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## **The United States' Economic Hegemony:**

A study of how the attempt to establish a New International Economic Order was repudiated by the US within the framework of the United Nations General Assembly, 1974-1980

Master's thesis in Globalization, Politics and Culture  
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Trondheim, May 2017

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## **Abstract**

In 1974, the United Nations General Assembly (UNGA) convened for its first ever special session devoted to economic and social issues in the third world. It resulted in the proclamation of a New International Economic Order, an order which was to be responsive to the needs of the third world and accommodate their development. NIEO was, although supported by a majority of the countries of the world, never implemented. This thesis analyses how the United States repudiated the establishment of a new economic order within the framework of three special sessions of the UNGA: the sixth in 1974; the seventh in 1975; and the eleventh in 1980. It analyses the behaviour of the US by focusing on the position and rhetorical argumentation used in verbal communication. The thesis argues that their tactical behaviour differed in each session, albeit having the same intention: restraint of NIEO to safeguard the (old) economic order. The US' rhetoric remained consistent and attempted to convince third world countries that measures affiliated with NIEO, e.g. raw materials cartelisation and international price-fixing would not contribute to enhance their development. The hegemonic position of the US, both in terms of military and economic capacity make up the reason for why NIEO was never successfully implemented. It is concluded that the behaviour of the US in the sixth special session, in which they refused to accept the NIEO, effectively left the new order dead on the day of its adoption.



## **Acknowledgement**

This thesis is the result of four months of research and constitutes my final work as a student in the master programme: 'Globalization, Politics and Culture' at the Norwegian University of Science and Technology, NTNU.

I would like to thank my supervisor, professor Hans Otto Frøland for his contribution in selecting and limiting the topic of this thesis, and for his guidance during the research process.

Thank you to Malena, Marius and Oda for countless beers and gatherings during our years as students in Trondheim.

To all the Globalization students and meme enthusiasts in study room 9457. Thank you for encouragement and feedback during the semester. Small is small!

Thank you to the United Nations Archive personnel for guidance on how to use the ODS-system and their willingness to digitise several of the documents used in this thesis.

Lastly, a big thank you to Anna for proofreading and constructive feedback.

**Marius Roska Nymoen**

Trondheim, 14.05.17.

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## List of Abbreviations

AHC	Ad Hoc Committee
CFC	Common Fund for Commodities
EEC	European Economic Community
FDI	Foreign Direct Investment
FRG	Federal Republic of Germany
FRUS	Foreign Relations of the United States
G77	Group of 77
GATT	General Agreement on Tariffs and Trade
GDP	Growth Domestic Product
GNI	Gross National Income
GNP	Gross National Product
GSP	Generalized System of Preferences
IMF	International Monetary Fund
IPC	Integrated Programme for Commodities
ITA	International Tin Agreement
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NIEO	New International Economic Order
ODS	Official Document System
OPEC	Organization of the Petroleum Exporting Countries
SUNDD	Second United Nations Development Decade
TUNDD	Third United Nations Development Decade
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNGA	United Nations General Assembly
UNIDO	United Nations Industrial Development Organization
US	United States
USSR	Union of Soviet Socialist Republics





# 1. The United States and a New International Economic Order

## 1.1. Introduction

The economic golden age of the United States (US) and Western-Europe following World War II came to an end at the outset of the 1970s. The collapse of the Bretton Woods monetary system in 1971 and the 1973 oil-shock caused by the Organization of the Petroleum Exporting Countries (OPEC) threw the international economy into a state of disarray, and the developed world faced a severe recession (Maddison 1982:136-55). The emerging bloc of former colonial dependencies had amidst the economic golden age attempted to negotiate measures to facilitate redistribution of wealth from the developed world, in a process known as the North-South dialogue. This dialogue could in the early 1970s prove few concrete results of improved well-being in the developing world. OPEC's successful cartelisation of oil and the resulting redistribution of wealth towards oil-producing countries gave new hopes for change, and the developed countries saw an opportunity to demand profound changes in the (old) international economic order.<sup>1</sup>

This constitutes the backdrop of which the United Nations General Assembly (UNGA) in 1974 convened for its sixth special session – the first ever to be devoted to economic matters and development. The session was characterised by fierce confrontation from the developing countries, accusing the developed world of having rigged the international economic system to their own advantage. As such they demanded favourable changes, and the session was concluded with the adoption of two resolutions proclaiming the establishment of a New International Economic Order (NIEO). This order was to be based on *equity, sovereign equality, interdependence, common interests and co-operation among all States [...] to eliminate the widening gap between the developed and the developing countries.*<sup>2</sup> It included an array of demands for redistribution from developed to developing countries, and entailed a shift from the liberal (old) economic order that had been established following World War II towards an order characterised by governance of the international market. Developed countries, and

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<sup>1</sup> International economic order is the structure governing economic activity between different states and other economic operators, for instance charters, norms and regulations. Anell and Nygren (1980:119) defines it as 'the rules of the game', and asserts that its sustainability is dependent on the relative power-distribution amongst the participants.

<sup>2</sup> UNGA (01.05.74). Resolution 3201 (S-VI), *Declaration on the Establishment of a New International Economic Order*.

especially the US, had major reservations to the content of NIEO. Discussions and negotiations on the implementation of NIEO was carried out in different international institutions and was followed by two special sessions in the UNGA: the seventh special session in 1975 and the eleventh special session in 1980. Despite the efforts and resources spent on these discussions, NIEO amounted to few, if any, concrete results, and was during the 1980s replaced by the emerging Neoliberal economic paradigm, which limited the state's possibility to regulate the market. This thesis investigates the behaviour of the United States during the three aforementioned special sessions of the UNGA, and seeks to understand how the US affected the eventual negative outcome of NIEO.

The United Nations (UN) was established in 1945 as an intergovernmental organisation whose primary function was to secure peace. This objective was incorporated in the UN Charter, which underlines that the UN shall work to: *maintain international peace and security [...] and to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character [...]*.<sup>3</sup> The General Assembly acts as a deliberative assembly with representation from each member state. It meets annually in Regular Sessions, but can be convened for Special Sessions if it is requested by the majority of its member states. When voting on resolutions or decisions, each state has one vote.<sup>4</sup> None of its decisions are binding for members, albeit accorded to hold significant precedence for state action (Kotschnig 1968:29; White 2002:15-6).

The UN distinguished between three groups of countries: first-, second- and third world.<sup>5</sup> The first world is equated to developed countries, characterised by industrialised production and highly advanced market economies. The second world constitute the command economies of the Eastern Bloc, its allies and China. The third world is a collective term for 'the rest' – countries that were not affiliated to either of the two latter groups. These countries were perceived as pre-industrialised societies, characterised by a high dependence on agriculture and raw materials exchange, generally aspiring for industrialisation and *development*.<sup>6</sup>

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<sup>3</sup> UN (1945). *Charter of the United Nations*. Article 1.

<sup>4</sup> UN (1945). *Charter of the United Nations*. Article 18, para.1-2.

<sup>5</sup> The concepts are collective terms for broad groups of countries with significant internal variations.

<sup>6</sup> Development is understood as *a positive societal change over a period of time* (Langhelle 2002). The time-period following 1945 generally perceived this positive change as industrialisation and economic growth, i.e. that third world countries should modernise and become like the first world countries (Bull 2002:299).

Raw materials/commodities refer to primary products, typically extracted minerals, metals and agriculture. Maizels (1992:1) define commodities as follows: *all crude and processed products of agriculture, forestry, fishing, non-fuel mining, and the non-ferrous metals industries*. These materials are often used as ‘inputs’ in the production of other goods (UNCTAD 2013:X). Raw materials/commodities thus differ from the concept of manufacture, by the latter being dependent on input of raw material(s). The production of manufactures adds value to the original raw material(s) in terms of labour costs, marketing and distribution (Dicken 2015:254). Manufactures are therefore often more expensive than raw materials.

## **1.2. Relevant historiography**

The third world's quest for a New International Economic Order is an extensively researched topic, and there is a vast selection of literature debating the content and discussions on NIEO from an array of different angles. The scope of this thesis does not allow for an in depth account of this research and the following will only give a brief account of existing literature addressing the position of the US towards NIEO.

Helge O. Bergesen et al. (1982) gives a comprehensive overview of the intentions and content of NIEO, and the positions taken by developed countries between 1974 and 1982. The discussions within the three special sessions of the UN are scarcely reflected upon, and the book rather provides insight in specific country policies and positions taken in negotiations on practical implementation of NIEO-measures outside the UNGA. The argument presented through the book asserts that developed countries as a group, although with some variations, had a recalcitrant attitude towards NIEO and never intended to accept measures that negatively affected their own relative economic standing. It is distinguished between ‘hardliner’ and ‘like-minded’ developed countries, the latter more inclined to accept the demands of the third world than the former. The ‘hardliners’ are: US, United Kingdom (UK), Federal Republic of Germany (FRG) and Japan. The ‘like-minded’ are: The Nordic countries and the Netherlands.

George C. Abbott, in Bergesen et al. (1982) provides an analysis of the US’ position towards NIEO. Abbott argues that the US was negative to NIEO. This position was founded in their vested interest in the free market and their hegemonic role in the world system. The US feared becoming the primary financier of NIEO, but participated in discussions until the 1980s because of the pressure asserted by OPEC and the prospects of raw materials cartelisation by developing countries. Moreover, the Union of Soviet Socialist Republics (USSR) as a command economy

remained on the side-line of the NIEO discussions. This is reasoned to have been beneficial to the US as the Cold War fight for hegemonic influence was omitted from the NIEO-debate. The US was therefore less dependent upon pleasing third world countries.

Clyde Ferguson (1977) analyse the politics behind NIEO and accounts for the discussions during the sixth and seventh special session of the UNGA. He reasons that the US underestimated third world countries' frustration with the lack of progress in the North-South dialogue in the 1950/60s, and that the confrontational atmosphere during the 1974-special session came as a surprise. In 1975, it is argued that Secretary of State Mr. Henry Kissinger had reversed their negative position and was inclined to accept some measures of NIEO asserting governance of the free market, inter alia commodity agreements. The role of OPEC and the fear of further cartelisation of raw materials constitutes a reason for this positional change between 1974 and 1975.

Richard Mathews (1976) analyse the negotiations on NIEO within the UN-system, inter alia the rhetoric used by developed and developing countries in the sixth and seventh special sessions of UNGA. He argues that the US 'supported the idea of development of third world countries', but remained negative to NIEO in both sessions on account of its intervention in market forces. The behaviour of the US is reasoned different in 1974 and 1975. In 1974, the US was taken by surprise of the hostile confrontation in the UNGA and the well planned attempt to adopt the NIEO-declarations. The US is argued to have held a favourable position during the 1975-session. Although having some reservations towards the sessions adopted resolution, the US is deemed more inclined towards the prospect of NIEO than they were in 1974.

