The New International Economic Order and the Theory of Dependency

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In May 1974, the UN General Assembly adopted a Declaration and Action Programme for the Establishment of a New International Economic Order. In September 1975, also within the framework of the United Nations, the more advanced countries, including the United States, accepted a series of proposals put forward by the member countries of the Group of 77. These were proposals which had repeatedly been rejected in the past. Meanwhile the Group of 77 held a number of meetings and the positions which emerged from these became more radical on the subject of negotiations with the advanced capitalist countries. These events took place against the background of large increases in the prices of raw materials, mainly oil, a trend which since April 1974 has been reversed for all commodities except oil.

We intend, in this article, to discuss the question of whether there is any radical change in the attitude of the imperialist countries in their relations with dependent nations and, subsequently, whether the basic structure of international economic relations, and particularly the tendency for prices of raw materials to fall, has actually changed.

Answering these questions may imply a double danger, the most serious being the revival of 'developmental' theories based on a superficial reading of recent events in the world economy. The second danger lies in minimizing recent changes, from the socialist view of the theory of dependence, without taking into account certain realities. In the final analysis developmental ideology in its various forms relies on the false assumption that no fundamental contradiction exists between imperialist and dependent countries. In other words, it is based on the belief that development of dependent countries would be beneficial to everyone. Such an orthodox view is often expressed in documents produced by different United Nations agencies, for example UNCTAD. It assumes that mutual benefits exist at an economic level, that the development of dependent countries may open new ways to both international trade and investment, and that, even if some imperialist countries were forced to make some sort of sacrifice in terms of external aid or liberalization of trade, there would be political compensations since the development of dependent countries would promote world-wide political and economic stability.

Since the imperialist nations are very rational from their own point of view, they have never accepted the validity of these theses and ever since UNCTAD I in 1964 have consistently refused to accept proposals put forward by dependent countries concerning trade, external aid, the transfer of technology, and so on. Or, if they did accept any of them, as was the case of the Generalized System of Preferences, their effects were cancelled in practice. Surely, some advocates of developmental theories will say, things are different now, the more advanced countries are beginning to change their attitude to these issues. This is not true.

The primary contradiction between imperialist and dependent countries is as alive as ever and its main features have not changed. The difference now is that this contradiction cannot be resolved, as in the past, to the benefit of the imperialists only: the success of OPEC has clearly shown that there are limits to the power of imperialist countries. This discovery led the advanced capitalist countries to change their negotiation tactics and to adopt a more flexible position. Obviously this change did not come about as a result of a sudden awakening to the truth. Instead, realizing the danger of a global confrontation between centre and periphery, the former prefer to use negotiations.

If, then, we reject the developmental ideology, we must study and interpret recent events in the light of the dependence theory and determine what possibilities are open for dependent countries in the present international context. This will be our main theme.

I

We do not intend to restate the ideas formulated by those who elaborated the theory (theories) of dependence, but will confine ourselves to summarizing its substantive elements. We will then go on to discuss which of these elements, if any, need to be changed in the light of the present world economic situation. We propose to group the main elements of the theory of dependence as follows:

(a) *Underdevelopment is a consequence of the development of capitalism on a worldwide scale.* This premise, stated by a number of authors, in particular André Gunder Frank, challenges the orthodox thesis that underdevelopment is merely a lag in the case of some countries *vis-à-vis* the growth of others. This thesis is based on an analysis of the way in which capitalism, since its beginning, disarticulated and reorganized African, Asian and Latin American societies for its own benefit. It further demonstrates how this constituted an obstacle to the development of those societies and finally points out that the present economic and social structure of dependent societies and their articulation with central capitalism remains a hindrance for the development of the former.

