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NEW INTERNATIONAL ECONOMIC ORDER AND MUSLIM SOLIDARITY

The Muslim countries encounter many challenging tasks. Both on the internal and external fronts they are faced with questions of security, progress and protection of their interests, rights and way of life. Domestically most of them experience mass poverty. Their income is low, irregular and undependable. They lead a life of deprivation and dependency. On the average their per capita income stands no comparison with the Western World. It is smaller by any normative standard and markedly below the current level achieved even in semi-industrialised societies. Only a tiny portion of the Umma enjoys material prosperity. The riches of the few states stem from resource endowment that is depletable. Essentially the economies of the affluent as well as non-affluent states are under-developed. Everywhere the physical and human resources are under-utilised. Relative backwardness dominates the scene. They lag behind in infrastructural facilities, up to-date productive installations and modern technology.

The avowed aims and objectives of the Umma are to eradicate poverty, utilize endogeneous resources to the optimal possible extent for the betterment of people and to have relationship of interdependence rather than dependence with the advanced nations. In fact the processes of technological modernization, equality of relationship and elimination of undernutrition, overcrowding, illiteracy and basic deprivation have already been set in motion. The barriers in the way of development are being set aside. The initiative and energies of the people are released, mobilized and channelized for purposes of growth and reconstruction of society. Some spotty and enclaved type of development is underway. The problem is to have broad based participative development with built-in social justice and self-propelled surge forward.

On the external front the Muslim states operate in an international economic system which is exploitative, inequitable and perpetuates

domination of the economically strong over the materially weak. They are confronted with ideological challenges, security risks, military threats and outright occupation of territories and hegemonic designs of big and super powers. The unjust economic order and adverse political forces tend to erode the supply of resources for development, deflect efforts and partly divert and wash off the gains arising from whatever progress is taking place.

The prevailing form and terms and conditions of economic relations with the developed countries are wanting in equality, justice and proportionality of gains accruing to the partners. The benefits arising from the network of commercial transactions in primary commodities, transfer of technology and production, investment and marketing activities of the transnational corporations are tilted in favour of the advanced societies. The operative rules of the game and codes of business behaviour operate to their advantages. The developing countries receive only marginal gains from the exchange relations. The disparities in income, wealth and economic power are perpetuated and intensified on account of the faulty system. The dire poverty goes unabated. The capacity for self-reliant development and technological progress is not built. Instead the dependency on the advanced nations increases with the growing transactional flows.

In view of the close reactive effects between internal problems and goals on the one hand and external relations and forces on the other the questions of coping with lower comparative income, under-developed and technological lag cannot be separated from the issues of International Economic Order. The endogeneous as well as exogeneous operants are to be seen, analysed and addressed to in a global perspective and multinational setting in order to engineer desired progress and share equitably in world trade and exchange relationships.

This paper examines as to how the pricing mechanism of primary commodities has not served the interest of developing countries. The case for restructuring of international commercial transaction is put forth in order to ensure stable, fair and remunerative prices to the producers of primary products. The perspective of the Third World and view-point of advanced nations regarding the reordering of relations are brought out with a view to forming an informed and realistic image of the matter. The reasons underlying the virtual deadlock in North-South dialogue for the establishment of New Economic Order are identified so that new initiatives are made, pressures are concerted and conflict resolving and consensus building strategy of negotiation is explored.

The necessity of national self-reliance and significance of Islamic solidarity on the part of Umma is highlighted to tackle effectively internal problems, promote common interest, escape exploitation, reduce dependency and move ahead toward equality in the comity of nations. The key factors and forces favouring the possibilities of cooperation among Muslim States are indicated. The important questions arising in connection with planning for self-reliance, Islamic collaboration and concertation of efforts with the Third World are spelled out for detailed probing and consideration. The task of Muslim leaders at all levels in translating into action the aspirations of people and visions of elites is emphasised. It is hoped that the 15th Century Hijra would witness the revival of the glory of Islam and matching role by a united Umma for the well being, prosperity and progress of mankind and establishment of just and harmonious relations among all countries and people.

Pricing of Primary Commodities

Experience has shown that the prices of primary products are subject to pronounced variations from time to time. Even moderate shifts in world production or uptake cause great price changes. The volatile conditions make for great irregularity and non-stability in the income of producers and export earnings. Since the supply of and demand for primary goods are by and large insensitive to perceptible price change over an extended period of time a proper equilibrium cannot be restored without costly trial and error before long. During the interim period the intermediaries and stockpilers make considerable gain at the expense of growers and consumers. They tend to further accentuate fluctuations through speculation. The producers lose in the bargain and suffer the adverse consequences. The exporting economies as a whole receive serious set backs to their orderly growth, maintenance of the real national income and balance of payment equilibrium. Advanced planning for investment and production is impeded on account of the uncertain and swinging pricing situation and instable foreign exchange earning.

Apart from being exposed to the risk and consequences of price fluctuations the value received by growers for their produce are low, unremunerative and normally do not keep pace with the general level of prices paid for inputs and imported manufactured goods. The exchange relationship between the agrarian societies and industrialised nations is characterised by deterioration in terms of trade for the former. There is considerable disproportionality in gains arising from technolo-

gical progress and productivity rise in different sectors for the trading partners. Poverty of the producers does not get mitigated visibly despite increases in output. The incentives for ability to increase production on sustained bases remains depressed or oppressed. This is unnecessary and unjust. They need not remain deprived of getting comparatively fair prices for their produce. It is unethical to leave them to the vagaries of market, manipulations of middlemen and deficiencies of the system to get squeezed perpetually. New bases for just, enduring and non-exploitative trade relationships are possible. Stable, fair and profitable prices can be ensured for the producers of primary products in a number of ways. Both at the national and international levels mutually acceptable measures can be adopted for the purpose.

Since price variations are directly affected by supply and demand cycles stabilization as such is conceptually possible via two routes. The first is regulation of production and control of supply ; adjusting output and flow of goods to the variation in demand. And the second is Buffer stock approach coupled with international commodity agreements of varying scope and coverage.

In so far the first course is concerned production is restricted in recession and expanded in period of boom. But this is easier said than done. Practically it is very difficult to do so. It presents insurmountable bottlenecks. At national level the regulation of area planted to different crops and manipulation of changes in productivity per acre are enormously complex phenomena. Farming follows its own rhythm. The volume of production is effected only over an extended period of time. In the short run one has to depend on the natural course of things. Adjustment cannot be decreed. It is to be left to the voluntary decision making processes of the growers.

Changing the cropping pattern and diversification of primary production are, undoubtedly possible in the longer run. The land sown to various crops and yield effect and intensity of cultivation are subject to deliberate adjustment through a set of enabling and stimulating measures. But the over riding long run problem is that of accelerating output and raising productivity rather than regulating production in response to or in anticipation of short term market outlets and demand prospects. The management of short term issue is best handled in other ways.

Given the level of production in any year the problem of supply adjustment for cyclical price stability is, in principle, resolvable

in the context of system of export quota and multilateral contracts. In fact export quota fixed on rational and agreed basis with the corresponding assumption of obligation on the part of importing countries to procure a specified portion of their supplies from designated exporters at an agreed price range is one of the frequently cited methods of supply control of commodities having relatively inelastic demand conditions. The mechanism of multilateral contracts between exporter and importer is also considered handy for the sale and purchase of specified quantities and maintenance of prices within an acceptable range. But the difficulties of reaching formal agreement on the allocation of export quota, fixation of price and revision of prices to reflect inflation and change in foreign exchange rate are so thorny that in practice little headway has been made on this front. The same holds true for multilateral contracts where the exporters and importers accept the obligation to sell and purchase from each other certain fixed quantities of the goods at stipulated minimum or maximum prices or alternatively the importing countries undertake to buy a specified portion of their total requirements from the exporting countries at an agreed price range. Although the arrangement contains the benefit of security of supplies to the buyers and assured market outlet to sellers the story here is not different. There is great reluctance towards having binding connection. The importers want to have the known benefit of free playing market mechanism and the exporters cannot go alone about it.

