> As I will show in what follows, all of these potential conflicts of interest had remediable solutions, and these solutions were found in the proposals brought to UNCTAD IV.

On the issue of the number of developing states that might suffer materially as a result of the proposed Integrated Programme and Common Fund, a lot depended on the extent to which the new international commodity markets would feature indexation, as opposed solely to stabilisation. A scheme that would be solely designed to stabilise commodity prices, by purchasing while prices were low and selling when prices were high, could, in actual fact, be seen as a positive even for the G77 member states who were net importers, in so far as it also brought stability for consumers.<sup>352</sup> Direct indexation, on the other hand, would have featured attempts at stocking in order for the price of commodities to be maintained in real terms. This would, if successful, have resulted in increased costs for importers of the given commodity. Importantly, such measures were called for by the G77. In its *Manila Declaration and Programme of Action*, which its members brought to UNCTAD IV, it called explicitly for indexation:

*(e) Effective application of appropriate measures and procedures for indexing the price of commodities exported by developing countries to the prices of manufactures imported from developed countries;*<sup>353</sup>

Nevertheless, this statement in support of the indexation of commodity prices, something that could have been detrimental to a significant minority of the G77, is qualified by the words ‘appropriate

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<sup>349</sup> Rothstein cites an UNCTAD study of 100 developing countries, in which it is found that 80 were net exporters of the “relevant commodities”, and 20 were net importers: UNCTAD, *Proceedings of the United Nations Conference on Trade and Development: Fourth Session, Nairobi, 5 - 31 May 1976*, vol. II (New York, 1977), p. 8; Rothstein, *Global Bargaining*, pp. 112-17.

<sup>350</sup> Rothstein, *Global Bargaining*, pp. 128-29.

<sup>351</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, p. 59.

<sup>352</sup> UNCTAD, *Proceedings of the United Nations Conference on Trade and Development: Fourth Session, Nairobi, 5 - 31 May 1976*, vol. III (New York, 1977), p. 8, para. 50.

<sup>353</sup> G77, "Manila Declaration," Part two, Section 1B, para. 5e.

measures'. This qualification should not be taken lightly, because it is so easily ignored by those interpreting the NIEO Project as an 'anti free market', or simply protectionist, movement. The UNCTAD Secretariat, in acting as de facto secretariat of the G77 itself, and while attempting to facilitate the negotiations over an Integrated Programme for Commodities and corresponding Common Fund, made it clear at UNCTAD IV that:

*16. For most developing countries, solutions to the purchasing power problem which are fully consistent with the principle of self-reliance cannot be found in the short term, since they must be sought mainly through diversification and industrialization. In the meantime, most developing countries need assistance and support from developed countries for the maintenance of adequate rates of growth in their real export earnings, including assistance in the form of specific measures for preserving their purchasing power from erosion by world inflation.*<sup>354</sup>

That is, in keeping with the Prebischian vision of supporting a move towards conditions of international trade in which commodity price indexation would no longer be needed at all, and in remaining cognisant of the fact that direct indexation was not feasible for the vast majority of commodity agreements, the G77, and the UNCTAD Secretariat, were not proposing commodity regulations that would increase the costs of commodities for those developing states, nor developed, that were net importers. Rather, it was being proposed that temporary financial support be given with the conditionality that it be geared towards diversification so as to alleviate such problems for good.<sup>355</sup> Thus, the NIEO Project's proposals for commodity markets cannot be assessed in terms of a simple distinction between whether or not a G77 member state was a net importer or exporter of commodities. Because, in the main, it was not proposed that there would be direct indexation of commodity prices, the main consequence for net importers would be the stabilisation of the prices of these net imports. Furthermore, the G77 and the UNCTAD Secretariat also planned proposals that would help states in the case that they were affected by increased prices as a result of the Integrated Programme, such as assistance for countries if they were affected by increased food prices.<sup>356</sup> What all this demonstrates is that, contrary to the assertion that the G77 featured irreconcilable conflicts of interests that were ignored, it actually featured potential conflicts of interests that were, ever since the launching of the NIEO Project at the Sixth Special Session, consciously worked through within the group.

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<sup>354</sup> UNCTAD, *UNCTAD IV*, III, p. 18, para. 16.

<sup>355</sup> UNCTAD, *UNCTAD IV*, III, p. 10, para. 63.

<sup>356</sup> G77, "Manila Declaration," Part two, Section 1B, para. 6.

The G77, as a bloc, had also managed to forge agreement on what could potentially have been a conflict between those member states which already enjoyed commodity price stabilisation agreements, and those that did not. Much of the analysis on this is based on the assumption that the 'Integrated Programme for Commodities' backed by a single 'Common Fund', would necessitate a conflict with already existing agreements.<sup>357</sup> However, the G77 had not proposed this. Instead, its *Manila Declaration and Programme of Action* stated that:

9. *The application of any of the measures which may concern existing international arrangements on commodities covered by the integrated programme would be decided by governments within the commodity organizations concerned.*<sup>358</sup>

This agreement made by the G77 demonstrates further that, contrary to the claims made about its bloc negotiating tactics, the group did not simply paper over its internal conflicts of interests by ignoring issues of practical implementation. The G77 never proposed at UNCTAD IV, as it has been alleged, a scheme in which all commodities would be negotiated together multilaterally.<sup>359</sup> Rather, the Integrated Programme and Common Fund were intended to provide a negotiating environment in which individual commodity agreements would be more viable. This move by the G77 was needed not only to transcend intra-G77 conflicts. It served to make compromise with the state elites in the North more likely as well.

### **The Alleged Absurdity of the G77's Demands**

In the previous section I have shown that, rather than suppressing any mention of its internal conflicts of interest, the Group of 77 continued the work begun at the Sixth Special Session by mediating these intra-group conflicts of interest. In this section, I turn to address the different but related claim that even if compromises were found within the G77 they were so 'unrealistic' that they could never have formed the basis of negotiations with the Global North.<sup>360</sup> I do this in order to determine the cause of the stalemate that emerged within the North-South dialogue. What is known, and has been noted frequently in the literature on the stalemate, is that discussions at UNCTAD IV did not move, in general, from considerations of broad principles towards negotiations over the implementation of new measures. While I have shown that this did not occur because the G77 was unable to compromise amongst its own members, I have not yet shown that the resulting compromises were not overly ambitious in terms of the group's power. This is a claim made most stridently in the work of Thomas Weiss, but also found in a more nuanced fashion in the work of Robert L. Rothstein and Amrita

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<sup>357</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 59.

<sup>358</sup> G77, "Manila Declaration," Part two, Section 1B, para. 9.

<sup>359</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, p. 105.

<sup>360</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 50-51.

Narlikar. In my reassessment of the emergence of stalemate, I argue that the G77's power must be understood within the context of the alliance between elites from oil-importing and oil-exporting G77 member states. As such, in this section I further develop the argument I made in the previous chapter, where I showed that the NIEO Project had real power following the Sixth Special Session, because the OPEC projected itself as a willing backer. In this section, I show that the context of the OPEC-G77 alliance is fundamental in understanding the emerging stalemate in the North-South dialogue. The claims made by the G77, and the compromises it arranged in order to mediate between its own internal conflicts of interest, only seem 'overly ambitious' when this context is ignored. After showing that the prospect of OPEC investment in the NIEO Project formed the basis of the G77's negotiating position, it becomes clear that the emergence of the stalemate was the result not simply of the G77's bloc tactics, but of the withdrawal of originally promised support by the OPEC, as a group.

As I showed in the previous chapter, the G77 had created, by maintaining its unity with its oil-exporting member states, a moment of possibility for a new international economic order. With the G77 maintaining its unity, it was able to call for a new international economic order, even though the majority of its members were negatively affected by the OPEC oil price rise. This support was reciprocated by the OPEC which, as an organisation, declared itself as a willing supporter of the NIEO Project.<sup>361</sup> With this support, the United States entered the Seventh Special Session with a markedly different approach, as evidenced by CIA analysis of the G77 as genuinely powerful.<sup>362</sup> If this argument is true — that this moment was one of possibility for a new international economic order, as opposed to a moment of false optimism — then several things should be, and are, evident in the primary source records of UNCTAD IV. First, evidence should exist of continued negotiations between oil-importing and oil-exporting developing states, evidence of the efforts needed to maintain the alliance. Second, it would make sense that, if such OPEC support was not as forthcoming as had been initially projected, the G77 bargaining position would suffer. This is what occurred at UNCTAD IV. As I will outline in this section, both the G77 and the UNCTAD Secretariat prepared for UNCTAD IV under the reasonably held belief that the OPEC would provide a strong leadership role in advocating for the G77's proposals. Furthermore, while the OPEC member states' representatives did not withdraw their support completely, they certainly did not take a leadership role.

### *The intra-G77 diplomacy*

Leading up to, and during UNCTAD IV, the oil-importing state elites were continuing to lobby for the promised support from the oil-exporting member states. Evidence for this is found in the *Manila*

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<sup>361</sup> OPEC, *Solemn Declaration*.

<sup>362</sup> CIA, Prospects for the 7th Special Session.

*Declaration and Programme of Action*, which the G77 brought as the basis for its negotiating position at UNCTAD IV. This document, when introducing its proposals in the section 'Commodities', quotes two paragraphs from a resolution adopted at the *Ad Hoc Committee* of the Seventh Special Session, stating that 'developed countries and developing countries in a position to do so should substantially increase the volume of assistance to developing countries for agriculture and food production'.<sup>363</sup> Given the context of the mid-1970s, when the oil-importing world, in aggregate, was in need of dollars in order to balance their trade deficits, it was only the OPEC member states, with their corresponding balance of trade surpluses, which could be considered as 'developing countries in a position to do so'. This call for support from the OPEC member states, which reflects the pressure put on the OPEC state elites by the G77's oil-importing state elites, is found also in the document's section on 'Least Developed Among The Developing Countries, Developing Island Countries, and Developing Land-Locked Countries'. There the document states that 'Developed market-economy countries, the socialist countries of Eastern Europe, developing countries that are in a position to do so ... should give high priority to increasing their assistance to the least developed countries.'<sup>364</sup> The *Manila Declaration and Programme of Action*, in having been worked through by a ministerial meeting of the G77 in preparation for UNCTAD IV, reflects the work done by oil-importing, and especially the least developed and most seriously affected developing, states in pressuring the representatives from the OPEC states to follow through on their pledges of support for the NIEO Project.

There exists also evidence that this pressure was maintained during the conference. In records of the speeches made at the plenary sessions of UNCTAD IV, representatives from oil-importing states called on the OPEC state elites for more material support.<sup>365</sup> Thus, Mr. Juvenal Kamenge, an Ambassador of Burundi, Mr. Mwai Kibaki, Minister of Finance and Planning of Kenya, and Mr. Janko Smole, Member of the Federal Executive Council of Yugoslavia, all called on material support from developed and developing countries 'in a position to'.<sup>366</sup> Mr. Harka Bahadur Gurung, Minister of State for Industry and Commerce of Nepal called for both industrialized and 'relatively affluent developing countries' to follow the lead set by the Philippines at the ministerial meeting of the G77 in Manila by contributing 'towards the establishment of the proposed Common Fund of the integrated programme for commodities.'<sup>367</sup> The Minister of Foreign Affairs of Madagascar, Mr. Jean Bemana-

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<sup>363</sup> G77, "Manila Declaration," Part 2, Section 1, para. 2.

<sup>364</sup> G77, "Manila Declaration," Part 2, Section 6, para. 7.

<sup>365</sup> UNCTAD, *UNCAT IV*, II, pp. 17, 22, 64, 72, 82, 129.

<sup>366</sup> UNCTAD, *UNCAT IV*, II, pp. 17, 64, 129.

<sup>367</sup> UNCTAD, *UNCAT IV*, II, p. 82.

niara, called directly on 'petroleum-producing countries' to 'contribute to a special fund for the benefit of the poorest countries.'<sup>368</sup> These statements, and others, are noteworthy for having been aired publicly. Because the projection of unity did necessitate the keeping of intra-G77 conflicts as concealed as possible, these statements are suggestive of much stronger politicking between oil-importing and oil-exporting state elites behind the scenes.

Interestingly, these calls for material support from the OPEC were not based solely on the need for development assistance, but were made also with the explicit goal of strengthening the strategic position of the G77. Thus, Mr. Paul Ilamoko-Djel, Ambassador of Chad to Belgium, after stating that the wealthier developing countries should 'help those at the lowest stage of development', stated also that 'developing countries should awaken to the fact that their economic partners would be impressed by their solidarity in the campaign against poverty only if they began to agree on joint plans and programmes to help one another effectively and resolutely, thus showing their will to achieve collective economic self-reliance.'<sup>369</sup> For others, like Mr. Frank Abdulah, Ambassador and Permanent Representative of Trinidad and Tobago to the United Nations in New York, such strategic South-South solidarity had already been fostered by the 'awareness that the developed countries were unwilling to help bring about a new international economic order'. As such, developing countries were determined to 'mobilize their individual and collective resources' and 'increase their bargaining power for negotiation with developed countries on such matters as commodity prices'.<sup>370</sup> These statements provide evidence that, at UNCTAD IV, G77 state elites believed that if material support was given by the OPEC member states to the poorer developing states, the negotiating position of the G77 would be strengthened. Thus, the OPEC was not just called upon for support, but the alliance between the OPEC and the oil-importing developing states was also talked up, in attempts at projecting G77 power. For this reason, Mr. Osman Hashim Salam, State Minister for National Economy of Sudan, stated that 'The increased power of some groups of developing countries had changed the world financial situation to an unpredictable extent.' Furthermore, Salam wished to comment on the 'rumours about differences of opinion among the developing countries'. He stated that the developing countries had 'unanimously supported the proposals in the Manila Declaration and Programme of Action' and 'hoped to enter into a constructive discussion with the developed countries'.<sup>371</sup> In this way, the public pronouncements of G77 representatives at the plenary sessions of UNCTAD IV can be read, just like those at the Sixth Special Session, as a dialogue not just between North and South,

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<sup>368</sup> UNCTAD, *UNCAT IV*, II, p. 72.

<sup>369</sup> UNCTAD, *UNCAT IV*, II, p. 22.

<sup>370</sup> UNCTAD, *UNCAT IV*, II, pp. 109-10.

<sup>371</sup> UNCTAD, *UNCAT IV*, II, p. 105.

but between South and South, and for the specific purpose of fostering and projecting the collective power that underlay the movement, something that was believed to be possible only if the wealthier developing states lent material support to the poorer.

### *The plans of the UNCTAD Secretariat*

It is in this context, discussed above, of a potential G77 power that rested on fulfilling the earlier promises of the OPEC to significantly invest in the NIEO Project, and the wider efforts of G77 state elites to realise this power, that the UNCTAD Secretariat devised its research and plans for proposals towards the establishment of a new international economic order in international commodities markets. What I mean by this is that the ambition of the plan (to have an estimated 6 billion dollar Common Fund that would enable the establishment of previously unaffordable commodity agreements; to have compensatory financing schemes aimed at supporting the diversification of Southern economies until they were no longer affected by the problem of the declining terms of trade)<sup>372</sup> makes sense considering that the UNCTAD Secretariat had its finger on the pulse of the creation of the power that underlay the NIEO Project. As I will show below, the explicit understanding of the UNCTAD Secretariat aligned with the views projected by the state elites of the G77, that the time was different, and ripe, for the launching of a more ambitious international commodity price stabilisation system, because of the alliance the G77 had forged between its oil-importing and oil-exporting member states.

Evidence to the effect that the UNCTAD Secretariat, in the period following the Sixth Special Session, had prepared for UNCTAD IV under the direct understanding that the OPEC might be a willing investor in the NIEO Project can be found in the documents it submitted to the conference. Thus, in its document, ‘Action on commodities, including decisions on an integrated programme, in the light of the need for change in the world commodity economy’, the UNCTAD Secretariat:

*‘proposed that the paid-up capital of the Common Fund should be subscribed by countries which are importers or exporters of the commodities to be covered by the integrated programme, while it is envisaged that countries — such as certain petroleum exporters — in balance-of-payments surplus would extend long-term loans to the fund.’<sup>373</sup>*

While commodity agreements had been created before, the new element in the UNCTAD Secretariat’s proposal was, explicitly, funding by the OPEC member states. Amidst the scramble for petrodollars following the huge trade imbalances triggered by the OPEC’s oil price hike, the UNCTAD

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<sup>372</sup> UNCTAD, *UNCTAD IV*, III, pp. 5-6. (6 billion dollars in 1976 translates to approximately 25.6 billion dollars in inflation-adjusted 2018 dollars.)

<sup>373</sup> UNCTAD, *UNCTAD IV*, III, p. 6, para. 29.

Secretariat, believing the OPEC's pledges of support for the NIEO Project,<sup>374</sup> assumed that the negotiating position of the G77 would, this time, be different.

