

# UNQUESTIONED ALLEGIANCE

By Douglas Bandow



**UNQUESTIONED ALLEGIANCE?**  
The UN's antipathy to liberal economics

By Douglas Bandow

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## 1. A PATCHY RECORD

The United Nations has just celebrated its fortieth anniversary amid much hoopla and endless expressions of goodwill. In September 1985, dozens of heads of state descended on New York for the opening of the 40th session of the General Assembly; scores more attended the official commemorative festivities in October.

Despite widespread and withering criticism of the institution in recent years - Singapore's foreign minister, Suppiah Dhanabalan, told the General Assembly that the UN's prestige 'is at an all-time low'<sup>1</sup> - hope burns eternal. Austrian ambassador Thomas Klestil recently reaffirmed his nation's support for the international body: 'Give it a chance', he said, for 'the UN is only forty years old'.<sup>2</sup>

For its part, Britain seems prepared to give the UN that chance. Though the government refused to sign the Law of the Sea Treaty and withdrew from the United Nations Educational, Scientific and Cultural Organization (UNESCO), it has given no sign of reviewing Britain's membership in or financial commitment to the UN itself. Britain still contributes almost 5% of the organization's budget, (4.67% or US\$31,049,000 to be exact), a sum greatly in excess of the combined contribution of the smallest 85 countries, a solid voting majority, who together provide less than 2% of the UN budget. Mrs Thatcher in her speech to the UN General Assembly on October 24th of last year admitted to "many disappointments" with the UN, stating in particular that "the agencies should not be side-tracked into political issues which are none of their business", but nevertheless reaffirmed Britain's basic support for the UN itself. "Let us continue to work together until the United Nations is a true temple of peace in which the shields of many nations can be hung", she concluded.

### Some doubts

The UN's most important failure - its inability to promote, let alone keep, world peace - is obvious. Though the organization's charter proclaims that the UN was created 'to save succeeding generations from the scourge of war,' Singapore's Mr Dhanabalan reminded the General Assembly that since the founding of the UN there have been some 150 armed conflicts, with forty active ones in 1983 alone, involving half the members of the UN.<sup>3</sup>

As for the UN's extensive network of humanitarian programmes, some, like the World Health Organization (WHO), predated the world body; others, including the refugee projects, have been drawn into fractious regional and international disputes. Even well-intentioned and successful agencies, like the international organization for children, UNICEF, merely duplicate the work of national agencies and private organizations. Some actually hurt

their intended beneficiaries: the UN Disaster Relief Office, says one observer, is 'a cumbersome bureaucracy, which further delays the response to urgent requests, if it does anything at all.'<sup>4</sup> There are few advances for peace, improvements in living standards, expansions of personal freedom, or increases in civil liberties anywhere in the the world that can be cited as unique achievements on the part of the UN, even after forty years of operation.

Those inclined to be charitable nevertheless argue that the UN is, at worst, harmless, providing a 'forum to let off steam.'<sup>5</sup> However, political debate on the world stage is not without effect, especially when more is involved than just idle chitchat. Indeed, by serving as a forum for vigorous and persistent attacks on the values of the political and economic freedom that underly Western culture, the UN has become 'a centre of agitation against the democratic order.'<sup>6</sup> For this reason the UN deserves a searching and critical evaluation by all concerned observers.

### **Global economic control**

The result of such a review is disturbing. Under the control of the numerous Third World nations, the UN has been actively promoting a comprehensive and totalitarian system of global management. Attacked by US ambassador Jeane Kirkpatrick as a philosophy of 'global socialism,'<sup>7</sup> it is that and much more. The overriding UN ideology is one of international control of natural, financial, and informational resources, as well as the global regulation of economic and even cultural activities.

Though support for international economic controls would exist without the UN and its alphabet-soup conglomeration of official organs (UNCTAD, UNITAR) and autonomous, though related, specialized agencies (UNESCO, WHO), the importance of these bodies in waging economic and political warfare on the West should not be underestimated. Without the UN system there would be no 'institutional, concrete locale' that gives 'substance to what might otherwise be merely an abstract wish.'<sup>8</sup>

In addition to providing a forum for the ideology of global management, the UN also helps underwrite the development and spread of redistributionist ideas. The highly paid, professional staffs of the myriad UN agencies 'have discarded even the appearance of neutrality to become, in effect, union organizers for the Third World.'<sup>9</sup> It has organized political blocs, developed and publicized specific proposals, focused international energies and resources, and directly assisted countries in promoting the international collectivist ideology. In this way the impetus for global management has sprung not from the masses of people in the Third World, nor even from a global consensus on the world's problems, but from an international elite artificially created and nurtured by the UN.

Of course, the UN does not have the power of an international parliament. But it provides more than a forum for abstract discussions, and even the UN's debates are part of an intellectual current that influences the direction of international political and economic relations. More important, the unending string of authoritative resolutions, conventions, conferences, and codes both provides models for and generates pressure on countries to expand state authority over their citizens' economic lives. The pressure to acquiesce in, if not enthusiastically accept, UN regulatory proposals is strong, especially within foreign office bureaucracies.

Thus, as a wellspring for the ideology of global management, the UN poses a serious threat to the liberal international economic order, as well as to the basic political values underlying the democratic nations of the West. The philosophy of world socialism logically requires the creation of large-scale coercive institutions - like international 'authorities' to regulate the seabed and outer space - that would introduce at the international level the sort of totalitarian systems all too prevalent at the national level.

Nor is it only the citizens of the Western nations who would suffer if the ideology of international control were translated into policy. The peoples of the developing world would also be victims, for they most desperately need protection for economic opportunity, social and cultural diversity, and political freedom.

### **The growth of UN interventionism**

The UN's assault on the liberal economic order has been in the making for nearly three decades. The genesis of a politically unified Third World occurred during the 1950s, when the so-called nonaligned movement was formed, which focused originally on political neutrality between the Cold War participants, not economic activism.<sup>10</sup> The nonaligned movement began to emphasize economic matters in 1963, with 75 countries introducing a 'Joint Declaration of the Developing Countries' into the General Assembly.

In succeeding years the Group of 77 (or G-77), as the Third World political lobby is now called, steadily refined its economic demands and expanded its political strength. In 1974, the UN General Assembly approved a 'Declaration on the Establishment of a New International Economic Order' (NIEO) and a 'Charter of Economic Rights and Duties of States.' The resolutions, though not accepted by the industrialized nations, laid the groundwork for later assaults on the West. The charter, for example, endorsed the 'right' of countries to nationalize business and form mineral-producing cartels; the declaration demanded increased foreign aid assistance through multilateral institutions, changes in the governance of those institutions, cancellation of previously incurred international debts, and

compensation for 'exploited resources'.<sup>11</sup>

Later General Assembly sessions led to more calls for international economic negotiations - like that held in Cancun in 1981 - and changes in the UN system to make it more responsive to the Third World majority. While the UN General Assembly was pursuing overall economic negotiations, related UN organizations joined in the campaign for a NIEO and for international resource management.