The best explicable course under the circumstances is the establishment of some working arrangements by the exporting countries themselves to levy uniform export tax on external sale and to adjust the rate of the tax in the light of global supply and demand conditions. The export levy can be instrumental in changing the volume and pattern of production in favour of the most efficient producers and at the same time improving the prospects of raising aggregate earning for the sellers. The option of establishing an International Marketing Board is also open to the exporting countries whereby they can fix the external sale price and gear its operations to reduce the gap between the prices received by them and the prices paid by consumers. Being a centralised agency the Board can ensure and enforce any acceptable action pertaining to the minimum export price and quantitative regulation of supplies to different destinations.

Buffer Stock Approach

The second course for the stabilization of prices is the buffer stock

approach. It can be used to mitigate or iron out sharp swings in the prices and to ensure adequate supplies in all phases of the cycle. It protects the producers by purchasing supplies when the prices drop below a certain minimum and help consumers by releasing stocks when prices have touched a certain maximum. The scheme involves adding to or withdrawing from reserve stock sufficient quantity of the commodity in question to influence its price to the desired extent. It goes on accumulating reserves when demand decreases and unloads inventory when demand increases. Buying at floor prices and selling at fixed ceiling price are designed to maintain stability of prices. The buffer stock arrangement allow the primary producers to dispose of their product at fixed level or within stipulated range without having to curtail export in depression and selling goods at throw away prices. The stock can be held nationally or owned and coordinated internationally. The inventory absorb the excess production and allow orderly releases.

In planning for Buffer Stock arrangement it is necessary to consider:

- (a) the level at which prices are to be stabilized. Agreement has to be secured on the range of prices consistent with the prospective long term trend which sustain equilibrium of supply and demand in the international market.
- (b) the coverage of commodities and the nature of goods to be brought under its purview.
- (c) the organizational machinery representing key interests and cushioning arrangements against burden-some surpluses or critical shortages.
- (d) the availability, sources, size of capital funds to build up the silos, warehouses, equipment for buying depots and office accommodation as working capital to finance the buying, storage and selling operation.

Neither of these issues lend itself to easy solution. All involves detailed negotiations and reaching of international agreements. The forecasting of future relationship between supply and demand and shape of long term price trend is a technically complex exercise containing great margin of error. The techniques and mechanism suited to each commodity market and to the particular problems of participating countries are not matter of common knowledge. Agreement on the range of prices and some sort of market sharing among the participants are rarely forthcoming. Mobilization of funds for the scheme is a gigantic task. An acceptable formula for apportioning possible losses

among the members is not smoothly arrived at. The form of an organizational machinery both at the national and international levels incharge of the operation is a subject of great haggling and bargaining. Notwithstanding the bottlenecks in the way the scheme is full of promise for overcoming the problem of sharp variation in the prices of primary goods.

Upwards Manipulation of Prices

The Buffer stock arrangements are undoubtedly helpful in the stabilization of prices around a trend level. It can go a long way in arresting steep variations in prices due to sharp fluctuations in production or changes in demand. The exporting countries can escape unnecessary swings in foreign exchange earnings and income from the primary producing sectors through the effective organization and running of the scheme in collaboration with importing economies. But the Buffer stock cannot by itself initiate or maintain an equitable relationship of primary goods prices with that of the prices of essential consumer goods, intermediate inputs and capital equipment and machinery bought from outside. Some other arrangements are therefore necessary to ensure prices that are remunerative and equitable for the producers and fair to the consumers. For this purpose the developing countries have put up a comprehensive list of proposals covering the following arrangements:

- (1) Buffer stock and multilateral contractual arrangements for export and import transactions with price provisions.
- (2) Formation of producers associations to safeguard and enhance the interest of growers.
- (3) Indexation between export prices of primary goods and import prices of a given basket semi-finished and manufactured products.
- (4) Exercise of full permanent sovereignty over natural resources and economic activities.
- (5) Compensatory payments for export shortfalls in circumstances beyond control or decline in foreign exchange earning as a result of price fall.
- (6) Domestic processing of raw materials, acceleration of agro-based and farm serving industrialization and diversification of production in the developing countries.

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- (a) Mutuality of interest and just proportionality in the distribution of gains arising from international transactions.
- (b) Positively symmetrical interdependence.
- (c) Improvement of market mechanism for the equitable advantage of all.
- (d) Countervailing power to off-set wherever exploitative moves are made and to prevent or minimize the prospects of undue extraction from either side by virtue of oligopolistic position or bargaining strength and expertise.

The proposals both for the stabilization of prices as well as the establishment of an equitable relationship between the prices of primary products and industrial goods are premised on the just and long term interests of the exporting and importing countries. The intention is not to charge an unwarranted price from either party. International transactions are seen as positive sum games and the objective is that all the participants share equitably in it. Changes and reforms are suggested to remedy the existing market deficiencies and to bring in elements of acceptability. Long term rationality in international arrangements and prudence in the immediate pursuit of commercial advantages is sought. The short term considerations, vested interests and myopic visions need not be allowed to stand in the way of changing unjust and defective dealings.

The exporting countries are cognizant of global interdependence. This is evident to them from the growing volume and diversity of international transactions both ways. There is no move to undermine it. It is appreciated that no group of nations can live or function for long in isolation. Nor is it possible on durable basis to coerce or be dictated to. In view of the many sided linkages a change in major policy variables anywhere effect the international system and ties everywhere. It is also known that neither side can subject the other to deprivation or overcharging in any field without risking loss of welfare for itself and being subjected to corresponding squeeze in other deals.

While mindful of interdependence it is clearly perceived that the degree of interdependence and sensitivity to changes in the flow, nature and cost of international transactions are markedly different for the two sides. The range as well as scope of Third World dependence on advanced nations are wider. The developing economies are at present dependent on them both for the disposal of surplus produce at stable and remunerative prices as well as inflow of capital and transfer of technology for accelerated progress. Any variation

in the demand, pricing, market access and changes in the term and condition of technological transfer and capital availability entails big impacts on the level of GNP, pace of growth and degree of modernization. They cannot easily find alternate destinations of marketing primary products and obtaining the badly needed funds and technology for economic progress. Delinkage or disruption and market shut down involves great set back. The reverse does not hold true to the same extent. Changes in the supply and demand conditions for primary goods in developing countries do not have comparable effects on the economies of the advanced nations. Only marginal consequences are entailed for particular sectors and strata of people. It is possible for them to ease the harmful effects by switching on to domestic sources of production and output of substitute synthetic goods over a period of time. The shock of diminution, disruption or higher pricing can be absorbed without grave dislocations and loss of welfare.

The end in view is therefore to make this asymmetrical relation some what symmetrical and make sure that engineered changes on either side bring in beneficial effects for all or at least have minimal damaging repercussions which are institutionally compensated for particularly in favour of the weaker and poorer partners. The leverage enjoyed by the developed over the under-developed countries so far have enabled them to obtain disproportionate benefit from exchange relationship. The idea now is to rectify the situation. The desire is to lay ground work for genuine interdependence that is positively symmetrical and to control the glaring sensitivity of developing countries to changes in the developed economies. The emphasis is on connecting interdependence with the prospects and processes of development.

The market mechanism by itself does not afford reasonably stable and comparatively remunerative prices to the producers of primary goods. The growers operate in purely competitive conditions. None can exert any influence over price setting and supply situation. The holding power is meagre. Bargaining position *vis-a-vis* the buyers is very weak. The relative inelasticity of production and demand in the short run put them at the mercy of outside forces. By virtue of being scattered and unorganized the benefit of rise in productivity and technological progress cannot be preempted. The customers reap the gains arising from progress. An intervention in the market mechanism and regulation of supply and demand conditions are deemed necessary to save them from exploitation and to ensure prices which have definite relationship with the prices of imported inputs, machinery and other essential manufactured products.