(*b*) *Capitalist development inevitably means unequal development.* World-wide expansion of capitalism creates unequal economic and social structures and concentrates power in the central countries. This economic power monopoly rests on a number of factors, both economic and non-economic, the main being:

(i) The greater development of productive forces in the centres and, in particular, their monopoly over the means of enlarged reproduction of capital, i.e. monopoly over the technology and industries required to produce capital goods;
(ii) the diversification, both with regard to commodities and regions, of international trade carried out by the advanced centres compared with the limited range of export products and markets of dependent countries. Such concentration clearly results in a weak position for dependent countries when, for instance, negotiating commercial treaties;
(iii) the control by multinational corporations over the industry of the Third World, which can be either direct—ownership of the means of production—or indirect—control of technology, marketing, etc.;
(iv) the quasi-total monopoly of imperialist countries over the development of new technologies in the capitalist world;
(v) superior management methods and total control of the world's commercial channels by multinational corporations based in imperialist countries;
(vi) the class structures generated in dependent countries as a result of their unequal development. The dominant classes—landowner oligarchies, compradore bourgeoisie, state bourgeoisie or dependent industrial bourgeoisie—have little interest or no possibilities of changing the *status quo* without damaging their own status;
(vii) the imperialist countries control the means of production and the transmission of ideology;
(viii) the military power of imperialist countries.

(c) *The development of underdevelopment and its consequences (the unequal development of capitalism) brings about exploitation of dependent countries to the benefit of imperialist nations.* The exploitation of the former is, in fact, a fundamental factor in the development of the latter, and it takes different forms at different times in history. At present, exploitation is mainly realized through:

(i) unequal exchange, i.e. the imposition of terms of trade favourable to imperialist countries;

(ii) the flow of profits, interests, etc. from dependent to imperialist countries;
(iii) the realization of monopoly profits over and above those derived from unequal exchange in the selling or buying of goods and services.

(d) *The development of dependent countries is possible only within the framework of a social revolution and through breaking the ties with the capitalist world.* A profound change of social structures, i.e. a socialist society, is a prerequisite for development, but it must be accompanied by a strategy of individual and collective self-reliance.

II

Should the crisis now shaking the capitalist world make us change any of these propositions? I believe the answer to be in the negative, although in some cases it is possible to change or adjust their scope.

OPEC's action and the resulting increase in the price of oil is sufficient to show that even if the relative power of imperialist countries (as we stated above) is very strong, the situation can be reversed or, at the very least, partially modified in certain circumstances. The imperialists are dependent, too, in the sense that to develop they require raw materials at low prices. If the dependent countries, who provide these raw materials, can use the elements of power they possess skilfully, they should be able to improve their relative position in the world economic structure.

This implies that we should, at least partially, correct the proposition stating the need for self-centred development in the dependent countries, i.e. cutting or reducing relations with imperialist nations. Even if it is generally true that a self-centred development strategy is the best way towards development, it would seem that in cases where dependent countries can obtain better trade conditions with imperialist countries, these relations should be maintained. We cannot deny, for instance, that the Peoples' Republic of China will obtain important benefits from exploiting their recently discovered oil and exporting part of its production to the capitalist world.

If, then, it is true that the present world economic structure offers new possibilities for dependent countries, can we still claim that socialism is a prerequisite for development? Is it not possible for reformist capitalist regimes to be an instrument for development?

The question is incorrectly stated. The argument in favour of socialism does not rest on the statement that it is 'a tool for overcoming underdevelopment' even if it can also be that. Pro-socialist arguments rely on the intrinsic merits of a socialist society and on a critique of the iniquities of capitalist societies; and also, of course, on the fact that most dependent capitalist countries are unable to overcome underdevelopment and if they succeed in partially overcoming it, only a small privileged class or group benefits. Besides, all the advantages that can be obtained by a reformist capitalist regime within the framework of a reorganized world economic order can also be obtained, and probably to a larger extent, by a socialist regime. Hence we will leave the argument 'reformism versus socialism' and go on to analyse our main theme, i.e. the recent changes in the world economic structure and the possibilities they provide for dependent countries.