Branislav Gosovic and Gerard Ruggie (1976) analyse the discussions during the seventh special session of the UNGA and account for its historical background. They reason that the sixth special session was characterised by a confrontational critique against developed countries for rigging the international economic order in their own favour. The seventh session is argued to have had a positive outcome, inter alia facilitated by the developed world's concern for economic repercussions from OPEC and for new raw material cartels, which would contribute to further deterioration of their economic well-being. It is argued that the US' position was more favourable when compared to the sixth session, but that they overall favoured market oriented solutions. The session is argued to be positive in terms of having renewed the climate

for discussions between developed and developing countries, and negotiations on NIEO-measures following 1975 were expected to give concrete results.

John P. Renninger (1976) analyse NIEO as perceived by African countries during the seventh special session. In his discussion of the response from the developed countries, he reasons that despite 'willingness' from the US towards co-operation on NIEO, they presented an array of reservations to the sessions resolution and in effect NIEO. In contrast to the above mentioned authors, Renninger is less optimistic about the inclined position of the US. Their willingness to agree to minor changes in the (old) economic order were not sufficient in relation to the intended redistribution of wealth from the developed to the developing world. He suspected implementation of NIEO to prove difficult and reasoned that developing countries should not expect fundamental changes.

Daniel J. Sargent (2015) accounts for the process leading to the third world's demand for a new economic order, inter alia the fall of Bretton Woods and the 'oil shock' caused by OPEC. He investigates the overall response of the US towards NIEO, inter alia in the sixth and seventh special sessions. The role of Secretary of State, Mr. Henry Kissinger is given precedence by the author, and it is reasoned that Kissinger attempted to 'appease' the third world by granting minor concessions all the while protecting the free market. This cynical behaviour is a contrast to the arguments from all the above mentioned authors. Sargent thus differ from contemporary authors and argues that the US held a negative attitude towards NIEO between 1974 and 1980, and never intended to give up the structure of the (old) economic order. The 'favourable' position in the 1975-session constitutes an attempt to conciliate NIEO by appearing inclined towards co-operation. The presidency of Jimmy Carter is contrasted to the administrations under the auspices of Mr. Kissinger as being more inclined towards third world development, although it is reasoned that he was unable to sufficiently change US third world policy. Sargent does not discuss the eleventh special session of the UNGA in 1980.

The major shortcoming of existing literature is the lack of research done on the eleventh special session in 1980. Despite considerable efforts to obtain literature addressing the aforementioned session, it appears to be very limited, if not, non-existent. Furthermore, a substantial part of the literature is contemporary, and does naturally not account for the eventual negative outcome of the implementation of NIEO. This literature tends to have a positive and optimistic perception regarding the outcomes of (future) negotiations. It can be argued that proximity in time weaken

the validity of their conclusions. The contrasting argumentation presented by Sargent (2015) can substantiate this assumption. Thirdly, concerning the role of the US, there is considerable more focus on their behaviour in the seventh special session when compared to the sixth special session. Moreover, the US is in general reasoned to be negative in the sixth session and ‘more positive’ in the seventh session. This can be argued to be a simplistic portrayal. This thesis will therefore complement existing literature by addressing the behaviour of the US within all three special sessions to provide an overall understanding of their position towards NIEO between 1974 and 1980.

### **1.3. Objective, research questions and argument**

This thesis will investigate the quest for a New International Economic Order as it developed through the three special sessions of the UNGA in 1974, 1975 and 1980, all of which were devoted to discuss development of third world countries. NIEO constituted an imperative aspect of the North-South dialogue from 1974 until the 1980s, when it was replaced by the Neoliberal economic paradigm. The primary aim of this thesis is to contribute in explaining how the fierce proclamation and attempts to alter the international economic order could, in the scope of six years, dwindle and be replaced by an opposing economic paradigm. This will be investigated by focusing on the behaviour of the US during the three aforementioned special sessions. The US was the de facto founder of the international economic order which the developing countries tried to replace, and held, in their position as a global superpower a considerable vested interest to maintain the status quo. The objective can be synthesised in two research questions:

1. How did the United States position itself towards the New International Economic Order during the sixth, seventh and eleventh special sessions of the United Nations General Assembly?
2. How can this position be explained and how did it influence the end result of the New International Economic Order?

The thesis argues that the US played an imperative role in the eventual outcome of the NIEO-discussions between 1974 and 1980. Their overall position towards NIEO was negative and they consistently worked to contain specific NIEO-measures that entailed global governance of the free market. This position is visible in all three special sessions, although each session has its own specific behavioural tactic, influenced by the incumbent administration. The sixth session was characterised by outright refusal to accept NIEO. The US appeared co-operative in the seventh session, but covertly worked to contain implementation NIEO and retain market-oriented solutions. The eleventh special session was characterised by a complete standstill in

the NIEO-discussion, and marked the end of the third world's attempt to implement a new economic order. The US held a passive position but accentuated that they favoured third world development, albeit proposing market-oriented solutions. The argumentation used by the US is strikingly consistent. Through all three sessions the US argued that NIEO would not benefit the poorest developing countries. The feasibility of specific NIEO-measures was questioned and the US strongly advocated measures to accommodate the needs of the third world to be vested in the contours of the free market, i.e. (old) economic order. The thesis concludes that the US' behaviour in the sixth special session, in which they refused to accept NIEO, implied that they would not work constructively for its implementation. NIEO was consequently destined to fail on the onset of its adoption. The historical development of their position towards NIEO during the three respective incumbent administrations is presented in figure 1.

Figure 1: Historical development of US' position towards NIEO

1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Richard Nixon		Gerald Ford			Jimmy Carter				Ronald Reagan
Henry Kissinger					Cyrus Vance			E. Muskie	
Oil-shock and refusal to accept NIEO			Containment of NIEO		Sympathy with third world demands, but general containment of NIEO				Neoliberalism
6 <sup>th</sup> SS		7 <sup>th</sup> SS		11 <sup>th</sup> SS					
North-South dialogue									

#### 1.4. Methodology, analysis and sources

The project design is based on a historical study of the US' position and argumentation towards NIEO. This thesis analyses the behaviour of the US in the sixth, seventh and eleventh special sessions of the UNGA. Each session has three subsidiary research questions: (i) *How did the US position itself?*; (ii) *How did the US argue?*; (iii) *How did their position matter?* This allows for a comparative and indebt understanding of how their position towards NIEO developed over time. The study is limited to focus on the US on account of research time and length requirements. The US was chosen due to their relative hegemonic economic- and military power. Their position as the primary initiator and driving force behind the (old) economic order makes it evident that the US would have a particularly vested interest in the discussions on NIEO.



The primary sources are verbatim records from the UNGA and summary records from the Ad Hoc Committee<sup>7</sup> (AHC). Verbatim records contain full verbatim transcripts of all oral speech from discussions in the UNGA. The opening- and closing speeches of the US are found in these documents. Summary records differ from the former by providing a synopsis of oral speech. The transcripts are therefore modified and shortened. These records give insight in the negotiations on the content of the resolution(s) from each special session. Moreover, the analysis relies on the four resolutions that were adopted during the special sessions. They reflect the ‘consensus’ of each special session and provides information of what the UNGA intended the participating states to work towards.

The primary sources are obtained from the United Nations’ Official Document System<sup>8</sup> (ODS). The majority of these documents were accessible as scanned PDF-files. The summary records from the AHC in 1975 and 1980, and parts of the verbatim records from the 1974-session were not available in ODS and have therefore been digitised by the UN Archive upon request. The table below provides information on document-symbols of all sources obtained from the UN. For instance, the UNGA in 1974 held a total of 24 meetings. Its records are found by using the document-symbol A/PV., followed by the meeting number between 2207 and 2231. The same procedure applies for the documents from the AHC.<sup>9</sup> Concerning the AHC records, the seventh and eleventh special session held considerably fewer meetings compared to the sixth session. In 1975 and 1980, the AHC split into subgroups for focussed negotiations, and only met in plenary to report on their respective progress. Records from these subgroups have not been obtainable. The four resolutions are found by using the search symbol A/RES, followed by its respective number.

*Table 1: Document Overview*

<b>Special Session</b>	<b>General Assembly</b>	<b>Ad Hoc Committee</b>	<b>Resolution</b>
6 (1974)	A/PV.2207-2231	A/AC.166/SR.1-21	A/RES3201 A/RES3202
7 (1975)	A/PV.2326-2349	A/AC.176/SR.1-3	A/RES3362
11 (1980)	A/S-11/PV.1-21	A/S-11/AC.1/SR.1-5	A/RES/S-11/4

<sup>7</sup> The Ad Hoc Committee is established by the UNGA in each special session and is typically given the task to negotiate the content of the sessions resolution.

<sup>8</sup> Link to Official Document System: <https://documents.un.org/prod/ods.nsf/home.xsp>

<sup>9</sup> The summary records from the 7<sup>th</sup> and 11<sup>th</sup> sessions AHC, that were digitised on request by the UN Archive are, per 14 May 2017, not available when searching in the ODS. They can be obtained by sending a request to the UN Archive.

The analysis focus on the position taken and arguments used by the US. This entails that the thesis will investigate the rhetoric used in opening- and closing addresses, and during the negotiations in the AHC. Rhetoric is defined by Richard Toye (2013:2-4) as ‘the art of persuasion’ and is understood to encompass oral- and written communication. Rhetoric have three primary appeals: ethos, logos and pathos. Ethos is an appeal to ethics, for instance the moral, dignity and trustworthiness of the persuader. It is used to convince the audience of the persuaders character and credibility, in essence why the audience should believe the content of the message. Logos is an appeal to logic. If the persuader bases argumentation on reason, statistical evidence and other factual evidence it will substantiate the content of the message. Pathos is an appeal to emotion. The persuader attempts to trigger an emotional reaction in the audience by drawing on examples of hope, fear, injustice or hatred etc. (Toye 2013:42-5). Hans-Ivar Kristiansen and Odd Nordhaug (2012:39) states that an audience will not be convinced by a message drawing on one appeal alone. As such, a successful rhetorical message contains a combination of ethos, logos and pathos.

Analysis of oral communication from transcriptions excludes the possibility of investigating the ‘delivery’ of the speech, for instance accent, tone of voice and posture (Toye 2013:40). Rather, the focus of the analysis is thus on the presented argumentation and how these arguments form a narrative for why the US did not want to accept NIEO. The prevalence of ethos, logos and pathos are relevant in this regard and will provide an understanding of ulterior motives of their argumentation. Accordingly, the analysis will showcase their ‘real’ position towards NIEO and development of the third world. All three sessions are analysed separately to provide a historical timeline of their behaviour. In total, the US gave six speeches to the UNGA. Their participation in the AHC negotiations varied and was most prominent in 1974.