Since the production and marketing of manufacturing goods are done under oligopolistic conditions and the workers engaged in these activities are organized into strong trade union neither the pricing of finished goods nor the cost of production are determined by the free play of competitive market. The firms and organized labour force condition the price, output and timing of the flow of goods to the market. To offset the adverse consequences arising from this state of affairs for the producers of primary goods in their capacity as buyers of finished goods and sellers of raw material there is no choice but to build up of some countervailing power in one form or the other. The proposals pertaining to international commodity agreements, producers association, indexation of prices and compensatory payment etc. are some of the countering measures against exploitative move and one sided extraction of benefits. The interest of all partners in trade is served best when checks and balances are there. The cause of alienation on the part of vulnerable side is removable only via mutually acceptable methods of protecting and enhancing its legitimate share in trade.

Perspectives of Developed Countries

The perspective and perception of the developing countries on the theme are not shared in toto by most of the developed countries. They see the issue in different framework. Having recently experienced the financial load arising from the series of increases in crude oil prices the plea for the manipulation of commodity prices is looked upon with skepticism. It is felt that the delicate structure of international cooperation constructed over the past 35 years is in real danger of collapse if the trend toward cartelization, unilateral rise in prices of oil and assertion of commodity power wherever it exist is institutionalised. The extra burden on their balance of payment, internal cost increases, operation of ratchet mechanism as wages react up but not down, stagflation and anxiety over the long term fate of their sources of supply are cited to project the difficulties of entertaining the claims and accepting the proposals. Receptivity to the establishment of a New International Economic Order is missing.*

* The advanced countries are not monolithic. They are somewhat, heterogeneous with varying preferences, interests, attitudes and positions towards specific issues. Their perceptions and perspectives have some similarity and consistency but not identical. The U. S., Germany and Japan are the hard liners. The Scandinavian states have softer outlook and sympathetic response. The EEC and Canada etc. are in-between. However for purposes of analysis we have abstracted from the nuances in their reactions to the plea for New Economic Order. A simplified picture is given to grasp the broad contour of their thinking.

The shortcomings of present economic order are of course, admitted. But the case for radical transformation of the system in vogue is questioned. Gradual changes, piecemeal reform, reciprocal accommodation and commodity by commodity approach to international agreement are suggested to remedy the outcome of current inequalities, injustices and faulty relationships. The need for both access to market and assured supply at reasonable and stable prices is stressed. Emphasis is placed on interdependence as it operates historically. The tendency to play up conflict of interest is discounted. Complementarity is highlighted. The process of negotiation, consultation rather than confrontation is judged to be the best course for resolution of clashes of view and varying predilections. This is actually meant to maintain status quo with marginal tinkering and appeasement. The will to transform the system in line with the changed conditions, claims and expectations is absent.

Instead of macro solutions proposed at the political forums and platform of the U. N. General Assembly and its organs the study of issues at technical level by small groups and specialized conferences is preferred. The practice of passing resolutions through majority vote is deemed purposeless. Consensus is advocated. Evolutionary adjustments and adaptation are seen to be the way out of the crisis of North-South relations.

On the specific issue of equitable pricing of primary commodity the posture is not very encouraging. The special characteristics of agriculture and unique problems of primary products are mentioned. But in tackling these problems preference is expressed for the right deployment of resources so that equilibrium between supply and demand is achieved at prices that are equitable to consumer and remunerative to efficient producers. The stress is on the regulation of the flow of output geared to foreseeable evolution in internal consumption and projected international uptake. Even U. K. which has a somewhat soft approach to the whole gamut of issues is far from appreciating the philosophy and compelling forces underlying the concrete proposals emanating from the Third World. The policy speech delivered by the British Minister on World Trade in commodities is really revealing. He said "a generation after the general agreement on tariffs and trade, I believe the time has come to balance it with a general agreement on commodities. As a basis for discussion I suggest that the following commitments might form part of a general agreement.

First, we should recognize the interdependence of producers and consumers and the desirability of conducting trade in commodities in

accordance with equitable arrangements worked out in agreement between producers and consumers.

Second, producer countries should undertake to maintain adequate and secure supplies to consumer countries.

Third, consumer countries for their part should undertake to improve access to markets for those items of primary production of interest to developing producers.

Fourth, the principle should be established that commodity prices should be equitable to consumers and remunerative to efficient producers and at a level which would encourage longer-term equilibrium between production and consumption.

Fifth, we should recognize in particular the need to expand the total production of essential food-stuffs.

Sixth, we should aim to encourage the efficient development, production and marketing of commodities (both mineral and agricultural) and I should like to emphasize forest products—and the diversification and efficient processing of commodities in developing countries.”**

Exchange of Information

Instead of substantive changes cosmetic face lifting measures are suggested. To begin with systematic and regular exchange of world-wide information on production and requirements is regarded helpful. It is opined that the availability of necessary data would enable each Government to form and formulate rational policies for the primary sector. The exchange of views on market trends covering supply, demand and investment prospects can be used for forward planning designed to mitigate successive cycles of over and under investment.

Commodity by Commodity Agreements

Instead of an integrated programme the idea of appropriate international agreements on a case by case basis, and taking into account the interests of both producers and consumers is put forward. It is believed that step by step international agreements can be negotiated in pragmatic fashion for the main products which are essential for human consumption and crucial to the objective of restoring balance to the developing economics. The agreements can cover as many producers and consumers as possible and encompass a substantial part of the

**Paper submitted by the United Kingdom of Great Britain and Northern Ireland on World interdependence and trade in commodities to the preparatory committee for the special session of the General Assembly devoted to development and International Economic Co-operation.

trade involved. The arrangements may, in appropriate cases, include international buffer stock or coordination of nationally held stock, production control and export quotas aiming at controlling fluctuation in prices and sustaining an orderly flow of supply to the market. To strengthen the stabilising function of the stockpiling a floor price provision can also be incorporated into the agreement. This can be reinforced by an undertaking on the part of individual purchasing and producing countries to buy and sell a designated quantity at the agreed minimum price. The multilateral action can be extended to key tropical products. A list of products and specific proposals in that direction are welcomed. This approach is said to take care of the problem of gluts and shortages and to serve the common interest of both sides.

While supporting commodity agreements in principle reference is made to the partial success and certain cases of failure of this course of action in the past. This is by no means considered the best or only mechanism to ensure stability of prices and orderly supplies. It cannot cope with and function in circumstances of serious scarcity and overabundance. The utility of it lies in managing price swings within a minimal range.

Since the prospects of covering every major commodity under international agreement are limited it is said that some sort of discipline can be negotiated for products falling outside the purview of contemplated commodity agreements. Informal arrangements can be worked out for periodic price review and reaching understanding on minimum export prices. This is believed to prove helpful in preventing pronounced imbalances on the world market and facilitating stability in foreign exchange earnings.

In recognizing the need for case by case commodity agreements and informal arrangements the importance of international discipline and common code of conduct regarding access to supplies is stressed. The question of export restrictions/embargo is placed at par with the problem of import obstacles and restricted entry to market. It is felt that interdependence make it necessary to evolve a set of rules and binding commitments for mutually advantageous transactions both ways. Arbitrary and sudden interruptions of trade flows is regarded harmful. The commodity agreements must have definite provisions and necessary guarantees for access to supplies.

Integrated Approach

To approach the problem in a scientific fashion UNCTAD has worked out an overall integrated programme to cover a range of

specified commodities for each one of which an appropriate action can be taken, either jointly by producers and consumers or by producers alone. It encompasses the principal problems of commodities of export interest to developing countries. The programme is devised as a unified 'package' to be negotiated as such. It covers a variety of objectives and institutional steps suitable for implementation in a flexible and complementary manner including international stocking arrangements, common funding of stocks, a system of multilateral sales and purchase commitments, compensatory financing for the stabilization of real export earning and measures to promote internal processing of primary commodities.