In 1973, for instance, the Third United Nations Conference on the Law of the Sea convened, completing action on a treaty in 1982. Since 1973, the United Nations Conference on Trade and Development (UNCTAD) has worked on a technology transfer code and has issued a 'Code of Conduct for Liner Conferences', now in effect, and a 'Code on Restrictive Business Practices', adopted by the General Assembly in 1980. The UN Economic and Social Council in 1974 began to formulate a 'Code of Conduct' to govern multinational corporations (MNCs) and established a 'Commission on Transnational Corporations' to complete the work. The so-called Moon Treaty was negotiated throughout the 1970s and was approved by the General Assembly in 1979; it is only one ratification away from taking effect.

In the 1970s UNESCO opened its campaign for international information control, the result of which has been various reports and proposals to license and restrict the international press. UNESCO has also attacked American 'cultural dominance'. In 1981 the WHO approved a code setting marketing practices for pharmaceutical companies. Also in 1981 the World Intellectual Property Organization (WIPO) began its effort to limit trade-mark and patent rights.

But the high-water mark of this regulatory activity was the Law of the Sea Conference, which drafted a treaty establishing an 'International Seabed Authority' to regulate private mining and an 'Enterprise' to mine the seabed for the world. The treaty - signed by 159 countries - embodies almost every element of the global management program: redistribution of natural, financial, and technological resources; and regulation of international business. It is, one supporter says, 'a new platform from which to launch a new international order... There has never been a document like this.'<sup>12</sup>

Unfortunately, construction of this platform is already well advanced, despite some Western governments' tougher stance toward the UN. Past concessions in a variety of negotiating milieu have already damaged Britain by conceding some important economic issues and by causing other countries to doubt Britain's commitment to the liberal international economic order it says it is dedicated to protecting.



## 2. REDISTRIBUTION OF NATURAL RESOURCES

A major - if not the most far-reaching - UN management scheme has been to assert control over natural resources beyond national boundaries. The seabed, space, and Antarctica have all been targeted by the politicians of the Third World.

### The seabed

The Law of the Sea Treaty (LOST), currently awaiting the fifty ratifications necessary for it to take effect, would establish multinational control of the seabed and its resources. In this way the treaty would create what one observer has termed a 'new international order of the oceans.'<sup>13</sup>

The treaty regards currently unowned natural resources as the collective property of the world's nation states - 'the common heritage of mankind'.<sup>14</sup> But the LOST moves far beyond the traditional notion of public property with open access to all. Its 'Authority', ruled by a one-nation, one-vote 'Assembly' and a 36-member 'Council', would possess almost unbounded discretion to regulate, and even prevent, deep seabed mining.

The 'Enterprise' established by the LOST to mine the seabed would be controlled by the Authority. Intended to become the equivalent of a national monopoly in developing countries, the Enterprise would benefit from free mine-site surveys, subsidized financing, tax exemptions, and transferred technology.

### The moon

Collective international control of resources is also envisaged for the moon and outer space. A series of generally innocuous treaties involving the use of space was negotiated during the 1960s and 1970s; later, an 'Agreement Governing Activities of States on the Moon and other Celestial Bodies', the so-called Moon Treaty, was 'commended' for signature by the UN General Assembly in 1979.

The Moon Treaty applies the 'common heritage' principle to the moon and its natural resources, placing them beyond private or national appropriation. More important, it provides that parties to the treaty 'undertake to establish an international regime, including appropriate procedures, to govern the exploration of the natural resources of the moon'. Developing countries, of course, are to 'be given special consideration'.<sup>15</sup> Though the regulatory system is not detailed as is the seabed authority in LOST, the result of any negotiations controlled by the Group of 77 would be a similarly rigid international arrangement for space exploration and development.

The most significant difference between the two agreements is that the Moon Treaty, unlike the LOST, provides no moratorium on

resource development pending creation of a regime, so delay favours developed nations. Four nations have since ratified the compact, by its own terms only one more need agree to bring the treaty into effect. The practical consequences of a treaty without the two major space powers should be small, but space entrepreneurs, whose numbers are growing, would face increased uncertainty.

The Second UN Conference on the Exploration and Peaceful Uses of Outer Space, Unispace 82, was held in Austria in 1982. The conference was viewed by developing countries as an important test of North-South negotiations; it was to 'cover how developed countries can best use their space technology to meet the development needs of the Third World.'<sup>16</sup> As is often the case, Unispace 82 resolved few issues; it will not be the final space conference.

### **The Antarctic**

Another 'final frontier' is Antarctica. Seven countries have made some national claims to the territory, but they joined five other nations, including the United States, in a 1959 treaty freezing claims and setting policy through consultative meeting of the parties - both those with slices of Antarctica under their administrations and other, observer states.

Because of evidence of extensive natural resources, including fish and krill, hard minerals, oil and natural gas, and fresh water, developing states have indicated a great interest in internationalizing Antarctica. A leading representative of the Group of 77, Alvarado de Soto of Peru, has declared that 'the temptation to apply to Antarctica the same principles which are the basis for the regime of the seabed is very great'.<sup>17</sup> Malaysia, another G-77 country, told the General Assembly that the uninhabited lands of Antarctica 'belong to the international community' and that 'it is now time that the United Nations focuses its attention' on the issue.<sup>18</sup>

In response to pressure from Malaysia and other developing nations - who endorsed international control of the continent under a LOST sort of framework at their 1982 nonaligned conference - the General Assembly approved a study of 'all aspects of Antarctica' in late 1983. The resulting report approved the workings of the existing treaty, but knowledgeable observers have stated privately that Malaysia and its allies are still likely to try to 'drum up support for some sort of international regime'.

### **All unclaimed areas**

Finally, some Third World leaders have indicated their desire to control everything else left over. For instance, the Malaysian prime minister, Dr Mahathir, also declared that 'all the

unclaimed wealth of this earth must be regarded as the common heritage of all the nations of this planet'.<sup>19</sup>

The LOST process has spurred the spread of international collectivism into negotiations involving other natural resources as well, such as the electromagnetic spectrum, geostationary orbits, and communications media. One meeting of African states declared information to be 'a universal asset' to which access 'must not be limited because of private interests'; the International Telecommunications Union (ITU) is being pressured by its Third World majority to redistribute orbital positions and radio frequencies to less developed nations.<sup>20</sup>

The Food and Agricultural Organization (FAO), at the behest of its G-77 voting majority, is moving to replace the informal network of plant research centers with an official international system headed by an FAO 'Commission on Plant Genetic Resources'. Developing nations are demanding greater control over the use of plant genetic materials to develop commercial seed lines because plant germ plasm is - what else?- the 'common heritage of mankind'.<sup>21</sup>

### The 'common heritage' concept

Despite the nice ring to 'common heritage of mankind', it is a deeply flawed concept. First, it represents the common heritage of nation-states, not of mankind. The link between the desires of Third World leaders and the interests of their populations is all too often nonexistent.