The expectation of the UNCTAD Secretariat was not that the state elites of OPEC would act out of magnanimity alone. Rather, as the report went on to state, the long-term loans that were anticipated to be forthcoming would not be unreasonable, 'since investment in international stocks would be backed by attractive collateral with reasonable rates of return.'<sup>375</sup> Indeed, this point, which formed the basis of the UNCTAD's proposals brought to UNCTAD IV, was later elaborated on more closely by the then UNCTAD Secretary General, Gamani Corea. In his memoir, *Taming Commodity Markets*, Corea claims that in a meeting with Sheik Yamani, the then Oil Minister of Saudi Arabia, he had asked whether the OPEC would 'be interested in investing in the Common Fund'. According to Corea, Yamani had replied that: 'If there is security and an adequate return to investment, then why not? Saudi has itself some commodities other than oil — like phosphates.'<sup>376</sup> Corea's reasoning was that, because commodity price stabilisation operated by purchasing commodities when prices were low, and selling when prices were high, it would be 'inherently viable and self-financing'.<sup>377</sup> Thus, in a context in which the OPEC had projected itself as a willing backer of the NIEO Project, and in which that project had, as one of its central goals, the aim of commodity market stabilisation, and in which the oil-importing developing states were pressuring the OPEC to make true its projections, the UNCTAD Secretariat devised plans which, in its assessment, would even make a return for such OPEC investment.

### **A Revisionist Interpretation**

In this chapter I have shown that many of the essential claims made by the previous interpretation of the stalemate in the North-South dialogue are unfounded. There is, in fact, evidence that the G77 was able to resolve its internal conflicts of interest, and that the G77's strategy arose from a genuine source of power. Thus, as an alternative to the previous interpretation, which argues that the G77's brittle bloc tactics and lack of real power meant stalemate was inevitable, I offer an interpretation that explains the stalemate as the result of the decision making of the OPEC state elites. According to this interpretation the internal G77 conflicts of interests were very real, but the G77 had created possibilities for successfully transcending them. This potential for compromise, however, rested on signifi-

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<sup>374</sup> OPEC, *Solemn Declaration*.

<sup>375</sup> UNCTAD, *UNCTAD IV*, III, p. 6, para. 31.

<sup>376</sup> Corea, *Taming Commodity Markets*, pp. 35-36.

<sup>377</sup> Corea, *Taming Commodity Markets*, pp. 35-36.



cant investment towards the NIEO Project by the OPEC state elites. Thus, whereas the previous interpretation assumes that intra-G77 conflicts were ignored, my interpretation highlights that they were, within the G77, actively negotiated. Whereas the previous interpretation assumes that any G77 compromise that was sufficient to account for all the group's internal conflicts would never be agreed upon by the Northern state elites, my interpretation argues that the power of the G77's alliance with the OPEC meant that this didn't have to matter. In this final section, I explain how my revisionist interpretation is able to account for the best arguments for the inevitability of stalemate.

### *The eventual failure to ratify the Integrated Programme for Commodities*

Perhaps the most damning argument made in the literature on the stalemate concerns the eventual Common Fund and integrated programme that were agreed upon. Eventually, the state elites from the North and South did agree upon a Common Fund and integrated programme. This agreement, however, was heavily watered-down. Whereas originally it was proposed that the Common Fund should be around 6 billion dollars, the final agreement saw only 400 million dollars.<sup>378</sup> This was itself reflective of a Common Fund that would have played a very different role from that originally envisaged. Whereas originally it was hoped that a Common Fund, with 6 billion dollars, could support any commodity agreement, the one eventually agreed upon would only assist in financing commodity agreements after the relevant countries had already raised sufficient capital. It would do this by seeking capital from international financial markets.<sup>379</sup> Thus, the original vision of an international order in which even the poorest commodity-exporting states could find financing for commodity price stabilisation was cut short. To come into effect, the Common Fund required ratification by 90 member states, which had, in total, to contribute two thirds of the fund's required capital base. The ratification process was slow, but even as the number approached 90, without the United States or the USSR contributing, funding remained far from the required two thirds, and this was with OPEC support for the funding requirements of the poorest states.<sup>380</sup> It was eventually ratified by 101 states and fully funded, on the 11 July 1988, after the USSR agreed to sign up.<sup>381</sup>

To Thomas G. Weiss, the fact that some of the poorer developing states had to be reminded to ratify the eventual agreement on the Common Fund is sufficient evidence to prove that these states had never desired a Common Fund in the first place.<sup>382</sup> The original 6-billion-dollar Common Fund, how-

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<sup>378</sup> Corea, *Taming Commodity Markets*, pp. 109-14.

<sup>379</sup> Corea, *Taming Commodity Markets*, pp. 109-14.

<sup>380</sup> Corea, *Taming Commodity Markets*, p. 128.

<sup>381</sup> Corea, *Taming Commodity Markets*, p. 132.

<sup>382</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 82-83.

ever, was designed to overcome a set of problems that were believed to have plagued the establishment of commodity agreements. Thus, to quote the proposals brought to UNCTAD IV, it was believed that the establishment of commodity agreements had been inhibited by the fact that ‘the burden of finance’ was placed on the producers, ‘while the amount of finance made available’ had tended to be inadequate.<sup>383</sup> The UNCTAD Secretariat’s report stated explicitly that ‘The proposal to set up a Common Fund is intended to remove this constraint.’<sup>384</sup> This could be overcome because ‘the existence of such a fund would allow the negotiation of international stocking schemes to go forward unhampered by the particular financial difficulties of individual participating countries under *ad hoc* systems of financing.’<sup>385</sup> That is, it was believed that the ‘availability of finance would exercise a catalytic role in stimulating new commodity stocking arrangements’.<sup>386</sup> This view is found also in the speeches made by G77 state elites at UNCTAD IV. The representative of Zambia, for example, after stating that it was the ‘sincere feeling of my delegation that the creation of the Common Fund will herald an important beginning in the establishment of a new international economic order’, stated that a ‘major reason for the failure of existing commodity agreements, in general, has been the lack of funds — a bottleneck the Common Fund principle is designed to eliminate.’<sup>387</sup> In providing evidence of the close relation between the UNCTAD Secretariat’s plans and the state elites of the G77, the representative of Zambia also mentioned the ‘catalytic role of the Common Fund proposal in facilitating the conclusion of new commodity agreements.’<sup>388</sup> Thus the question remains whether the eventually agreed upon Common Fund was able to solve the problems that it was originally designed to.

The alternative interpretation of the stalemate also offers an alternative explanation for the eventual reluctance of certain state elites to ratify. Rather than signifying that these state elites had never been supportive of the G77’s originally proposed Common Fund, it is likely that the eventually agreed upon Common Fund, because of how diluted it had become, was not a priority. That is, there were limits to how flexible the G77 could be in negotiations without losing the support of its members. In the case of the Common Fund, if it did not fulfil its originally intended purpose of rendering the international system more amenable to the creation of international commodity agreements for developing states, then there was no great urgency to dedicate diplomatic efforts towards ratification. As I showed in the previous section, the originally proposed Common Fund had been perceived as

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<sup>383</sup> UNCTAD, *UNCTAD IV*, III. p. 4, para. 21-22.

<sup>384</sup> UNCTAD, *UNCTAD IV*, III. p. 4, para. 21-22.

<sup>385</sup> UNCTAD, *UNCTAD IV*, III. p. 4, para. 21-22.

<sup>386</sup> UNCTAD, *UNCTAD IV*, III. p. 4, para. 21-22.

<sup>387</sup> UNCTAD, *Proceedings of the United Nations Conference on Trade and Development: Fourth Session, Nairobi, 5 - 31 May 1976*, vol. I (New York, 1977), pp. 106-07.

<sup>388</sup> UNCTAD, *UNCTAD IV*, I, pp. 106-07.

viable because of the prospect of substantial OPEC investment, something that had eventually been withdrawn.<sup>389</sup> As such, the alternative, or revisionist, account interprets the failure of the eventually agreed upon Common Fund as evidence of the ability of the G77 to continue to attempt to negotiate, even when the odds were severely stacked against it. Even though the G77's original strategy, in being based on OPEC investment, had fallen through, the G77 continued to attempt to reach some agreement in negotiations.

## **Conclusion**

In this chapter, I have outlined the previous interpretations of the emergence of stalemate in the North-South dialogue. Largely, these have explained the stalemate in terms of the brittle bloc tactics of the G77. This interpretation explains the failure of the North-South dialogue to move from discussion to negotiation, and the eventual failure of the NIEO Project in general, as resulting from the inability of the G77 to compromise with the Global North. To explain this inability, it is alleged that the G77 was unable to negotiate its own internal conflicts of interest, and so ignored them by focusing only on rhetorical statements of broad principle. It is further alleged that the claims made by the G77 were simply too ambitious to have been successful. Clearly, negotiating both amongst the G77 state elites and with the state elites of the Global North was difficult. However, in this chapter I have provided evidence showing that the G77 was able to do this. Secondly, I have provided evidence that the G77 was able to do this within the context of a historical moment in which it did have real power to implement its demands. The negotiations fell into stalemate then, according to my new interpretation, because of the decision/s of the OPEC state elites to pull back from their originally promised investment in the NIEO Project. That is, rather than stalemate emerging because of the bloc tactics of the G77, it is quite possible that it emerged because of the decision making, or the agency, of certain G77 state elites. Explaining the decision making of these state elites, in order to explain the reasons for the eventual failure of the NIEO Project, will be the focus of the next chapter.

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<sup>389</sup> OPEC state elites did, however, support the poorest oil-importing developing states to meet their financial obligations for the eventually agreed upon, and watered down, Common Fund.

## Chapter 6: Why the NIEO Project Failed

I argue in this thesis that neglecting the history of the NIEO has weakened knowledge of world order. This has been a problem for both Orthodox and Critical IR theories. For both, an important justification for the lack of engagement with the NIEO is the assumption that it was too weak ever to have had the chance of implementing any of its core proposals. While, following the pioneering work of Vijay Prashad, a handful of historians and legal scholars have argued against this assumption, it has not yet been possible to show historically how the NIEO Project could have been successful. As such, the interpretation of the NIEO's failure as inevitable that first appeared in the 1980s remains the dominant view. This means that both the theoretical and historical approaches to world order have been able to justify their relative ignorance of the NIEO. I seek to challenge this by showing that the NIEO Project was indeed powerful, and that it could have succeeded. So far, I have worked towards this by showing that the G77 state elites, in relying on a common ideological position that sought not to overthrow but to save the post-war liberal order, were able to create a common platform that was malleable enough to participate in negotiations with the state elites of the Global North. As I argued in the previous chapter, this strategy rested on the potential support of the OPEC state elites, who had recently grown powerful because of their huge trade surpluses. Thus, to show how the NIEO Project could have succeeded, or, what amounts to the same thing, to explain why the underlying strategy of the NIEO was never deployed, it is necessary to explain why the OPEC state elites did not invest in the NIEO Project as they had originally, during and following the Sixth Special Session, implied they would.

The cynical view is that the OPEC never intended to support the NIEO. That is, the OPEC's projection of itself as a leader within the G77 that sincerely hoped for a new international economic order was more a ploy to gain legitimacy for its abrupt and disruptive oil price hikes.<sup>390</sup> If the OPEC could hoodwink the world's poorest states, who were the most seriously affected by the oil price hikes, into publicly supporting these oil price hikes, then the chance of a strong US-led military or economic response — indeed, war was explicitly not ruled out by Henry Kissinger<sup>391</sup> — would be lessened in so far as the United States cared about the legitimacy of its own global leadership. If true, then the NIEO Project had only ever been a front for the OPEC to further entrench the position of its own members within a US-led world order, rather than a genuine strategy to use its new petrodollar power to reform world order in line with the perspectives of the Third World. While this is a reasonable interpretation of what eventually did happen, it fails to account for the uncertainty surrounding the

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<sup>390</sup> Weiss, *Multilateral development diplomacy in UNCTAD: The Lessons of Group Negotiations, 1964-84*, pp. 105-06.

<sup>391</sup> Dietrich, *Oil Revolution*, pp. 289-94.

future of world order that existed during this period. Indeed, for a while, the OPEC state elites simply were not sure that their position within a US-led world order was stable. As such, the whole NIEO Project could not have been a mere attempt at legitimising its oil price hikes. To at least some extent, and I argue that this was a significant extent, the OPEC state elites must have understood the NIEO Project as preparing for a possible future of world order that they might support.

It is this uncertainty about the present and future of world order, a direct product of the world economic crisis, that has been the most significantly overlooked aspect of both the rise and fall of the NIEO Project. I have been able to focus on this by relying on a relational historical materialist approach to world order. By considering the decisions of historical actors as shaped by historical structure and shaping future historical structure, the historical structures of any given moment are understood to be far less fixed. Indeed, the agency of any given historical actor is understood as seamlessly intertwined with uncertain and changing contexts. Thus, a relational historical materialist approach requires that the decision making of the G77 elites be interpreted as interacting dialectically with changes in the world economic crisis. By demonstrating that the world economic crisis calmed, in 1975 and until around 1977, and by showing that this period of relative calming correlated with the onset of stalemate in the North-South dialogue, and its eventual collapse, I offer an interpretation of the failure of the NIEO Project that describes it as, in part, a response to changes in the structure of international political economy. That is, as it became relatively more likely that the OPEC's petrodollar surpluses and power would be stable within a US-led world order, investment in a new international economic order became, also relatively, more risky. In this way, the NIEO Project should not be considered as powerless, nor its failure inevitable. Rather, as a serious option created and debated at the highest levels of the G77 and the OPEC, the NIEO Project failed as the OPEC state elites came to view it as riskier once the world economic crisis calmed, something that could not have been predicted and might not have happened.

While I feel confident in arguing that the calming in the economic crisis is fundamental and should be the foundation for explanations of the failure of the NIEO Project, I cannot be confident of exactly how important it was. The only way that the influence of any particular historical force on the NIEO Project can be gauged is by engaging in counterfactual analysis. That is, to determine more precisely how significant the calming in the world economic crisis was for the failure of the NIEO, it would need to be established what would have happened if the world economic crisis had not calmed, or if it had not calmed quite so much. Unfortunately, there are no primary sources for what has not happened. As such, in order to gauge the extent to which the calming of the world economic crisis was a significant factor in the decision of the OPEC state elites to withhold significant investment into the

NIEO, I explore two broad counter interpretations. These two alternative interpretations argue that even if the world economic crisis had worsened, the OPEC state elites, for non-economic reasons, would not have invested in a new international economic order. I argue that while these interpretations are useful in improving my argument about the fundamental role of the calming of the economic crisis, they are themselves much weaker interpretations of the available evidence. Thus, while it cannot be known precisely what would have happened had the world economic crisis not calmed, I argue that if it had not calmed, the OPEC state elites would have been encouraged to significantly support the NIEO Project. That is, experiments in new international economic orders — the establishment of an international institution to stabilise commodity prices, a boost in support for international reserve currency alternatives, as well as alternative means of dealing with the Third World debt crisis — came very close to being experimented with. It was, at least, powerful enough for the G77 and OPEC state elites to keep these options alive for as long as possible, while they gauged their many unique positions within the changing and uncertain world economic crisis.

### **The Collapse**

With no significant pledge by the OPEC, either as an organisation or by any of its state elites, for support for the NIEO or any of its associated proposals,<sup>392</sup> the Conference on International Economic Cooperation, held in Paris from 1975 until 1977, eventually collapsed with almost no progress having been achieved. The ending of talks at Paris was hugely damaging for the NIEO Project, because it had been deliberately constructed in order to offer the best chance for the successful agreement on practical implementations of experiments in a new international economic order. Most notably, the G77 was not represented in full at the CIEC. Rather, it was represented by state elites from 19 member states. This had been arranged, and agreed upon by the G77 as a whole, in an attempt to make negotiations less cumbersome, and therefore more amenable to success. In order for the G19 to carry the legitimacy of the G77 at the CIEC, it was agreed that the final agreement of the CIEC would be brought to the 31st Regular Session of the United Nations General Assembly, where all states would be able to comment on it, and a vote approving it could be held. It was felt that, in this way, the holding of the CIEC was still linked to the G77 and the United Nations, while also holding a better chance of reaching a settlement. More importantly, however, was the fact that the CIEC was specifically designed so that the interests of the Global North, of reaching a compromise agreement on energy prices from the OPEC, would be discussed as linked to the proposals of the NIEO Project. Indeed, just as with the Sixth Special Session, the CIEC had been proposed as a counter to calls by the state elites of the Global North for international negotiations over energy. The OPEC state elites,

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<sup>392</sup> This is not to say that OPEC state elites had not granted unprecedented levels of foreign aid to the oil-importing members of the G77.

in 1975, called for the CIEC with the explicit intent of including the G77 in any talks over energy prices, further signalling, then, that it was seeking to play an important leadership role in the NIEO Project.<sup>393</sup> Nevertheless, the CIEC conference, as I will show in this section, was locked so severely in stalemate that its original ending, and the UN Session that had been planned in conjunction with it, had to be extended. Then, when it finally did end, the only substantial conclusion that attendants could agree upon was that no progress had been made.