The proposal differs from the traditional, commodity by commodity approach in the following ways:

- (a) "the programme would attempt to deal comprehensively with the commodity problem of developing countries.
- (b) it would be based on a common set of principles, objectives, techniques and guidelines;
- (c) where appropriate, it would provide for action to be taken on commodities in groups, through such measures as multi-commodity buffer stocks and international deficiency payments.
- (d) action prepared for individual commodities would be more multi-dimensional than in the past, *i.e.*, it would cover, where appropriate, a range of complementary measures relating to such aspects as marketing, promotion, processing diversification and access to markets, as well as pricing policy"***

No consensus has yet been achieved on any particular approach. The differences are primarily of methodology and objectives in view. The subject is studied in depth. It is possible in due course to identify and agree upon a number of features which are common and uniformly applicable to most commodities and to work out an acceptable set of goals and effective procedure for multi-lateral commodity agreements covering prices, buffer stock, market outlet, access to supplies, deficiency payment and processing of material etc.

Producers Associations

Unlike the commodity agreement where at least the basic principles are not in dispute and the differences are mainly over the question of integrated versus commodity by commodity approach there is complete aversion to other proposals. The concept of producers associa-

tions is vehemently spurned. It is associated with OPEC like experiences and arouses over reaction. The regulation and control of supplies and joint marketing strategy by producers associations is feared to be used against the legitimate interests of consumers. It is believed to carry the seed of political confrontation.

The apprehension is that producers association may prove detrimental to unhampered exchanges of goods and upset positive attitude of cooperation between exporters and importers. The perceived danger of price fixation, export control, market distortion, output restriction and waste of resources is put forward as an argument for inadvisability of proposal. Producer association and the commercial power acquired with it is seen to run counter to the concern of the consuming countries to retain assured access to foreign supplies at market determined prices. A most pronounced concern about it is expressed by countries which are heavily dependent on imports of raw materials. The hostility to the idea thus precludes the probability of arranging joint actions by the producers and consumers for the stabilization of market conditions, assured access to supplies and guaranteed outlet at remunerative prices. The developing countries have to rely on themselves for whatever action is deemed appropriate.

Indexation

Like the concept of producers associations, the notice of indexation is also strongly resisted. The need of developing nations to secure fair and equitable prices for exported and imported goods is recognised but the proposals to establish some orderly automatic link between the two is labelled impractical. The desirability of establishing an appropriate relationship between the prices paid for foreign purchases and price received for external sale is doubted. In fact indexation is co-related with the suspension of a market mechanism and generation of numerous difficulties for the partners in trade. There is strong opposition to manipulate the terms of trade.

It is asserted that the relationship of commodity prices to manufactured goods needs to changes freely in response to changing supply and demand conditions otherwise there will be persistent cycles of over and under production which would harm both the producers and consumers. Indexation would bring in the element of rigidity into the pattern of relative prices for different commodities and thus cause misallocation of resources, prevent resources from being shifted to where they could be used more efficiently. Producers can gain under

the arrangement over the long run provided over supply is not allowed to occur and export quotas are fixed and enforced. But this would not be feasible for them except at the cost of efficiency of production.

The establishment of an automatic link is feared to intensify inflation and set the stage for spiraling prices rise. The upward manipulation of primary product prices would contribute to cost push and subsequently demand pull inflation. This perception lose sight of the fact that indexation is a response to one sided price rise of industrial goods. Indexation is demanded as a mechanism of improving/checking deterioration in terms of trade and as device to insulate developing countries from the corroding effects of inflation in developed countries. It is not meant to generate inflation. Advanced nations also draw attention to the adverse consequences of indexation for those developing countries who are poor and have negligible export surplus of primary goods and rely heavily on import of both raw material and industrial products. The indexation arrangement as such would inevitably transfer resources to the developing countries in proportion to their export capacity of particular commodities both from the advanced nations as well as resource poor developing countries. This is deemed undesirable. The observation is true but cannot be logically used as an argument indexation. At best it can be construed to design some arrangements whereby the resource poor developing countries should not suffer on account of indexation and they are duly and automatically compensated for the potential losses.

There is great validity in the reference to the effect that many technical issues have to be resolved before indexation could become a practical proposition. It would be necessary to construct an appropriate and timely indices of the prices of commodity baskets of exports and imports goods that determine the real terms of trade. A reference price has to be set at an acceptably reasonable level bearing in mind historical relationship before the proposal can be made operational. One has also to work out an index to tie the prices of primary exports to the rate of international inflation and thereby designing a mechanism of protecting the purchasing power of export earnings of developing countries. Empirical studies are required to specify normal base year for the index content of commodity baskets, correlation between the price index of a 'primary basket' and 'manufactured and capital goods basket,' and the movement of indexes overtime on regular basis. The findings can yield the stuff to negotiate judiciously the case for indexation. The study of direct and indirect indexation schemes are presently made in UNCTAD. The plea for technical investigation cannot, however, be used to delay or

avoid serious dialogue on the issue.

Sovereignty over Resources

The same response is shown to the idea of the exercise of full permanent sovereignty over natural resources, wealth and economic activities. The insistence that the owners should be able to utilize their indigenous natural resources in the most beneficial and appropriate manner in the light of their own judgement is not fully appreciated. The assertion of the right to nationalize, expropriate or transfer ownership of foreign enterprises in the primary and other sectors is looked upon with disfavour. The notion to regulate and supervise the activities of TNC operating and to take measures to ensure that their activities comply with host country's laws, rules and regulations and conform with its economic and social policies is seen one sided.

Of course, the significance of formulating and negotiating an internationally acceptable code of conduct for the operation of TNC is granted. The need for rules governing the transfer of technology, regulation of restrictive or abusive business practices and ordering of commercial and production activities in conformity with the economic and social policies of the host country is also recognized. But a counter plea is made for the establishment of international as distinct from purely national control over TNC. It is asserted that in order to avoid arbitrary action, and to ensure the rights and duties of both, the legal problems which arise between the TNC and host countries should be subject to international arbitration or to resolution by the International Court of Justice. The one sided acceptance of the right of host countries to enjoy unrestricted authority over TNC and to regulate their production, marketing and pricing policies without corresponding obligations is deemed to lead to international anarchy. The states are equated with TNC in the specification of respective codes of conduct and disciplining of behaviour.

Compensatory Finance

In so far as the other proposals pertaining to compensatory payment, domestic processing of raw material and market access etc. are concerned, there seems to be some openness of mind. Reference is made to IMF facility and the Lome Convention Commodity Scheme (STABEX) for compensatory financing of export fluctuation and buffer stock funding. Under the existing arrangement IMF provides assistance, in addition to ordinary drawing rights, for balance of payments difficulties produced by export short falls due to circumstances beyond the control of primary producer countries. STABEX offer some compensation to exporters

when their earning from exporting certain products to the EEC declines below the normal level due to reasons outside their power. The possibilities of extending and improving upon these schemes are not ruled out. There appears to be general appreciation for the liberalization of IMF compensator/ finance facility to provide income as well price support. The adoption of an improved vision of STABEX by other advanced countries is also seen to be within the realm of feasibility.

Processing of Primary Commodities

Similarly no objection is raised to the domestic processing of raw material and promotion of supply oriented industrialization in order to improve the terms of trade and have greater value added to the primary produce. But no positive commitment is so far forthcoming on the essential prerequisites for doing so. Evidently the establishment, expansion, and full utilization of industrial capacity is closely connected with the question of access to the market and structural transformation in the pattern of industrial production in the developed countries. Unless appropriate measures in the field of international trade are agreed upon to allow and enable the developing countries to increase their share of manufactured exports accelerated industrialization is not possible. It is hard for the developing countries to cross the tariff and non-tariff barriers erected by the industrialized countries against the import of processed material and manufactured goods from the Third World.

The GSP scheme adopted by the EEC and other developed countries is undoubtedly a first step in the desired direction. It accepts the principle of unilateral concessions. But it is of limited benefit. The practice of negative listing and exclusion of 'sensitive items' from the scheme makes it very restricted. The safeguard mechanism and escape clauses easily allow for the retention and imposition of tariffs on any imported product which causes or threaten to cause market disruption and serious injury to domestic enterprises. Its effectiveness is diluted and uncertainty increased through many complex stipulations. The imperative requirement is to permit progressive liberalization of trade on preferential and non-reciprocal basis in favour of developing countries. A multilateral safeguard system is called for to protect their export against undue restrictions and inequitable, arbitrary and discriminatory treatment in the market of developed countries. Nothing short of a multilaterally binding code, making for assured access to market and elimination of barriers which escalate progressively against manufactured goods exported by developing countries, can serve the cause.