III

The present crisis of capitalism is a reflection of its main contradictions. The continuous growth of monopoly capitalism depends on two main factors: (a) the availability of a labour force, i.e. the existence of a working class prepared to work for a wage (which may or may not grow with time) in an alienated context and according to the needs of and discipline imposed by capital; and (b) the availability of an increasing flow of raw materials at constant, or decreasing, real prices to allow for industrial growth at a constant rate of profit even if real wages increase at the same rate as productivity. In the past few years, both dependent countries and the working class at the centre have refused to continue playing the role which monopoly capital tries to impose on them. Since the end of the 1960s, increasing working class militancy at the centre has coincided with a refusal by dependent countries to go on providing cheap raw materials.

The best example of this refusal is OPEC itself and its action in increasing oil prices. Other raw material producers have tried to follow their example by forming cartels. Faced with such a challenge, monopoly capital will use all its weapons, ideological, political and even military power. Their most effective weapon, however, has undoubtedly been the economic one, as witnessed in the present world crisis.

Many spokesmen of imperialism are suggesting that the present crisis, i.e. recession plus inflation, is caused by the increase in the price of raw materials. This is far from the truth, however. Inflation due to the effects of the increase in the prices of raw materials on production costs is insignificant in relation to the total increase in the prices of manufactured goods. Similarly, the reduction in the level of effective demand in real terms for a given level of monetary income due to the increase in the prices of raw materials is just a fraction of the reduction of effective demand during 1974 and 1975. In any case, governments in industrialized countries can always use fiscal and monetary policies to increase the level of effective demand as they, in effect, are now doing.

What actually happened was that imperialist countries deliberately created the most serious world recession since the 1930s, and they did so using restrictive fiscal and monetary policies. They try to justify these by arguing that they are fighting inflation. But inflation itself is the result of the way monopoly capital functions, in the sense that it passes on the cost of higher wages through higher prices. And they are obliged to pay higher wages to the working class in an effort to satisfy its growing demands.

That this is a deliberate policy of recession has, on occasion, been made explicit. In November 1974, the British Chancellor of the Exchequer declared. 'If wages rise beyond the limits set by the TUC, the government will be compelled to take offsetting steps to curtail demand. And the effects on the financial position of the company sector are *bound to lead to unemployment*.'[1] In other words, if workers ask for higher wages, the government will take care to leave them without jobs.

This recession is not only directed against the working class at the centre, it is also one of the most effective weapons for reducing demand for raw materials and thereby for jeopardizing the efforts of producer associations to stabilize or increase the prices of their exports. Indeed, the rise in the price of raw materials during 1972/73 was sharply reversed after the first quarter of 1974, and even the price of oil has substantially declined in real terms. Although it may be possible for OPEC to maintain and increase the real price of oil by strictly controlling (and reducing) production in member states, the situation is quite different for the majority of producers of other raw materials. The demand for oil is extremely price-inelastic and income-elastic: the association of oil producers is made up of a small number of countries and, perhaps most importantly, thanks to the foreign exchange reserves accumulated by the oil producers, they are in a better position to weather the storm of temporary upsets in their trade balance.

The last point highlights one of the crucial factors in fixing prices of raw materials. Countries which are not 'dependent' in the sense of not being compelled to export more and more in order to obtain foreign currencies to pay for their current 'indispensable' imports, are in a strong bargaining position and are able to increase the price of their exports which, in turn, makes them less 'dependent'.

The policy of 'deliberate recession' was not confined to Britain, it was worldwide. In the United States, 'the severity of the current recession can to a large extent be attributed to restrictive monetary and fiscal policies.'[2] In France, 'By the autumn, the government's mid-year anti-inflationary measures, combined with the worsening international economic climate, rapidly reduced the pace of expansion.'[3] In Germany, 'Economic policy . . . last year was single-mindedly focused on economic restraint.'[4] In

Italy, '. . . industrial production fell back dramatically largely because of the drastic measures taken to correct the high balance of payments deficit and to slow down the inflation rate.'[5] In Japan, 'The credit restrictions which were introduced at the end of 1973 contributed significantly to the subsequent fall in output.'[6]

We have already stated that the present recession has been very effective in halting the increase in the price of raw materials and forcing its decline. It has also significantly reduced the rate of increase in prices of industrial products, mainly because given the growing unemployment affecting the working class at the centre, the rate of increase in nominal wages has dropped.