Overall, there is a well-founded source basis to investigate the position of the US. In order to substantiate the findings from speeches, the analysis draws on documents from the book series Foreign Relations of the United States (FRUS). Complementary sources will provide for a broader understanding of the rhetoric used in the UNGA (Toye 2013:79). Documents obtained from FRUS include synopsis of memorandums from conversations and written communications between, the incumbent President, Secretary of State and the Ambassador to the UN on topics relevant to NIEO. These documents account for the intentions behind the speeches and arguments used in the UNGA. Moreover, secondary literature has been used to provide further depth to the analysis.

The authenticity and validity of the documents obtained from the UN can be argued good, especially regarding the verbatim records. Concerning the sources from the AHC, one needs to underline that the records are synopses of oral speech. Consequently, it is plausible that relevant and otherwise interesting information has been omitted. Furthermore, the records from the AHC sessions in 1975 and 1980 have limited information on actual negotiations as they were divided into subgroups, of which it has not been possible to obtain transcripts. The shortcomings of the AHC-documents can be negative in terms of validity and has been considered during the analysis. Lastly, the sources from FRUS are digital synopses of memorandums and written communications, and are therefore secondary sources by being a reproduction of original documents (Kjeldstadli 2010:177-8). However, the authenticity of the sources obtained from FRUS is arguably good.

### **1.5. Structure of thesis**

This thesis is structured in five main chapters: one outlining the historical context of NIEO, three discussing the behaviour of the US in the sixth, seventh and eleventh special sessions of the UNGA, and one concluding chapter comparing the position and argumentation taken by the US from 1974 to 1980.

Chapter 2 accounts for the historical background of the third world's demand for a new economic order. Four major historical events following the end of World War II are addressed: the process of decolonisation; the Cold War; the establishment of the Bretton Woods monetary system and the economic 'golden age' of the developed world; and the emerging demand for a new economic order. The content and intentions of NIEO is enumerated and explained.

Chapter 3 discuss the behaviour of the US in the sixth special session in 1974. It accounts for the sessions proceedings and the rhetoric used by the US in its opening- and closing addresses and within the AHC. It is argued that the US participated in the session with the intention of discussing measures to mitigate the repercussions following OPECs successful cartelisation of oil. The US did not expect the confrontational approach taken by the third world and was caught off guard by the demand for a new economic order. They therefore ended up positioning themselves wholly negative towards the sessions two resolutions proclaiming the establishment of NIEO.

Chapter 4 accounts for the seventh special session in 1975. It provides a brief outline of the sessions resolution and arguments presented by the third world, followed by an outline of US verbal communication and a discussion of their behaviour. The US was well prepared for the session and appeared willing to compromise on issues of relevance to NIEO. They presented an extensive programme with measures to accommodate the needs of the third world, but this programme intended, in reality, to contain NIEO and to vest development issues within the structures of the (old) economic order. Secretary of State, Mr. Kissinger was essential in planning this position.

Chapter 5 outlines and discuss the behaviour of the US in the eleventh special session in 1980. It briefly accounts for the historical development between 1975 and 1980, specifically the second 'oil-crisis' and the unsuccessful implementation of NIEO-measures that had been negotiated outside the UNGA. The chapter argues that the session marked the end of NIEO. The US was passive regarding new commitments and resisted the third world's proposition for a round of global negotiations on North-South issues. President Jimmy Carter intended to be more lenient to the third world, but was restrained by domestic pressure, and therefore continued to advocate market-oriented solutions.

Chapter 6 provides a concluding comparison of the US' behaviour in the three aforementioned special sessions. The development of their position, tactics and rhetorical argumentation is discussed. It compares the overall position of the US with the intentions of NIEO and concludes that the US never intended to allow a new economic order that undermined their global economic hegemony. Lastly, it discusses this thesis' contribution to extending existing knowledge on the US' position towards NIEO, shortcomings of the methodological approach and suggestions for future research.



## **2. The rise of the (Old) Economic Order and the Demand for a New**

The following chapter provides an outline of the historical context of NIEO. It addresses the establishment of an international economic order following World War II, the process of decolonisation, the Cold War, and the deteriorating international economy of the early 1970s. Moreover, it accounts for the content and intentions of NIEO.

### **2.1. The rise of Bretton Woods and US economic hegemony**

For four centuries European powers subordinated land and exerted control over natural resources and populations in a system of imperialism. At the onset of the 20<sup>th</sup> century, the UK, France, Belgium and the Netherlands controlled approximately 84-85% of the earth's surface. Colonies were a source for extraction of vital raw materials and a market for manufactures produced in Europe (Findlay & O'Rourke 2009:388; Grieg et al. 2007:60-1; Peet 2007:185). Imperialism had partly been justified by perceiving non-European societies as backwards and pre-civilised, but following 1945, it became increasingly difficult to justify colonial domination. This was amplified by the US' anti-colonial stance, and colonial powers were pressured into granting independence to former dominions.<sup>10</sup> Some European powers fiercely attempted to hold on to their colonies to control vital raw materials extraction (Puchala & Hopkins 1991:75; Toye & Toye 2004:5). The war fought by the Netherlands in Indonesia to control its oil resources constitutes an example.<sup>11</sup> The entry of new states on the world stage during the 1960s further contributed in delegitimising colonial rulers, and by 1976, more than 70 former dependencies had gained international recognition as independent states by becoming members of the UN. Between 1945 and 1981, memberships in the UN increased from 51 to 156 (Grieg et al. 2007:66; UN 1977:3-36). The UN as established in 1945 was an organisation that primarily worked for the goals of the developed countries. This changed in the 1960s as the bloc of developing countries gained a voting majority in the UNGA, consequently enhancing the organisations focus on differences between the developed and developing world, increasing the amount of UN resources allocated towards economic and social programs. Even though the developing world effectively controlled the UNGA they only contributed an estimated 6% of the UNs total available resources during the 1960s (Kotschnig 1968:16-21).

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<sup>10</sup> Most of the former colonies in South America had gained their independence from Spain and Portugal by 1820 (Acemoglu & Robinson 2010:33).

<sup>11</sup> The war started in 1945 and ended in 1949 with Indonesian independence, only after the US had threatened to expel the Netherlands from the North Atlantic Treaty Organization (NATO) and the Marshall Plan (Garavini 2012:9; Gouda & Zaalberg 2002:36).

Coinciding with the process of decolonisation, the relationship between the US and the USSR increasingly soured. The resulting Cold War and the distinct division between the first and second worlds, defined by their respective capitalist and communist ideologies, asserted pressure upon the newly independent states which were reluctant to side with either of the blocs. The third world became a term to describe the bloc of non-affiliated and newly independent states (Tomlinson 2003:309). These countries shared common history as former colonies, which served as a foundation to establish a common identity among countries with different languages, religions and cultures. In 1961, 24 third world countries established the Non-Aligned Movement (NAM) as an independent intergovernmental body whose primary objective was to resist the pressures from the first and second worlds (Garavini 2012:13-15; Graham 1980:153). The NAM served as an important arena to discuss and coordinate political agendas, inter alia in the UNGA. They constituted a majority within the UN and came to be known as the Group of 77 (G77) – a coalition of third world countries working for improving their own development (O'Brien & Williams 2007:310).

The wake of World War II saw the establishment of major international economic organisations. In 1944, the US initiated the Bretton Woods Conference to create a foundation to rebuild the international economy. The conference resulted in the establishment of the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund (IMF), the former to provide loans for reconstruction of Europe and the latter to facilitate international finance stability by granting short-term loans to combat balance of payments difficulties (Bastø & Hansen 2015:36-8; Knutsen 1999:184-5; Osterhammel & Petersson 2005:122). Institutional voting power was calculated by each country's respective proportionate economic contribution, and the US along with the countries of Western-Europe effectively controlled its decisions (Leech & Leech 2006:31-3). The General Agreement on Tariffs and Trade (GATT) was signed in 1947. Its objective was to reduce barriers to trade between signatory member states and consequently contributed to economic integration, primarily between capitalist countries. These institutions created the foundation of the pre-war international economic order which John Ruggie (1982) has dubbed 'embedded liberalism'. The order was based on the US dollar acting as a world currency to facilitate free trade on a non-discriminatory basis. Nonetheless, governments retained the right to implement various regulations to safeguard domestic interests like employment and social welfare (Sargent 2015:202-1; Toye & Toye 2004:5). In sense, the US established an international economic regime which they sustained and effectively controlled by their power as a global economic

hegemon.<sup>12</sup> This forced order to an anarchic international system and facilitated co-operation between first world states (Gilpin 2000:59-60; Gilpin 2001:95-6, 243).

The role taken by the US to rebuild Europe and the international economy lay the foundation for the economic ‘golden age’.<sup>13</sup> This growth was not experienced in the third world countries, and this time-period saw the emergence of the distinction between developed and underdeveloped/developing countries, the latter characterised by agricultural-based production and primarily seeking industrialisation and modernisation (Toye & Toye 2004:32-2). The developing countries were faced with harsh economic realities following their independence, and saw declining shares of international trade and lower per capita growth rates during the 1950s and 1960s when compared to the developed countries. A majority of developing countries were dependent on export of raw materials and imports of manufactures.<sup>14</sup> Raw materials saw fluctuating prices during this period, whereas the prices of manufactures remained high. This contributed in growing balance of payments difficulties, compromising their ability to effectively work for enhancing their own development (Rothstein 1979:41). Third world countries started to borrow money, bilaterally or through the Bretton Woods institutions. Moreover, many developing states chose to partially close their economies by means of import-restrictions in an effort to protect their infant industries from competition from the developed world. This tactic was meant to facilitate a transition from a ‘traditional’ to a ‘modern’ society – i.e. to enjoy the same standard of living as the first world (Findlay & O’Rourke 2007:486-9).

Developing countries became increasingly discontented with their gains from the (old) economic order. They were partially encouraged by the Prebisch-Singer thesis<sup>15</sup> and the emerging dependency school of thought, which advocated that the world structure prevented development by trapping third world countries as raw material providers (Smith 1979:247-49). For instance, the GATT was argued to not consider structural differences between the two blocs

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<sup>12</sup> The theory of global hegemonic stability assumes that a stable international regime can only be sustained by dominance from a state or power, entailing that Bretton Woods was possible because it was governed by the US, i.e. the economic hegemon (Gilpin 2001:93-5).

<sup>13</sup> The ‘golden age’ is an economic period in the first world, which strictly defined, lasted from 1950 till 1973. It was characterised by economic growth, high levels of employment, mass-consumption and an increasing selection of public welfare services (Eichengreen 2007:15-40; Maddison 1982:126-36).