Since complex escape clauses and criteria of injury to domestic production are used to control access to market and dodge the goal of getting foothold by the developing countries to link the continuation of unavoidable barriers to structural adjustment in the pattern of their industrial production suited to dynamic comparative cost advantages is necessary to get going. A step forward has already been taken in the form of TOKYO declaration in 1973. Multilateral Trade Negotiations are already underway under the auspices of GATT. But the pace of progress in arriving at some conclusive results is tardy indeed. A resurgence of protectionism is in fact frustrating headway in the negotiations. The fulfilment of the commitments contained in the TOKYO declaration are not in sight because of inwards looking orientation and disregard for outside claims and requirements.

In view of the posture taken by the developed countries the prospects of formulating fair and equitable new rules of the game promising entry and foothold to the developing countries for the export of their processed, semi-manufactured and industrial product are thus not very bright. Developed countries are not really willing to meet the fundamental requirements of restructuring trading relationship to permit and stimulate speedy industrialization based on domestic raw materials in the Third World. No action is contemplated to move out of non-competitive labour intensive industries and manufacturing units based on imported primary products. The creation of industrial capacity on the desired scale in the developing countries can be greatly facilitated through the shift of resources in developed countries from internationally non-viable fields and their redeployment in more capital intensive and technologically sophisticated industries. But they are in no mood to initiate steps in this direction. Only lip service is paid to the importance of encouraging the processing of raw material in the developing countries. No commitment is made to the Lima Declaration and Plan of Action on Industrial Development Cooperation. Nor is there any sign of having market sharing arrangement whereby a specified portion of incremental demand is met through imports from competitive sources. The redeployment of industry is taken to be a matter of the evolution of economies rather than a question of international policy or negotiation.

Gap in Thinking

While the developed countries are resisting the demands for the recording of relations, the developing nations are reasserting the proposals. None has gone weary or convinced of other pleas. The debate

therefore goes on. The controversy continues. Both sides adhere to their respective positions. Neither party has been able to modify the perspective, image, values, preferences and motivation of the other. Every one feels that it stands on solid moral ground. The offensive is matched by defensive positioning. Nor is there any visible sign of internal restructuring of attitudes. The outcome is limited to the insight gained of each other's belief, depth of feeling and range of convictions.

The reluctance on the part of advanced nations even to enter into serious negotiations for binding contractual arrangements and structural changes persists because of the widely held belief that the existing system is not gravely inefficient or deficient. Since it has served their interest well they are not mindful of the totality of its impacts. They feel that only minor streamlining and improvement in the rules of the game are required to diffuse equitably the gains generated by international transaction and current order. The receptivity to heated advocacy is not there because the potential power of the contestants to inflict injury is very limited. Unlike the petroleum producing nations where the supply conditions favoured cartelization and concerted action by OPEC the producers of other raw materials are not in a position to take unilateral action regarding the fixation of export prices or interruption of the flow of goods. The suppliers of all the major primary products are numerous. None enjoys individual or collective sweeping control over the total global production and export. In view of the meagre 'commodity power' the North does not feel vulnerable to any threat or possibility of withholding supply or raising of price by any combination of developing countries. The producers of primary goods are themselves conscious of the fact that their confrontational strength is negligible. They cannot profitably pursue a course of delinking. The absence of visible leverage make for the perpetuation of status quo and only slight adjustments and adaptations in thinking and actions of developed states.

But the matter is not hopeless. The debate is in no way an exercise in futility. The claims and counter arguments have been helpful in the clarification of each other's position and vital concerns. There is growing awareness of common interest in the resolution of perceived conflicts, reconciliation of divergent views and agreement on some minimal negotiating principles and strategy of dialogue. The demand for New Order is no longer taken as empty slogans or mere rhetorics. There is willingness to consider specific issues and to re-examine preferred approaches in the light of new perspective. Both the parties

are desirous of avoiding the cost and consequences of resentment, disorderly exchange relationship and commodity markets wanting equitable, stable and remunerative prices.

Gradually the validity of each other's view and the ethical force of respective claims and counter arguments is expected to be placed in an appropriate frame and considered with greater sobriety and understanding. It is hoped that mutually acceptable and jointly favourable solution would be discovered with problem solving bent of mind on the part of both sides. One has to be patient. Moderation, reciprocal accommodation and existential compromises might take over the rigidity and preconceptions now characterising the dialogue.

Nationality Self-Reliant Development

Evidently neither the developing countries as a bloc nor the Muslim States as a part of the whole can mark time until fortuitous change in circumstances or precipitating alterations in the mood and outlook of the advanced nations take place. Vital interests are involved in the stable, equitable and remunerative pricing of primary products and establishment of New Economic Order. A suitable set of action within ones own sphere of control and influence will have to be taken. Apart from the intensification and coordination of efforts on sound lines by the Third World itself two mutually re-enforcing courses are open to the Umma for the purpose. These are: (a) National self-reliance (b) Islamic solidarity and collective arrangements.

In planning for national self-reliance a comprehensive programme for the internal stabilization of prices and profitable return to the growers is of paramount importance. Priority is to be accorded to the processing of domestic raw material, construction of agro-based industries and mineral oriented manufacturing units, warranted by the size of market, prospects of foreign outlet and growing effective demand. Basically the development of both primary and secondary sectors is to be organised through the vitality of indigenous entrepreneurial class, full mobilization of the labour force, active involvement of the educated and trained manpower and deployment of local resources.

The urge towards autonomous goal setting and participative rational decision making at all levels is to be strengthened. The initiative, talent and skill of the people is to be nurtured. To build up productive capacities and manage the task of growth internal sources of money are to be tapped. The tendency to conceive development as an exogenously determined phenomenon is to be modified. The visualization of progress as something stemming from the inflow of external ideas, capital,

technology and institutional emulation must be corrected. The cognition of progress, as an organic process subject to proper cultivation must be disseminated. The possibilities of fulfilling essential needs from within are to be explored.

This does not mean autarky. Self-reliance is neither seclusion nor isolation. No nation can cut off itself from the network of universal transactions. International links are necessary and have to be maintained and fostered. But there is to be discretion and selectivity in them. Wherever feasible the depth and sweep of relations are to be linked with the twin requirements of national interest and responsible international behaviour. The aim is to minimize national vulnerability to unpredictable outside forces and to counter or frustrate appropriative moves on the part of economically powerful players. The resilience, ability and self-confidence is to be built up to stand emergencies and critical situations as and when they arise. The economy must be immunized from hostile and uncongenial foreign events, circumstances and manipulations. There is no substitute to nationally propelled growth in the context of international interdependence.

The path of self-reliance is actually being followed by most of the Muslim countries in varying shapes, degrees and direction. The course chosen is tailored to resource make up, particular conditions, organizational ingenuity and stages of development. The need is to streamline and enlarge it. The periodic accomplishments are to be consolidated and further momentum is to be judiciously programmed. The plans and strategies of action must be constantly reviewed. New experiences and feedback must be used to charter more promising avenues. The National Planning and economic decision-making agencies are doing by and large a satisfactory job in most of the countries.

Collective Self-Reliance

The strategy of successful national self-reliance fits in harmoniously with collective self-reliance on the part of Umma. It builds up an ethos of trust and confidence in extending self-steering move to larger setting. The creditability to devise and implement joint action for common interest gains ground. The possibilities of, proposals for and ability to cooperate are taken seriously. The commonality of benefits and belief in each other's capability to promote mutually acceptable missions tend to evolve favourable atmosphere for coming together. The most self-reliant nations can better take the lead in the organization of collective endeavours. Their views are heeded. Respectful regard is shown to the plans and propositions put forth by them for consideration.