Now that the imperialist countries have achieved some of their intended objectives through recession, they are trying, albeit slowly, once again to expand their economies using expansive monetary and fiscal policies. This should lead to an increase in the volume of demand of raw materials and this is the context in which we shall examine the possibility for action open to dependent countries. We must not, however, lose sight of the fact that although there are political and economic limits to the extent to which effective demand can be manipulated, recession is a weapon which is always available to monopoly capital which, in addition, can make use of other instruments to put pressure on dependent countries.

We shall now go on to examine the proposals for establishing a new international economic order and consider their viability.

IV

The proposals adopted and incorporated in the Declaration and Programme of Action as well as in other UN and international meetings, are not new. A number of authors concluding that international trade and integration within the developed capitalist world in general has not generated development in the periphery have long since proposed substantial changes in the mode of this integration. Since 1964, UNCTAD in particular has proposed corrections to the international economic organization which, though indisputably sensible, and not contradictory to the economic orthodoxy of the advanced capitalist countries, have been systematically rejected by the latter.

The main UNCTAD proposals deal with the problem of external trade. They identify the external sector's bottleneck as the main obstacle to the development of dependent countries without however attempting a deeper analysis of the problem. Two means of correcting this bottleneck have repeatedly been put forward by UNCTAD.

(a) the regulation of trade in raw materials to enable it to cope with cyclical fluctuations and with the deterioration in the terms of trade;
(b) the diversification of exports of dependent countries and in particular expansion of the export of industrial goods.

The second point in particular can be sustained by the most orthodox economic logic, arguing on the basis of the theory of the international division of labour. Dependent countries have a competitive advantage in exporting relatively labour-intensive industrial products, because of the low level of real wages in their industrial sector. According to this theory, the development of this type of export would not only benefit dependent countries, but more advanced countries too, if they specialized in those industrial sectors in which they have a comparative advantage. But the imperialist countries did not view the matter in this way; not only did they refuse to listen to calls for liberalization of the trade of labour-intensive industrial products, but they even reinforced the tariff and other restrictions to discourage this type of export from dependent countries. Exceptions just tend to confirm the rule; the facilities obtained by some countries or industries—South Korea, Mexico's border industries—can be explained by the specific background to each case. The general policy of central countries has been systematically protectionist *vis-à-vis* the exports of industrial products from dependent countries.

When it comes to regulating the trade in raw materials, the behaviour of the advanced capitalist countries has been, if anything, even more negative. Arguments have been advanced on the importance of increasing the value of raw material exports through their partial or total processing within the country of origin, but the central countries responded by maintaining a discriminatory tax structure (high taxes for manufactured products; low taxes for raw materials) making the development of local processing industries impossible.

In the past few years, member countries of the Group of 77 and even UNCTAD, have begun to realize that the only way to transform present trade structures was to negotiate from a position of strength. This was to be achieved by forming producer cartels and imposing prices on consumers. An important element in the reasoning has been the analysis of the possibility of forming stocks of different primary products in an effort to facilitate price regulation. Another has been the signing of long-term contracts specifying the volume of raw materials to be exported annually and their prices as well as the creation of compensatory financial mechanisms to cover periodic deficits produced by fluctuations in the volume or prices of Third World exports. So far, all these proposals have been very firmly opposed by the imperialist countries who identified, and still identify, producer cartels as an act of aggression justifying even armed intervention.

Dependent countries are now proposing price indexing, i.e. an increase in their export prices *pari passu* the nominal increase in the prices of industrial products as a result of inflation. Finally, it has been repeatedly stated that an end should be put to the restrictive commercial practices of multinational corporations since they limit the ability of dependent countries to expand their trade. Needless to say, not one of these claims has received a positive answer from the developed countries.