<sup>14</sup> Robert L. Rothstein (1979:40) asserts that commodity exports (non-oil commodities) accounted for an estimated 60% of developing countries export earnings during the 1970s.

<sup>15</sup> The thesis argues that the price of raw materials over a period of time decline relative to the price of manufactures, negatively affecting developing country economies’ terms of trade (Erten & Ocampo 2013:15-6).



and was primarily perceived as a tool for developed countries to reduce trade barriers between themselves as they imposed high levels of tariffs on agricultural products from developing countries (Jones 2005:32; Weintraub 1977:95). The enhanced focus on economic and social change within the UN resulted in several concrete measures to accommodate third world demands for change. In 1961 following a suggestion by the US, the UNGA launched the first ‘United Nations Development Decade’, a scheme intended to annually increase the growth in developing countries’ aggregate national income by 5%. This was to be facilitated by more favourable trade preferences and increased economic assistance from the developed countries – the equivalent of 1% of developed countries’ combined Gross National Income (GNI) (Akinsanya & Davies 1984:209; Kotschnig 1968:22; Toye & Toye 2004:176). The right to extract raw materials had during the 1950s been a topic of dispute between developing and developed states, in which the latter had insisted on retaining their right to extract resources on account of agreements signed during the colonial era and international law<sup>16</sup> (Ingulstad & Lixinski 2013:34). In 1962, the UNGA passed a resolution titled ‘Permanent sovereignty over natural resources’. It proclaimed that extraction and disposition of raw materials should be done in accordance with the country’s national interests and domestic laws, giving a state the right to nationalise foreign owned property.<sup>17</sup> However, the resolution requires the state to pay ‘appropriate compensation’ and moreover void domestic law in cases where the state and the former owner cannot agree on compensational terms, giving precedence to international law.<sup>18</sup> Nevertheless, the resolution constituted a big a step forward in terms of developing countries sovereignty (Gess 1964; Schrijver 2010:42-3). In 1964, the United Nations Conference on Trade and Development (UNCTAD) was established as a permanent organ subject to the UNGA. It was intended as an arena to address trade issues and specifically the interests of developing countries in the international economy (Gibbs & Ognitsev 2004:3-6; Josefsen 1977:72). State leaders from developed countries feared that UNCTAD was a veiled attempt to suppress the role of the Bretton Woods institutions and to indirectly enhance the power of developing countries in the international economy (Rothstein 1979:179-82). The US was particularly negative and accused the third world of using the UNCTAD as ‘an escape from their own domestic responsibilities’, and frequently emphasised the GATT as the proper arena to discuss international trade (Toye 2014:1761). The three UNCTAD sessions held between

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<sup>16</sup> International Law is understood as a bilateral/multilateral body of rules recognised by the signatory states as binding to their mutual relations.

<sup>17</sup> UNGA (14.12.62). Resolution 1803 (XVII). *Permanent Sovereignty over natural resources*. Para.1.

<sup>18</sup> UNGA (14.12.62). Resolution 1803 (XVII), para.4.

1964 and 1972 called for enhancing the economic performance of third world countries. Among their suggestions were increased export of manufactures from developing to developed countries, stabilised commodity prices and increased development assistance. Increased export was to be facilitated by implementing favourable trade preferences for developing countries through the Generalized System of Preferences (GSP).<sup>19</sup> Even though the UNCTAD contributed to implement minor alterations, inter alia the GATT's approval of the GSP in 1971, relatively few of its suggestions were realised (Gulati 1979). A possible explanation to this can be found in the resistance from developed countries.

The latter part of the 1960s saw a declining economic performance by the US compared to other developed countries. This contributed to an increasing trade deficit. In an attempt to spark its economic growth, the US in 1971 ended the convertibility of dollar into gold and devaluated the currency, effectively ending the Bretton Woods monetary system. This started an international economic deterioration. To the developing countries, this entailed increased prices for imported manufactures and decreased export possibilities, enhancing their trade deficits (O'Brien & Williams 2007:215; Sargent 2015:203; Toye & Toye 2014:230-31). OPEC's successful cartelisation of oil in 1973 further contributed to the economic downturn. Approximately 80% of total world oil exports had up until the 1970s been controlled by multinational corporations from developed countries. Starting in 1971, Algeria, Libya and Iraq nationalised their oil reserves, soon followed by the Arab states (Garavini 2012:166-7; Graf 2012:190; Palmer et al. 2007:1010). The increased price of crude petroleum sent shock waves through the economies of oil-importing developed countries, effectively ending the post-war 'golden age'. OPEC's actions equally affected non-oil producing developing countries, which found themselves unable to pay for oil-imports, leading many countries to finance imports by borrowing money from developed countries and Bretton Woods institutions (Anell & Nygren 1980:75-6; Balsvik 2016:97; O'Brien & Williams 2007:308).

## **2.2. The New International Economic Order**

The time-period between 1945 and the 1970s saw an increasing dissatisfaction in the third world regarding their participation and share of benefits received from the (old) international economic order. Albeit the developing world was affected by the recession in the 1970s, the

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<sup>19</sup> The GSP is a favourable tariff preference given to a specific country or commodity. It was suggested by UNCTAD to facilitate export of manufactures from developing to developed countries. Imported goods from developing countries were given lower duties than similar products from developed countries (Graham 1978:513).

annual growth rate of their total Gross Domestic Product (GDP) increased with 6.0% between 1973-74, and 4.4% between 1974-75. As a contrast, the economies of the developed world retracted, and the GDP of the US decreased with 1.3% and 1.0% in the same respective time-period (Anell & Nygren 1980:76). Nevertheless, the economic recession and the repercussions following the oil-shock provided an opportunity to gather the world community to discuss economic matters and development. The NAM requested a special session to be convened, and the resulting sixth special session of the UNGA gathered to discuss the problems of raw materials and development (Toye & Toye 2004:241). The third world demanded a complete restructuring of the international economic order and accused the developed world of having rigged the economic system in their own advantage prior to accepting third world independence. The president of Algeria, and Secretary General of the NAM, Mr. Houari Boumediene, stated the following in his opening address to the UNGA in 1974: *The colonialist and imperialist Powers accepted the principle of the right of peoples, to self-determination only when they had already succeeded in setting up the institutions and machinery that would perpetuate the system of pillage established in the colonial era.*<sup>20</sup>

The session resulted in two resolutions, titled: ‘Declaration on the Establishment of a New International Economic Order’<sup>21</sup> and ‘Programme of Action for the Establishment of a New International Economic Order’<sup>22</sup>. These resolutions, in combination with the ‘Charter of Economic Rights and Duties of States’<sup>23</sup>, which was adopted in the 1974 Regular Session of the UNGA, mirrors the efforts taken by developing countries in the two preceding decades for a more favourable economic system to enhance their own development and conceptualises them as the New International Economic Order. One of the most interesting aspects regarding the ‘Charter’ is the paragraph regulating compensational measures subsequent to nationalisation of foreign owned property. It proclaims that in cases where compensation *gives rise to a controversy, it shall be settled under the domestic law of the nationalizing State and by its tribunals [...]*.<sup>24</sup> This strengthened the developing countries’ sovereignty over raw materials when compared to the 1962 resolution: ‘Permanent sovereignty over natural resources’, which gave precedence to international law. In fact, all three documents reflect an implicit attempt to

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<sup>20</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2208*. Doc: A/PV.2208, para 34.

<sup>21</sup> UNGA (01.05.74). Resolution 3201 (S-VI), *Declaration on the Establishment of a New International Economic Order*.

<sup>22</sup> UNGA (01.05.74). Resolution 3202 (S-VI), *Programme of Action on the Establishment of a New International Economic Order*.

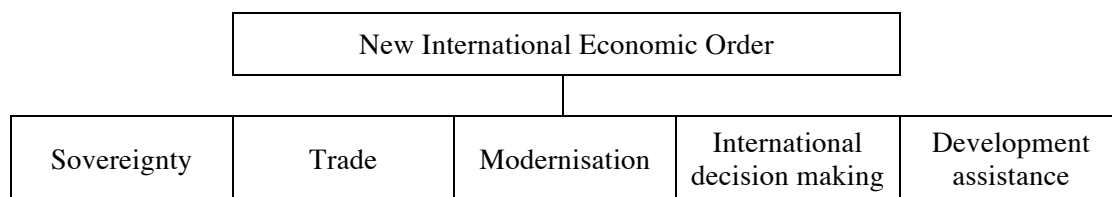
<sup>23</sup> UNGA (12.12.74). Resolution 3281 (XXIX). *Charter on Economic Rights and Duties of States*.

<sup>24</sup> UNGA (12.12.74). Resolution 3281 (XXIX), para. 2(c).

be recognised as international law. Robin White (1975:543) argues that the documents have a normative character and that they were intended to gain status as binding legal documents. White substantiates his argument by drawing upon the seventh paragraph of the ‘Declaration’, which reads: *The present Declaration on the Establishment of a New International Economic Order shall be one of the most important bases of economic relations between all peoples and all nations.*<sup>25</sup> However, it was only developing countries that saw the documents as international law, as developed countries only recognised the moral power of the UNGA (Akinsanya & Davies 1984:211-13; Rembe 1984:330-1).

NIEO underlined that developing countries had been kept out from reaping the benefits of the international economic system. The ‘Declaration’ stated the following: *the developing countries, which constitute 70 per cent of the world’s population, account for only 30 per cent of the world’s income.*<sup>26</sup> The wording of the ‘Declaration’ asserts that the inequality in distribution of world resources hampered development of third world countries and contributed to a widening the gap between the developed and developing countries. The underlying reason for this inequality was found in structures of the international economic system, a system which was created prior to the sovereignty of the majority of developing countries. NIEO comprised an array of demands to the developed world. These demands are comprehensive and have, in the following, been synthesised in five main clusters: (1) Sovereignty; (2) Trade; (3) Modernisation; (4) International decision making; (5) Development assistance. The five clusters are presented in figure 2.

Figure 2: Clusters of the New International Economic Order



### 2.3. The demands of NIEO

The first cluster, ‘**Sovereignty**’, includes demands intended on ensuring the domestic sovereignty of states, i.e. self-determination of peoples and non-interference in internal affairs.

<sup>25</sup> UNGA (01.05.74). Resolution 3201 (S-VI), para.7.

<sup>26</sup> UNGA (01.05.74). Resolution 3201 (S-VI), para.1.