Moreover, the common-heritage concept, giving control to those who have taken no risks and made no expenditures to identify or develop the previously unowned resources, is morally suspect and likely to promote rapid development. Vesting ownership in producers - those who take the risk and create the wealth - would build upon the Lockean principle that 'as much land as a man tills, plants, improves, cultivates, and can use the produce of, so much is his property'.<sup>22</sup> Instead of rigid political management through such systems as the seabed authority, an international arrangement (like the one now emerging among the industrialized nations and the major mining consortia) should be devised to simply establish property rights with individual explorers and miners. A similar approach was used with great success throughout the development of the American West. International treaties, like those in force for the Spitzbergen Archipelago and Antarctica, also have recognized private efforts as establishing property or quasi-property claims.<sup>23</sup>

The common-heritage principle is also doomed to fail in practice. Regulatory systems in general tend to cause inefficiency in economic development, restricting experimentation, lowering productivity, and raising costs. And the LOST regime, for instance,<sup>24</sup> is unique in the degree to which it promotes inefficiency. It is biased against production, allowing the

international authority to take technology from private miners, exacting heavy taxes and fees from private operators, and providing no guarantee of nondiscriminatory access to the seabed. Such an enormously hostile investment climate would result in little, if any, seabed mining.

A producer-oriented system obviously 'favours' developed nations in the sense that they would be directly harvesting the resources. But it favours them for the right reason: they are best able to create wealth out of otherwise useless manganese nodules lying on the ocean floor; simply constituting a majority of the world's nation states, as G-77 nations do, is inadequate title to what others produce. Choosing the more productive system will richly benefit peoples in developing countries, as well as those in the industrialized world, since developing countries are important consumers of mineral resources. Economics is a positive sum game in which everyone can gain together.

### **3. REDISTRIBUTION OF FINANCIAL RESOURCES**

Politicians from Third World nations have also used the UN as their principal platform in their bid to transform the international economic system and redistribute wealth from developed to developing nations.

The UN has promoted its redistributist philosophy through, among other channels, UNESCO's educational activities. UNESCO has published books and promoted school texts endorsing the NIEO.<sup>25</sup> In this way, the UN inculcates the totalitarian ethic of the current Third World ruling elite into future generations.

The LOST, a very serious effort to create binding international law, provides a model for global management. The key elements of financial redistribution sought by the developing world include international taxation, increased foreign aid, expropriation, commodity price protection, and commercial preferences.

#### **International taxation**

The sea treaty would require private firms to pay an application fee, an annual fee, and a production charge and/or royalty charge. The total cost per mine site would run up to \$1.3 billion.

But these taxes are at least subject specific. The NIEO envisions wide-ranging global taxes on all nations. Since 1975, developing countries have been pushing UN agencies to increase their reliance on mandatory assessments instead of voluntary contributions for technical assistance programmes. Between 1968 and 1975, the proportion of funding provided by mandatory assessments rose from 0.7 per cent to 29.5 per cent; America's costs increased 50 per cent a year.<sup>27</sup>

There have been numerous proposals for general international taxes as well, with the proceeds to be deposited with an international organization, like the UN, for disbursement by majority vote. The international study commission headed by former West German chancellor Willy Brandt, for instance, suggested levies on resource development, international trade, travel, as well as an international progressive tax on the incomes of countries.<sup>28</sup>

#### **Politics and foreign aid**

The LOST institutionalizes, under G-77 control, de facto foreign aid from developed to developing countries, providing that the Authority's revenue may be distributed to developing countries and national liberation groups. This scheme would embody in international law the constant demands of Third World states for increased foreign aid.

Cuba, for example, has proposed that industrialized countries pay the developing countries \$300 billion; a call for a similar sum to be contributed to a loan fund, controlled by developing nations, was made by the UN Industrial Development Organization (UNIDO) at its 1980 conference. As part of its 'Strategy for the Second Development Decade', the General Assembly voted to set a target of 0.7 per cent of each industrialized nation's GNP as the minimum annual intergovernmental transfer. Official aid levels now run less than half of that. Last year the G-77 submitted a detailed set of policy recommendations to the General Assembly regarding implementation of the 'Third United Nations Development Decade', commanding that 'external assistance from both bilateral and multilateral sources of financing must be substantially increased' and that donor countries 'shall... double their official development assistance to the least developed countries'.<sup>29</sup>

Third World nations have also used the UN as a forum to demand that donors concentrate their aid in multilateral institutions, particularly the World Bank (the International Bank for Reconstruction and Development), and the International Monetary Fund (IMF). In such institutions donor nations have far less control over the use of their money; they also face substantial pressure from the institutions themselves to constantly increase their contributions. The World Bank and its soft-loan affiliate, the International Development Association (IDA), for instance, made gross loan disbursements of \$7 billion in 1981, more than five times the amount ten years before. Regional development banks and the IMF loaned out billions more.

But supporters want still more money and new funding organizations. Developing nations, World Bank and IMF officers, and even some industrialized states are constantly pressing to create new institutions and increased capital and loans. Even the Reagan administration proposed, at the joint IMF/World Bank meeting in Seoul, a multi-billion-dollar package of increased lending to Third World countries.<sup>30</sup>

### **Recipient control in the UNDP**

Another large package of multilateral aid is the UN Development Programme (UNDP). UNDP is active in some 150 developing countries and territories; its budget has increased from \$55.2 million in 1959 to more than \$700 million in 1984. The UN calls it 'the world's largest channel for multilateral technical and pre-investment co-operation'.<sup>31</sup> Unfortunately, UNDP promotes the NIEO and state-directed development plans; its Governing Council, not surprisingly, is run by the recipient nations.<sup>32</sup>

UNDP's work is supplemented by other organizations, such as the UN Industrial Development Organization (UNIDO) and the UN Institute for Training and Research (UNITAR), whose programmes, says the UN itself, 'increasingly reflect the emphasis now placed by the United Nations on the problems associated with the

creation of a new international economic order'.<sup>33</sup>

### Debt renegotiation

The UN has also provided a convenient forum recently for calls for international debt renegotiation. At the fourth United Nations Conference on Trade and Development (UNCTAD IV) in 1976 the Group of 77 proposed general debt-relief measures, including a cancellation of the loans of the poorest developing countries, a waiver of interest through 1980 for bilateral loans, and a new international money pool - funded by the developed countries - to refinance private bank loans. Similar proposals, resisted by the industrialized nations, were advanced at the Conference on International Economic Cooperation that followed.<sup>34</sup>

But the industrialized states finally agreed, at the UNCTAD ministerial meeting in 1978, to negotiate adjustments in the terms of past loans or to otherwise increase the flow of aid. At the December 1977 experts' meeting, the Group of 77 pushed for debt relief for occasions when a developing country fell short of its 'development targets'. Subsequently, several donor countries moved unilaterally to convert loans to grants for the poorest Third World nations; even the United States agreed to seek congressional approval of a moratorium on official debt for some countries, each to be negotiated on an individual basis. Last month, before the General Assembly, the presidents of Brazil and Peru raised the cry for debt relief; the Cuban foreign minister, Isidoro Malmierca Peoli, even urged a general default by borrowers.<sup>35</sup>