That the Conference on International Economic Cooperation had consisted, largely, of a stalemate, is demonstrated by the correspondence of Diego Cordovez to the United Nations Secretary General. After ‘receiving many requests for clarification’ on the CIEC, Cordovez, an experienced diplomat who worked with the United Nations secretariat throughout the NIEO era, telephoned a member of a delegation to the Paris Conference. Cordovez was informed that there was ‘indeed no difference between the status of the negotiations at the end of the meetings of the Commissions, except in respect of minor details, from the status which prevailed at the opening of this series of meetings’. At this point, the decision to postpone the ministerial meetings had not been made, and yet Cordovez was of the opinion that it was ‘quite obvious ... to all delegations in Paris that, if the Ministerial Meeting is held in December, it will only result in a complete collapse of the Paris Conference.’ In confirming Cordovez’ assessment, the CIEC ministerial meeting was postponed, triggering also the postponement of the conclusion of the UN General Assembly meeting that was to conclude on the agreements made at the conference.

When the CIEC did finally end, six months after the postponement of the originally proposed ministerial conference, there were no voices, on any side of the issues discussed, praising its results. Even with such an anti-climax, the negotiations on the final agreement were tense. On the second day of June, 1977, Cordovez, in correspondence with the UN Secretary General, noted that:

‘intense negotiations were held throughout yesterday and, almost uninterruptedly, until 7:00 a.m. (Paris time) today. At that time there was a very serious deadlock. The meeting was adjourned until 4:00 p.m., at which time some kind of “salvage operation” would be attempted. It was suggested that I should not call before 10:00 p.m. (Paris time), at which time the Conference is expected to conclude one way or another.’<sup>394</sup>

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<sup>393</sup> Leonard Silk, "OPEC Maps Its Paris Goals," *The New York Times*, April 7 1975, p. 49.

<sup>394</sup> UNA, "Items in Conference on International Economic Co-operation — Paris, 2 June 1977," (S-0972-0009-01-00001).

These last-ditch negotiations can, for lack of any substantial compromises, be interpreted as being motivated by the compulsion for all state elites to save face, both for themselves and for their respective causes, by placing any possible veneer of conciliation onto the final agreement. Even Kurt Waldheim's concluding speech, which usually sought to strike at optimism, conceded failure. The UN Secretary General admitted that: 'The Conference on International Economic Co-operation fell short of the objectives that the participating governments had set themselves when it was convened eighteen months ago.'<sup>395</sup> The only consolation that Waldheim could scrape together was to note that the conference had 'contributed to a better understanding of the complex issues involved, and has helped to elucidate many problems', while also possessing the symbolic significance of 'matters affecting the relationship between developed and developing countries', and having engaged 'the attention of the highest policy-making officials.'<sup>396</sup> When it is considered that when the CIEC first began, in 1975, it was hoped that the smaller negotiating team, the "Group of 19", in conjunction with the fact that energy was being discussed alongside development, would lead to genuine success in implementing a new international economic order, it must be concluded that it was a failure. What was not known at the time, but will be discussed in the next chapter, is that the CIEC was to be the last significant forum of the North-South dialogue. In this sense, despite later attempts to revive it, it can be considered retrospectively to mark the collapse of the NIEO Project.

### **Explaining the Decline**

I have shown that the negotiating position of the G77 depended on the support of the OPEC, and that increasing uncertainty about this support led to stalemate and then to the collapse of the North-South dialogue. It remains to be explained, however, why this support never arose. In the absence of an explanation, it is unclear why the OPEC had, in 1974 and 1975, projected itself as willing to support a new international economic order. Great amounts of time and resources were applied to this end. In order to explain why I feel that the changing economic context is the most important reason for the change in the OPEC's position towards the NIEO, I explore also alternative interpretations. Firstly, I discuss what I call the cynical view, which argues, essentially, that the OPEC state elites never stopped their support for a NIEO because they had never intended to actually support it. After showing the weaknesses of this argument, I then turn to explaining the historical evidence that underlies my argument that a calming in the world economic crisis, which occurred during the stalemate and subsequent collapse of the North-South dialogue, was hugely significant in discouraging OPEC support for a NIEO. However, the extent to which this was the deciding factor is impossible to pin down

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<sup>395</sup> UNA, "Statement by the Secretary-General on the Conclusions of the Conference on International Economic Co-operation," (S-0972-0009-01-00001).

<sup>396</sup> UNA, "Statement by the Secretary-General."



precisely. This is because to do so, a counterfactual analysis is necessary, an analysis that is inherently speculative. As such, I qualify my argument by exploring a further counterargument. I explore the potential that, during this period, certain OPEC state elites had succeeded in creating strong enough ties with the United States that they would not have supported the NIEO even if the economic crisis had not calmed. I argue that this argument is not strong enough to dismiss the role of the calming of the economic crisis, but that it is useful for explaining the decision making of the OPEC state elites. It is useful for attempts at understanding how close the history of world order came to experimentation with new international economic orders.

### *The Cynical View*

The cynical view of OPEC's intentions offers great explanatory power, but its strengths are easily incorporated into other interpretations. In order to explain why the primary source records show a change from an OPEC projecting itself as a willing supporter of a NIEO to a group of state elites that failed to agree on significant material support, the cynical view concludes that the OPEC, in aggregate, had simply never intended to support the NIEO in the first place.<sup>397</sup> This argument is capable of explaining why the OPEC put so much time and resources into G77 diplomacy: its many different state elites, or at least a majority of them, had done this in order to legitimise its oil price hike. The support of the majority of the world's states in the United Nations, especially when these states were suffering economically and politically because of the oil-price hike, was a very important asset for the OPEC state elites. This legitimacy was important in assisting the OPEC in defending against the possible actions of the United States. This would not have been an unfounded fear, considering that Kissinger, in an interview in *The World* in 1975, had been unwilling to rule out military action.<sup>398</sup> With the OPEC's actions so historically unprecedented, and with Mossadegh's CIA-backed overthrow in recent memory, it is not hard to imagine the OPEC state elites' understanding the benefit of a global display of solidarity for their oil price hikes, especially from states suffering the most from them. As such, it is possible that OPEC state elites had projected themselves as willing supporters of the NIEO Project without ever actually intending to support it. Such an analysis explains the resulting stalemate and then collapse of the North-South dialogue as a moment whereby the hopes held by the oil-importing developing state elites for genuine South-South solidarity were eventually exposed as naive. Before I turn to explaining the weaknesses of this argument, I must note that its strengths can

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<sup>397</sup> Largely, all the three arguments that I support here are my own, because the literature exploring the failure of the NIEO is very scant. However, Christopher Dietrich does make an argument that surrounds this notion, that the OPEC were 'unconvincing Robin Hoods', and that the south-south solidarity required for the NIEO to be successful was never going to arise: Dietrich, *Oil Revolution*, p. 313.

<sup>398</sup> "The World: The Intervention Issue," *Time*, 20 January 1975, <http://content.time.com/time/magazine/article/0,9171,912693-1,00.html>.

be easily incorporated into other interpretations. That is, it is of course true that OPEC state elites gained significantly from the legitimacy offered by the G77 as a whole, and as such were motivated to project themselves as supporting the NIEO for reasons other than a genuine intention of granting significant financial backing. Nevertheless, these motivations could, and I argue did, exist alongside genuine attempts at planning for possible futures in which the OPEC would support a NIEO.

The first weakness of the cynical view is that it ignores the role of uncertainty in shaping the decision making of the OPEC state elites. To argue that the OPEC state elites had never, in aggregate, intended to support the NIEO Project is to assume that these state elites had not been able to envisage possible futures in which supporting an NIEO would have been in their own interests. The OPEC state elites, however, had no idea, especially given the uncertainty induced by the world economic crisis at the time, what the future held. Therefore, it seems unlikely that OPEC state elites had never had the intention of supporting the NIEO. Rather, it would be better to argue that the OPEC state elites might have thought that the chance of themselves supporting the NIEO was low. That is to say that OPEC state elites had projected themselves as willing backers of the NIEO in part for the gains to their international legitimacy over the oil price hike, but also as a means of shoring up a “plan b”. However, the cynical view, that the OPEC state elites would never have supported or intended to support the NIEO can not account for this. Even an interpretation that describes the OPEC as considering the need to grant such support as unlikely would need to answer the question of what would have had to have been different for the OPEC elites to have wanted to support the NIEO.

Most importantly, the cynical view is weak because it does not account for all the available evidence. For example, if OPEC state elites had never actually intended to support the NIEO, then why did they discuss, as I showed in the previous chapter, possible means to this end at OPEC’s highest levels, without actively emphasising this fact?<sup>399</sup> The historical record shows that the OPEC did more than just project itself as a potential supporter of the NIEO. The record shows that the OPEC state elites actually considered such support as potentially necessary. Indeed, the OPEC state elites designated countless hours and millions of dollars towards the NIEO Project. It is far easier to explain this in terms of a genuine belief, on behalf of the OPEC elites, that they might have more significantly supported the NIEO Project. Perhaps the best argument that can be raised in support of the interpretation that OPEC state elites had never intended to support the NIEO is that they had, because of G77 diplomacy, sufficient knowledge of the internal disagreements of the group to know that a NIEO Project would never get off the ground in a way significant enough to warrant OPEC support. This argument,

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<sup>399</sup> Skeet, *OPEC*, 131.

however, can not account for the fact that it did get off the ground in this way, and that the OPEC state elites saw this unfolding from the best possible seats. Indeed, they were at the Sixth Special Session, where the G77 successfully negotiated, as a group, in order to create compromises on its own position while simultaneously negotiating with the state elites of the North. Lastly, there is definitive evidence that at least some state elites from the OPEC certainly supported the NIEO Project. Boumédiène, Chairman of the Revolutionary Council of Algeria, had been instrumental in launching the Sixth Special Session. Furthermore, Venezuela, as represented by Manuel Perez Guerrero, a former UNCTAD Secretary General, had sought an oil price hike that would have contributed directly to the needs of oil-importing developing states. Furthermore, the evidence of Gamani Corea's memoir, as shown above, demonstrates that Saudi Arabia had not always been opposed to investing in a Common Fund. Furthermore, sources of US Foreign Relations show that Saudi Arabia had specifically linked NIEO progress to Saudi support on oil pricing.<sup>400</sup> Thus, because the cynical view that the OPEC had never intended to support the NIEO fails to account for all the available historical evidence, it remains to be explained exactly why such OPEC support never arose.

#### *The explanation from economic context*

No previous explanation of OPEC state elites' failure to significantly invest in the NIEO has attempted to factor in the changing context of the world economic crisis during this period. This is a problem, I argue, because the economic crisis was precisely what had enabled the G77 to be able to create, with its fellow OPEC members, a genuine source of power. As such, changes in the economic crisis during this period had a profound effect on the North-South dialogue. Such changes are also fundamental in changing the position of the OPEC state elites, from actively projecting themselves as willing supporters of the NIEO, to failing to significantly support experiments in new international economic orders. My essential argument here is that the less stable the status quo world order was, the less risky, in relative terms, was investment in a new international economic order. If, that is, the OPEC state elites were not gaining sufficient stability in their earnings under the status quo world order, they would be far more likely to support experiments in unprecedented new international economic orders. Likewise, a calming of the world economic crisis would have served to discourage investment in a new international economic order. To show that this did in fact occur, I rely on key economic indicators that demonstrate that the economic crisis that had served to position the NIEO Project as an important contingency plan, calmed, from 1975 to 1977, serving to position the NIEO

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<sup>400</sup> US Department of State, "55. Memorandum of Conversation: Meeting with Yamani—Middle East and the Paris Preparatory Conference," Foreign Relations of the United States, 1969–1976, Volume XXXVII: pp. 189-94; US Department of State, "113. Telegram From the Department of State to All Diplomatic Posts: December 22, 1976," Foreign Relations of the United States, 1969–1976, Volume XXXVII: p. 398.

Project as relatively riskier than remaining with the status quo. To prove that the calming of the economic crisis had an effect on the North-South dialogue, I explore records of the negotiations at the Conference on International Economic Cooperation. As such, I am able to offer a better interpretation of the available evidence than the cynical view. I argue that the OPEC state elites had genuine power, in this period, over the future of world order, and that they decided against investment in new international economic orders because of a calming of the world economic crisis, something that could not have been foreseen.

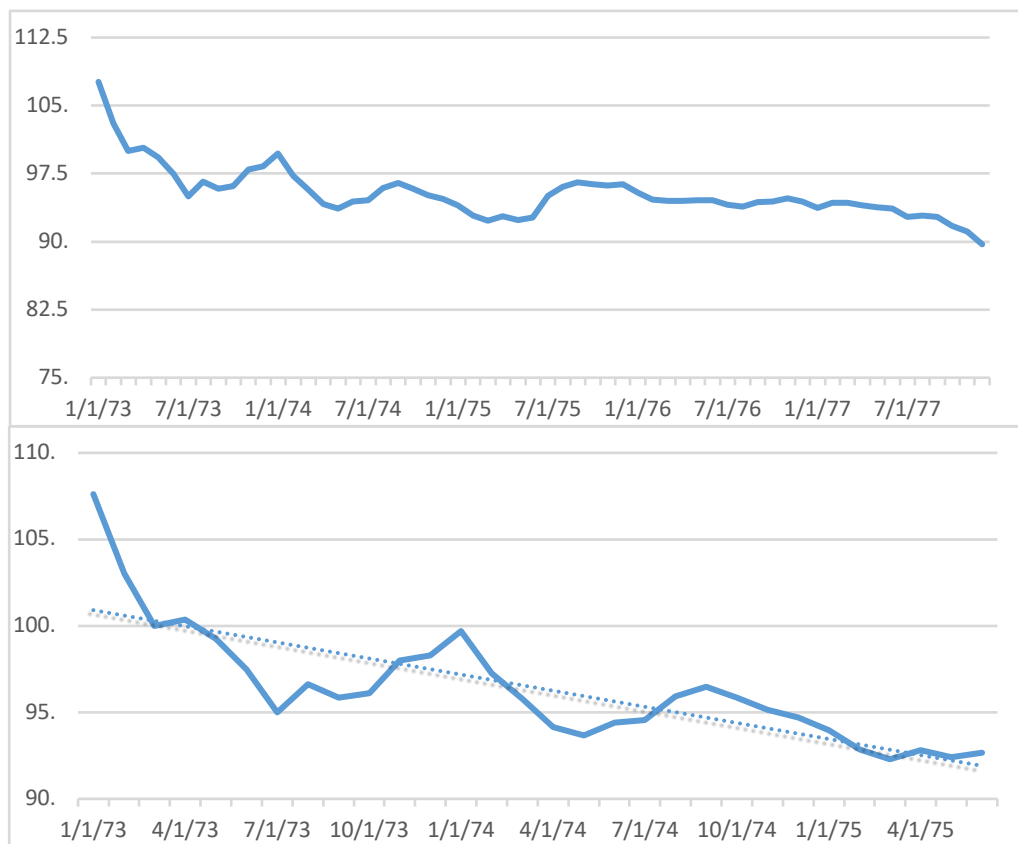
The initial strategy and power for a new international economic order had been created amidst, and in part depended upon, the uncertainty of the collapse of the Bretton Woods system. At this moment, the status quo world “order”, being in crisis, provided little certainty, rendering experiments with new international economic orders less risky, at least in relative terms, and therefore more viable. With Nixon having delinked the dollar from gold, dollars now “floated” — or intermittently sank before struggling back up for air — according to market forces. Indeed, the exchange value of the dollar, relative to a basket of the world’s then most dominant currencies, “bounced” twice during this period, with two peaks which were both lower than their preceding ones, in an observable loss of exchange value (see graph below). Inflation had already been growing at the end of the 1960s, and then only continued to increase. And, as has already been commented on, the inflation and simultaneous recession were baffling to the then economic orthodoxy.<sup>401</sup> It was within this crisis that the OPEC states had increased the price of oil, adding only further chaos and uncertainty. As a result of inflationary forces, carry-over consequences of the rise in the price of oil to the price of fertiliser, and shortages due to drought, the price of food and other primary commodities also rose sharply in this period.<sup>402</sup> Much of this was also due to speculative, or investor driven, factors, as capital left the uncertain faith-‘n-paper backed dollar for more tangible assets. In such an environment, when there was no status quo to depend upon, it was believable to all involved — OPEC state elites, oil-importing developing states, and the Western powers — that the alliance between the OPEC and the oil-importing developing state elites, as the G77, and their proposals for a new, multilaterally agreed upon world order, were possible. This was because the risks of the OPEC state elites investing in a new international economic order were not greater, or at least not significantly greater than the risks of remaining with what was left of a status quo. A new international economic order was a way of forming a multilateral

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<sup>401</sup> Economist, "And a Thoroughly Confused New Year."; Economist, "Editorial " p. 11; Economist, "IMF Discussions About Monetary Reform," p. 65.