A turning point has fortunately come about. The sense of exaltation on account of recent strides in self-reliance and aversive experiences of dependency and weak bargaining position in isolation act as great stimuli for collective self-reliance. The resurgence of Umma, realization on the part of political leaders and awakening of elites to the realities of life now provide opportunity to get going in the desired direction. The vast array of private and semi-public organizations and associations formed to project Islamic outlook and safeguard the interest of Umma are conditioning the cognitive and motivational orientation of the Muslims all around. The minimum essential political and commercial links have already been established to initiate the process on firm footing. The Islamic Conference furnish an institutional framework to deliberate upon themes of individual and collective concern. The Islamic Summit provide the forum to approve policies and take decisions on all issues at the highest level. The will to protect and enhance the ideological heritage and seek the welfare of Umma has assumed overarching proportions.

The cultural affinity, sense of identity, feeling of shared interest, and desire to work together for common objectives furnish strong underpinning for evolving closer relationships. The existing heterogeneous economic situation and varying stages of development constitute assets for cooperation. The economies of different countries complement one another's deficiencies in resources, manpower and specific goods and services. Individually insurmountable bottlenecks are experienced in the production of many capital goods and intermediate products where advanced technology, economies of scale, large investment and huge market size are required. But collectively or in sub-groups they can viably launch and operate any set of industrial complexes and produce whatever commodity is desired. The rich and varied soil, diverse climatic conditions and vast water potential allow them to grow any crop for internal consumption and external sale.

As a group only the acquisition of latest science and technology is required from outside. That too can be obtained cheaply and on better terms and conditions through concertation of policies and coordinated shopping. There is no hesitation or feeling of inferiority in reaching out for the purpose. The Holy Prophet has enjoined upon the faithful to seek and obtain knowledge from all sources however distant they might be. It is a matter of gratification that excepting modern technical know-how self-sufficiency is possible in all earthly things through inter-state collaboration, establishment of Islamic organizations and intensive

network of links and transactions. The Umma is aware of the God given endowment and potentialities. It just needs to see the common stakes and to put to use and release talent for pooling of resources and collective self-reliance.

On the top of this comes the political dynamics such as defence and security considerations. The attraction of supplementing each other's capabilities to deter adversaries and to withstand pressures and threats is in full view. Fortunately no negative element or force stands in the way of collective self-reliance. None suspects the motivations of others. Nor is there any design by any one to dominate or extract undue benefits from the undertaking. No territorial disputes are involved. The disagreements in opinions and views, if any, are brotherly differences subject to amicable settlements. The prevailing sets of conditions are most favourable for the reconstruction of Umma on the Islamic lines.

Programming for Collective Self-Reliance

The vision of, desire for and environmental compulsion to come together is necessary but not enough for the organization of collective self-reliance and implementation of the process. It is one thing to be inspired with the cause and values of cooperation and quite another matter to set up realist goals, build up structural machinery and to devise suitable processes and techniques to translate the vision and resolve into relevant solutions and down to the earth actions. The ideological conviction, image of glory and optimism about the moving force of the Umma cement the drive and serve as tonic to the thought of cooperation but the task of cooperation itself is mundane phenomenon demanding worldly wisdom, leading qualities, negotiating ability and executive capabilities. The mission calls for painstaking technical knowledge to express broad objectives into workable policies, operational plans and viable projects and attractive activities. The skill to design and manipulate institutional mechanism for putting into practice the decisions and declaration of intent taken at the highest level is essential for giving material shape to the ideas and ideals.

The organizational ability, programming expertise and persuasive art are not lacking in the Umma. The multifarious background conditions necessary for realistic cooperation exist. The problem is to break the ice. This is the job of intellectual and political leadership. The thinkers and scholars to project the relevance and saliency of collective self-reliance and turn the idea into a living force. The men in authority are to seize the opportunity and work for commonly rewarding strategies with sagacity and spirit of sacrifice. It is they who have to visualise and approve

practical targets, initiate and figure out acceptable policies and take decisions on complex issues of far reaching implications and day to day significance. The problem of responding to and popularising the deep-rooted wishes of the people and directing their energies to constructive channels demand the full time attention of political leaders. The fervent hope is that neither the generators of ideas nor makers of public opinion nor decision taking personalities would stumble in the gigantic task ahead of them. The technocratic and managerial machinery is easily geared to the detailed structuring and operation of collective self-reliance in line with the surge forward on the cognitive, motivational and political planes. The immediate requirement is intellectual input and engagement of the political forces and processes for planning, contextuating decisions and follow up actions.

Forms of Cooperation

The economists will readily tell us that the desire for cooperation can be concretised in many forms and varying depth and phases. Some of the major mutually additive options are listed below :

- (i) Nationally held and collectively coordinated and financed buffer stocks in major primary products and food grains.
- (ii) Establishment of an umbrella of collective bargaining, regional or sub-regional inter-national marketing agency for major products and coordinated trade negotiations with the developed countries in commodities of export and import interest to the Muslim countries or sub-group thereof.
- (iii) Formation of regional or sub-regional producers associations in cotton, tobacco, tea, rubber, jute, rice citrus fruit, dates, edible oil, hides and skin, sugar, textiles, leather goods and major mineral goods to regulate competition and safeguard and enhance the interest of producers in getting remunerative prices. These are also helpful in ensuring orderly flow of supplies to the consumers. They can conduct regular consultation regarding production, valuation, marketing and processing of the raw material and promoting sustained rise in productivity, standardization of goods and improvement in quality of output. It is also possible for them to work out an agreed system of specialisation where each country produces the goods and services in which it is comparatively most efficient and supplies guaranteed quantum of the product to the other members.
- (iv) Liberalization of intra-Umma trade in goods originating from within and arrangement of long term bilateral and multilateral

contracts and barter deals for the export and imports of specified products. This is desirable to give preferential treatment to one another and to have the advantages of larger market, increases in volume of production and fuller utilization of the economies of scale.

(v) Exchange of information, knowledge and technology in the fields of infrastructural projects, manufacturing industries, water resource development, agricultural modernization and organization of joint ventures, common shipping lines and unified road transportation wherever possible. This is best achieved through the creation of special purpose functional bodies to provide economic, commercial and legal framework for dovetailed development in key fields. Functional agencies are effective instruments of taking over the tasks of planning, coordination and negotiations from the general bureaucratic cadre and working out agreements in their respective jurisdictions. They actually serve as catalytic agents for pooling of resources, sharing of market and acceptable specialization. The collective self-reliance is furthered by generating new pressures and incentives for extending and deepening the domain of work horizontally, vertically and laterally. Once in position they help foster favourable attitudes, vital stakes and appropriate facilities for additional steps towards joint programmes. The creation and strengthening of special purpose institutions can be taken in hand as soon as the ratification of and action on the General Agreement for Economic, Technical and Trade Cooperation together with the finalization of Agreement on protection and guarantees for investment is done by all the members of Islamic Conference.

(vi) Increasing bilateral financial flows in the form of loans, investment and grants from the capital surplus to foreign exchange deficient countries so that the scarcity of funds does not arrest economically warranted rate of growth in any part of the Umma. Moreover the enhancement of the capital of Islamic Development Bank and lending of greater official support to International Associations of Islamic Banks to establish branches all over the member countries in order to channelise money on multilateral basis to places and projects where the prospects of efficient utilization are most promising. Both bilateral and multilateral aid can be used as a mechanism as well as leverage for promoting policies and programmes which are judged to

be instrumental in strengthening collective self-reliance. In fact to pave the way for collective self-steering and to prepare the ground for greater cooperation a Master Plan, drawn under the auspices of Islamic Secretariat and Islamic Commission for Economic and Social Affairs and subsequently approved by the Islamic Summit of Heads of States, can be applied to condition the flow of aid to member countries and specific projects.