Merely shifting aid to multilateral agencies, however, is not enough for many global-management ideologues, since the World Bank and IMF - controlled by the donor nations - have rejected the most radical redistributionist proposals. Therefore, the Group of 77 is committed to creating the means for its members 'to compel resource transfers from the West through institutions and procedures beyond the control of donor nations'.<sup>36</sup>

The LOST would create the first such organization. Empowered to collect taxes and redistribute money to developing countries, controlled by a one-nation, one-vote Assembly and a 36-member Council, and lacking any superpower veto, the Authority envisioned in the treaty would be merely the first step, however. As one leading LOST delegate declared, 'the Group of 77 firmly believes in the democratization of all international organizations and institutions and has been striving towards that end in all international fora'.<sup>37</sup> In particular, the developing countries want 'participatory equality' in (i.e., control of) such organizations as the World Bank and IMF.<sup>38</sup>

## **Expropriation**

Third World nations are also using the UN to legitimize their absolute control over foreign assets within their borders. The Charter of Economic Rights and Duties of Nations, adopted in 1974 by the General Assembly, affirms the 'right' of nations to 'nationalize, expropriate, or transfer ownership of foreign property'.<sup>39</sup>

This claim has been reiterated in UNIDO conferences and in the proceedings of the Commission on Transnational Corporations (CTC). With the CTC, developing countries have argued that nationalization should be carried out solely under domestic law, allowing them, under the auspices of the NIEO, to offset against any compensation the costs of 'exploitation' and 'depletion' of natural and other resources.<sup>40</sup>

Complementing demands for the right to expropriate economic resources is the attempt to appropriate economic opportunities. Most developing countries operate significant state businesses, and the LOST would create a similar sort of public sector at the international level. The Group of 77 initially proposed an international monopoly, dropping its demand only after securing a number of special advantages for the Enterprise, including subsidized financing, free mine sites, and transferred technology. Moreover, fifteen years after the commencement of commercial mining under the treaty, a 'Review Conference' would meet to consider amendments to the treaty. At that time, a three-quarters majority of the signatories - the Group of 77 alone comprises roughly eighty per cent of the world's nation states - could eliminate private mining and thereby guarantee the Enterprise monopoly status.

UN-sponsored seabed mining could be only the start. It has been proposed that the Seabed Authority should produce ocean energy, that the Food and Agriculture Organization develop Antarctic krill, and that an 'International Sea Service' be created.<sup>41</sup>

## **Commodity price protection**

Third World exporters of various commodities have used the UN to advance their demand that the industrialized world protect them from market price fluctuations. The G-77, for instance, fears the effect of seabed mining on domestic mineral prices and initiated provisions in the LOST limiting total production, authorizing commodity agreements, providing for buffer stocks, and setting compensation to current producers that suffer from price declines.

The attempt to get the industrialized world to effectively indemnify the Third World for price changes is an old one. The 1974 NIEO declaration, for instance, spoke of the need to achieve a 'just and equitable relationship' between developing-country



export prices and import prices.<sup>42</sup> In 1976, UNCTAD placed commodity stabilization high on its agenda, with the Group of 77 proposing an 'Integrated Programme for Commodities' (IPC) encompassing eighteen different commodity agreements and a \$6 billion 'Common Fund' to finance buffer stocks to stabilize commodity prices. The industrialized countries eventually agreed to establish the Common Fund, with \$400 million for buffer-stock financing and \$350 million for commodity research and development for poorer producers. Ironically, an adequate number of developing countries have yet to ratify the agreement, and negotiations for individual commodity agreements have been scarcely more successful.<sup>43</sup>

UNCTAD has pushed for other international controls over commodity trading, including advance-purchase and sale commitments by consuming governments and expansion of funding for the IMF's compensatory finance facility. The Group of 77 has also pressed for indexation of commodity prices with prices of manufactured goods. So far, the industrialized countries have resisted most of the proposals, though they did make significant changes in the IMF facility.<sup>44</sup>

### Commercial preferences

Further, the developing countries believe they 'should receive specially favourable treatment, and that in general they should be exempt from the prescriptions for government behaviour with which the rich industrialized nations are (appropriately) charged'.<sup>45</sup> For example, the UNCTAD Code of Conduct for Liner Conferences, which was adopted in 1974 and recently went into effect, allows, among other things, groups of shipowners (conferences) serving particular routes to close their memberships, gives developing countries preferential freight rates, and encourages nations to allocate trade among third parties.

The code applies only to liners - fixed-schedule vessels that accept cargo from the general public. But Third World nations would like to apply similar restrictions to bulk traffic, that is, the shipment of specific goods such as oil on demand. This restriction would sharply reduce the carrier tonnage of a number of Western nations.<sup>46</sup>

Indeed, the liner code demonstrates the danger of the UN's multifaceted, but admittedly slow, assault on the liberal international economic order. Though it took the developing countries a decade to transform their draft proposals into international law, they eventually succeeded in doing so. A former head of the US delegation that negotiated the liner code observes:

'The Liner Code represents an important exercise of LDC political voting strength, carefully nurtured and orchestrated over a period of several years in the United Nations and UNCTAD. It represents a clearly divisive issue for the developed

countries, exposing internal differences within the Western industrialized countries... It represents the less developed countries' first solid victory in UNCTAD and therefore lays the groundwork for further UNCTAD efforts in restrictive business practices, commodities, technology transfer, and other commercial areas of interest to the developing countries. It is the first multilateral, potentially universal, intergovernmental code of conduct.<sup>47</sup>

The developing countries want favoured status not only with respect to the means by which trade is conducted, but in the trade itself. The Group of 77 claims that the developed nations have a duty to give preferential access to the manufactured goods from developing countries. Since 1964, developing countries have attempted to transfer international trade negotiations from the General Agreement on Tariffs and Trade (GATT), which focuses on mutual and reciprocal trade concessions, to UNCTAD, which has proposed preferential and non-reciprocal trade benefits for the Third World.<sup>48</sup> Very few developing nations have reduced their own trade barriers, however.

#### FAULTY ARGUMENTS

##### Western guilt

The campaign for global management directly attacks the moral underpinnings of the liberal international economic system that has served the peoples of the world so well. Three major reasons are bandied about as to why the West is guilty of causing Third World poverty and therefore owes reparations, none of which stands up under scrutiny.

The first argument is that the industrialized nations 'employ the world's resources in proportions totally incongruent with their portion of world population and to the detriment of the people of the developing world'.<sup>49</sup> However, the developed states consume so much because they produce so much, and they produce so much because they are more advanced. Western abstinence - reducing food production, for example would not help Third World peoples.

Second, the West is blamed for using the current international system to exploit poorer nations. However, Third World countries are weak because they are poor, not poor because they are weak. Businesses that have demanded major concessions from Third World governments have done so largely because of the high risks involved. There is simply no empirical evidence to support the charge that current economic arrangements impoverish the Third World.<sup>50</sup>

Third, and most persistent as a justification for the NIEO is colonialism. But the appeal to colonialism is almost entirely fallacious. Many developing nations were never colonies, and many developed nations never had colonies; moreover, the effect

of colonialism on both colonizer and colony has not been uniform. If anything, in such cases as Malaysia and India colonization may have spurred economic development. In short, colonialism, though an affront to human dignity... does not provide an answer to the question: why are countries poor?'.<sup>51</sup>

### **The hidden costs of redistribution**

The cost of the drive for economic redistribution to the industrialized nations is obvious: money is to be taken from Western citizens and economic opportunities denied to Western firms. If the Group of 77 gets its way, such resource transfers will be carried out as a matter of right by UN institutions controlled by a Third World majority.