<sup>402</sup> United Nations, *World Economic Survey 1975: Fluctuations and Development in the World Economy* (New York, 1976), pp. 8-11. [https://www.un.org/en/development/desa/policy/wess/wess\\_archive/1975wes.pdf](https://www.un.org/en/development/desa/policy/wess/wess_archive/1975wes.pdf).

compromise that had some prospect of bringing order to chaos, while also addressing long-term structural problems that Third World state elites, relying on a Third World intellectual project, could all agree upon.



The US dollar Index was created by the Federal Reserve in 1973 to measure the newly floated dollar. 100 is the base measurement from its 1973 inception. It is measured relative to the then top ten traded currencies. Source: <https://www.macrotrends.net/1329/us-dollar-index-historical-chart>

This argument is supported by a correlation that exists between economic uncertainty and G77 power. During the moment of possibility for a NIEO, marked by its negotiating successes at the Sixth and Seventh Special Sessions, the world economic situation was highly uncertain. Then, beginning at the start of the Paris Conference on International Economic Cooperation, in mid-1975, when the North-South dialogue began to transition into a discernible stalemate which would eventually collapse in failure, some semblance of order seemed to have been returning. Evidence for this can be found in the GDP growth figures of the United States, and in records of the exchange value of the US dollar and primary commodities. The United States recession that had begun before the Sixth Special Session, in the third quarter (July, August and September) of 1973 ended in the second quarter (April, May and June) of 1975, sixth months before the inauguration of the Paris Conference on International Economic Cooperation. While this is important, of course, for the United States, it is equally so as an

indicator of the global economic crisis, because the US market was such a large source of global demand. Perhaps most importantly, considering that one of the most significant levers of economic power held by the OPEC was its vast accumulation of US dollars, was the exchange value of the dollar. When measured against a basket of other major currencies, the exchange value of the dollar was rising by mid-1975. Most importantly, when it began to decline again at the end of 1975, it did not do so as quickly as it had during the declines in the first half of the 1970s. Rather, until late 1977, after the conclusion of the Conference on International Economic Cooperation, the exchange value of the dollar was declining slowly. It only dropped below its pre-CIEC low by November 1977. This is hugely significant because it suggests that the economic context in which the OPEC state elites projected themselves as willing to back the NIEO had changed significantly at around the same time that the period of increasing stalemate, and eventual collapse, had begun.

The sense of calm brought by changes in economic indicators was not felt equally for all state elites, however. If the economic crisis of the first half of the 1970s had been almost completely bad for the Northern state elites, there was one good aspect for the economic prospects of some oil-importing developing states. That is, there was a huge increase in demand for their exports. As shown in the United Nations World Economic Survey 1975, this was the result primarily of the ‘rapid and widespread rise in prices’, itself caused by inflationary pressures in the developed market economies, the OPEC oil price hike, and speculation in commodities as a source of tangible investment.<sup>403</sup> This rise in the price of some Third World exports nevertheless added, for a while, to the sense that the Third World as whole possessed considerable bargaining chips. If their export prices were rising, they could carry more leverage in negotiations in commodity stabilisation agreements, in so far as now the Northern state elites also had an interest in such endeavours. However, this historically unprecedented price hike dropped as a result of the recession in the United States. If the price rise of goods imported by developed states from developing states had risen, in 1972 to 1973, at double the rate of the 1960s, it then levelled off, before reducing sharply in 1975.<sup>404</sup> While this was a mixed blessing for oil-importing developing state elites, and also for the OPEC, it was an at least short-term positive for the state elites of the Global North. It was another sign that the context conducive to a moment of possibility for a new international economic order was fading.

Nevertheless, despite the cooling in the world economic crisis, it was not as though the economic context had become absolutely certain. Rather, it had become relatively less uncertain, and only for the state elites of the North, and the OPEC state elites. The oil-importing developing states were still

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<sup>403</sup> Nations, *World Economic Survey 1975*, pp. 8-11.

<sup>404</sup> Nations, *World Economic Survey 1975*, pp. 8-11.

faced with a growing debt bubble. Thus, the United Nations World Economic Survey for 1975 cautioned that the ‘turnaround was far from dramatic’.<sup>405</sup> There was still the problem of inflation, leading to an increased tolerance to then historically high levels of unemployment, and there had not been a significant rise in United States import demand, which was needed by the world economy. Thus, the World Economic Survey concluded that ‘1976 opened with the recovery phase of what had been the most violent cycle in post-war economic growth still very tentative and uncertain.’<sup>406</sup> With there being only a relative change in the uncertainty perceivable in the economic indicators during this period, it remains to be shown that this had an effect on the negotiations in the North-South dialogue. That is what will be turned to now.

While complete records of the proceedings of the CIEC have not been obtainable, and, indeed, may not exist at all, records of the proceedings of the CIEC for several months in 1976 do exist, in the form of reports written for the United Nations secretariat. Within these documents, which have not been relied upon in any previous work on the NIEO, there exists clear evidence that the change in economic context argued for above had a tangible effect on the negotiations. While the oil-importing developing states continued to explain their concerns about debt, disagreements about the urgency and importance of addressing this problem concerned not the immediacy of the present crisis, but of theoretically based differences concerning the long-term prospects of the debt. Representatives from the United States were keen to point out that with the recession showing signs of recovery, the trade deficit and debt crisis of oil-importing developing states would, essentially, fix itself.<sup>407</sup> Importantly, this argument was not criticised by the oil-importing developing states on the basis that the immediate moment was still uncertain, or that the alleged calming discussed by the United States had not, in fact, occurred. Rather, it was argued that the problems faced by the oil-importing developing states were of a more long-term, structural nature.<sup>408</sup> In this way, it can be shown that the relative calming of the world economic crisis had a discernible effect on negotiations. With the OPEC state elites not voicing any strong criticism of the United States’ interpretation of the changing world economic context, and even proposing arguments that served to limit the assistance that the OPEC should lend to oil-importing developing states, the records support this thesis’ argument, that the calming of world economic crisis discouraged OPEC investment in a new international economic order.

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<sup>405</sup> Nations, *World Economic Survey 1975*, pp. 3-4.

<sup>406</sup> Nations, *World Economic Survey 1975*, pp. 3-4.

<sup>407</sup> UNA, 4. Financial Affairs Commission (3d meeting: 3.30 p.m), 14 February 1976, Series 0913, Box 17, File 4, Conference on International Economic Cooperation, Paris — July 1976-1978.

<sup>408</sup> UNA, 4. Financial Affairs Commission (3d meeting: 3.30 p.m), 14 February 1976.

The perspective of the United States representatives, that the world economic crisis had shown significant signs of recovery, such that intervention to ward off a debt crisis was unnecessary, features prominently in the UN Secretariat's reporting on the CIEC. Thus, on the 14 February 1976, in the Financial Affairs Commission of the CIEC, it is reported that in discussions on the 'turnaround in economic activity in the developed countries', the 'developed countries' showed a 'general recognition that the bottom of the recession had been reached' and that 'their economies were, with varying degrees, on the way to recovery.' Two days later, the reports recorded that 'by and large ... the developed countries took the view that the raw materials should be looked at in the context of world economic conditions and that many of the adverse trends in raw materials and the ill fortunes of raw materials producers were a direct consequence of the unprecedented recession which was on the way to correction.'<sup>409</sup> On the same day, the United States estimated that the 'external deficits of developing countries' were around \$35-39 billion in 1975, and were set to decrease by \$3-5 billion in 1976.<sup>410</sup> As a result, the 'amount of extraordinary financing required in 1976 was expected to decline from \$12 billion in 1975 to \$7 billion in 1976.'<sup>411</sup> Then, a month later, in discussions on 19 March 1976, it is recorded that it is the 'prevailing view among the developed countries that the over-all terms of trade of the non-oil developing countries would continue to improve.'<sup>412</sup> Thus, rather than lending its support to compromises towards a new international economic order, the developed states argued that 'in order to maximise the benefits to be derived from improved over-all terms of trade, it would be necessary for developing countries to adopt policies that would bring the appropriate structural changes.'<sup>413</sup> Importantly, this analysis was based on the assertion that the 'economic recovery in the United States might be somewhat stronger than what had been predicted in mid-February.'<sup>414</sup> Quite clearly, the state elites from the Global North were keen to rely on the changed economic context in order to project analyses suited to their own interests of maintaining the status quo.

While the reports show that the Third World state elites were highly critical of the United States' interpretation of the world economic context, and its future, they did not dispute its claims about the calming of economic crisis for the developed states. Thus, in their response to the claim made by the United States representatives that the terms of trade would improve for the oil-importing developing

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<sup>409</sup> UNA, "3. Raw Materials Commission (4th meeting: 3 p.m), 16 February 1976," *Conference on International Economic Cooperation, Paris — July 1976-1978* (Series 0913, Box 17, File 4).

<sup>410</sup> UNA, 4. Finance Commission (4th meeting: 10 a.m), 16 February 1976, Series 0913, Box 17, File 4, Conference on International Economic Cooperation, Paris — July 1976-1978.

<sup>411</sup> UNA, 4. Finance Commission (4th meeting: 10 a.m), 16 February 1976.

<sup>412</sup> UNA, 4. Commission on Financial Affairs (10th meeting — 3.30 p.m), 19 March 1976, Series 0913, Box 17, File 4, Conference on International Economic Cooperation, Paris — July 1976-1978.

<sup>413</sup> UNA, 4. Commission on Financial Affairs (10th meeting — 3.30 p.m), 19 March 1976.

<sup>414</sup> UNA, 4. Commission on Financial Affairs (10th meeting — 3.30 p.m), 19 March 1976.



states, the UN Secretariat reports record that ‘skepticism was expressed about continued improvement in the terms of trade after 1977; and the possibility of subsequent deteriorating terms was even mentioned.’<sup>415</sup> UNCTAD projections were cited, which predicted that the terms of trade for developing states was set to improve ‘at the annual rate of 0.2 per cent’, but that ‘despite that improvement during the second half of the decade, the terms of trade were projected to decline at an annual rate of 1.5 per cent for the decade 1970-80 as a whole.’<sup>416</sup> In this way, the reports show that the G77 state elites, despite criticizing the analysis of the state elites of the North, did concede that the economic crisis had calmed, at least in the short term. Their calls for the reformation of world order had, by the Conference on International Economic Cooperation, come to reflect the more traditional arguments about more medium- and long-term structural problems, including the growing debt crisis, rather than more immediate, short term concerns.

To conclude, the available evidence supports the argument that (a) the power of the G77 rested on an OPEC willingness to support the NIEO, which was itself contingent on the uncertainty induced by the world economic crisis, and that (b) this economic crisis calmed in important ways between 1975-1977. As such, the failure of the NIEO does not reflect the incapacity of the movement, but rather the fact that as a plan created in response to an unpredictable economic crisis, it just so happened that the unpredictable conditions required for the OPEC to decide to invest in a new international economic order did not arise. However, determining that the calming of the world economic crisis discouraged OPEC investment into a new international economic order is far easier to argue than it is to assess how close the OPEC actually came to investing in a new international economic order. That is, how uncertain did the status quo world order have to be in order for the OPEC, as an organisation, to decide that investing in experiments in new international economic orders would be more prudent than not? Furthermore, it is possible that, despite the importance of economic context, other non-economic historical forces were pushing in the other direction. If true, then it is possible that the OPEC would not have supported the NIEO even if the economic crisis did not calm. In the next section, I turn to address these considerations.

### *The effect of strengthening US-OPEC relations*

In turning to qualify the above argument by considering non-economic historical forces, I find that while it is true that there were other forces pulling and pushing the decision making of the different OPEC state elites, “in the last instance” these non-economic forces, as embedded dialectically within

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<sup>415</sup> UNA, 4. Commission on Financial Affairs (10th meeting — 3.30 p.m), 19 March 1976.

<sup>416</sup> UNA, 4. Commission on Financial Affairs (10th meeting — 3.30 p.m), 19 March 1976.

the economic, were themselves dependent upon the level of uncertainty induced by the world economic crisis. It is for this reason that I am able to argue that it was the changing economic context of the world economic crisis that was the most important factor in explaining the decision that emerged within the OPEC to pull-back from investing in experiments in new international economic orders. In order to develop this argument, I first consider the growth of massive US arms trading with Iran and Saudi Arabia during this period. I explain that the strengthening of bilateral relations that this arms trade represents should not be taken to signify a dependence by either Saudi Arabia or Iran on the United States. Rather, it was the power of petrodollars and the needs of the United States, as much as anything else, that enabled the Saudi and Iranian state elites to purchase such large quantities of advanced weaponry during the 1970s. With these purchases made possible by the OPEC's oil price hike, and with this contingent on the stability of world order, it is just as true that the sale of arms was a force pulling these OPEC state elites closer to support for US hegemony as it was a possible weapon that these OPEC state elites could have used, by withdrawing such purchases of arms, to threaten that US hegemony.

The growth of US arms sales to both Iran and Saudi Arabia was a direct consequence of the petrodollar power created by the OPEC's 1973 oil price hike. This is shown in David M Wight's unpublished doctoral thesis, *The Petrodollar Era and Relations between the United States and the Middle East and North Africa*.<sup>417</sup> From 1966 to 1970, in 1985 prices, Saudi Arabia purchased 984 million dollars of arms. From 1971 to 1975, it purchased 1 billion dollars of arms. From 1976 to 1980, it had purchased 4.2 billion dollars of arms. This had almost doubled again in the next pentad. Iran had purchased, again in 1985 dollars, 2.8 billion dollars of arms between 1967 and 1970, a figure which roughly tripled in the next pentad, when it purchased 9.7 billion dollars of arms. It purchased 10.5 billion dollars worth of arms from 1976 to 1980.<sup>418</sup> Wight's thesis shows that petrodollar power, as opposed to OPEC's ability to alter oil pricing, is essential for understanding US-Middle East and North African relations in the 1970s. Indeed, he argues that the increased arms sales to the Middle East and North Africa were a consequence of the OPEC's new petrodollar power.<sup>419</sup> Arms sales were important for Saudi Arabia and Iran, whose state elites had concerns about both regional and domestic instability. Social forces in their region had already been seized upon in the revolution in Libya, an overthrow of a Western ally that had not been countered by any Western support. Furthermore, Saudi Arabia worried that the ongoing Arab-Israeli conflict, if not dealt with properly, could spark further

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<sup>417</sup> David Wight, *The Petrodollar Era and Relations Between the United States and the Middle East and North Africa, 1969-1980*, 2014, Emily S. Rosenberg, Mark LeVine, and Salim Yaqub, ProQuest Dissertations Publishing.

<sup>418</sup> All above figures are taken from: Michael Brzoska, Thomas Ohlson, and Stockholm International Peace Research Institute., *Arms Transfers to the Third World, 1971-85* (Oxford; New York: Oxford University Press, 1987), pp. 343, 48.

<sup>419</sup> Wight, *The Petrodollar Era*: pp. 10, 25, 35-36.

instability.<sup>420</sup> In this way, the purchases of arms served to help the OPEC state elites in shoring up stability, both domestically and internationally. However, the sales were also beneficial to the United States, as a part of a deliberate strategy to increase interdependence with the OPEC as a response to the international crisis of petrodollar surpluses.<sup>421</sup> As David Spiro shows, despite its “free trade” rhetoric, the United States’ foreign policy in the 1970s featured a deliberate strategy of absorbing as many of the petrodollars as it could.<sup>422</sup> By increasing its sales of arms in this period, the United States was mitigating its balance of trade deficit, as well as helping to ease the military-industrial complex through its post-Vietnam War withdrawal symptoms. In this sense, the emergent arms deals in the 1970s were the result of the petrodollar surpluses, and the US Government in damage control, just as much a reflection of OPEC power as of United States military supremacy.

As discussed, the arms sales to Saudi Arabia and Iran were a consequence of their enormous petrodollar surpluses. A reduction in arms sales was just as bad for the interests of the United States as it was potentially bad for the interests of the OPEC state elites. Thus, it represented not only a force pulling the OPEC state elites closer to the orbit of a US-led world order, as another example of the power that the OPEC had to damage that orbit. If it had chosen not to purchase US arms, or to invest its petrodollars in the United States, the OPEC could have caused massive disruption to the United States’ domestic, and therefore also the international, economy. Of course, insofar as its petrodollars were secure within a US-led world order, the OPEC state elites were encouraged to continue investing in the United States, and to continue to purchase arms from and improve relations with the United States. However, because all of this activity was the result of its petrodollar surpluses, it was also contingent on the context of the world economic crisis. Thus, in so far as the world economic crisis provided instability for OPEC petrodollars and petrodollar investments, its state elites still would have been encouraged to disinvest from the United States, or to threaten to disinvest from the United States, and this could have included its arms purchases. Indeed, the arms sales themselves, just like the arms themselves, were a potential tool of war.