It was underlined that former colonies were entitled to restitution and compensation for historical exploitation of natural resources from colonial powers. All states had the right to choose their economic and social system without facing repercussions or discrimination and were to be ensured full permanent sovereignty of natural resources and all economic activities. This entitled States the right to exercise control over their domestic resources, inter alia the *right to nationalization or transfer of ownership to its nationals*.<sup>27</sup> As mentioned above, the ‘Charter’ further stipulated that compensational terms should abide with domestic law.<sup>28</sup>

The second cluster, ‘**Trade**’, includes demands for change in the international trade system to secure more equitable and equal terms of trade between developed and developing countries. The demands were considered non-reciprocal in favour of developing countries. The major focal point of this cluster was to work for a structure capable of securing stable and remunerative prices for raw materials. The 1976 UNCTAD conference proposed establishing an ‘Integrated Programme for Commodities’ (IPC). The IPC was envisioned to, inter alia, control the prices of 18 pre-defined raw materials by establishing commodity agreements and buffer stocks.<sup>29</sup> The buffer stocks required extensive financial resources, and it was proposed to establish a Common Fund for Commodities (CFC), primarily financed by developed countries. Furthermore, it was envisioned to reduce trade deficits by linking the prices of products exported and imported by developing countries, commonly referred to as indexation of prices.<sup>30</sup> The essence of the trade cluster entails governance of the free market, by means of price fixing and market intervention. Moreover, NIEO demanded favourable trade preferences for manufactures exported from developing to developed countries. The GSP-scheme was an essential part of this and it was accentuated that developed countries should open up their markets and diversify their imports from developing countries, especially in regards to agricultural products.

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<sup>27</sup> UNGA (01.05.74). Resolution 3201 (S-VI), para.4.

<sup>28</sup> UNGA (12.12.74). Resolution 3281 (XXIX), para.2.

<sup>29</sup> The 18 raw materials were banana, cocoa, coffee, copper, cotton fibre and yarn, hard fibres, iron ore, jute, manganese, meat, phosphates, rubber, sugar, tea, tropical timber, tin, vegetable oil and bauxite. The IPC would control the prices of raw materials through commodity agreements and buffer stocks, based on pre-defined targets. The IPC would sell or withhold from its buffer stock to maintain the preferred prices for each raw material (Anell & Nygren 1980:135; Dell 1987:22; Magistad 1978:6; Mojarov & Arda 2004:123-8).

<sup>30</sup> Laszlo et al. (1981:49) describes indexation as ‘a measure to compensate for price-fluctuations of raw materials exported by third world countries. The price of the raw material is increased in relation to an index of manufactures imported from developed countries’.

The third cluster, '**Modernisation**', contains demands related to favourable development, inter alia industrialisation, relocation of labour capacity and transfer of technology from the developed countries. The NIEO advocated that developed countries should facilitate industrialisation of third world economies and as such contribute in increasing their share of world industrial production. This would facilitate a transition from export of raw materials to export of manufactures and contribute in diversifying their economies. Moreover, transfer of technology was a vital part of modernisation, and it was advocated to create an international code of conduct for technology transfer to prevent sellers abusing their position. In addition, it was advocated that developing countries should have increased participation in transportation, i.e. world shipping tonnage. Developed countries were therefore urged to implement the Code of Conduct for Liner Conferences.<sup>31</sup>

The fourth cluster, '**International decision making**', concerns demands related to restructuring of the GATT, IMF and the World Bank to better coincide with the needs of the developing countries and to avoid discriminatory practices on the basis of political and economic systems. Demands directed towards GATT were interlocked with demands related to more favourable trade preferences as outlined above. NIEO further called on a full review of the IMF concerning its loan practices and system of voting. Developing countries emphasised that their voting power relative to their share of world population was unjust and therefore wanted to increase their participation and power. This demand was also directed towards the World Bank, especially concerning the organs dealing with International Development Assistance.

The fifth cluster, '**Development assistance**', contains an array of demands related to transfer of economic resources and facilitation of emergency assistance. The increasing trade deficits of developing countries constituted a parent topic of the cluster, and it was emphasised that it was needed to mitigate the effects of their economic stagnation, inter alia by reaching the development assistance targets of the SUNDD<sup>32</sup>, and to renegotiate third world debt on a case-by-case basis to agree on either cancellation or rescheduling. NIEO further called on developed countries to encourage Foreign Direct Investment (FDI) in developing countries and to regulate

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<sup>31</sup> The Code of Conduct for Liner Conferences had been discussed by UNCTAD since the 1960s. It had been approved in 1974 in a UN conference, but had voted against by developed countries. The code would have distributed world freight tonnage on a 40-40-20 basis. Exporting and importing countries would be assigned 40% of total freight each, whilst the remaining 20% remained available for open competition to third parties (Kanuk 1984; Wijkman 1980).

<sup>32</sup> Second United Nations Development Decade, (1971-1980).

transnational corporations to ensure repatriation of profits to host countries. Lastly, NIEO contained a ‘Special Programme’ which urged emergency measures to be taken to assist the least developed and land-locked countries that had been severely affected by the economic recession.

#### **2.4. The intentions of NIEO**

The New International Economic Order was thus a multifaceted collection of demands for favourable economic conditions in the international economy. The developing countries directly blamed their troubles on developed countries and demanded restitution for the wrongs done in the past. Change was to be facilitated by transfer of economic capabilities and power to the third world. A broad theme among the demands is the wish to depart from the old economic order. The new order has clear traits of being a planned economic system in which governments and international institutions, inter alia the UN, gained control over the market. This aspect is especially visible through the demands in the ‘trade-cluster’, in which the proposed IPC constitutes a shift from the principles of the (old) economic order by creating a bureaucratic organisation capable of controlling the prices of raw materials. NIEO can further be summarised as having three specific intentions. They are as follows:

1. Strengthen global governance of the international economy;
2. Increase participation and relative power of developing countries in the international economy;
3. Development of third world countries.

#### **2.5. Conclusion**

The economic order established by the US following World War II was shaped by the strategical needs of the first world. The Bretton Woods institutions became a framework for economic integration amongst developed and capitalist countries, and the needs of the emerging third world countries remained secondary. The unprecedented economic growth occurring in the developed world was partly sustained by retaining the third world in a subsidiary role – to supply raw materials and to procure manufactures. Rallied on by their increasing number and majority position within the UN, the G77 started demanding change in the (old) economic order to facilitate their development and righteous participation on the world stage. The third world increasingly radicalised between 1950 and 1970, and was encouraged by OPECs successful cartelisation of oil which provided an opportunity to force the developed world to change the rules of the game, by demanding the implementation of a New International Economic Order.

### **3. The Sixth Special Session of the United Nations General Assembly**

This chapter outlines and discusses the role of the United States in the sixth special session of the UNGA. The following research questions are addressed: (i) *How did the US position itself?*; (ii) *How did the US argue?*; (iii) *How did their position matter?* The chapter argues that the US had an initial ‘moderately positive’ attitude towards the special session and that this position increasingly became more negative as the intentions behind the session became clear. Concerning their argumentation, the US used the poorest third world countries as a pretext for not accepting the new order, claiming that it was not beneficial to these countries. The US explicitly accentuated that they did not accept NIEO in their closing address. This is reasoned to have had consequences for (future) discussions to implement specific measures, essentially entailing that the new order would not become reality.

#### **3.1. Synopsis of the sixth special session**

The session was held between 9 April and 2 May 1974, to discuss problems of raw materials and development. The discussion in the UNGA reflected the geopolitical situation of the Cold War, and there was an overbearing division between first-, second- and third world countries. The first world was initially positive to the discussions on economic development and were favourable to minor changes within the structures of the (old) economic order. Whereas the group of ‘like-minded’ countries was more accepting of the demands, the ‘hardliners’ voiced opposition. Furthermore, the ‘hardliners’ in general understood the session to foremost be intended to discuss the repercussions of the oil-shock, and argued widely for measures to retain ‘fair’ and stable supplies of crude petroleum. The second world held lengthy speeches mostly proclaiming their social superiority and many contributions to the developing world.<sup>33</sup> The position of the third world was, as has been previously explained, characterised by strong confrontation. In general, the (old) economic order had impoverished the poor and enriched the wealthy and constituted a barrier to development for all. Economic development assistance only provided palliative solutions and bought off discontent in the third world without providing permanent solutions.<sup>34</sup> Mr. Boumediene criticised development efforts taken thus far by the first world and reasoned that the Marshall Plan constituted an evidence to that the US and Europe had, if they wanted, the financial strength to solve the problems of the third world.<sup>35</sup> The ‘hardliners’ concern for ‘fair’ petroleum prices was ridiculed, and OPECs actions were held in

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<sup>33</sup> Please see the opening address of the USSR (Doc: A/PV.2210, para.63-146).

<sup>34</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2208*, paragraph 34-6. Doc: A/PV.2208.

<sup>35</sup> UNGA (1974), 6<sup>th</sup> Special Session, Official Records, *Meeting 2208*, paragraph 39. Doc: A/PV.2208.



high esteem among third world countries. It was reasoned as a just attempt to control their own development, as developed countries for far too long had dictated the international economy.<sup>36</sup>

### **3.2. The United States in the sixth special session**

The following subchapter outlines the position of the US towards NIEO as it appears through their opening- and closing addresses to the UNGA and their participation in the Ad Hoc Committee.

#### **3.2.1. Opening address to the General Assembly**

The United States' opening address to the UNGA was given by Secretary of State, Mr. Henry Kissinger, 15 April 1974.<sup>37</sup> Mr. Kissinger called for increased co-operation and interdependence among the countries of the world. It was underlined that the US had sympathy with the third world and wanted to find solutions to their problems. It is evident that the US had a different understanding than the developing countries as to why the UNGA had convened for a special session, as Mr. Kissinger underlined that the worldwide economic deterioration following OPECs successful cartelisation of oil was to blame. Although admitting that international economic difficulties had preceded 1973, the oil crisis constituted a triggering reason.<sup>38</sup> Consequently, the suggested solutions to the troubles experienced by third world countries entailed stable and 'fair' prices of crude petroleum, which was deemed essential to retain a functioning international economic and enhance development of third world countries.

The general line and tone of the speech provides for an understanding that the US was willing to further discuss minor adjustments to accommodate the needs of developing countries. Kissinger indicated that the US would be open to discuss issues related to trade and raw materials, and agreed to support a *greater role for oil producers in international financial organizations as well as an increase in their voting power*.<sup>39</sup> Regarding trade and development, it was asserted that the US would assist developing countries in diversifying their economies, inter alia by facilitate transfer of technologies. Moreover, they would work to lower trade barriers within the GATT and further open their domestic market for manufactures produced by developing countries, inter alia by working for a Congressional approval of the GSP.<sup>40</sup>

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<sup>36</sup> See for instance: Kuwait, Iraq and Somalia (A/PV.2217); Egypt (A/PV.2222); and India (A/PV.2223).