In addition to the proposals concerning international trade, the major proposals put forward by dependent countries—none of which have so far been accepted—are, I believe, the following:

(a) an increase in the transfer of resources from central to dependent countries up to a rate of 1 per cent of the GNP of the former;
(b) a change in the structure of shipping and insurance markets to allow for larger participation by dependent countries;
(c) a change in the rules concerning the transfer of technology, which now flows from imperialist to dependent countries in a limited way at very high cost;
(d) linking the reform of the international monetary system to new financial mechanisms designed to assist dependent countries; in particular 'linking' the creation of special drawing rights to credits granted to dependent countries.

These proposals could provide some elements for the new international economic order, but for a long time, imperialist countries reacted to them in a totally negative way. Their attitude changed, at least verbally, at the Seventh Extraordinary Session of the UN General Assembly, and at the Paris meeting in October 1975: they agreed to start the North-South discussions on the basis proposed by the dependent countries.

V

We shall now discuss the possibilities of an actual change within the world economic structure, bearing in mind the new positions adopted by dependent and central countries. For such a discussion, we must take into account both the historical experience of the past decades and the theoretical tools elaborated by the theory of dependence.

Restrictive practices and a refusal to accept the views of dependent countries are very old imperialist methods. Is it likely that these countries have now realized that they were mistaken in their policies, and are now trying to correct their errors? I think not. The theory of dependence, and especially the theory of unequal exchange, go a long way to explain how the advanced capitalist countries 'benefit' from the old international economic order and how some elements, such as restrictive tax structures and commercial practices, are fundamental to ensure that the conditions of exploitation of the Third World are reproduced. We can see no valid theoretical arguments to alter these ideas. Since the oil crisis we are, however, confronted with a new situation, one that clearly shows that in some ways the advanced capitalist countries, too, are dependent. They have only accepted negotiations after a foretaste of the serious consequences and a sudden awareness of their dependency. The interests of imperialist and dependent countries are basically contradictory and it is only through fully understanding this fact that dependent countries will be able to take effective action and engage in useful international negotiations.

This basic contradiction between imperialist and dependent countries manifests itself at many different levels, the principal one being that any increase in the price of commodities exported by dedependent countries benefits the latter at the expense of the former. We do not claim that there are no secondary contradictions between countries within each group, but we are saying that the main 'North-South' contradiction is crucial. It follows that negotiations can only take place if the power relations change, at least partially, in favour of dependent countries. The main purpose of negotiations is to legalize new power relations, and in this case they must be real ones: quantitative voting strength at the UN is only illusory.

Which are the areas, if any, of the proposed 'new' economic order, where dependent countries are powerful? Only one, i.e. total or partial monopoly of some raw materials which, in principle, makes possible the formation of producer cartels. For the rest, they can do very little. They cannot force imperialist countries to do away with their tariff barriers; as far as restrictive practices or policies on the transfer of technology are concerned, the Third World can only formulate defensive strategies. The foundation of their policy should therefore rest on the use of the only real weapon available to them, namely control of all, or at least some, raw materials.

This immediately raises the problem of the secondary contradictions between dependent countries, for if they can achieve an increase in the prices of raw materials, this increase will never be homogeneous. Some countries will benefit more than others and some (e.g. the case of oil), will lose in absolute terms. There are, however, some factors tending to weaken these contradictions in the long run. An increase in the price of some raw materials implies a transfer of resources from imperialist to dependent countries. In principle, this could have the effect of a general increase in the demand for raw materials and, hence, of an increase in the price of raw materials exported by those dependent countries which did not benefit from the original increase.

Why should this be so? Assuming that the transfer of resources causes an increase of capital accumulation in dependent countries and a corresponding reduction in imperialist countries, then the investment and industrial growth structures will change.

Firstly, investment in dependent countries gives employment to previously unemployed or semi-employed workers. The same investment in advanced capitalist countries would mean the transfer of a labour force employed with relatively unproductive capital to new presumably more productive machines. In the first case, the net increase of production would be clearly superior and would lead to an increase in the demand of raw materials required for this production.