More subtle is the damage caused the developing world by such broad-ranging redistribution schemes. The division of the world into developed and developing, North and South, or First World and Third World, is entirely artificial. A broad range of economic and social development is exhibited among developing nations: Taiwan and Bangladesh, two 'developing' countries, could hardly be more dissimilar. The undifferentiated demands for wealth redistribution do nothing to meet the very different problems faced by individual developing countries.

Most important, the resource transfers envisioned as part of the NIEO are not likely to help the Third World because they treat economic relations as a zero-sum game, entirely ignoring the issue of wealth creation. And even under this mistaken world view, wealth redistribution has a perverse effect, since foreign assistance takes resources from the more productive industrialized nations and gives them to less productive developing states, reducing overall economic growth. This reduction has a great impact on poorer countries; at best, aid recipients might stay even as the donor states lose ground.<sup>52</sup>

### **Why the poor are not helped**

Many NIEO proposals are designed to help only a few developing nations anyway. Debt cancellation, for example, does not respond to current needs and rewards those countries that have borrowed most freely - wealthier developing nations, like Brazil, Argentina, and Mexico.

Commodity agreements are also a curious vehicle for helping the poorest countries. The rationale for such cartels, popularized by UNCTAD's Raul Prebisch, is that Western monopolies push commodity prices down over time. However, the Prebisch thesis conflicts with the facts: commodity prices are more volatile than manufacturing prices, but there is little evidence that price fluctuations as such limit economic growth.<sup>53</sup>

Shortly before the end of the LOST conference, the developing countries realized that the sea treaty's production limitation would help developed mineral producers, like Canada and Australia, the most. Anyway, in practice commodity agreements do not seem very effective at stabilizing, let alone raising, prices. If successful, they would harm most Third World states, which rely on mineral imports.

Cargo preferences, as embodied in the liner code, do nothing to promote economic development in poorer nations either, since a code would be unnecessary if they could compete for liner traffic. Instead, the code 'is an important indication of the aspirations and power of developing countries... an important exercise of LDC political voting strength'.<sup>54</sup> The desire for trade preferences is another economic chimera. Third World countries do not gain by sheltering their domestic industries from international competition.

### **The real beneficiaries**

Even wealth redistribution - direct financial transfers - often has deleterious long-term consequences. Financial aid almost invariably goes to governments. But Third World regimes, despite their rhetoric, may not be committed to development, 'not simply because of the obvious fact that the process of development is intrinsically destabilizing... but also because the gains from development may go to the wrong groups'.<sup>55</sup> Aid is then likely to be used to subdue or pacify reform or dissident movements and to reward supporters, in an attempt to strengthen the position of the ruling groups.

Indeed, aid 'accelerates and aggravates the disastrous politicization of life in the Third World and intensifies the struggle for political power' by increasing 'the money, patronage, and power of the recipient governments'.<sup>56</sup> In many developing nations, control of the government and the political apparatus is control of everything - economic and social life included. The centralization of power reduces political freedom and civil liberties, which should be of concern to donors. Large-scale wealth transfers channel additional productive people into the political sphere and away from the private economy.

The many UN-sponsored redistribution schemes would further enhance state domination of indigenous economies, which obstructs rather than promotes development. In general, Third World regimes have established state-planned economies that do not work and state-controlled sectors that sponge up scarce resources. Restrictions on prices and production have skewed incentives for producers and consumers alike. Perverse monetary, fiscal, and credit policies have contributed to wide spread economic instability and stagnation. Developing nations have also actively discouraged foreign investment, which could provide a much larger source of capital than any foreign aid programme.<sup>57</sup>

Spending by Third World governments is often lavished on large, inefficient state industrial enterprises and prestige concerns, like airlines, universities, and new capital cities.<sup>58</sup> In fact, official foreign resource transfers almost guarantee such a result; World Bank loans, for instances, are made primarily for state-run projects. The effect is to crowd out private growth and promote the least effective mode of development.

Foreign aid, and the intense battle to force the West to redistribute some of the income of its citizens, masks the main cause of Third World poverty: harmful national economic policies. Indeed, wealth redistribution not only diverts attention from needed domestic reforms, it also reduces pressure to make needed changes. If Third World nations hope to develop, they must focus on improving their domestic policies. Development is primarily a result of indigenous factors; poor states must stop causing themselves enormous harm.

Even if aid does reach those in need, it can discourage self-help and self-reliance, pauperizing people in the long run. America's experiences with the Navaho Indians and with Micronesia are particularly apposite. In the latter case, people literally abandoned fishing and farming because of free food.<sup>59</sup> Elsewhere, massive exports of US agricultural goods through, for example, the Food for Peace Program, have adversely affected domestic food production. Assistance was accepted by Third World governments ignoring its impact on their farmers and on the fate of their primitive agriculture and of their struggling economies. Food for Peace became a stumbling block to development.<sup>60</sup>

Moreover, resources transfers from abroad may reinforce basic traditions, mores, and attitudes that impede economic development. In particular, aid 'subtly confirms and perpetuates ideas and modes of conduct which obstruct economic development - notably the idea that an improvement in one's fortunes depends on other people, the state, the rich, one's superiors, local rulers, or foreigners'.<sup>61</sup>

Any countervailing benefit of fiscal redistribution is small. Nations that can use aid productively can usually borrow privately; thus, the actual benefit of aid, assuming it is used productively, will not exceed the cost of borrowing an equivalent sum. In this way the expense of investable funds is lowered, but that saving is not a major factor in economic development.<sup>62</sup>

## 4. REDISTRIBUTION OF TECHNOLOGICAL RESOURCES

Third World leaders want Western technology to speed the transformation of their societies; in essence, they hope to skip the lengthy industrialization process undergone by most developed states. According to Richard Barnett and Ronald Muller, the Third World has decided 'to sacrifice the buildup of its own technological capacity, a long and difficult process, for the possibility of the quick boom that foreign investment can bring'.<sup>63</sup>

But voluntary technology transfers do not satisfy countries that seem indignant at any role at all for the private sector in the international economic system. A 1981 study by UNCTAD, for instance, decries the fact that 'the availability of technologies in the public domain is often made subject to private decisions' and lauds socialist nations where technology is 'not subject to the profit motive'.<sup>64</sup>

This hostility to the very concept of private ownership has led leaders of developing countries to use the UN to promote an entirely new philosophy regarding technology. All nations, declares UNCTAD, 'have the right of access to technology', which is 'part of the universal human heritage'.<sup>65</sup> The Third World wants far greater control over technology transfers, including being able to force companies to sell instead of lease equipment, to set price controls, and to guarantee the 'appropriateness' of technology. Not surprisingly, the Law of the Sea Treaty serves as the leading vehicle in the campaign for technological resource redistribution.