<sup>37</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.37-114.

<sup>38</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.39.

<sup>39</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.63.

<sup>40</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.65.

The US underlined that they were sceptical about measures restraining market forces. Although promising to consider commodity agreements on a case-by-case basis, the US remained unconvinced of their efficiency. Raw materials cartelisation was repudiated as a viable strategy to obtain higher prices for exports and they were argued to have potential devastating impacts on the international economy. Efforts to increase prices should therefore be taken in co-operation with other countries and within the existing international fora. The GATT was encouraged to *revise and modernize the rules and conditions of international trade*.<sup>41</sup> In sense, it is implied that the US would consider minor adjustments of the (old) economic system. Kissinger underlined that: *The developing nations can meet the aspirations of their peoples only in an open, expanding world economy, where they can expect to find larger markets, capital resources and support for official assistance*.<sup>42</sup>

The speech given by Kissinger constitutes a ‘moderately positive’ response from the US to the problems of raw materials and development. Although their understanding of what caused the economic deterioration differed from that of the developing countries, they did not directly oppose changes and were willing to compromise on minor issues. Nevertheless, it is implied that the US was not inclined to accept changes they did not approve of, and advocated that no ‘bloc of states’ should be permitted to dictate others.<sup>43</sup> Kissinger’s speech was given during the opening phase of the sixth special session. As such, he could not have accounted for its eventual outcome. The position taken by the US in the opening phase can therefore be argued as ‘moderately positive’.

### **3.2.2. The Ad Hoc Committee**

The negotiations in the Ad Hoc Committee (AHC) were undertaken simultaneously as the debates in the UNGA, and started on the same day as Mr. Kissinger held the opening address on behalf of the US. The negotiation was based on two proposal texts provided by the G77, which would eventually become the ‘Declaration’, and the ‘Programme of Action’.

The position taken by the US mirrored that of Japan, the FRG and the UK, i.e. the ‘hardliners’. A majority of the proposals made by the US concerned wording and phrasing of different paragraphs, and it was argued in favour of more general and open formulations. For instance,

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<sup>41</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.68.

<sup>42</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.52.

<sup>43</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.41-2.

concerning the ‘Declaration’, the proposed text describing the purpose of the new monetary system stated that it should be *primarily geared to* [satisfy the needs of the developing countries].<sup>44</sup> This was criticised for indicating that the (new) order should only focus of the developing world. The wording of this paragraph in the adopted resolution states the following: *Ensuring that one of the main aims of the reformed international monetary system shall be the promotion of the development of the developing countries [...]*.<sup>45</sup> In addition to be a more open formulation, it is interesting to note that the paragraph refers to a ‘reformed’ international monetary system, not a new international system.

The US presented several reservations to the content of the proposed resolutions. Concerning the ‘Declaration’ the US could not accept the sections describing the rights of sovereign states. Although underlining that they supported all states’ right to self-determination, they did not accept that a state would be permitted to nationalise property of foreign companies solely in line with domestic law. The ‘Declaration’ does not specify how compensation should be calculated or which laws that should apply, but the US was concerned about the possible repercussions of this paragraph and firmly asserted that it should be stipulated that nationalisation and the subsequent required compensation should be done in accordance with international law. The US intended the 1962 UNGA resolution: ‘Permanent sovereignty over natural resources’ to constitute international law.<sup>46</sup> The resolution underlines, as explained in chapter 2.1., that compensation should be paid in accordance to both domestic and international law, and effectively grants international law precedence over domestic law in the event of a dispute over compensation. The following is stipulated: *In any case where the question of compensation gives rise to a controversy, the national jurisdiction of the State taking such measure, shall be exhausted.*<sup>47</sup> It is interesting to note that this view was shared by both the UK and FRG, and that developing countries more or less ridiculed their position on the matter. For instance, the delegate from Algeria asserted that international law was constructed prior to many third world countries’ sovereignty, and therefore did not consider their needs. Furthermore, it was proclaimed that many European countries had nationalised specific economic sectors after 1945 – in accordance with national law. The delegate therefore

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<sup>44</sup> UNGA, AHC (1974). 6<sup>th</sup> Special Session, Official Records, 8<sup>th</sup> meeting. Doc: A/AC.166/SR.1-21, para.32-5.

<sup>45</sup> UNGA (01.05.1974). Resolution 3201 (S-VI), para.3(k).

<sup>46</sup> UNGA, AHC (1974). 6<sup>th</sup> Special Session, Official Records, 7<sup>th</sup> meeting. Doc: A/AC/166/SR.1-21, para.18

<sup>47</sup> UNGA (14.12.1962) Resolution 1803 (XVII), para.4.

rhetorically asked: *could a principle that was valid north of the Mediterranean be false south of it?*<sup>48</sup>

Concerning the ‘Programme’ the US held lengthy statements regarding the sections covering commodity agreements. Although it was underlined that they did not directly oppose such agreements, they wanted to highlight that this measure was not necessarily appropriate for all raw materials.<sup>49</sup> They further argued that there should be conducted thorough studies on the prospects of establishing international buffers stocks of raw materials to regulate commodity prices. The limited role of government in the US’ domestic economy was reasoned to unable the US from accepting measures intending to reduce international freight costs and they firmly stated that they would not accept the paragraph asking developed countries to implement a Code of Conduct for Liner Conferences.<sup>50</sup> Lastly, the US opposed a paragraph equating renegotiation and cancellation of third world debt as a general instrument of development assistance.<sup>51</sup> In part, the US used the AHC to argue in disfavour of proposed measures that would restrict market forces.

### 3.2.3. Closing address

The closing address was given by US Ambassador, Mr. John Scali, 1 May 1974.<sup>52</sup> The speech was given after the assembly had, without a vote, adopted the ‘Declaration’ and ‘Programme’. Mr. Scali underlined that the US had appreciated the initiatives and efforts taken during the session to solve the *critical situation which has arisen in the international economic area*.<sup>53</sup> Although it was made clear that much good work had been done, he admitted that the US was disappointed with the fact that the UNGA had not been able to reach a unanimous agreement on how to solve the economic troubles. It was underlined that neither of the resolutions were adopted by consensus and only reflected the wishes of one bloc of states, and he therefore questioned their value.<sup>54</sup> The following was stated: *To label some of these highly controversial conclusions as “agreed” is not only idle; it is self-deceiving*.<sup>55</sup> In sense, the US voiced strong discontent with the two resolutions, and it was underlined that a successful outcome could not

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<sup>48</sup> UNGA, AHC (1974). 6<sup>th</sup> Special Session, Official Records, *6th meeting*. Doc: A/AC.166/SR.1-21, para.48-9.

<sup>49</sup> UNGA, AHC (1974). 6<sup>th</sup> Special Session, Official Records, *13th meeting*. Doc: A/AC/166/SR.1-21, para.60-1.

<sup>50</sup> UNGA, AHC (1974). 6<sup>th</sup> Special Session, Official Records, *14th meeting*. Doc: A/AC/166/SR.1-21, para.61-71.

<sup>51</sup> UNGA, AHC (1974). 6<sup>th</sup> Special Session, Official Records, *16th meeting*. Doc: A/AC/166/SR.1-21, para.34.

<sup>52</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.77-103.

<sup>53</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.77.

<sup>54</sup> The Declaration states the following: ‘The General Assembly solemnly proclaim our united determination to work urgently for the establishment of a New International Economic Order’.

<sup>55</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.81.

be determined by one nation or by one group of nations seeking to impose its will.<sup>56</sup> The US thus asserted that the UN was detached from reality and that the UNGA often made promises and commitments it had no realistic possibility to fulfil. This only contributed to increase people's disappointment with the institution. In sense, this can be understood as an implicit message stating that the US would not work for achieving the parts of NIEO they did not agree with. Mr. Scali pointed out that the US nevertheless remained committed to solve the difficulties facing the international community, be they raw materials, energy, food or monetary stability. But this commitment was based on co-operation and consensus and not on confrontation. It was further accentuated that neither of the two resolutions sufficiently accounted for the dire situation among the world's poorest people, and he proclaimed that the US government would undertake its own study to *provide assistance to those countries which have suffered most*.<sup>57</sup> He ended his address by enumerating their reservations.<sup>58</sup> They are synthesised in table 2, and further discussed in the following subchapter.

Table 2: US' major reservations as presented in the sixth special session

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| <ul style="list-style-type: none"> <li>- Nationalisation of property;</li> <li>- Encouragement to exert economic pressure (cartelisation);</li> <li>- Demands for restitution and compensation for historical exploitation of raw materials;</li> <li>- Price fixing of raw materials;</li> <li>- Commodity agreements (partially);</li> <li>- Allocation of domestic market to a specific share of developing countries manufactures;</li> <li>- Intervention of the UNGA in reform of international financial institutions.</li> </ul> |
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### **3.3. How did the United States behave during the sixth special session?**

The following subchapter discuss the behaviour of the US during the session and their position towards the NIEO.

#### **3.3.1. From 'moderately positive' to negative**

Literature investigating the position taken by the US during the sixth special session generally argue that they held a negative attitude. Toye and Toye (2004:241) argues that the US had a threatening behaviour and that Mr. Kissinger warned developing countries of the consequences of their demands. Mathews (1976:100) argues that the US was negative during the sixth session,

<sup>56</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.85.

<sup>57</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.82.

<sup>58</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.90-5.

although supportive of their development aspirations. Ferguson (1977) somewhat nuance the aforementioned and argues that the US was supportive of third world aspiration for development, but was taken by surprise of the confrontational atmosphere and eventual outcome of the session. The following argue in favour of nuancing the position taken by the US as there are observable positional differences in the opening- and closing addresses, which provides for a more complex understanding than simply phrasing their position as negative.

Firstly, the opening address of the US to the UNGA can be argued to present a ‘moderately positive’ attitude towards solving the difficulties facing the developing countries. The US was inclined to minor restructuring of the international monetary system, inter alia favourable trade preferences for manufactures produced by developing countries, implementation of the GSP-scheme, and increased participation from oil-producing countries in international financial institutions. Moreover, they wanted to facilitate transfer of technology and increased economic assistance to developing countries. The limitations of this ‘moderately positive’ position can be reasoned to coincide with the contours of the free market, and essentially the (old) international economic order, as it was argued in favour of addressing these issues in other more appropriate forums:

*This Assembly should strengthen our commitment to find co-operative solutions within the appropriate forums, such as the World Bank, the International Monetary Fund (IMF), GATT, the World Food Conference and the World Population Conference.*<sup>59</sup>

Measures entailing increased governance or restraint of market forces were arguably not acceptable to the US. Nevertheless, it is evident that they were optimistic about the prospects of adopting an understanding within the UNGA. An example of this is their accentuated willingness to participate in (future) negotiations to establish commodity agreements. Their position was therefore not directly negative during the onset of the sixth session, and was rather characterised by optimism regarding minor adjustments of the (old) economic order.