Secondly, it is possible that the increased investment in dependent countries will involve machines incorporating a different technology than that which is used to produce the same commodities in the central countries. If the technology is different it would be because output per worker would be smaller whereas total output (and employment) for the same investment would be bigger. Since there would be a bigger increase in total output the increase in demand for raw materials will correspondingly be bigger.

Thirdly, increased investment in dependent countries need not be channelled to the same 'modern' industries as in the advanced capitalist countries, and as it is well known that these industries tend to use less raw materials for the same volume of production than more traditional industries, should a certain shift in the total volume of world investments take place, it would lead to an increase in the demand for raw materials.

Of course, this reasoning is based on the strong assumption that a transfer of resources from imperialist to dependent countries would result in a decrease of investment in the former and a corresponding increase in the latter. Many different scenarios can be imagined, depending on which countries would benefit and which suffer loss as a result of the transfer of resources. It is reasonable to assume, however, that if some transfer of resources were to take place this would, in the long run, lead to a certain reduction in the investment rate in central countries with a corresponding increase in dependent countries.

In any case, we cannot depend on such indirect and long-term mechanisms for generalizing the advantages of increases in the price of raw materials; an adequate system of compensation and distribution of benefits among dependent countries will need to be established if their vital solidarity is to be maintained.

What commodities produced by dependent countries could become the subject of producer cartels capable of forcing price increases? More than one would believe at first sight. Bergston refers to a number of commodities for which prices could be or have already been raised by producer countries: bauxite, copper, phosphate, tin, coffee, bananas, iron ore, tea, tropical timber, rubber, nickel, tungsten, cobalt, pepper and quinine.[7] The UNCTAD Secretariat, for its part (Document TD/B/C.1/166) has identified 18 primary products for which it is technically feasible to build up stocks, and these cover more than 55 per cent of raw material exports, excluding oil, from dependent countries. They are: wheat, maize, rice, sugar, coffee, cocoa, tea, cotton, jute, wool, hard fibres, rubber, copper, lead, zinc, tin, bauxite, aluminium and iron ore. Such lists give us some idea of the opportunities open to dependent countries, and we will proceed to discuss the general conditions which, in each case, would make effective price control possible.

But before that, it will first be necessary to recall that the social structure of exporting countries fundamentally affects their bargaining power. Since our objective is to develop a monopolistic strategy for the reduction of the supply of primary commodities in order to force prices up, we could expect in the case of some products a fall in the total value of exports. On the other hand, those countries who would have suffered from price increases may retaliate by, for example, an economic blockade. The success of restricting supplies must therefore to a great extent depend on the capacity of a country (or several countries) to overcome the problems of the transitional periods during which the external sector might be thrown out of balance. Undoubtedly, a socialist planned economy able to command the enthusiastic support of its people even when obliged to apply austerity measures (such as rationing imported goods or those using imported inputs) would be in a much better position for weathering temporary storms than a capitalist economy dominated by a weak bourgeoisie, unwilling to make sacrifices and itself unable to impose them on the population.

Secondly, the main economic conditions to bring about or facilitate concrete monopoly actions are, we believe:

(a) *Little or no possibility of substitution of the product in question.* The less the advanced capitalist countries are able to produce the same commodity, or an adequate substitute, locally the bigger the possibilities of achieving substantial price increases. Consideration must be given not only to the short-term substitution possibilities but also long-term defensive actions open to the economies affected by the measures. The prospects for adequate substitution are narrower if supply restrictions affect more than one commodity. For example a restriction in the supply of tea and coffee would be more effective if accompanied by a similar restriction on cocoa. An increase in the price of oil benefits the competitive position of natural rubber, and the same applies to most primary products.