Finally, formerly confidential sources detailing discussions between Saudi Minister of Oil Ahmed Zaki Yamani and US Secretary of State Henry Kissinger show that in the lead-up to the Conference of International Economic Cooperation (CIEC) US elites were kept unsure of the Saudi position. In one discussion Yamani was continuing to convince a backtracking Kissinger that linking discussions

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<sup>420</sup> Wight, *The Petrodollar Era*: pp. 38-39.

<sup>421</sup> Wight, *The Petrodollar Era*: pp. 35-36.

<sup>422</sup> David E. Spiro, *The Hidden Hand of American Hegemony: Petrodollar Recycling and International Markets*, Cornell Studies in Political Economy, (Ithaca, N.Y.: Cornell University Press, 1999), p. 28.

on energy with discussions on other raw materials had to be a central aspect of the Paris conference. When Kissinger asked what Yamani ‘wanted to discuss with the other raw materials?’, Yamani responded:

*‘We do not expect to reach agreement on the price of tea, coffee, rubber, etc.; we are prepared to separate things. But unless we are assured that you will discuss other raw materials and there is a link, we cannot just discuss energy alone.*

*Since you say that you will discuss other raw materials with good will, we take this seriously. I will talk to my other colleagues. We will form a strong front. In the meantime, we hope you will do your homework (on raw materials) soon so that we can have another meeting.’<sup>423</sup>*

Then, as their conversation was concluding with preparations to meet again in Paris, Yamani warned that: ‘What we do not want is for OPEC to meet and take action against you.’ Here Yamani is implying that such actions would not have been willed by Saudi elites, but out of their control. This reflects the actual interests of Saudi elites, who did not necessarily want a further oil price hike. It is also, however, a clever way of signalling that things could go either way. That is, Yamani was invoking the collective power of the G77 in order to pressure Kissinger into taking the issue of raw materials seriously. In response Kissinger tried to return the conversation to plans for their next meeting. Yamani, however, was not content with this. He pressed: ‘But we need more definitive information from you on how you stand on raw materials.’<sup>424</sup> While, clearly, none of the above definitively proves my core argument, that the OPEC elites came close to investing heavily in the establishment of a new international economic order, it does show that US-OPEC ties had not grown so close that Saudi Arabian elites ever gave up on projecting such actions as imminent.

## **Conclusion**

The picture that emerges from this analysis is a moment in history whereby, because of an unpredictable world economic crisis, the non-West had tangible power. OPEC state elites, through their petrodollar power, helped decide the fate of two broadly defined world orders. The evidence shows that it put its time and resources towards the possibility of supporting both of these possible world orders. I argue that through its initial support of the NIEO Project, the OPEC state elites had created a contingency plan whereby, if the uncertainty induced by the world economic crisis had not calmed, they very well may have decided to invest in experiments in new international economic orders. This would have amounted to a radical discontinuity in the history of world order, a moment in time where the rules of liberal world order were decided by a coalition of the world’s poorest states. As it actually

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<sup>423</sup> State, "55. Memorandum of Conversation: Meeting with Yamani—Middle East and the Paris Preparatory Conference."

<sup>424</sup> State, "55. Memorandum of Conversation: Meeting with Yamani—Middle East and the Paris Preparatory Conference."

eventuated, the OPEC state elites lent their support to a US-led world order. With a calming of world economic crisis, the OPEC states came to use their petrodollar power to increase their purchases of advanced weapons, so as to increase the stability of their rule both domestically and regionally, as powerful allies of a US-led world order. Of course, this plan did not necessarily work out, as evidenced by the social forces that came to overthrow the Shah in 1979. Nevertheless, when the NIEO is dismissed as an inherently weak movement destined for failure from the outset, this important decision-making power of the OPEC state elites is ignored. As such, the role of non-Western agency and power in the history and theory of world order is also ignored. The ultimate consequence of this has been that the possible futures open for the reform of world order, as experienced during moments of economic crisis, have been inadequately understood in International Relations.

## Chapter 7: Aftermath: The Debt Crisis and the End of the NIEO

In the previous four chapters I have traced the rise and decline of the NIEO Project in terms of its material-ideational power. Nevertheless, by the early 1980s another potential source of power emerged from changes in the world economic crisis. The growth of debt in Latin America and Africa had, as discussed above, been an important concern of the G77 elites at the Conference on International Economic Cooperation (CIEC). When their concerns were eventually proved correct, because a debt crisis swept across much of these two continents, there arose the prospect of a debtors' cartel. If possible, a cartel would have had substantial material power. This is because the loans to the Global South were significant assets to some of the most important banks in the US financial system.<sup>425</sup> As it turned out, no debtors' cartel was formed. Instead, loans were renegotiated on a case by case basis. The crisis management that resulted was one that favoured the creditors. Banks were protected so as to ward off a collapse of capitalism at the core, while crises and lost decades of growth were experienced in Latin America and Sub-Saharan Africa. There, as a result of the debt crisis, people who had not agreed to the original loans bore the brunt of the collapse, with child mortality rates and unemployment rising as GDP growth fell. This ending of the debt crisis also coincided with the ending of the NIEO Project. It unfolded without any of the collective action that G77 elites had been discussing during the 1970s. A relational historical materialism, however, cannot be content with only describing this series of events. It must inquire into whether things could have been decided otherwise. Why, given the seeming potential for a debtors' cartel, was one not created? This is to reconsider the debt crisis, and the aftermath of the NIEO Project, as a moment in which the non-West may have had material-ideational power over the future of world order. The task of this chapter is to explore this, in so far as is possible, by way of historical research.

Thus, in what follows I assess the potential material-ideational agency of the G77 elites by considering the prospects of a debtors' cartel. To do this, I first explain the emergence and consequences of the debt crisis. I show that it had been allowed by a US unilateralism that at first ignored the issue, and then precipitated it, and I show that it had disastrous consequences for the lives of millions of people in Latin America and Africa. Secondly, I argue that a debtors' cartel, if possible, would have been powerful. I do this by showing that those states which could project a genuine threat of default gained better deals from their creditors than those that did not. Furthermore, I show that creditors were genuinely fearful of a general debtors' default. Finally, I provide an overview of the previous explanations for the fact that a debtors' cartel was not created. I do not disagree with any of the

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<sup>425</sup> Stuart Corbridge, *Debt and Development* (Oxford, UK; Cambridge, Mass: Blackwell, 1993), pp. 44-45; Eric Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Cornell University Press, 1996), p. 176; Mazower, *Governing the World*, p. 351.

explanations given and treat them as complementary. Nevertheless, I contribute to such considerations by contextualising the failure of a debtors' cartel within the history of the rise and fall of the NIEO Project. That the G77 elites had not enacted their initial strategy was a huge blow to their original collective power. I show this by noting the fragility of intra-G77 relations following the CIEC. Thus, while the creation of a debtors' cartel is difficult in any context, it was rendered almost impossible by the breakdown in confidence that followed the retreat, by certain G77 elites, from the initial ambitions of the NIEO Project. Therefore, I conclude that the formation of a debtors' cartel was extremely unlikely. However, a further implication is that this was not inevitable. It is not unreasonable to imagine that if the G77 elites had followed through, during the North-South Dialogue, on some of their initially projected tactical moves, their collective power would have increased rather than decreased by the early 1980s. Furthermore, the G77 had been negotiating, during the North-South dialogue, for new rules and institutions that would have made the formation of a debtors' cartel easier.

### **The Latin American and African Debt Crises**

The debt crisis was a symptom of a historical moment already marked by crisis. Furthermore, attempts to deal with the economic crises of this era had to be conducted within a context in which the rules and institutions formerly created to deal with such crises had themselves broken down. Even though the notion of a 'Bretton Woods era' often inflates the importance of the Bretton Woods institutions to world trade,<sup>426</sup> it is nevertheless true that this period was marked by a multilaterally agreed upon way of dealing with balance of payments adjustments. If under a gold standard states had to deflate their economies to avoid a loss of reserves to a balance of trade deficit,<sup>427</sup> under the Bretton Woods agreements, exchange rates were fixed, but the IMF would grant credit to assist with any necessary adjustments. As David E. Spiro argues, the Bretton Woods system, even if it had not collapsed, would not have been capable of dealing with the petrodollar crisis that emerged following OPEC's oil price hike.<sup>428</sup> Nevertheless, he notes that it is still important to appreciate that when the petrodollar crisis struck, world order had lost any sense of multilaterally agreed upon rules to deal with such imbalances.<sup>429</sup> Instead, Spiro shows that what was considered 'legitimate' in the 1970s was collusion by Northern states in an attempt to reduce the price of oil, a move that was simultaneously

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<sup>426</sup> Susan Strange argues that because European states only managed to stabilise their currencies to meet the criteria of the Bretton Wood system by 1958, 'Bretton Woods only really worked for one short decade': Barry J. Eichengreen, *Globalizing Capital: A History of the International Monetary System*, 2nd ed. ed., History of the international monetary system, (Princeton, N.J.; Oxford: Princeton University Press, 2008), pp. 91-94; Susan Strange, *States and markets* (Bloomsbury Publishing, 2015), pp. 113-15.

<sup>427</sup> Eichengreen, *Globalizing Capital*, pp. 24-29.

<sup>428</sup> Spiro, *Hidden Hand of American Hegemony*, p. 22.

<sup>429</sup> Spiro, *Hidden Hand of American Hegemony*, p. 22.

and contradictorily marked by the claim by US state elites that the petrodollar surpluses would be recycled by free market forces.<sup>430</sup> All the while, these state elites actively intervened through secret bilateral deals to shore up their own share of petrodollars, and to increase their own exports of arms to the OPEC state elites.<sup>431</sup> Thus, to proponents of the ‘hegemonic stability thesis’, the 1970s marked a period in which the United States shrank back from its role as leader of the so-called rules-based liberal world order, something that worried contemporaneous analysts.<sup>432</sup> Even though the US dollar was floated, OPEC state elites increased the price of oil, and trade imbalances had to be financed, any calls for multilateral co-ordination were rejected by US state elites.

The consequence of this for the state elites of the Global South was an unprecedented availability of credit. While it is not true, as Spiro has shown, that petrodollars were simply recycled by private banks to those states with deficits caused by the increased cost of imports due to the oil price hike, it is true that because of the vast quantities of petrodollars, and because of the recession in the North, credit was cheap for the state and capitalist elites of the South. That is, bankers, who were not earning high rates of profit in the North, where there was stagflation, were willing to lend hundreds of billions of dollars to the economies of the Global South. In this way, as Spiro shows, petrodollars were ‘recycled’ by being invested by OPEC state elites into private banks, which invested them primarily in a core group of wealthier developing states that used the funds to import industrial goods from the North. As such, there were, in fact, OPEC states which built up debt in order to fund state-led industrialisation schemes, and Northern, oil-importing states which managed to gain trade surpluses because of the exports sold to developing states that were funded by loans of petrodollars. Furthermore, Spiro shows that for the majority of developing states, the prime source of credit did not come from private banks, but from international financial institutions.<sup>433</sup> Still, developing states took on private loans as they never had before.<sup>434</sup> With banks lending at rates that were competitive with the international financial organisations, but with fewer conditions, state elites of the South could use the funds to maintain their state-led industrialisation programs.

If this huge build-up of debt in the Global South was, in part, made possible by the OPEC’s petrodollar investments in Northern banks, it was also encouraged by domestic social forces within the South. This point is made forcefully by Karin Lissakers who argues against the interpretation of the debt

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<sup>430</sup> Spiro, *Hidden Hand of American Hegemony*, pp. 28, 68.

<sup>431</sup> Spiro, *Hidden Hand of American Hegemony*, pp. x, 68.

<sup>432</sup> Emma Rothschild, "Banks: The Politics of Debt," *New York Review of Books* 23, no. 11 (June 24 1976).

<sup>433</sup> Spiro, *Hidden Hand of American Hegemony*, pp. 71-73.

<sup>434</sup> Mr Kevin Ross et al., *External Debt Histories of Ten Low-income Developing Countries: Lessons From Their Experience* (International Monetary Fund, 1998), pp. 7-9, 50, 63.



crisis as caused purely by structural factors in the world economy, like the buildup of petrodollar surpluses. If this were the case, Lissakers asks, then why was it that oil-exporting states, like Mexico, also built up huge debts?<sup>435</sup> Lissakers' research features interviews with both bankers and Southern state elites who were at the forefront of the lending spree of the 1970s and early 1980s. She portrays a situation that resembles strikingly the sub-prime lending that preceded the Great Recession. Even while writing in 1993, Lissakers quoted a London banker as cautioning in the mid-1980s that: "If you liked the Latin American debt crisis, you'll love securitization!". Lissakers argued that, 'Recent fashions in banking—bridge financing of leveraged buy-outs, interest-rate and foreign-currency swaps, packaging mortgages into saleable obligations—bear many of the worst traits of sovereign lending: the quest for large volume, wholesale, big bang transactions; the belief that the increasingly complex and exotic products engineered in Wall Street's financial laboratories can guarantee quick profits without risk to the intermediary'.<sup>436</sup> Also similar to the sub-prime loans of the early 21st century, lending by Northern banks to the Global South was encouraged by a tax regime that allowed international loans to be used for tax minimisation within a bank's home state.<sup>437</sup> But if these loans represented a "sub-prime" build up of debt that endangered the global capitalist system, why did the state elites in Latin America and Africa take on the loans? This reflected a real need, by these elites, to mitigate the social forces that could usurp their rule.<sup>438</sup> State elites took on debt with low rates in order to fund their needed economic development, a move that was considered reasonable by bankers and analysts until after the debt crisis.<sup>439</sup> Thus, a combination of social forces 'from below', and an unprecedented availability of credit 'from above', resulted in a period in which, to certain elites, it seemed nothing was wrong with such accumulations of debt. Indeed, this was what was required for economic development to continue.

Explaining the emergence of the debt crisis is not the same thing, however, as arguing that it was unavoidable. Indeed, a central aspect of the North South dialogue at the Conference on International Economic Cooperation had been G77 concerns about then rapidly rising debt levels. The G77 elites proposed reforms to the international monetary system aimed at mitigating this debt build up, as well as plans to manage systematic debt crises in ways more humane to the world's poorest people, while

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<sup>435</sup> Karin Lissakers, *Banks, Borrowers, and the Establishment: A Revisionist Account of the International Debt Crisis* (Basic Books, 1993), pp. 13-14.

<sup>436</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 15-16.

<sup>437</sup> US banks would subsidise tax owned in the United States, by means of a credit applied to compensate for tax already paid in the foreign country that they have loaned to. Nevertheless, in a move that a layperson would call dishonest bookkeeping, this tax is passed on to the recipient of the loan, and from them to the host government. As such US banks earned from foreign loans an enormously generous tax subsidy: Lissakers, *Banks, Borrowers, and the Establishment*, pp. 118-19, 24-27.

<sup>438</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 50-53.

<sup>439</sup> Corbridge, *Debt and Development*, pp. 101-05, 207.

also avoiding a collapse of global capitalism. In response, US state elites denied that the debt would prove to be a problem, claiming that it would fix itself.<sup>440</sup> Eventually what US elites did do was increase interest rates in an attempt at resolving their domestic problem of stagflation. This increase in interest rates also, however, triggered the onset of the debt crisis.<sup>441</sup> Thus, after a decade dismissing discussions about new international reserve currencies, and new multilateral approaches to the looming global debt crisis, the United States unilaterally forced the burden of this crisis onto the world's poorest states.<sup>442</sup> While this had solved stagflation, the cost had been high unemployment in the United States; the collapse of the economies of much of Latin America and Africa; and the risk of global economic collapse if the management of the debt crisis did not suit the banks.<sup>443</sup> In this respect, the crisis was managed successfully. IMF-coordinated agreements ensured that pressure was placed on indebted states to repay their loans, with the cost being taken by the economies, and therefore people, of Latin America and Africa, as well as by those who exported to these economies, with every effort being taken to ensure the continued viability of the banks.<sup>444</sup>

The result was what would be called the 'lost decade' of growth.<sup>445</sup> As credit dried up, the institutions of liberal world order took advantage of the crisis by forcing austerity measures. Following a cleansing of the IMF and World Bank, such that it represented a new "neoliberal" orthodoxy, these institutions demanded deflationary policies which would be termed the "Washington Consensus".<sup>446</sup> In order to avoid default, state elites agreed to IMF coordinated rescue packages which required moves to achieve balance of trade surplus. Because this was not possible, in the short term, by increasing exports, austerity measures were put in place. That is, currencies were devalued so as to reduce imports, and government expenditure was cut so as to reduce deficits.<sup>447</sup> These were both measures, however, that intensified the effects of the crisis on the poorest people. These measures added to unemployment

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<sup>440</sup> UNA, 4. Financial Affairs Commission (3d meeting: 3.30 p.m), 14 February 1976.