This ‘moderately positive’ position can be substantiated with the content of a memorandum from a staff meeting in the US Department of State, 31 January 1974, the day after the NAM had requested the UN to arrange the sixth special session. Mr. Kissinger stated the following: “*I think that we should be in the rear guard of those who are joining it, but I mean we shouldn’t throw any sand in*”, [...] “*We should point out what we take to be the problems, but should*

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<sup>59</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.103.

*never be in a blocking position*".<sup>60</sup> The excerpt from the memorandum arguably synopsis their position during the opening phase of the session. The US pointed out that OPEC constituted the problem, appeared willing to minor compromises without taking a leading role – in sense, they remained in the ‘rear guard’, as Mr. Kissinger proposed.

Secondly, it is evident that this ‘moderately positive’ position changed as the session progressed. This is visible by their position in the AHC, in which they tried to broaden or dilute paragraphs describing the new economic order. One can therefore argue that the US gradually adopted a more negative attitude throughout the session. This change can be argued the result of the US not having fully comprehended the intentions behind the special session. To substantiate this argument, it can be pointed out that FRUS – a book series containing official and major diplomatic activity of the US – has few documents concerning preparations to the sixth special session in 1974. The existing documents mainly concern the content of Kissinger’s speech and feedback from different state departments and advisors. This apparent lack of documents can indicate that the US government did not expect the session to become as comprehensive as it did.<sup>61</sup> This can find support in a memorandum from a staff meeting in the US Department of State, 14 February 1974. Mr. Kissinger is noted to have stated the following: [to convene a special session was a] “*lousy idea*”, but said that he was inclined to “*send a note saying we have no objection*”.<sup>62</sup> In sense, the US can be argued to have underestimated the session and perceived it as yet another meeting between developed and developing countries, in which the developing countries would make some proposal for how to achieve favourable change and the US would nod along. Ferguson (1977:146) argues that Mr. Kissinger intended to ‘humour’ the developing countries and that the US would ‘listen constructively’ to what they had to say. Instead, the G77 presented the AHC with two fully drafted resolution proclaiming the establishment of a new economic order. Although it is not possible to argue that the specific content of these proposals was unknown to the US – as the content had been demanded in various international institutions in the two preceding decades, it is nevertheless plausible to argue, judging by the content of their opening address, that the US was mostly prepared to discuss economic difficulties resulting from OPECs cartelisation of oil, and to a lesser extent a complete restructuring of the (old) economic order. Ferguson (1977) and Mathews (1976) both

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<sup>60</sup> FRUS, 1969-1976, Vol. XXXI, Foreign Economic Policy, 1973-1976, *Doc: 257*.

<sup>61</sup> In comparison to the seventh and eleventh special sessions, there are significantly less documents concerning the sixth session.

<sup>62</sup> FRUS, 1969-1976, Vol. XXXI, Foreign Economic Policy, 1973-1976. *Doc: 257*.

reasons that the US had not anticipated the confrontations that permeated the session. In sense, it is plausible to argue that the US altered its initial ‘moderately positive’ position throughout the session and started to find measures to restrain and minimise the possible damage of the two resolutions.

Thirdly, the opening- and closing addresses contain two arguably opposing positions, the former inclined to co-operation and minor adjustments, whereas the latter comprised a lengthy list of reservations to and discontent with the actions taken during the session. In the opening speech, Mr. Kissinger proclaimed that the US would work for increasing OPECs participation in international financial institutions. Increased participation of all developing countries in international decision-making ended up being included in the adopted ‘Programme’. In the closing address, following by the adoption of the NIEO-resolutions, Mr. Scali repudiated what the US considered ‘inappropriate’ intervention from the UNGA in matters that should be addressed within the specific financial institutions.<sup>63</sup> As such, the US underlined that the UN should refrain from meddling in the affairs of the specialised agencies (IMF and World Bank), entailing that they saw them as separate and independent organs. It indicates that there would be no restructuring of decision-making favourable to the entire third world. Furthermore, the US appeared positive to the prospect of opening their domestic market for manufactures produced by developing countries and promised to work for implementing the GSP-scheme in the opening address. However, this attitude was moderated in the closing statement, where the US reserved itself from allocating a specific share of its domestic market for manufactures from developing countries. The closing address implied that the US did not accept the resolutions adopted during the session and that they did not intend to work for its implementation. As such, the US’ position changes within the time-span of a few weeks, from ‘moderately positive’ to negative.

### **3.3.2. Argumentation to belittle NIEO?**

There is limited research on the specific argumentation used by the US during the sixth special session, and the authors presented in chapter 1.2., essentially discuss their argumentation in the seventh special session. Investigation of the sixth session mostly concern the overall position taken by the US and reasons that they were taken by surprise of the confrontational atmosphere. The following argue that the US attempted to blame OPEC for the misfortunes of the third

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<sup>63</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.90-5.



world and that they belittled NIEO by reasoning that it did not consider the needs of the poorest peoples of the world. Essentially, it was claimed that NIEO would not benefit developing countries and that their position could only be improved within the (old) economic order.

Firstly, the US blamed OPEC for the economic deterioration affecting the third world. It has been noted above that the US primarily perceived the sixth session to be gathered to discuss the difficulties that had arisen following OPEC's cartelisation of oil. Consequently, the US argued that it was the actions taken by OPEC that had caused the economic deterioration experienced by developing countries. This position was occasionally ridiculed by third world countries which, unsurprisingly, defended the oil-producing countries.<sup>64</sup> In sense, one can reason that the US attempted to blame the economic recession on OPEC to avoid focus on international structures and their own involvement in the economic downturn by cancelling the Bretton Woods monetary system in 1971. This can be considered an attempt to enhance the trustworthiness and credibility of the US, and in sense a rhetorical appeal to ethos.

Secondly, the US reasoned that the increased price of oil was harmful to the development of third world countries. Although the US was not wrong in this argument, as many non-oil producing developing countries faced severe trade deficits to finance their energy needs, the US implicitly argued that the actions of OPEC had contributed in further deteriorating the well-being of the world's poorest people. This can be seen through their reasoning that prices of fertilizers had increased, leaving many developing countries unable to sustain their food production – effectively causing food shortages.<sup>65</sup> OPEC had therefore amplified the consequences of the economic recession experienced by developing countries. This constitutes an appeal to logos.

Thirdly, by drawing on the consequences of increased oil prices, the US could illuminate that cartelisation had possible harmful repercussions and would be counterproductive to development. This entails that the US intended to maintain the international economic system within the contours of the free market. This permeates the speeches given to the UNGA and their negotiation within the AHC. Although consenting to minor alterations (voting share of OPEC, trade preferences and consideration on commodity agreements) it was underlined that

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<sup>64</sup> See for instance: Kuwait, Iraq and Somalia (A/PV.2217); Egypt (A/PV.2222); and India (A/PV.2223).

<sup>65</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.59.

development could only be achieved in an open an expanding economy. Mr. Kissinger stated the following:

*It is tempting to think of cartels of raw material producers to negotiate for higher prices. But such a course could have serious consequences for all countries. Large price increases coupled with production restrictions involve potential disaster: global inflation followed by global recession, from which no nation could escape.*<sup>66</sup>

Solutions restraining the established system would therefore only lead to further deterioration of the economy and subsequently the well-being of states and peoples. The argumentation indicates that the US wanted to demonstrate that the mechanisms intended by developing countries to secure them a favourable position within the international market would only further deteriorate their standing. Moreover, it is evident that the US wanted to retain what they considered 'fair' prices of petroleum. This can be seen as an argument appealing to the assembly's reason (logos).

Fourth, the argumentation used following the adoption of the two resolutions entails that the US intended to undermine their significance. The first example of this is their critique of the usage of 'consensus', implying that the assembly was deceiving itself by adopting resolutions that several countries had clear and outspoken reservations against, in sense making promises it would be unable to fulfil. This is a reasonable argument, as particularly the 'hardliner' countries had several concerns and reservations towards its content. Approval from these countries would be crucial for implementing NIEO. The second example is the US' argumentation that the UNGA had not spent enough time discussing emergency relief for the poorest countries of the world. Mr. Scali stated the following:

*Words cannot feed the starving nor help the impoverished. The sudden increased cost of life is still being born by the poor. This moment demands more of us than words—more of us than promises, which may materialize many months from now, if ever. Have we measured up to the challenge?*<sup>67</sup>

The US expressed disappointment with the debate on emergency relief and criticised the UNGA for not having allocated significant time to address the issue, and Mr. Scali promised that the US government would undertake its own study to further *provide assistance to those countries which have suffered the most.*<sup>68</sup> The situation among the least developed countries was argued to be the primary concern of the US, and they therefore expressed discontent with the focus and

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<sup>66</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2214*. Doc: A/PV.2214, para.65.

<sup>67</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.100.

<sup>68</sup> UNGA (1974). 6<sup>th</sup> Special Session, Official Records, *Meeting 2229*. Doc: A/PV.2229, para.82.

eventual outcome of the session on behalf of the poor countries of the world. These countries had, according to the US, little to gain from the sixth special session. By not having addressed the needs of the poor, the US appealed to the assembly's emotions (pathos), and by promising to take undertaken their own study they attempted to enhance their own credibility and character (ethos), both constituting obvious rhetorical arguments. The 'Programme' contained a specific section outlining a 'Special Programme' which stipulated that there was an urgent need to assist developing countries most seriously affected by the economic deterioration.<sup>69</sup> The 'Special Programme' did not specify which particular measures that should be taken, and rather focussed on defining what constituted a 'most seriously affected country'. In sense, there is some validity to the argument presented by the US. Still, the sixth special session was overall convened to discuss problems of raw materials and development – not primarily emergency relief. As such, on can reason that their argumentation was intended to undermine the sessions outcome by shifting the focus away from the achieved proclamation of NIEO to point out shortcomings – as perceived by the US.

To synthesise their argumentation, it becomes evident that the US appealed to ethos, logos and pathos, mainly by reasoning that NIEO and the measures it included would not be beneficial to third world's aspiration for development. Cartelisation of oil was reasoned to have caused a dire international economic recession and therefore constituted an example of a measure that would not benefit any country. As such, developing countries should work for alterations within the framework of the free market. This constitutes appeals to logic. Moreover, the argumentation related to the poorest countries of the world are clear examples of appeals towards emotions, and an implicit attempt to undermine the significance of the two resolutions.