(vii) Formulation and enactment of guidelines for intra-Umma mobility of labour and skilled manpower. In view of the growing migration and immigration among the Muslim States declaration of principles and establishment of legal framework for the rights and duties of personnel engaged in different activities would be an important step forward. It would strengthen the brotherly ties and regulate claims and expectations. A convention on workers rights, safeguard of privileges and preferential treatment for people from the member states in line with the Islamic injunctions would firm up and broaden the appeal of Muslim solidarity and promote reciprocal predictability of behaviour. The feeling of identification is best nurtured by guaranteed rights, respect for welfare and most favourable treatment. All Muslims irrespective of their nationality have a strong sense of belonging to the Umma. This sense finds validation and confirmation when actual actions, reactions and interactions conform with expectations and normative standards of our religion.

(viii) Projection of the Islamic ideology and strengthening the security and socio-cultural solidarity of Umma.

Priorities and Phasing

We are conscious of the fact that the indicated avenues of cooperation cannot be simultaneously pursued in one go. There are multi-dimensional constraints involved in ambitious engineering. It will take quite some time to muster political resolve for a comprehensive programme. The existing organizational and technical capabilities preclude the feasibility of implementing an all inclusive vision even if the intention to do so is formed. Realism demand that a set of specific areas and concrete projects are periodically identified which can be addressed to on selective basis. A system of preferences need to be worked out in order to proceed within the zone of practicability. In choosing priorities several criteria suggest themselves. These are :—

(1) *Pressing common interest.* In picking up enterprizes it must

be ensured that they are of real interest to the members individually as well as jointly. When a particular form or item of cooperation is examined the expressed views indicating the perceived interest of the members should be duly taken into account. The participants contribute to those projects and share responsibility in tasks which are perceived to be rewarding. In the initial stages of cooperation it is absolutely necessary that nothing is done to push through any proposal where perceptions collude and the generation and distribution of benefits are foreseen to be unequal or disquieting among the members. The participants must feel that the suggested ventures are to the advantage of all in fair proportions. Any idea or programme which brings in divisive tendencies or conflicting thoughts is to be deferred until opportune moments. The concentration should be on those activities where compromises are readily possible and extreme positions are not held. The reconciliation of diverse predilection and harmonization of views should be the governing principle in decision making. This tends to forge unity and preserve cohesion. A general electric approach and log rolling promote integrative attitudes and pave the way for widening the scope of cooperation.

The identification and selection of jointly advantageous and mutually acceptable schemes and strategies is crucial in shaping the tempo, prospects and outcome of collaborative efforts. The opportunities for onward march are closely linked with the ability to work out relevant solutions and make the package salient to the participants. Solid foundation is laid for integration when the partners are able and willing to extend concessions to one another in matters of vital interest. Concern for the accommodation of all and reconciliation of clashing perceptions is decisive in building a network of collective self-reliant relationships.

- (2) *Gradualism with environmental scanning* The systematic scanning of environment for identifying areas of common interest, assessing the magnitude of difficulties and resistances in the way of particular moves and securing consensus for slow and steady march forward is of vital significance for successful launching and operation of the programme. It is better to have an incrementalist approach and building further on accomplished milestones. Grand designs, utopian pictures

and over enthusiasm have uses of their own in setting fundamental direction for long term planning but in delicate matter of practical reconstruction gradual approach is more advisable. This does not mean mere drifting and muddling through. One must have definite ends in view which are chartered unanimously and pursued in realistic, informed and thoughtful fashion. The possible courses are differentiated from the desirable lines of action and among the feasible alternatives those which have greater probability of acceptance and minimal alienating effects are considered for adoption and phased implementation with due allowance for feedback and flexibility.

In the gradual approach the objectives of collective self-reliance, progress of the functional organization in specific fields and the mean-end chain in all decision is subject to constant scrutiny. The endeavour is to narrow or eliminate the scope for inconsistent, arbitrary and ineffective policies. One can go wrong in an all inclusive speedy approach but seldom falters in a step by step strategy, in the initial stages at least. The method of trial and error is undoubtedly costly and time consuming but mostly promising in yielding concrete results. The goals are calmly pursued through the maze of detours and diversions. One does not get exhausted or feel frustrated with occasional setbacks. Partial failures are seen as an inevitable part of the process. In fact reverses are taken as a learning mechanism to proceed more judiciously. In grandeur and dramatic approach a few mistakes or accidents can prove disastrous. Humble moves and calculated risk taking serve as insurance against outright tragedy or discontinuity in the pursuit of long drawn process of collective self-reliance.

- (3) And finally coping with disequilibria arising from external challenges and internal unfavourable turn of natural or economic variables. The dangerous exogeneous factors which impinges on the political, economic or socio-cultural states of affairs in the member states are to be countered to on priority basis. At the moment the dominant tension in foreign political relationship arise out of the denial of the inalienable right of self-determination to the people of Palestine and Kashmir. The annexation of al-Quds al-Sharif has stirred up the Umma. The establishment of Israeli settlements in the occupied territories have exposed the nefarious Zionistic designs. Expulsion

of Arab citizens from the captured land is a cause of indignation and agony. The aggression against Afghanistan and Hijrat by a million of refugees has raised an all over alarm. The intervention in the horn of Africa is upsetting the balance of power of that continent. The threat of armed intervention and coercive postures endanger the sovereignty and independence of some Member States. The problems of landlocked and island member states are still unresolved. The establishment of military basis in sensitive areas are full of potential risks. Zionism, racism and colour discrimination resulted in the unparalleled encroachments of rights, robbery of humanity, degradation of man and plight and victimization of millions of people in Asia and Africa. The inhuman handling of the Eritrean and Moro Liberation Movements are matters of grave concern. The suppression and oppression of Muslim communities in non-member states arouse feelings of repulsion. The onslaught of secular thought, communists infiltration, subversion, proxy battles, machinations and massively organized propaganda and indoctrination by the strongest empirical power ever seen by man poses serious issues to the Islamic way of life.

On the economic front the disturbing variables are reflected in many forms. There is erosion in the purchasing power of accumulated balances and on going earnings. The freezing of reserves and threats of economic sanctions are being heard. The unlawful exploitation of resources in the occupied Palestinian and Arab territories is taking place. The financial burden from the spill over of inflation happening in the developed countries is adversely affecting the economies of the Muslim states. Scarcities of basic consumer goods and essential inputs are the order of the day. Unnecessary tariff walls and inadequate infrastructural facilities including shipping and communication obstruct the intra Umma trade. The decline in the net official loaning by the industrialized nations are resulting in the jeopardization of growth tempo. The mounting debt servicing obligations are assuming serious proportions. Comprehensive rescheduling or write off of the principle amount and interest thereon is not in sight. The International Development Strategy for the Second United Nations Development Decade tells a story of failure. The North-South dialogue is virtually deadlocked. The negotiations for the establishment of New Economic Order are in doldrums. The controversial questions raised at the on-going Conference on the new laws of the sea and management of mankind's common heritage are

as yet unanswered.

The criterion of coping with current disequilibria demand that the disturbing events and under-currents on both economic and political fronts are addressed to on priority basis. It is a matter of gratification that in this respect the Resolutions passed by the eleventh session of the Islamic Foreign Ministers Conference held in Islamabad, from 17th to 21st May, 1980 are of momentous historical importance. Reference is invited in particular to Resolution No. 16/11-P on the security and solidarity of Islamic countries wherein it is

“Resolved to pursue policies of independence from power blocs and opposition to outside domination, hegemonism and spheres of influence, which seeks to limit the freedom of states to determine their political system and pursue economic, social and cultural development without hinderance, intimidation or pressure,

Determined to preserve the rich natural resources with which the Islamic countries are endowed with and to use them for the benefit, welfare and progress of the Muslim people;

Taking into account the inaugural address by the President of the Islamic Republic of Pakistan to the Eleventh Islamic Conference of Foreign Ministers, which envisaged security not on the basis of military alliances or pacts but on the basis of close economic and cultural cooperation between the Islamic countries:

1. Declares that the security of each Muslim country is a matter of concern to all Islamic countries;
2. Resolves to strengthen the Security of the member states through cooperation and solidarity of Islamic countries in accordance with the objectives and principles of the Charter of the Islamic Conference and those of non-alignment;
3. Reaffirms the permanent sovereignty of the Islamic countries over their natural resources;
4. Expresses the determination of the member States to preserve the Islamic way of life and to promote the Ummah's common spiritual, political, social and economic values;”

In so far as coping with shocks and setbacks arising from internal conditions is concerned, collective self-reliance is actualisable via the organization of relief measures on both bilateral and multilateral basis. The provision of timely, adequate and automatic help for calamity ridden people demand precedence over all other matters. The assistance to people affected by floods, drought, earthquake and other natural disasters is of top urgency in relieving miseries and sufferings and fulfilling religious obligation. To institutionalise aid on this

score the formation of Zakat fund and Relief assistance on the Islamic level would be an appropriate step forward. This would be one of the best exemplifications of solidarity and cooperation for the needy and grievously afflicted brothers and sisters.