<sup>441</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 204-09; Mazower, *Governing the World*, p. 317.

<sup>442</sup> Hans Wolfgang Singer and Soumitra Sharma, "The 1980s: A Lost Decade — Development in Reverse?," in *Growth and external debt management* (Springer, 1989), p. 48; Mazower, *Governing the World*, p. 349; United Nations, "The End of the Golden Age, the Debt Crisis and Development Setback," in *World Economic and Social Survey 2017: Reflecting on Seventy Years of Development Policy Analysis* (New York: UN, 2017), p. 59.

<sup>443</sup> Corbridge, *Debt and Development*, pp. 44-45; Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s*, p. 176.

<sup>444</sup> Corbridge, *Debt and Development*, pp. 58-60; Hartmut Elsenhans, "New Tendencies in North-South Relations," *Pakistan Horizon* 46, no. 3/4 (1993): pp. 53-54; D. Harvey, *A Brief History of Neoliberalism* (Oxford University Press, 2007), pp. 29-31; Mazower, *Governing the World*, pp. 351-52.

<sup>445</sup> Nations, "The End of the Golden Age."; William Easterly, "The Lost Decades: Developing Countries' Stagnation in Spite of Policy Reform 1980–1998," *Journal of Economic Growth* 6, no. 2 (2001), <https://doi.org/10.1023/A:1011378507540>; Frances Stewart, "The Impact of Global Economic Crises on the Poor: Comparing the 1980s and 2000s," *Journal of Human Development and Capabilities* 13, no. 1 (2012): pp. 88, 92., <https://doi.org/10.1080/19452829.2011.637386>.

<sup>446</sup> Harvey, *A Brief History of Neoliberalism*, p. 29.

<sup>447</sup> Corbridge, *Debt and Development*, p. 47.

and led to cuts in essential services.<sup>448</sup> Furthermore, these policies did not seem to be effective. They were policies that extended, in part, from a belief that the debt crisis would be a momentary blip in investment to Latin America. Instead, capital left Latin America and Africa during the 1980s.<sup>449</sup>

The consequence of the debt crisis and its management was stalled or reversed economic development. As William Easterly has shown, from '1960-1970 the median per capita growth in developing countries was 2.5 percent', whereas from 1980-1999 it was 0.0 percent.<sup>450</sup> In sub-Saharan Africa, 'poverty did not fall below the level of 1981 until 2005, whereas gross domestic product (GDP) per capita and investment did not return to 1981 levels until 2006-2007.'<sup>451</sup> This is because unemployment, which had risen as a result of the economic downturn triggered by the debt crisis, rose at the exact moment when, because of the adjustment measures introduced, there was less government spending on essential services.<sup>452</sup> This was similar in Latin America, leading a UN report to conclude that 'the lost decade in both sub-Saharan Africa and Latin America was in fact a lost quarter century.'<sup>453</sup> In 1989 UNICEF's *The States of the World's Children* reported that 'it is children who are bearing the heaviest burden of debt and recession in the 1980s'. By analysing 'the rate of decline in under five mortality' in countries not affected by civil war, and in countries in which a decline had not already been in effect, UNICEF was able to show that, as of 1989, 'at least half a million young children have died in the last twelve months as a result of the slowing down or the reversal of progress in the developing world.'<sup>454</sup> This UNICEF attributed to 'rising interest rates, falling commodity prices, inadequate investment of borrowed funds, and the domestic and international management of the resulting debt crisis.' This had caused 'the mounting debt repayments, the drop in export earnings, the increase in food costs, the fall in family incomes, the run-down of health services, [and] the narrowing of educational opportunities.'<sup>455</sup> Regardless of the extent to which these effects were the result of the debt crisis itself or the austerity measures, neither of these were inevitable. Rather, US state and financial elites, and elites working within the institutions of the so-called liberal world order, had persistently dismissed the looming danger of the debt crisis. They ignored preparatory steps that could

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<sup>448</sup> Stewart, "The Impact of Global Economic Crises," p. 101.

<sup>449</sup> Corbridge, *Debt and Development*, pp 101-05, 207.

<sup>450</sup> Easterly, "The Lost Decades," p. 135. *The average rate was higher, a drop from an annual rate of 7.2% in the years 1971-1974, to 1.6% from 1980-1983*: Nations, "The End of the Golden Age," p. 51.

<sup>451</sup> Nations, "The End of the Golden Age," pp. 60-61.

<sup>452</sup> Harvey, *A Brief History of Neoliberalism*, p. 29; Mazower, *Governing the World*, p. 349.

<sup>453</sup> Nations, "The End of the Golden Age," pp. 60-61.

<sup>454</sup> UNICEF, *The State of the World's Children 1989* (Oxford, 1989), pp. 1-2,

[https://www.unicef.org/about/history/files/sowc\\_1989.pdf](https://www.unicef.org/about/history/files/sowc_1989.pdf).

<sup>455</sup> UNICEF, *The State of the World's Children 1989*, pp. 1-2.

have mitigated it and then did their best to shift the consequences of it from the core financial institutions of world capitalism to the poorest people of the periphery.

## **Debtors' Power**

Just as it is an open question whether the lost decades of growth that followed the debt crisis, and the debt crisis itself, were inevitable, it is also open to question whether negotiating with the IMF and creditors on a case-by-case basis was inevitable. Once state elites began to realise that they and many of their G77 allies would be defaulting on their scheduled debt payments, it seems possible that they might have formed a debtors' cartel, and that such a cartel may have provided the basis for a new form of collective power to underly better deals on debt rescheduling and even renewed negotiations about the NIEO. Determining whether this is the case is important for a relational historical materialist approach. This is because this approach does not assume that the decisions taken by historical actors are determined solely by the material context from which they find themselves. Rather, the decision-making of actors is considered as both partially shaped by, and a partial shaper of, historical structure. Creating such a relational historical materialist reading of the debt crisis is important because a debt crisis could offer important leverage to debtors. As John Maynard Keynes said in reference to the position of the heavily indebted United Kingdom in its negotiations over the post-war order: 'The old saying holds. Owe your banker £1000 and you are at his mercy; owe him £1 million and the position is reversed.'<sup>456</sup> The G77 state elites had far more than one million pounds of debt to default on, and it was the entire capitalist system that was at stake if they did. As such, it remains to be explained why a debtors' cartel was not created in order to leverage a better deal on debt repayments, or even for concessions towards the vision of the NIEO. In this section, I review the evidence and literature that suggest that the debt crisis could have been a powerful tool for G77 state elites. In the next section, I explain historically why this was made almost impossible by the breakdown of the G77 alliance following the CIEC.

The formation of a G77 debtors' cartel, or even of a smaller cartel, was not bypassed for lack of knowledge of such an action. As early as 1976, or 6 years before the debt bubble burst, economic historian Emma Rothschild had shown both the precariousness of the situation, and the significance of debtors' power.<sup>457</sup> Rothschild knew then that the debt being accumulated was unsustainable, and argued that its structural nature meant that traditional ways of dealing with sovereign default — negotiations between individual debtor countries with consortia of IMF, state elites, and bankers —

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<sup>456</sup> John Maynard Keynes, *The Collected Writings of John Maynard Keynes*, ed. Elizabeth S. Johnson, D. E. Moggridge, and Society Royal Economic, vol. XXIV (London; New York: St. Martin's Press for the Royal Economic Society, 1971), p. 258.

<sup>457</sup> Rothschild, "Banks: The Politics of Debt."

were far from ideal. Indeed, she challenged the then position of the US Treasury, which was that if ‘there are LDC [less-developed countries] balance of payments and debt problems in calendar year 1976 ... these problems will be associated with individual countries, rather than the LDCs as a whole.’<sup>458</sup> To Rothschild, this ignored ‘the extent to which the economic problems of the 1970s afflict many developing countries in much the same way’, as well as the ‘question of repercussions’. That is, the fact that ‘a debt crisis in one country would affect foreign lenders and the international banking system, and whether one country’s crisis would lead foreign bankers to cut their lending to other countries.’<sup>459</sup> As she argued:

*‘The sorts of balance of payments problems which countries have experienced in 1974-1976 are new. They have lasted longer; the deficits involved are larger. Peru, for example, approached the Paris Club at the time of its debt crisis in 1971, when its balance of payments deficit was \$34 million; now its deficit amounts to more than \$1 billion. Almost all the non-oil-exporting developing countries have suffered from inflation in the import price of oil, food, and manufactured goods, from a reduction in their own export prices in 1975, and from the world recession, when developed countries cut back their imports. These problems are to a novel extent beyond the control of individual governments, as developing countries find themselves the losers in the movement of resources between the West and the oil-exporting countries.’*

Rothschild’s analysis, that a systemic debt crisis was likely, proved prescient. Her concern, however, was also with the politics of debt. Here, she noted the power of ‘The United States’ to use ‘its own government credit and influence on US banks to affect the policies of other countries.’<sup>460</sup> As Rothschild showed, in the then recent overthrow of Chilean President Allende, the Senate Intelligence Committee Staff Report ‘found that “United States foreign economic policy toward Allende’s government was articulated at the highest levels of the US government.”’ This strategy, which included work in Paris Club meetings, was aimed at withdrawing credit with the objective of condemning ‘Chile and the Chileans to utmost deprivation and poverty.’<sup>461</sup> To do this, the US Export-Import Bank ‘reduced Chile’s credit rating in the months after Allende took office’, with the report stating that ‘insofar as the rating contributed to similar evaluations to private US banks, corporations and international private investors, it aggravated Chile’s problem of attracting and detaining needed capital

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<sup>458</sup> Rothschild, "Banks: The Politics of Debt."

<sup>459</sup> Rothschild, "Banks: The Politics of Debt."

<sup>460</sup> Rothschild, "Banks: The Politics of Debt."

<sup>461</sup> The United States Senate, *Alleged Assassination Plots Involving Foreign Leaders* (1975), p. 231,

<https://www.intelligence.senate.gov/sites/default/files/94465.pdf>.

inflow through private foreign investment.<sup>462</sup> Nevertheless, Rothschild also stressed the power that debtors can have over their creditors. She argued that, having loaned \$3 billion to Chile after the coup that brought Pinochet to power, the 'United States is bound to Chile's regime not only by political choice but also by the interests of the US banks that have returned to Chilean lending.'<sup>463</sup> To Rothstein, then, just as US state elites could use their influence over financial elites to constrict credit, the interests of US financial elites could result in pressures on the US government to maintain favourable conditions so that loans that had been granted could be repaid. This meant that the state elites of governments on the brink of default had potential power in their relations with US state and financial elites.

This fact was magnified because of the unprecedented scale of the then ballooning debt bubble that Rothstein was observing. She wrote that: 'Clearly a debt crisis in one of the countries with large commercial debts would be perilous for US banks, if only through its consequences for banking confidence.' Furthermore, she gave evidence to the fact that this had already been acknowledged by US state elites, citing a Treasury study of debt that stated that Brazil, Mexico and South Korea as a group 'warrants continued attention since they have large private debts and any debt management problems could have an adverse impact on private capital markets.' Thus, Rothstein predicted as early as 1976 that both these factors, 'the power of creditors and the counterpower of insolvent clients', would 'become more urgent in the debt negotiations of the next few years'.<sup>464</sup> Rothstein's analysis shows that beneath the surface of the negotiations over debt being held at the Conference on International Economic Cooperation in Paris, two very different sources of power existed, both of which were rooted in the destruction of the welfare of the masses. A debtors' cartel could have brought down the world capitalist system, and a creditors cartel brought down the economies of Latin America and Africa.

It is within this context that the UNCTAD and G77 proposal for a new institution for dealing with the then looming debt crisis should be understood. On one level, the proposals brought by the G77, and formed by the economists at UNCTAD, could have been implemented via the established channels of debt renegotiation. These proposals, which were brought to UNCTAD IV in Nairobi (1976),

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<sup>462</sup> Rothschild, "Banks: The Politics of Debt."

<sup>463</sup> Rothschild, "Banks: The Politics of Debt."

<sup>464</sup> Rothschild, "Banks: The Politics of Debt."

came with separate guidelines for both the ‘most seriously affected countries’ and the ‘other developing countries whose debt relates mainly to guaranteed or unguaranteed private loans’.<sup>465</sup> For the most seriously affected states it was recommended that the ‘debt-servicing payments on official assistance loans’ should be ‘waived for the remainder of the decade’, with consideration given ‘to the possibility of converting the official development assistance debt owed by the least developed countries into grants’.<sup>466</sup> Finally, it also stated that ‘Multilateral lending institutions should provide programme assistance to the most seriously affected countries in an amount not less than the debt-servicing payments by these countries to the multilateral institutions.’<sup>467</sup> This would ensure that there would be a net flow of capital to the poorest states, something that, throughout the 1980s, was not observed.<sup>468</sup> The debt of the other, more wealthy G77 states was considered not to be a problem of insolvency in the face of the then economic crisis, but a problem arising ‘from the short-term structure of the debt’.<sup>469</sup> As the report noted: ‘Many of these countries do not appear to be in need of concessional debt relief, nor do they wish to engage in multilateral negotiations that would affect their continued access to capital markets.’ Nevertheless, because of the structural build-up of short term private loans, it was concluded that ‘these countries will clearly benefit from arrangements that would iron out the “bunching” of private debt over a longer period.’<sup>470</sup> This move was intended to benefit both creditors and debtors, by increasing the chance that the debt could be repaid, and removing the risk of a shock that could have brought a collapse to the world capitalist system.

All these policies could have, theoretically, been enacted via meetings with individual debtor states and the IMF, and then with creditor states in the Paris Club. The real departure of the G77/UNCTAD proposals, therefore, was that the procedures of debt renegotiation would be altered. Instead of the elites from each state negotiating on an individual basis with a union of creditors, or creditor states, backed by an austerity agreement with the IMF, negotiations would follow principles agreed to with the representatives of all debtor states involved with the crisis. This institutional change could have greatly assisted the bargaining position of the debtors, who would have been more easily able to

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<sup>465</sup> UNCTAD, "TD/188 'International financial co-operation for development' a report by the UNCTAD secretariat," in *Proceedings of the United Nations Conference on Trade and Development: Fourth Session, Nairobi, 5-31 May 1976* (New York: United Nations, 1976), p. 78. *The same broad call for a moratorium for the poorest G77 member states, and an adjustment on repayment times for other developing states via a new multilateral institution can be found in other documents. For example: UNA, "Proposals on an Interrelated Set of Issues and Policies for International Economic Co-operation submitted by MR. J.B.P Maramis, Executive Secretary, ESCAP," E.S.C.A.P. 1974-1977 (S-0913, Box 21, File 5, Acc. 91/5): p. 7.*

<sup>466</sup> UNCTAD, "TD/188," p. 78.

<sup>467</sup> UNCTAD, "TD/188," p. 78.

<sup>468</sup> Corbridge, *Debt and Development*, pp. 54-55; Prashad, *Poorer Nations*, pp. 54-55.

<sup>469</sup> UNCTAD, "TD/188," p. 78.

<sup>470</sup> UNCTAD, "TD/188," p. 78.

present a common position within negotiations. Once a commonly agreed upon set of rules and principles was in place, representatives of an indebted state would be able to consult with a single institution, with a fund that would cover their existing debt with a new loan which carried a longer repayment period. This fund was to be financed either by the contributions of surplus states, or by the guarantees of surplus states on bonds issued by the fund.<sup>471</sup> Thus, in contrast to the ad hoc system of the Paris Club, where different states entered a shark tank of creditors at the last moment, so that the burden of servicing debt would be forced disproportionately onto the debtor states and their peoples, the G77 had proposed, six years before the debt bubble burst, a system that could potentially have avoided the debt crisis, and the lost decade of economic growth.

What was being debated at the Conference on International Economic Cooperation, therefore, was not simply whether or not there should be debt forgiveness for the most seriously affected states, and not simply whether or not there was a more orderly and principled way of dealing with the ballooning debt of the wealthier, mostly Latin American states, but the rules and procedures that would impact on the ability of G77 state elites to form a debtors' cartel. In this way, the failure of the initial strategy of the NIEO Project at the Conference on International Economic Cooperation was in itself important for the later possibility of a new strategy based on debtors' power. If a more effective regime for the renegotiation of debt had been established, certain barriers to the formation of a debtors' cartel could have been mitigated.<sup>472</sup> This included the fact that, although the debt crisis reflected a systemic problem faced by many different forms of state, their precise symptoms and timings were not the same. As such, without a common institution that could decide on debt renegotiation according to a common set of principles, agreed to with all debtor states, each individual indebted state would arrive at the point of insolvency at different times. Attempting to negotiate before insolvency was itself risky, because it could trigger a lack of confidence from the creditors before it was known that default would have been certain otherwise. It is to these issues that I will now turn. Before doing so, however, it is important to note that the rules and procedures of world order that existed when the debt crisis struck, which in and of themselves inhibited the successful formation of a debtors' cartel, were open for revision during the initial campaign for a new international economic order.