### General technology

The LOST requires seabed mining operators to turn over technology to the Enterprise or to developing countries, upon request. Technology belonging to third-party suppliers would also be subject to control. The term 'technology' is left undefined, conceivably including navigational, computational, and communications equipment, as well as basic engineering skills.<sup>66</sup>

The treaty is only the beginning, providing 'a unique opportunity to create... new instruments for technology transfers'.<sup>67</sup> Specific demands by some Third World spokesmen are quite exorbitant - plants ready for operation, training and research programmes, right of access to new technological advances, joint ventures, an international technology-transfer trust fund, and control of the immigration of intellectuals from Third World nations.<sup>68</sup>

The head of the Center for Science and Technology for Development, Amilcar Figueira Ferrari, complains that the West has monopolized science and technology; to respond, he says he has prepared 'an operation plan encompassing all the activities of the United Nations system towards enlarging the capacities and

restructuring international relations'.<sup>69</sup> One element of Ferrari's UN programme is the Unispace conference. Though the Moon Treaty has no technology provision paralleling that of the OST, the Unispace conference, as noted earlier, was called in large part to decide how Western space technology could be used to benefit the Third World; the US Office of Technology Assessment reported that technology transfer was the 'single underlying theme' of the conference.

UNIDO has adopted a 'Declaration and Plan of Action of Industrial Development and Coordination, 'which sets goals for increasing the industrial production of developing nations and endorses a programme of mandatory transfer of manufacturing technology.<sup>70</sup> Even more active in the technology field is UNCTAD, which established a 'Committee on Transfer of Technology' in 1975 to draft a 'Code of Conduct for Technology Transfer'.

Since then, wide-ranging negotiations to restructure the legal rules protecting the development, production and commercialization of private technology have been taking place. The UN General Assembly has regularly promoted technology transfer since passage of the NIEO resolution in 1973: the chamber's majority voted to include the UNCTAD code as part of the 'New International Development Strategy for the Third United Nations Development Decade', created an interim committee on technology transfer in 1981, and endorsed the UNCTAD code in December 1983.<sup>71</sup>

### **Patents and other intellectual property**

The UN is attacking patents and other kinds of intellectual property, in a variety of forums. The World Intellectual Property Organization (WIPO), for instance, issued a draft report in 1981 urging that trademarks be limited or prohibited, especially in Third World nations. In autumn 1982, WIPO held a conference to consider revisions to the Paris Convention governing patent rights. The developing nations sought a range of concessions, including lower patent fees, multinational-corporation concession of exclusive licenses shortly after patents are granted, and the forfeiture of patents in countries where they are not worked within five years, irrespective of the time needed to meet regulatory requirements.<sup>72</sup> These changes, largely approved in draft form over US objections, 'confer international respectability on the abrogation of patents'.<sup>73</sup> Final action on the proposals has been deferred, but negotiations are under way to organize another conference on the issue.

UNCTAD, too, has taken aim at patents, contending that they have drained the limited financial resources of developing nations. The World Health Assembly, the governing body of the WHO, once featured a talk by the late Indian prime minister Indira Gandhi on the virtues of a world free of drug patents. For its part, UNIDO issued a report in 1980 contending that patents are a major part 'of a strategy of domination used by the

Industrialized countries'.<sup>74</sup>

This element of the global management assault is most pernicious. Technology does not just exist; it must be created at cost and risk to the inventor. By making it more difficult to firms to recoup their costs, technology restrictions would discourage companies from marketing products overseas - including in developing nations, which so badly need infusions of capital, equipment, and know-how. The effect would be particularly damaging for pharmaceutical firms, whose products undergo an extended regulatory lag before they can go into use. Moreover, any technology gained will not have been specially tailored to fit the conditions of the acquiring country, nor will local manpower have been trained to use it. And, finally, making MNCs the victims of an international regulatory campaign will obviously make them less interested in voluntarily assisting Third World states.



## 5. REGULATION OF INTERNATIONAL BUSINESS

The UN is the focus of wide-ranging efforts to control a variety of commercial activities, including seabed mining, the use of outer space, and the marketing of pharmaceuticals. This facet of the campaign for global management would transfer effective control, rather than technical ownership, of resources from owners to the UN or to Third World countries individually.

### Industry-specific regulation

The LOST would establish a massive regulatory apparatus to control private mining operations. UN officials even issued a report detailing the almost unlimited role they expected the Seabed Authority to play.<sup>75</sup>

The Moon Treaty mirrors the LOST in its provision for an international regime; any UN system ultimately negotiated is likely to possess equally expansive regulatory powers. Though the Unispace conference was devoted primarily towards forcing the industrialized nations to help the Third World states, an attempt at any future conference to regulate space activities should not be unexpected.

The WHO has authority to regulate 'the advertising and labeling' of pharmaceuticals and is developing standards for such regulation. The WHO is also working on plans for an international Food and Drug Agency, which would be financed by fees from drug companies, to regulate drug quality and is pushing the concept of an 'essential drug list' to encourage developing countries to limit the variety of drugs they import. In addition, the WHO proposed an international marketing code (though it has now backed off and is currently monitoring the success of a voluntary industry code instead).<sup>76</sup>

Pharmaceutical companies have faced proposals from UNIDO's staff to limit prices and royalties and to require transfer to Third World governments of the know-how and rights for drug production. The Non-Governmental Organizations (NGOs) which are supported by the UN have also declared war on drug companies. The International Organization of Consumer Unions (IOCU), for example, is advocating an international industry code. The Non-Governmental Liaison Service (NGLS), which coordinates UN relations with the NGOs, once hosted a strategy session for regulatory advocates.<sup>77</sup>

The WHO, in co-operation with UNICEF, worked through four drafts of a marketing code to govern the sale of infant formula. The code was formally adopted in May 1981, with the United States providing the only opposing vote, though nearly forty other nations either abstained or did not participate. The code strictly limits the sales practices of companies selling infant formula, banning advertising and contact with mothers, for instance.<sup>78</sup>

## The control of business practices

In 1980 the General Assembly adopted a 'Restrictive Business Practices Code', first drafted by UNCTAD in 1973, to cover private corporations - though not government cartels, of course. The code authorizes countries to restrict corporate activity that has or is likely to have 'adverse effects' on developing nations. Countries may bar mergers and acquisitions, mandate terms of business (void requirements and restrictions imposed on technology transfers, for instance), set prices, and require release of detailed operating information.<sup>79</sup>

Yet other UN bodies have taken part in the drive to a general code for multinational corporations. In 1972, the UN created a 'Group of Eminent Persons' to report on the activities of MNCs; the committee subsequently recommended the creation of a UN code of conduct. In 1973 the UN Secretariat proposed that a code be negotiated through the UN's Economic and Social Council, and in 1974 the General Assembly passed resolutions calling for regulation of MNCs and endorsing a code. In addition, a 'Commission on Transnational Corporations' was established to formulate a code.<sup>80</sup>

No agreement has yet been reached because of the wide gulf separating industrialized and developing countries. But the draft supported by developing nations would require companies to disclose information on all aspects of their business to Third World regimes, give those regimes final authority over all technical agreements (even agreements between parent and subsidiary companies), and authorize restrictions on the rights of MNCs to repatriate profits and other funds, irrespective of contracts and local law. Companies would also be required to waive their right to request normal diplomatic protection from their home governments.