Political Input and Actual Action

This is all easily said than done. Unlike the economists, politicians and men in power do not have theoretically established models for giving verdict on and tackling the task of multifarious forms of cooperation. They face unique constellation of existential conditions containing elements both for and against collective self-reliance. The maintenance of status quo with a focus on the internal management of the polity and engineering of desired economic progress under the existing parameters preempt the bulk of their time and energy. Only marginal thought can be given to the external variables impinging upon the domestic scene.

Hence neither the strength of positive dynamics nor the power of opposing forces is adequately known. Conflicting perceptions, varying reasoning and cross currents of pleas give them hazy picture of what is on and what can be done. Their individual background experiences and personality make up condition the cognition of phenomenon and emotional responses thereto somewhat differently. The incoming information about the desirability of collective self-reliance is sifted in the light of personal frame of reference built up over the life span. The pattern of mental and emotive reactions to the ideas to determine by self-images, national needs and predominant opinion of the space and time. The value of unification in specific fields is assessed in the light of one's own knowledge and advice of peers and experts.

Before making their mind they have to sense the pulse of the electorate and weigh the concordant as well as discordant views expressed by the vocal and articulate section of the populace and pressure groups. It is a matter of prolonged process of thinking, reading, reflection, dialogues, meetings and informal exchange of views with persons from all walks of life that an opinion is formed. Once a definite view is reached then it has to be justified on utilitarian and normative grounds to the people. The opposition is to be neutralised. The loyalties and backing of the indifferent groups are to be won. Their values are to be shifted towards new point of identification that transcend the limited geographic boundaries. The communicational channels are to be opened for effective exposure to ideas and messages

transmitted by the leading figures of the Umma. The mass of people are to be put on an exchange grid which sensitizes them to the associational forces and actively responsive to the demands and claims of fellow Muslim residing elsewhere. The dictates of interdependence are to be systematically politicized and the expansive logic of cohesion is to be brought home. The major political, religious and social occasions are to be utilized to show that ideological imperatives mesh with pragmatic considerations. The forces stemming from avowed values is to be linked with the propagation of visible interests, involved pooling of resources. Allegiance to the movement is to be firmed up via slow and gradual commitments followed by realistic steps and a policy of wait and see about the outcome.

It is the political leaders and men in charge of affairs who carry the heavy responsibility of taking timely and correct decisions. None has a greater load to shoulder than the shapers of history for balancing things out. Their role makes it necessary to dissect the models churned out by the economists from the point of relevance, efficiency, acceptability and implementation. One has to understand their difficulties and sympathize with them.

While responding to the current stream of thought and mobilizing appropriate mass consciousness they have to proceed carefully. During the course of the march forward they have to set the pace for sentiments of amity through conflict resolving strategies. The anticipated benefit from pooled decision making must be used to promote feeling of oneness. The excellence of performance on the part of existing functional institutions is to be shown to the people to rally them around. The spill over and spill around of the gains of joint ventures already underway are to be focussed upon so that the interest in and incentives for collective self-reliance are sustained.

All knowledgeable people whether they are economists, policy makers or intelligentsia at large can see that this is a long and laborious process demanding patience and perseverance. Even the gradual pursuit of collective self-reliance in the field of pressing common interests and immediate disequilibrating external events present numerous difficulties and unforeseen bottlenecks. It is rightly pointed out that the implementation of collective self-reliance requires will, capacity and power:

“Will includes not simply desire for change and a vision of a desirable new economic order; it must include a clear conceptualiza-

tion of what measures and sequences are necessary to begin serious progress towards the desired ends and a willingness to allocate scarce human, institutional and material resources to their achievement.

Capacity includes the ability to work out strategies and policies and to formulate the institutional or bargaining processes necessary to bring them into being. It also encompasses the human, institutional, knowledge and productive-force capabilities to operate the strategies and make use of the institutions.

Power is probably the element in which collective self-reliance can offer the greatest advances beyond national self-reliance. It involves the ability to offer real benefits and to impose real sanctions. Collective self-reliance must be backed by a potential for confrontation damaging to the industrial economies as well as by a potential for providing new relationships of positive value to them.”*

How are we going to the mission of translating the notion of collective self-reliance into an empirical state of affairs? Will the intellectuals succeed in identifying and illuminating a set of attractive goals and concrete purposes of vital interest to the Umma? How far the cognitive and motivational framework of the elites and intelligentsia lends itself to desired manipulation and gear up for the ends in view? What role the political leadership play in it?

Would the custodians of the Umma devote themselves zealously to the responsibility of unification and give desired momentum to forces and organizational processes of integration? How would the top leadership fare in providing clear direction, controlling decision making and influencing actual behaviour? Will stressful situations lead them to define with greater precision the task ahead and keep up the morale or make them withdraw from the scene and magnify the barriers in the way? Would the charismatic leaders carry forward mass mobilization, consensus formation and speedy legitimation of supranational and inter-government organizations or simply remain emotionally appealing and slogan raising symbolic figures? Would the traditional authorities direct their power and influence to get expeditious action from the people and established institutions or merely apply their talent for personal well-being and gratifications? Will environmental scanning and participative processes be brought to bear on policy making or autocratic and authoritarian styles

*The 1975 Dag Hammarskjöld Report entitled *What Now*, prepared on the occasion of the Seventh Special Sessions of the United Nations General Assembly. Page 70.

be allowed to structure relationships, communicational pattern and decision taking? Will resolutions passed in different forums be followed up? What incentives and sanctions would be brought into play to ensure implementation of the decisions taken at various levels and by different agencies? How for responsibility and accountability would be made an integral part of the processes of planning, policy making and execution of joint projects and common programmes?

These are some of the major questions which would be raised in different phases as the Umma goes about the actual task of collective self-reliance. No uniformity of answers would be forthcoming to the queries. That should not, however, detract from the path of quiet work. The best proof of the will, capacity and power for the reconstruction would be the pace of transformation. Nothing is more convincing than the accomplishments themselves. Progress feeds upon itself.

Concluding Observations

Before concluding this discourse permit me to express my firm conviction that our celebration of the 15th Century Hijra is not a sterile ritualism. Insha-Allah the thought of today will be the dynamic of tomorrow. The ideas and ideals would propel phased unification of the Umma for the advancement of human civilization as well as the material, moral and spiritual enrichment of individual men and women constituting the Islamic brotherhood. Given the all moving faith, currents and undercurrents for forging unity, unbounded elan, oceanic financial where-withal, awakening of elites, creativity of intellectuals, mission oriented leadership and above all the gracious help of Allah the efforts would be crowned with success. The first quarter of the Century is likely to see the formation and strengthening of functional organizations for multipurpose integrative tasks, mitigation of dependency and poverty and rejuvenation of ideology. The second quarter would witness emergence of an amalgamated community having common market, unified security arrangements and uniform approach to international problems. A unique change, comprehensive economic integration and monolithic political system would be the distinguishing features of the third quarter. The final quarter would signal the dawn of Islamic superordination and radiation of the spirit of equality, fraternity, and self-fulfilling opportunities for man in relation to man. In retrospect the historians will rightly call it the Century of Islam and pay homage to the personalities for unfolding the processes and unifying the Umma.

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