### *The prospect of default and the successes of debtors' power*

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<sup>471</sup> UNCTAD, "TD/188," 78.

<sup>472</sup> This point is made by: Prashad, *Poorer Nations*, pp. 54-55. The lack of any institutional architecture to deal with sovereign default, and its relation to the debt crises in the 1980s is also discussed by: Susanne Soederberg, "The Transnational Debt Architecture and Emerging Markets: the politics of paradoxes and punishment," *Third World Quarterly* 26, no. 6 (2005), <https://doi.org/10.1080/01436590500089257>; Eric Helleiner, "The Mystery of the Missing Sovereign Debt Restructuring Mechanism," *Contributions to Political Economy* 27, no. 1 (2008), <https://doi.org/10.1093/cpe/bzn003>.



When the debt crisis struck, the prospect of a politically motivated default was not absent from the considerations of global elites. Nor is it true that debtor states had no power because of the lack of a debtors' cartel. Eileen M. Doherty has argued that the best explanation for the differences in negotiations between individual debtor states and their creditors was a combination of both the size of the debt, and the strategy that a debtor state's negotiating team deployed.<sup>473</sup> Doherty showed this via comparisons between the different negotiating tactics, and results, of different debt negotiations. By comparing Venezuela and Argentina, Doherty was able to show that the tactic of increasing the uncertainty of default contributed to increased short term concessions from creditors. Doherty was able to show this because Venezuela and Argentina had comparable sizes of debt, but Venezuela pursued an 'uncertainty-minimization' strategy, whereas Argentina pursued an 'uncertainty-maximising' strategy.<sup>474</sup> The result was that 'because bankers were never convinced that Argentina would avoid default, they worked hard to keep Buenos Aires at the negotiating table by granting more concessions than they wanted to.'<sup>475</sup> The size of the debt was just as important as the tactics deployed, however. While both Argentina and the Philippines 'attempted to maximize their creditors' uncertainty regarding the possibility of a default', 'the Philippines lacked the power of a large debt', and the 'effect was that the Philippines was unable to extract concessions in the way that Argentina did.'<sup>476</sup>

A further finding with important implications for an understanding of debtor power arose from Doherty's study, and is confirmed by further historical evidence into past debt crises. This is that the decision to adopt an uncertainty-maximisation strategy in regard to the ability to service debt had no long-term impacts on future creditworthiness. In Doherty's study, she found that the future creditworthiness of states had nothing to do with their prior decision to adopt either an uncertainty-maximisation or uncertainty-minimisation strategy.<sup>477</sup> Instead, banks had short memories and focused on the present conditions in a given state. This finding conforms with longer surveys of debt crises conducted in the early 1990s by Barry Eichengreen and Peter Lindert. Eichengreen and Lindert also found that, when comparing creditworthiness of Latin American states in comparison to their past repayment histories, there was no significant correlation.<sup>478</sup>

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<sup>473</sup> Eileen M Doherty, *The Difference Between Certainly and Perhaps: LDC Bargaining in Commercial Debt Negotiations* (University of California, Berkeley, 1994), pp. 40-43.

<sup>474</sup> Doherty, *The Difference Between Certainly and Perhaps*, pp. 51-52.

<sup>475</sup> Doherty, *The Difference Between Certainly and Perhaps*, p. 51.

<sup>476</sup> Doherty, *The Difference Between Certainly and Perhaps*, p. 52.

<sup>477</sup> Doherty, *The Difference Between Certainly and Perhaps*, pp. 40-43.

<sup>478</sup> Barry Eichengreen and Peter H Lindert, *The International Debt Crisis in Historical Perspective* (MIT press, 1992), p. 5.

The available research on the negotiating strategies of debtor states within debt crises can be extrapolated to make several further claims about the potential power of the G77, or the debtor states of the G77, during the crisis of the 1980s. Firstly, because the size of the debt and the uncertainty as to the ability of a state to service the debt were significant factors, it can certainly be confirmed that if the debtor state elites had formed a cartel rather than representing individual states, their power would have been even further maximised. Secondly, in contrast to what was believed by some at the time, if this cartel had adopted a strategy aimed at increasing the perception that default was likely, then even further concessions would have been likely, and this would not have had significant implications, or necessary implications, on future creditworthiness. While this does not prove that the formation of a debtors' cartel was, in the early 1980s, historically possible, it does prove that there existed a potential source of power that, if no other factor existed to inhibit the formation of a debtors' cartel, could have allowed for the formation of a second grand strategy to underlie calls for a new international economic order. Indeed, such a strategy, in so far as it could have been possible, could have greatly reduced the negative consequences of the debt crisis.

*So why, then, did the debtor states not form a cartel?*

Several arguments have been put forward to explain the fact that a debtors' cartel, despite the potential power it could have wielded, was not created by the G77 state elites, or even a smaller subset of them. Karin Lissakers raises two important points. Firstly, she notes that a 'divide-and-rule tactic' on behalf of creditors was 'helped by timing.'<sup>479</sup> That is, because the debtors did not 'experience their most acute payments problems simultaneously', banks 'could settle with one large debtor before tackling the next, and sweeten the precedent-setting agreement just enough each time to keep the others in line, or at least prevent them from joining forces.'<sup>480</sup> Secondly, Lissakers shows that any attempt to form a debtors' cartel was attacked vehemently by US state elites. Thus, when discussing a point Lissakers describes as the 'closest the Latins ever came to forming a debtors' cartel', which was 'a meeting of heads of government in Cartagena, Colombia, in 1984 to discuss common debt issues', US state elites were very clear that they did not approve:

*an angry Assistant Secretary of State for Western Hemisphere affairs Langhorne Motley warned the Argentine foreign ministry, "We know you initiated the Cartagena group. We don't like it, and you keep that in mind." The Argentines protested that the purpose of the meeting*

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<sup>479</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 200-04.

<sup>480</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 200-04.

*was dialogue and not confrontation—but to no avail. The officials Motley had confronted came home "furious and scared."<sup>481</sup> The debtors' cartel never materialized.<sup>482</sup>*

A similar point to that of timing is also made by Susan Strange. Strange wrote that 'creditor countries had always, since the mid-1950s, dealt with debtor country debt on an *ad hoc* basis, one by one and pragmatically, avoiding general rules or standards'. As such, whenever 'any Third World country proposed a debtors' strike, a collective refusal to pay interest or repay capital, there were always a few important debtors who had just successfully negotiated help from the IMF, who were hoping private loans would soon follow and who therefore had a lot to lose if they joined the strike.'<sup>483</sup> Indeed, at the meeting described by Lissakers held in Cartagena, debtors that had received the first IMF approved adjustment package refused to attend.

Without taking away from the arguments made by Lissakers or Strange, it is important to take note of Vijay Prashad's argument about considering the importance of the decision-making of G77 state elites. He writes that at the Non-Aligned Movement (NAM) meeting in New Delhi the more powerful delegates 'suggested that economic issues should be seen as technical problems, which could be sorted out by technocrats.'<sup>484</sup> Thus, when 'some states proposed that the darker nations should simply refuse to pay their external debt, the more influential in the NAM squelched this option. They felt that this would only provoke the G-7 to reprisals and would not improve their bargaining power.' Thus, rather than 'an outright debt repayment strike as a tactic to help restructure the debt, the "moderate" members argued that the restructuring of debt should happen individually and in negotiation.'<sup>485</sup> To Prashad, then, the huge turning point in world order that came in the 1980s, 'the hegemony of neoliberal economics', 'came not only from the imperialist pressure but also from those forces within the countries that fundamentally disagreed with the strategic direction of social development chosen by the political parties of national liberation.'<sup>486</sup> As hope for a NIEO amongst G77 elites waned, they put their weight behind 'a closer relationship with the "West" for economic gain and consumer pleasure.'<sup>487</sup>

### *Weakening of the G77's collective power*

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<sup>481</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 200-04.

<sup>482</sup> Lissakers, *Banks, Borrowers, and the Establishment*, pp. 200-04.

<sup>483</sup> Strange, *States and markets*, p. 112.

<sup>484</sup> Prashad, *Poorer Nations*, pp. 215-19.

<sup>485</sup> Prashad, *Darker Nations*, pp. 214-19.

<sup>486</sup> Prashad, *Darker Nations*, pp. 214-19.

<sup>487</sup> Prashad, *Darker Nations*, pp. 214-19.

The above explanations of the failure to form a debtors' cartel are important, and I do not seek to detract from them in any way. However, further explanatory power can be gained by tracing the decline in the collective power of the G77 that followed the failure of the CIEC in 1977. As has already been noted in this chapter, and before this by Vijay Prashad,<sup>488</sup> the G77 plans for dealing with the debt bubble that had been brought for discussion at UNCTAD IV in 1976 and at the CIEC, would have, if implemented, made it easier to coordinate the formation of a debtors' cartel. But the failure of the CIEC, because it represented a collapsing of the original promise of G77 collective power, had deeper and more long-term effects. G77 power had rested on the belief that the G77 state elites could work together in order to leverage the world economic crisis. Originally, this leverage had rested upon the assumption that the OPEC might use its petrodollar surpluses in support of the NIEO. The failure of the OPEC elites to "be good Robin Hoods" served a blow not only to that original strategy, but to the hope necessary to build another one. With the power of the G77 resting on the belief that such global collective strategies were possible, the failure of the first such strategy resulted in a loss of collective power for any subsequent attempts. As such, even if there was a sliver of possibility for a debtors' cartel, the necessary ideational conditions for this — an intersubjective belief that such a scheme was viable — no longer existed. Or, at least, were nearly impossible to create. Thus, just as Prashad is right to note that the victory of neo-liberal world order was in part the consequence of the decision of G77 elites not to form a debtors' cartel, this decision itself can be explained in terms of a lack of hope for such grand strategies, a lack of hope that followed from the withdrawal from the original strategy that had underlined the NIEO Project.

The breakdown in the collective power based on shared ideas and material interests that followed the failure of the CIEC can be observed from a reading of witnesses' accounts of regional meetings. For example, at the Economic Commission for Latin America (CEPAL), a marked change in relations can be shown to have taken place during the later 1970s. In 1975 Enrique V. Iglesias informed the UN Secretary General via a confidential message that discussions in a work programme of the Caribbean Development and Cooperation Committee had 'generally evidenced a constructive and pragmatic attitude with emphasis on sub-regional co-operation'.<sup>489</sup> Iglesias hoped that this co-operation could be used to 'promote and achieve even greater co-ordination of technical support on the part not just of the ECLA system — which has limited resources — but of the United Nations family as a whole', and concluded his letter by writing that: 'All told, we think that the Caribbean Committee had a good start and constitutes, potentially, a very important mechanism to promote co-operation

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<sup>488</sup> Prashad, *Poorer Nations*, pp. 54-55.

<sup>489</sup> UNA, "Letter to Secretary General From Enrique Iglesias, 18 November 1975," *ECLA 1972-1977* (Series 0193, Box 21, File 1, ACC 91/5).

among the countries of the sub-region and between them and the rest of the United Nations membership.<sup>490</sup> By 1979, however, the mood at regional meetings at the ECLA had changed markedly. In a similar letter to the UN Secretary General, Diego Cordovez noted the border dispute between Chile and Bolivia; the fact that representatives were calling for a reduction in the demands brought to regional meetings; and the fact that: 'for the first time in the history of CEPAL, there appeared to be discrepancies in the positions of the big countries and the smaller countries of the region in the context of cooperation and international economic relations.'<sup>491</sup> Thus, the general mood for co-operation amongst state elites within Latin America had been reduced precipitously during the later 1970s, just before the debt bubble burst.

A similar shift is observable in the meetings of the Non-aligned Movement. There, conflicts were often more explicitly concerned with particular political, as opposed to global political-economic, issues. Nevertheless, when it is considered that the Non-aligned Movement was a pivotal force in launching the NIEO campaign, and, in 1975, in calling for OPEC investment into the NIEO,<sup>492</sup> it is remarkable how unity had turned, by the end of the 1970s, into division. P. K. Banerjee, who attended the 6th Summit Conference of Heads of State or Government of the Non-Aligned Movement, held in Havana in September of 1979, noted that the Cuban foreign minister, Isidoro Malmierca Peoli: 'sharply criticized an "attempt to weaken the solidarity" and appealed for "strengthening the movement's activities in the international sphere"'.<sup>493</sup> To this effect, Peoli 'appealed for increased and intensive support' for the 'new economic order'.<sup>494</sup> In speeches made at the opening of the summit, leaders no longer held back as they once had about the politics of OPEC petrodollars. Both Fidel Castro and Michael Manley made bold statements to the effect that the inability to find an agreement amongst oil-importing and oil-exporting developing states was a major source of weakness for the Non-aligned Movement and the movement for a new international economic order. Castro noted that one 'of the most acute problems facing the non-oil-producing underdeveloped countries — the vast majority of the members of our Movement — is the energy crisis', and that these states had always supported the OPEC's 'demands for the revaluation of their product and an end to unequal terms of

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<sup>490</sup> UNA, "Letter to Secretary General From Enrique Iglesias, 18 November 1975."

<sup>491</sup> UNA, "Letter to Secretary General from Diego Cordovez: 'The OAS Session at Saint Lucia, 7 December 1981'," *Organization of American States* (Series 0972, Box 4, File 4).

<sup>492</sup> UNA, "Conference of Ministers of Foreign Affairs of the Non-Aligned Countries, Lima-Peru, 25-30 August 1975," *Confidential Notes, Jan 1975 - September 1975* (Series 0984, Box 1, File 6).

<sup>493</sup> UNA, "Letter to UN Secretary General, from P.K. Banerjee, 'The Non-Aligned Meeting - Havana'," *Non-Aligned Countries 5 Jan 1978 - 29 Oct 1979* (Series, 0972, Box 2, File 6).

<sup>494</sup> Peoli was not, however, talking solely about the new international economic order. Rather, his comment called also for support in the issues of apartheid, the Middle East, and the arms race: UNA, "Letter to UN Secretary General, from P.K. Banerjee, 'The Non-Aligned Meeting - Havana'."

trade and the wasting of energy'.<sup>495</sup> Nevertheless, Castro bemoaned the fact that while the OPEC states 'now have a much greater economic potential and negotiating capacity with the developed capitalist world', this is 'not the case of the non-oil-producing underdeveloped countries.'<sup>496</sup> Castro then went on to lambast a former leader of a G77 state, a state which had argued for the NIEO stridently at the Sixth Special Session in 1974. In noting that it was much easier for developed states to pay for oil than for oil-importing developing states, he mentioned the fact that they often pay for the oil with the funds from the 'tens of billions of dollars' worth of arms' sold annually. Here, Castro noted that the 'Shah of Iran was one of their favourite multimillionaire clients, until he was rightly overthrown not long ago.'<sup>497</sup> To Manley, any opportunity of 'marrying' the energy of one developing state with the 'raw materials' of another at the 'altar of the market' has 'led to a deeper entrenchment of the economic power of the developed countries, the deeper entrenchment of their control of the world, the deeper entrenchment of their collective ability to resist just demands of the rest of us.'<sup>498</sup> Indeed he said explicitly that:

*'If oil prices sap our strength beyond the hope of remedy, our struggle for change will become less effective as we become more concerned with survival itself. We are glad when we see the benefits of oil prices go to the development of oil-producing countries and their people. But we are dismayed when we see petrodollars flowing back into developed economies and think that some of those dollars represent the sweat, and the effort, and the tears of poor people in developing countries struggling to survive.'*<sup>499</sup>

This inability to find an agreement on energy pricing between oil-exporting and oil-importing developing states also led, for Manley, to a drop in the credibility of the movement for a new international economic order. He said that:

*'Where energy is concerned, however, we are dealing with factors that we have so far not been able to address collectively within this Movement. I suggest that if we fail to deal with these problems our credibility will be compromised.'*<sup>500</sup>

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<sup>495</sup> "The Havana Summit," *Third World Quarterly* 2, no. 2 (1980): pp. 331-32, <https://doi.org/10.1080/01436598008419501>.

<sup>496</sup> "The Havana Summit," pp. 331-32.

<sup>497</sup> "The Havana Summit," pp. 331-32.

<sup>498</sup> "The Havana Summit," pp. 337-38.

<sup>499</sup> "The Havana Summit," pp. 337-38.

<sup>500</sup> "The Havana Summit," pp. 337-38.

If only four years previously the Non-aligned Movement was being used to fashion new strategies to reform the post-war liberal order, by 1979 it had grown far more introspective. Clearly, the failure of the strategy that had underlined the calls for a new international economic order had weakened the power of the G77 state elites in their bargaining with the Global North, and the effects of this were apparent in the breakdown of unity at the Non-aligned Summit in Havana.