In December 1981 the General Assembly voted, over the opposition of Western nations, to instruct the Centre on Transnational Corporations (which provides the staff support for the commission) to prepare a 'register' of MNC profits in order to help states regulate companies that allegedly impede the achievement of national independence. The International Labour Organization (ILO) has approved a declaration of principles regarding MNCs that was drawn up by the ILO's Tripartite Advisory Committee, entitled 'The Relationship of Multinational Enterprises and Social Policy'. The ILO code would regulate employer-employee relations, encourage unions, force companies to use labour-intensive technology, and mandate extensive disclosures to employees.<sup>81</sup>

In the International Telecommunications Union (ITU), the Third World majority wants to be paid rent for the geostationary orbital slots used by other nations' satellites. The UNESCO declaration on the New International Information Order calls for a reduction in commercial uses of the mass media.<sup>82</sup> Further, with UN support, many NGOs are lobbying UN organizations for

increased regulation of international business. NGOs express concern over such values as 'cultural and social alienation' and want to require ads to include a 'social criterion', such as explaining the availability of the competing products.<sup>83</sup>

Though most of these codes have been years in the making, the infinite patience demonstrated by the Third World has paid off. It took seventeen years and 3 conferences, the latter running eleven sessions, for the Group of 77 to turn a General Assembly resolution declaring the seabed to be the 'common heritage of mankind' into an international treaty. The codes are theoretically voluntary, but they help set legal policies and practices over time; for instance, a number of countries have taken legislative or regulatory steps to implement the infant-formula code.

The dangers presented by this campaign for increased business regulation are significant. The effect of almost all the proposed regulations would be to reduce the freedom of international companies and increase their costs. The rules would give governments around the world more power, but that does not necessarily translate into greater prosperity or protection for Third World peoples. By eliminating firms' legitimate contractual rights, the MNC code of conduct, for instance, would only make firms less willing to deal with the Third World. Adding another layer of regulation to pharmaceuticals, already one of the most highly controlled industries, would slow the spread of life-saving drugs abroad and increase their costs. Even the infant-formula marketing code - which received almost unquestioning acceptance in developed, as well as developing, nations - ignored clear evidence that advertising had not misled Third World mothers, most of whom use infant formula because they cannot breast feed.<sup>84</sup>

## 6. REGULATION OF SPEECH AND CULTURE

### Press censorship

Developing countries have linked their lagging economic growth to an 'information failure' in the West. UN officials and committees, like the Joint United Nations Information Committee, have attacked Western press coverage of the UN and the Third World.

The UN-supported solution is simple: a New International Information Order (NIIO), encompassing all forms of information transmission and communications technology. The NIIO has been pushed most vigorously by UNESCO, from which Britain and the United States have withdrawn. For years, in fact, UNESCO 'has been actively engaged in encouraging the totalitarian and authoritarian models and has been attacking the Western media and values of Western journalism'.<sup>85</sup>

The assault on global information freedom has been more than a decade in the making. In 1970, the Soviets sought international support to ban Radio Free Europe and Radio Liberty. In 1972, UNESCO declared the Western press to be a tool for dominating world public opinion, and the Soviets introduced the first of many draft proposals providing for government control of the press. In 1978, the West agreed to a 'Declaration on Fundamental Principles Concerning the Contribution of the Mass Media to Strengthening Peace and International Understanding, to the Promotion of Human Rights and to Countering Racism, Apartheid and Incitement to War', which legitimized the concept of the NIIO. In 1980, the International Commission for the Study of Communications Problems, chaired by Sean MacBride, issued a report that opposed some press restrictions but accepted the primacy of government in information matters, favoured governmental communications activities, and supported limitations on international news agencies.<sup>86</sup>

Subsequently, Third World and communist nations have pushed a number of proposals, including proposals to set standards for 'responsible' reporting and journalistic ethics, to establish 'international protection' for journalists under a 'Commission for the Protection of Journalists' (a concealed form of licensing), and to require journalists to promote government policies.<sup>87</sup> The measures were blocked by the United States, Britain, and other democratic nations, though only after UNESCO attempted to hold a meeting closed to Western countries.

Since 1982, the level of ideological conflict over control of the press has abated somewhat, especially after US then British withdrawal from UNESCO and concurrent increased pressure from a number of industrialized states on the UNESCO leadership. UNESCO, controlled by nations that generally do not themselves allow a free press to operate, remains committed to the view that the media should serve government policy, but the organization

has, at least temporarily, backed off from its most dangerous proposals.

### **Satellite communications**

On a related front, UNESCO has expressed interest in regulating the operation of satellites. In 1972, UNESCO's General Conference adopted a 'Declaration of Guiding Principles in the Use of Space Broadcasting for the Free Flow of Information, the Spread of Education, and Greater Cultural Exchange', which focused on the 'right of governments to prevent programmes from being broadcast to their people. More recently, at the 1982 Unispace conference, Third World nations pressed for restrictions on satellites in both gathering and disseminating information. Shortly thereafter, the General Assembly approved a resolution enunciating a set of principles to give governments veto power over transmissions from direct-broadcast satellites.<sup>88</sup>

In 1979, some Third World nations threatened to take the issue of satellite regulation away from the International Telecommunications Union (ITU) unless the union became more regulation minded. So the ITU, nominally a technical organization charged with the allocation of the radio spectrum and the geostationary orbit, has found itself the forum for Third World demands for a redistribution of frequencies and orbital slots, even though many Third World nations do not have the capacity to use them.<sup>89</sup>

International control over the press clearly would not benefit the West, but such regulations would be equally bad for the peoples - as opposed to the governments - of the developing world. Contrary to the allegations of UNESCO, Western press agencies do not ignore the Third World; even one UNESCO study recognized that such charges were false.<sup>90</sup> The assault on press freedom comes from Third World elites, not the powerless masses.

### **Cultural activities**

Closely related to proposals to control the free flow of information is a rather curious effort to curb American cultural influence. As far back as 1972, UNESCO argued that Western domination of the media led to 'moral and cultural pollution'. In 1973 at the nonaligned summit, 'imperialism' was defined to include 'the cultural and sociological fields', where the West 'dominated' Third World peoples.<sup>91</sup>

The attacks on American culture have increased in recent years. In 1982 Doudou Diene, director of UNESCO's New York office, complained of the media's ability to spread uniform 'cultural models' that repress 'the potential for creative participation among peoples'.<sup>92</sup> In the same year, UNESCO divided its Culture and Communications Division into two separate bureaus and increase UNESCO's emphasis on the issue of culture. UNESCO also

funded a nonaligned meeting to prepare for the August 1982 UNESCO conference. The nonaligned countries declared culture to be part of the 'struggle for political liberties and the economic and social development of our peoples'.<sup>93</sup>

At the succeeding UNESCO conference, a resolution was adopted warning that 'cultural industries' can become 'instruments of cultural dependence'; two other resolutions urged UNESCO to study the effect of the mass media on developing countries' cultural identities and on the cultural development of society. The United States was virulently attacked by Third World nations and by France,<sup>94</sup> which criticized the role of profits and cultural uniformity.