(b) *Adequate control of supplies.* A prerequisite for the effective operation of a cartel is that it includes all, or a majority, of exporting countries. The problem that might then arise has often been discussed within the traditional theory of monopoly, i.e. even if the cartel benefits all its members, once it exists each member on its own could achieve greater benefits by breaking the rules of the cartel, through for instance expanding its sales at the ruling higher prices over and above the quota it has been allotted. It is important, therefore, to identify those commodities which best lend themselves to solidarity within a potential cartel.

(c) *Possibilities for constituting stocks.* Even though it is true that the constitution of stocks of a given product is not necessary to restrict supplies, it does make restriction easier.

(d) *Establishment of compensatory financial mechanisms.* Cartels often fail at times when all or some of their members face a difficult situation. If members, when organizing their cartel, are able to obtain adequate financial facilities to help overcome potential difficulties, the stability of the cartel is reinforced.

This brief analysis of the prerequisites for possible monopoly action by dependent countries helps us to appreciate the fundamental importance of solidarity. Countries that produce a certain commodity must act collectively and their action is significantly strengthened if producers of substitute products follow suit. The chances of success are enhanced if a group of countries that have already succeeded in forming a cartel (as with the oil producers) are able to provide financial facilities to constitute stocks and overcome inevitable teething troubles. In addition, as mentioned before, an increase in the price of some commodities could have an indirect positive effect on the demand of other commodities.

We have tried to show that the prospects for a new international economic order depend mainly on collective action by dependent countries to maximize whatever monopolistic power they may possess. This could be interpreted as a call for confrontation, which in fact it is. Imperialist interests stand in contradiction to the interests of dependent countries and it is as futile to try to reconcile them as it is to deny the contradiction between capital and labour.

Confrontation does not exclude negotiation, but negotiations become possible if and when dependent countries succeed in achieving a strong bargaining position. A strong cartel could agree to expand supplies if importing countries in turn agreed to allow processing of the raw materials to take place within the exporting countries. Dependent countries together could guarantee certain rates of supply in return for technology on better conditions, an opportunity to penetrate the market for manufactured goods, better access to financial markets, and so on. These were the demands put forward by dependent countries and rejected by the developed countries. They could be negotiated with success provided dependent countries are able to overcome their former weaknesses.

Finally, let us consider in brief how, in our view, research in the social sciences ought to be oriented in Third World countries with regard to the issues discussed in this paper.

VI

It is obvious that if we wish to move from general statements to concrete action, we must carefully identify those areas where we can operate successfully. To begin with we must study the conditions of supply and demand, both short-term and long-term, for those commodities that best lend themselves to monopolistic action. Such a study would include an analysis of the range within which price variations can successfully operate, the possibilities of substitution, imperialist retaliatory action, etc.

Secondly, in the case of each commodity, we must identify which group of countries must be members of the cartel if it is to succeed, and once this has been established we must determine the extent to which an alliance among this group is plausible. Possible difficulties arising for each member of the cartel must be defined and ways of avoiding them worked out. And what is more important, the total benefits to the cartel must be calculated and the methods for distribution determined. If for instance, the cartel decides to reduce the supply of a given commodity, how will reductions in supply (or increases if the intention is to expand supply at a slower rate than prior to the existence of the cartel) be distributed among the different countries? The whole economic system of each member must be discussed if we wish to propose a formula that would benefit all its members.

Finally, we must study the defensive policy of the cartel after its constitution as such. This would include adequate mechanisms for compensation to the members, mechanisms of transport and marketing of a given product (now generally under the control of the advanced capitalist countries), a definition of the possibilities of retaliation by the imperialist countries, etc.

This programme is a very ambitious one and only the future will tell whether the objectives are attainable; whether the dependent countries will really be able substantially to modify the intolerable relations imposed on them by imperialist countries. We feel, however, that it is well worth a try.

Footnotes

1 *National Institute Economic Review*, February 1975, my italics.
2 *ibid.*
3 *ibid.*
4 *ibid.*
5 *ibid.*
6 *ibid.*
7 *Foreign Policy*, **14**, Spring 1974.