Manley's assessment was shared by the then classified analysts at the CIA. The CIA had noted soon after the CIEC that:

*'OPEC's rejection of a Venezuelan proposal to keep oil prices constant for LDCs along with Saudi Arabia's decision that its contribution to a Common Fund would be taken out of the Special Fund have probably also contributed to second thoughts on the part of influential non-OPEC states regarding the value of G-77 solidarity.'*<sup>501</sup>

This would mean a reduction in the power of the G77, because 'using the implicit threat of exercising their [OPEC's] economic leverage against the North', had been, to the developing countries, 'essential to any progress in the general North-South dialogue.'<sup>502</sup> To the CIA's analysts, this change in the power position of the G77 had led to a 'striking degree of acknowledgement' within the G77 that:

*'the "New International Economic Order" (NIEO), as presently formulated, is unrealistically demanding and that continued insistence on it might jeopardize what gains are considered attainable. Moreover, most of the LDCs appear to recognize the limits on bloc solidarity imposed by the clash of national economic interests over such key issues as the UNCTAD Integrated Program on Commodities and automatic debt relief schemes.'*<sup>503</sup>

Thus, it should not be a surprise that, with the relational ties of the G77 state elites so weakened by the failure of the original strategy of the NIEO Project, and with this so keenly understood by Western intelligence agencies, the state elites of the North would no longer need to pay much concern to the wishes of an increasingly divided G77. Despite much discussion about the potential horrors of the looming debt crisis, even by then World Bank President Robert McNamara, or by the Brandt Commission's report, the meetings of the North-South dialogue continued to end in failure.<sup>504</sup> Indeed, at

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<sup>501</sup> CIA, The Politics of the G-77: Near-Term Implications for the North-South Dialogue, 20 April 1977, CIA-RDP79T00912A002300010002-2, International Issues: Regional and Political Analysis.

<sup>502</sup> CIA, The Politics of the G-77.

<sup>503</sup> CIA, US-LDC Relations: Problems and Prospects, CIA-RDP79T00912A002300010006-8, International Issues: Regional and Political Analysis, 30 August 1977.

<sup>504</sup> Issues, *North-South, a Programme for Survival: Report of the Independent Commission on International Development Issues.*

the 11<sup>th</sup> Special Session of the UN General Assembly, which was held in order to agree on the conditions for a new round of the North South dialogue, not even this — an agreement to resume the dialogue itself — could be agreed to.<sup>505</sup> Then, at a meeting in Cancun of twenty leaders of states from the North and South, Reagan was emphatic. The North-South dialogue would not take place.<sup>506</sup>

## Conclusion

In this chapter I relied upon a relational historical materialist approach in order to reconsider the power of the G77 state elites during the emerging Third World debt crisis. My central concern was to understand why a renewed basis for G77 collective power was not created from the potential for a debtors' cartel. While a successfully formed debtors' cartel would have been powerful, I agree with previous analysts that it would have been very difficult to pull off. Nevertheless, I add to this analysis by contextualising the failure to form a debtors' cartel within the rise and decline of the initial collective power that had underlined calls for a new international economic order. I show that the formation of a debtors' cartel was made significantly unlikely because the confidence in collective action had been squashed when OPEC state elites did not invest in the NIEO as they had initially suggested that they would. Thus, I find that the prospect for a debtors' cartel during the 1980s was nearly non-existent. Nevertheless, I do argue that if the G77's initial strategy had been followed through on, at the CIEC, the historical context would have been far more propitious for a debtors' cartel. This is because tangible moves towards South-South solidarity would have strengthened the resolve to experiment with similar strategies, and legitimised the belief that G77 unity was, or at least could be, a significant power. Furthermore, G77 state elites had proposed, at the CIEC, a new regime for the coordination of a debt crisis, one that would have made the formation of a debtors' cartel relatively easier.

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<sup>505</sup> UNA, "Text of Statement by Secretary-General at Eleventh Special Session of General Assembly, 15 September 1980," *General Assembly Sessions — 11th Special Session — International Economic Order* (Series 0908, Box 7, File 3).

<sup>506</sup> Prashad, *Poorer Nations*, pp. 5-7; Mazower, *Governing the World*, p. 360.





## Conclusion

The aftermath of the NIEO Project — debt crises, lost growth, and death for millions of the world's poorest people — was not conducive to a positive portrayal of it. From the 1980s, a consensus formed that the NIEO failed because of insufficient power. There did not seem to be a pressing need to revisit this fork in the path of the past during the decades that followed either. Without the NIEO, or a G77 opposed to the wishes of a US-led world order, there didn't seem to be any other options. Instead of seeking to transcend neo-colonialism by new global agreements to manage capitalism in ways that might assist the economic development of the world's poorest states, the 'Real New International Economic order' that emerged was premised on the belief that states just needed to open themselves up to the forces of a more interconnected world economy.<sup>507</sup> As such, the kinds of structural disparities that existed for historical reasons, but did not find themselves in the ahistorical models that were used in support of this new world order, were ignored. Since the Great Recession, however, and amidst the present crisis of liberal world order, historians have sought to look back, to find something from which to build an understanding of how things could be recreated differently.<sup>508</sup> Both Orthodox and Critical IR theories have been slow to respond to this new research and how it might alter perspectives on change in world order. Meanwhile, however, this new historical research into the NIEO — despite rightly pointing to the fact that the NIEO should not be dismissed purely for having failed — has itself been unable to show, historically, how it might have succeeded.

This is what I have contributed to in this thesis. By deploying a relational historical materialist approach to world order, I have been able to trace the creation and failure of the power of the NIEO Project. In doing so, I have shown that, despite its failure, the NIEO Project was an important contingency plan. Non-Western agency, during this moment of crisis, is essential for understanding this crucial turning point in the history of the post-war "liberal" order. We are now, amidst new crises and uncertainties, at a second inflexion point. For this reason, this thesis is relevant for both the theory and history of world order, and serves to strengthen the claims of historical sociologists, like Robert Cox, that history and theory should never have been separated in the first place. The result has been an important contribution to the goal of a 'Global IR'.<sup>509</sup> The reassessment of the NIEO made possible by a relational historical materialism demonstrates that the material-ideational power of the non-West is essential for understanding world order. In what follows, I will conclude by summarising the account of the rise and decline of the power of the NIEO outlined in this thesis, before explaining the implications of this for the wider theory and history of world order.

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<sup>507</sup> Mazower, *Governing the World*, p. 343.

<sup>508</sup> Garavini, *After Empires*; Prashad, *Poorer Nations*; Gilman, "NIEO: A Reintroduction."; Venzke, "Possibilities of the Past."

<sup>509</sup> Acharya, "Global IR."

### *The Creation, and demise, of the power of the NIEO Project*

The story of the underlying collective power of the NIEO told in this thesis is very different from that which follows from the assumption that it failed because it had not been powerful enough to have posed a serious threat to the Global North. In these accounts, the NIEO, even if it reflected great ambition and intellectual work on behalf of thousands of people across the Global South, represented only the delusions of the 1970s. My research has led me to develop the pioneering work of Vijay Prashad, who was the first historian to revisit seriously the power of the NIEO. In building upon Prashad's history of the wider Third World project, I have shown that the NIEO was made possible both by ideas and by material capabilities. If it had not been for the efforts of the intellectuals who worked to create the ideas of the 'declining terms of trade', 'neo-colonialism', and 'permanent sovereignty over natural resources', a shared discourse of the post-war order would not have existed for the G77 state elites to use in the creation of a unified front for the reformation of world order. These ideas were created from a praxis concerned with understanding the post-war order historically in order to change it. It was for this reason that these ideas were able to correspond with the experience of so many different state elites, and therefore to be woven into their rhetoric about the need to reform the post-war order.

Of course, the G77 state elites were not motivated solely by the value of these ideas. Rather, they were attempting to manage destabilising social forces, and so sought a new world order that could, by making economic development easier, help to bring stability to their rule. Nevertheless, the ideas of the NIEO allowed these elites to see beyond the short term, so as to transcend their very real material conflicts of interest, and stand in unity to call for reforms that were seen to hold long-term benefits. This was not easy or inevitable. Indeed, the main basis for the power of the NIEO stemmed from the OPEC's new petrodollar surpluses. These same surpluses, however, were a symptom and a cause of a global trade imbalance that added further costs to some of the poorest G77 members. Thus, in the early 1970s, the G77 state elites had to use the underlying ideas of the NIEO to create unprecedented diplomatic compromises, in order to produce a collective power that could be wielded in a way that truly benefited all its members. It was by transcending very real material conflicts of interest, via creative diplomacy, that the NIEO Project was created.

Such was the unity shown at the launching of the NIEO at the Sixth Special Session of the United Nations General Assembly in 1974 that state elites in the North genuinely feared that the G77 state elites might use their petrodollar surpluses to create new international institutions that would have laid the basis for a significant move towards a new international economic order. This led to US state

elites bringing compromise proposals to the next UN special session. Indeed, the entire focus of the G77 and UNCTAD, from 1974-1977, was in creating proposals that the OPEC state elites might fund, and in letting the state elites in the North know that this was very close to being finalised. Furthermore, the OPEC elites projected themselves as willing leaders of this project. This was the highest point of the NIEO Project's power. It marked a moment in which a possible strategy formed the basis of G77 unity, and struck a fear into the minds of US elites sufficient to evoke compromise.

Nevertheless, by the time of the Conference on International Economic Cooperation, which had a longer duration and carried the hopes of the majority of the G77 state elites that it would allow for the needed implementation of their plans, the world economic crisis seemed to have calmed. This was a prospect that could not have been predicted by the G77 state elites. What it meant was that siding with the status quo world order seemed far less risky than it had only a year or so earlier. The OPEC state elites may well have been genuine in their projection as willing leaders of the NIEO, but this seems to have been contingent on the instabilities that were then wreaking havoc on the value of their petrodollars. If their petrodollars were unstable, and trending downwards, then it was prudent to invest in new experiments in world order. Why not invest in UNCTAD's commodity price stabilisation schemes, if that was to bring a return on investment, and if doing so might bring further concessions from the United States on stabilising export earnings? But as the US dollar stabilised, and as the United States proved a willing seller of arms, such novel investments towards a NIEO became the relatively more risky bet.

Nevertheless, this shows that, despite the failure of the Conference on International Economic Cooperation, the NIEO Project was, for the more conservative OPEC state elites at least, a powerful contingency plan. If unpredictable developments in an uncertain world economic crisis had developed differently, then the underlying power of the NIEO might have been used differently. In this way, just as a poker player should not judge a play by its outcome, the NIEO should not be judged as powerless simply because it failed. Rather, the many different G77 state elites managed, through complex intra-G77 negotiations, to create and maintain a power that came very close to being used to create new international institutions that would have achieved key pillars of the NIEO Project's stated objectives. Importantly, the failure of the Conference of International Economic Cooperation can only be made sense of by way of reference to this agency and power of the G77 state elites.

The failure of the OPEC elites to follow through on their initial promises of leadership of the NIEO dealt a fatal blow to the relational power of the G77 as a whole. It contributed to a general sense of

hopelessness about grand multilateral efforts to reform the structure of international political economy. This can be observed in the increased intra-G77 conflicts during this period. And, with no viable strategy to force concessions from the Global North, none came. No agreement could even be wrung from Northern elites on the conditions for a new round of the North-South dialogue. This breakdown in the collective power of the G77 meant that, when the debt crisis struck, the Latin American and African state elites were in an even more difficult position. Even while, theoretically, a powerful debtors' cartel could have been formed from which to demand more concessions towards a new international economic order, such a move would have required the kind of diplomatic ties that existed in 1973-75.

Nevertheless, even the aftermath of the NIEO Project — the lost decade/s of economic growth that came to affect much of the Global South — can be read as evidence of how powerful the G77 had been. For the NIEO Project came close to establishing the conditions that would have greatly diminished the pain of the debt crisis. Indeed, such catastrophic consequences could have been avoided. While this is no solace to the millions of people who experienced the debt crisis, it does suggest the importance of the NIEO Project to world history, and to the history and theory of world order. The NIEO Project is unprecedented in its diplomatic achievements, and in how close it came to reforming world order from a non-imperialistic basis. As such, even though the power of the NIEO Project was not, in the end, used, the power of the G77 state elites was of the utmost consequence for the history of world order. It was not unimportant because it was insufficiently powerful. Rather, it was important and it was powerful, but this power was not used in order to rewrite the rules and institutions of world order.

#### *The implications for the theory of world order*

This history of the NIEO has important implications for both Orthodox and Critical Theories of World Order. For Orthodox, liberal internationalist theory, this reassessment of the NIEO fits alongside a broader re-engagement with the role of the non-West in the creation and subsequent history of the post-war order.<sup>510</sup> Even as liberal internationalists grapple with the present crisis of world order, and with the rise of non-Western powers, the role of the NIEO has been ignored. This is reflective of ahistorical theoretical assumptions. It is assumed that only liberal states seek to create liberal institutions, or that a liberal world order requires a strong liberal hegemon. Nevertheless, this thesis has

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<sup>510</sup> Mazower, *No Enchanted Palace: the End of Empire and the Ideological Origins of the United Nations*; Helleiner, *Forgotten Foundations of Bretton Woods*; Devetak, Dunne, and Nurhayati, "Bandung 60 Years On: Revolt and Resilience in International Society."; Phillips, "Beyond Bandung."; Acharya, *Constructing Global Order*; Getachew, *Worldmaking After Empire*.

confirmed the judgment of previous analysts by demonstrating that, at least according to definitions of Orthodox liberal internationalists, the NIEO was a project that sought not to overturn, but to save the post-war “liberal” order, by making it even more “liberal”. As such, the history of NIEO should be considered as important for creating a truly Global IR of liberal world order. Without acknowledging the history of the NIEO, of what the G77 state elites sought to accomplish, Orthodox Liberal IR will continue to construct world order with a Eurocentric myopia that has undermined, and continues to undermine, its understanding of the present crisis of world order.

This account of the NIEO also has implications for Critical International Relations Theory. Robert Cox created his theory of world order with the explicit intent of assisting in projects that aimed to reform world order. Nevertheless, by viewing the past as fixed, he came to view the NIEO as a powerless project, simply because it had failed. Thus, as Hobson and Sajed have shown, his work perpetuated a Eurofetishised view of Western agency, to the exclusion of the way that the non-West has been important in shaping world order. By taking up Hobson and Sajed’s call for a relational sociology of world order, I was able to transcend the limitations of Cox’s view of the nature of historical research. In doing so, I was able to reassess the NIEO, and show that Cox’s interpretation of it was flawed. Not only was the role of non-Western agency important for the history of world order in the 1970s, but it was important for the exact reasons that Cox claimed to study world order. As a movement that came very close to reforming the post-war order, it should be treated with the utmost importance by any such Critical Theory of world order. Indeed, the NIEO should not be dismissed and ignored by Critical Theory, or by historical materialist work on world order more generally. Instead, it should serve as an example of how malleable world order can be amidst the uncertainties of a world economic crisis, so long as great effort has been dedicated to the creation of a broad-based political project aimed at its reformation.

### **Future Research**

This thesis provides a basis for further research into the history of the NIEO, and the history and theory of world order. Having studied the rise and fall of the NIEO from the vantage point of the United Nations Archives, and other US-based archives, I have outlined a general story of how the North-South dialogue developed, with a view to understanding the decision making at the most crucial moments. This work can be greatly improved upon — and the central argument of this thesis strengthened or falsified — through further research within the national archives of leading G77 states. Evidence for the potential fruits of such endeavours can be found in the work of Christy

Thornton, who traces important historical foundations of the NIEO within Mexico.<sup>511</sup> In particular, further archival research, or even interviews, detailing the strategic thinking of Saudi Arabian elites during this period could prove essential for strengthening knowledge of the high point of the North-South dialogue, and the reasons for its collapse. This thesis' research, and the relational historical materialist approach it has relied on, could also be expanded into a macro history of world order. This, I believe, could provide a historical sociology capable of explaining the relation between the creation of the rules and institutions of world order and the crisis-propelled history of world capitalism, while focusing on the key moments in which people have had the most power to alter this history. In this regard, a core concern, I believe, should be how seemingly abstracted moments of world history — oftentimes unknowable decisions made by global elites — are related to the condition of the majority of the world's people, whose poverty is often deeply entwined with, but ignored from, these moments of decision. This history should be geared always towards informing knowledge not only of how things have ended up the way they are, but of how they might have been. This is essential, I believe, for informing people's knowledge of what might be possible now. That is, for informing the praxis which is the most essential research for transcending or mitigating the present crisis. Of course, ideally such research should — in my view — require extensive and democratic ethics approval.

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<sup>511</sup> Christy Thornton, "A Mexican International Economic Order? Tracing the Hidden Roots of the Charter of Economic Rights and Duties of States," *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 9, no. 3 (2018), <https://doi.org/10.1353/hum.2018.0020>.

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