UNESCO has also been working through its education programmes to establish a new international 'social and cultural order'. Between 1976 and 1980, various UNESCO regional conferences of education ministers have endorse education programmes promoting Third World views of cultural and social issues as well as economic issues.<sup>95</sup>

The attack on American culture is perhaps the most absurd UN regulatory effort of all: no-one is forcing people around the world to watch American TV shows. UN or indigenous government interference will only limit consumer choice. Indeed, the real cultural imperialism is practised by Third World and other totalitarian regimes that suppress regional, ethnic, and tribal customs and traditions.

## **7. POLICY PROPOSALS**

The UN has become the vehicle for a global assault on the liberal international economic order. Repeated Third World demands for a NIEO are more than just rhetoric; they are part of a concerted effort to impose global management over a host of natural, financial, and technological resources, as well as to regulate world business activities. This effort suffuses virtually every UN activity - even the 1982 Conference on the Global Environment was not spared discussion of a coercive new international economic system as a proposal to improve environmental protection.

In responding to demands for pervasive international economic controls, the UK must recognize that the pressure is artificial, coming largely from a handful of Third World autocrats and UN bureaucrats. Their economic pronouncements and proposals, covered by the mass media and embedded in a multitude of official documents, would have received little attention were it not for the UN, which spends vast amounts of money and manpower promoting the global management ideology. However, the great political strength of the developing world - the UN - is also its ultimate weakness. The UN's members can cajole and complain, but they cannot compel.

### **Rejecting global collectivism**

Thus, Britain should work with like-minded states to block the UN's global management initiatives. But this country should not hesitate to eschew compromise and stand alone, if necessary. Unreasonable demands are just that; Britain should reject popular global regulatory schemes irrespective of the obloquy likely to be visited upon us by Third World leaders. Liberal economic and political principles are worth defending. Indeed, the West came out badly in the Law of the Sea negotiations because it gave away - from the start - the ideological foundations of its position. Accepting the philosophical premises of Third World collectivist governments virtually guaranteed that the practical terms of any treaty would be unacceptable.

Fortunately, a firm Western stand since then has helped regain much of the ground given up with LOST. Countries producing nearly half of the world's GNP have not signed the treaty; no major state, including the Soviet Union, has ratified the agreement. Though the LOST process continues as the Preparatory Commission meets to draft rules to implement the treaty, most observers believe the effort is dead as long as the West holds firm.

### **Budget restraint**

Britain should be prepared to reduce its financial contribution to the UN, which accounts for 4.67 per cent of the organization's budget. Around three would be more reasonable. The UN's Third

World majority contributes less than two per cent; nations with so little financial stake have an unbouded incentive to increase spending for the very projects and activities that we find most objectionable. Only by reducing our contribution can we stop subsidizing attacks on both the liberal economic system in general and the United Kingdom itself.

### **Review of and withdrawal from UN agencies**

The United Kingdom, after forty years in the UN, should initiate a complete review of the UN agencies to which it is affiliated. An independent panel of outside experts who are interested in international affairs but not automatically predjudiced towards the UN would be appropriate - a commission drawing on the skills of economists, judges, business analysts and others. The panel could usefully investigate the activities and the excesses of each UN agency in which Britain participates, assessing their impact on Britain's interests and their success or failure in promoting the liberal social and economic institutions on which genuine future progress depends. Armed with this assessment a vigorous public debate could take place within Britain, and proposals for restructuring and reform of or withdrawal from UN agencies be put forward.

Britain should also be prepared to withdraw from UN organizations that have proved themselves beyond reform. UNESCO is not the only one of these. A large part, if not most, of western efforts in several UN agencies is spent on damage control, that is, on limiting the harm caused. Eventually such a policy becomes ineffective and pointless, leaving abandonment of the agency, conference, or project as the only realistic alternative.

Sometimes dramatic action has positive results. The United Kingdom and United States walking out of UNESCO, for instance, has left that organization in severe budgetary straints; the decision also galvanized other nations into demanding reform and threatening to quit. If reform eventually does come to UNESCO, it will have done so only because America and Britain were willing to withdraw. It is now quite clear that we should also withdraw from UNCTAD and consider withdrawing from UNIDO.

UNCTAD stands out as clearly the most illiberal of the remaining UN bodies to which Britain is affiliated. As explained earlier, UNCTAD produced the harmful Liner Code, which restricts shipping, and is attempting to organize various other cartels. It is at the forefront of the drive for the collectivist 'New International Economic Order' and other attempts to restrict business and enterprise on a world scale. There is no reason why Britain should lend any respectability to this insidious organization. Britain should take the initiative and withdraw forthwith, without waiting to follow an American lead.

UNIDO has been engaged in similar destructive activity, attempting to ensure mandatory transfers of technology and under-



mining patents and other forms of intellectual property. Britain should state clearly that unless this wrong-headed political activity ceases, then it will also withdraw from UNIDO.

### **Personnel measures**

It would also be helpful if a rather more forceful attitude was taken by Britain's representatives at the UN and its agencies. Unlike the United States Britain appoints civil servants, rather than political appointees, to these positions. We have had no equivalents of Jeane Kirkpatrick, Patrick Moynihan, or General Vernon Walters. Our diplomats, by training, are inclined to be diplomatic. Yet soft-speaking and gentle diplomacy are out of place when pitched against the strident clamour for global collectivism that typifies UN debates. Greater ministerial involvement in UN meetings is one answer. Another is to appoint well-qualified outside experts to some of these positions. This would certainly signify that Britain is taking a greater interest in the UN and its activities.

### **Extension of the liberal economic order**

In firmly rejecting proposals for global management, however, Britain should show sensitivity to the problems of the Third World, recognizing that 'immense anguish and pain, physical as well as moral, have been associated with the entry of these people into the common history of our age'.<sup>96</sup>

But we should not yield to demands for policies that will impede growth here and abroad. Extending regulatory systems to the international level that have failed at the national level is not an act of compassion. Enriching wealthy elites in Third World countries with tax money collected from working people in the West is not a sign of generosity. Britain should instead adopt policies that will genuinely help such countries achieve economic development - reducing trade barriers, for example.

Finally, Western nations should place the blame for poverty and stagnation where it primarily belongs - on ill-conceived, indigenous economic policies. Third World leaders who knowingly stifle economic incentives, confiscate private wealth, deter foreign investment, and oppress their people in the name of a particular ideology should not be allowed to deflect attention from their mistakes with blithe assertions of Western guilt. For it is they, not British taxpayers and businesses, who bear the moral responsibility for a stagnant and impoverished Third World.

To act vigorously may seem harsh. But to not act, thereby perpetuating the redistributionist myths that obscure the actual causes - and cures - of Third World poverty, would be far more cruel.

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