### **3.3.3. Did the US implicitly kill NIEO in 1974?**

The position taken by the US throughout the sixth session provides for a complex understanding. In general, they positioned themselves as favourable to minor restructuring of the international economic system to accommodate demands from developing countries. It is evident that they wanted these changes to be discussed and undertaken by existing international structures – the GATT, World Bank and IMF, and they did not care for the attempt to enhance the UNGAs involvement in reform of the international monetary system. Even though the 'Declaration' and 'Programme' was adopted without consent from the US, as the bloc of

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<sup>69</sup> UNGA (01.05.74). Resolution 3202 (S-VI), section X.

developing countries held an efficient absolute majority in the UNGA, it does not entail that they would be able to implement their demands. Despite third world control over decision-making in the UNGA, they were not financially able to implement their decision without support from developed countries (Kotschnig 1968:21). Furthermore, the resolutions adopted by the UNGA are not considered international law, and therefore not binding on the participating countries. The subchapters above provide for an understanding that the US did not intend to work for the implementation of NIEO. Although the US underlined that they wanted to participate in future discussions, it is clear that changes would only be permitted within the existing structures and as long as they were acceptable to them. As NIEO was primarily adopted by the G77 and featured no direct support from the time-periods superpower, in respect to military capacity and economic hegemony, one can argue that the US constituted an opposing force to the implementation of NIEO. Acceptance of NIEO-measures would have to be discussed within the GATT, IMF and the World Bank – all indirectly controlled by the US. In sense, the US represented the ‘bloc of countries’ trying to impose its will, retaining their emphasis on change within the contour of the free market. It is therefore plausible to argue that the US’ position implicitly killed NIEO, leaving it effectively dead on the day of its adoption.

### **3.4. Conclusion**

This chapter has outlined and discussed the position taken by the US in the sixth special session of the UNGA, which adopted two resolutions proclaiming the establishment of a New International Economic Order. It has been argued that the US’ initial position to changes in the international economic system was ‘moderately positive’ in the opening phase of the sixth session, but that they adopted a negative stance to the content of the two resolutions, and as such NIEO. This provides an answer to research question (i): *how did the US position itself?* Continuing, it has been reasoned that the US tried to convince developing countries that the content of NIEO would further deteriorate their economic position and development. Moreover, the US tried to belittle the outcome of the session by arguing that it had not sufficiently considered the needs of the poorest countries of the world. This provides an answer to research question (ii): *how did the US argue?* The negative position adopted by the US has been reasoned to have punctured the NIEO-scheme before the real negotiations could start outside the UNGA. Without the US, it would have been impossible to implement the demands affiliated with NIEO. This provides an answer to research question (iii): *how did their position matter?*



## **4. The Seventh Special Session of the United Nations General Assembly**

The following chapter will outline and discuss the role of the US during the seventh special session of the UNGA. It addresses three research questions: (i) *How did the US position itself?*; (ii) *How did the US argue?*; (iii) *How did their position matter?* The chapter argues that although the US seemed favourably inclined towards co-operation on NIEO-measures by proposing a comprehensive ‘Programme of practical steps’ to achieve development, they in reality attempted to conciliate NIEO. The conciliation tactic proposed an array of counter-measures to compete with NIEO-measures, in an effort to stop implementation of measures that would have restrained the free market. The US therefore only appeared to have adopted a new stance on NIEO, all the while attempting to retain development of third world countries within the contours of the (old) economic order.

### **4.1. Synopsis of the seventh special session**

The initiative to hold the seventh special session was taken by NAM in 1973.<sup>70</sup> The session was held between 1-16 September 1975 and discussed problems of development and international co-operation. It resulted in one resolution, titled: ‘Development and International Economic co-operation’.<sup>71</sup> The following subchapter provides an outline of the content of the resolution and a brief synopsis of the discussions within the UNGA.

#### **4.1.1. Resolution**

The resolution reasserts that the UNGA was determined to create an equitable and equal world for all peoples, and to enhance development of third world countries. It recalls the ‘Declaration’, ‘Programme of action’ and the ‘Charter’ and puts forth an instruction to bodies and organisations subordinated the UN to implement measures of the New International Economic Order. It more or less restates the content of the three aforementioned resolutions, inter alia the IPC and buffer stocks; continued research on the possibility of indexation of exports; favourable trade preferences for developing countries; increased development assistance; technology transfer etc. However, the language is less confrontational than in the three aforementioned resolutions. For instance, there is no mention of colonialism or historical exploitation, and thereby no language demanding change in ownership of natural resources, terms of trade, or

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<sup>70</sup> The initiative to hold a special session to discuss development and co-operation was taken before the initiative to hold a conference of the problems of raw materials and development. As such, what eventually became the seventh special session was suggested before the sixth special session (Gosovic & Ruggie 1976:311-17).

<sup>71</sup> UNGA (16.09.75). Resolution 3362(S-VII). *Development and International Economic Co-operation*.

industrialisation on the basis of historical domination. This is an interesting distinction from the resolutions adopted in the sixth session. In sense, the resolution reflects an effort to achieve consensus on international economic co-operation. Lastly, it endorses the Lima Declaration<sup>72</sup>, which was an agreement on redistribution of international labour – an imperative measure of NIEO. In general, the resolution does not contribute with any new aspects to NIEO and rather constitutes an instruction for which measures UN organisations should prioritise to fulfil NIEO.

#### **4.1.2. Synopsis of discussions**

The positions and discussions were – as in the sixth session – influenced by the threefold division between first-, second- and third world countries. First world countries were generally positive and seemed inclined to achieve international co-operation and work for implementation of NIEO-measures (both the ‘hardliners’ and ‘like-minded’ countries). The reasons for the ‘hardliners’ shift in position is reasoned by Gosovic and Ruggie (1976:317-20) to be vested in their fear of repercussions from OPEC, and for further cartelisation of raw materials considered vital for their domestic industrial production. In sense, the ‘hardliners’ were concerned about their respective domestic economic growth. The confrontations that had permeated the sixth session was therefore to be avoided and the developed world intended to appear willing to compromise in order to placate third world countries. Consequently, the session needed to become a success. The second world mostly continued with their tirades on social and moral superiority.<sup>73</sup> The third world in general refrained from blaming their troubles and subordinate position in the international economic system on developed countries. Rather, they focused on arguing in favour of changing the existing economic order in line with NIEO. This does not entail that developing countries avoided criticising the rich countries. This can be exemplified with an excerpt from the opening address by the representative of Indonesia:

*It is quite paradoxical to observe developed countries investing large amounts of money and effort in helping the developing countries to produce goods while at the same time, through protectionist tariff and non-tariff barriers, denying them the opportunity to sell these goods in the markets of the developed countries.*<sup>74</sup>

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<sup>72</sup> The ‘Lima Declaration and Plan of Action on Industrial Development and co-operation’ was adopted by the United Nations Industrial Development Organization (UNIDO) in 1975. The declaration concerned redistribution of international labour, in line with the NIEO-demands, in order to achieve growth and development. It proclaimed that 25 percent of world industrial production should be undertaken in developing countries by the year 2000. (Stewart 1982:83). The US had not accepted the declaration, alarmed by projected competition for its domestic industries (McCulloch 1977:29).

<sup>73</sup> Please see the opening address by the USSR (Doc: A/PV.2230, para.66-122).

<sup>74</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2329*. Doc: A/PV.2329, para.125.

Although criticising, there is no reference to colonialism or historical wrongdoing. Rather the representative from Indonesia asserted that the (old) economic system contained flaws that needed to be changed to allow for third world development.

#### **4.2. The United States in the seventh special session**

The following subchapter outlines the position of the US towards the NIEO as it appears through their opening- and closing addresses to the UNGA and their participation in the Ad Hoc Committee.

##### **4.2.1. Opening address to the General Assembly**

The opening address was given in the first meeting of the seventh special session by US ambassador to the UN, Mr. Daniel Moynihan, on behalf of Secretary of State, Mr. Henry Kissinger, whom was otherwise engaged.<sup>75</sup> Mr. Moynihan gave a lengthy and comprehensive speech to the UNGA, and he proclaimed that the US had specifically requested to give their address in the opening phase of the session in order for other countries to have sufficient time to consider their proposals.

The speech contained a ‘Programme of practical steps’ which was envisioned to accommodate the needs of developing countries and to facilitate international economic co-operation. A total of 41 measures were suggested as part of the ‘programme’. They were in general intended as alternatives to measures party to NIEO. Mr. Moynihan underlined that the countries of the world for too long had been divided by economic confrontation in terms of embargoes, cartels and bitter rhetoric. He further called for reconciliation and global co-operation between rich and poor countries so that prosperity could be achieved for all. Economic challenges were experienced by all and should therefore unite – not divide countries.<sup>76</sup> The US proclaimed that they would work for alterations of the (old) international order, but firmly asserted that this restructuring depended on allowing developed countries to be involved in the process:

*The developing countries must have a role and a voice in the international system, especially in decisions that affect them. But those nations that are asked to provide resources and effort to carry out the decisions must be accorded a commensurate voice<sup>77</sup>*

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<sup>75</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.33-203.

<sup>76</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.38-46.

<sup>77</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.47.



The ‘programme of practical steps’ was envisioned to achieve development and co-operation by focusing on: basic economic security; economic growth; reduce the need for aid; improve trade conditions; and improvement of the dire situation in the poorest countries.<sup>78</sup> The programme contained several measures and suggestions for minor alterations of the (old) economic order and some suggestions to establish new structures, although under the control of existing institutions. The US tabled different proposals to each of the above mentioned subcategories.

Examples related to economic security and growth are: a new development security facility within the IMF, which would provide loans to developing countries in the event of export fluctuations.<sup>79</sup> Moreover, it was suggested to enable the World Bank, in cooperation with private investors, to lend money to secure operation of public sectors. This would contribute to sustain infrastructure projects, industrialisation and modernisation.<sup>80</sup> Furthermore, it was suggested to establish an investment fund to facilitate portfolio capital to developing countries, to allow third world countries to attract foreign capital. This fund would be operated by the International Finance Corporation, a subsidiary of the World Bank.<sup>81</sup> All of the measures were suggested because the US argued that price-stabilisation mechanisms within NIEO (indexation and price-fixing) would be too expensive and lead to production of substitute commodities – and in essence counterproductive to third world development.<sup>82</sup>

In relation to their outspoken concern for the poorest developing countries, the US proposed to establish a world reserve for food able to handle fluctuations in global food production. The system was to be vested in global consultations, and would establish a world-reserve (buffer stock) for grains. The buffer stock would be created after consultations amongst producers and consumers. It was underlined that the producers and consumers should recognise their respective vested interests: earnings and stable supplies.<sup>83</sup>

Mr. Moynihan presented an indecisive position to commodity agreements, arguing buffers stocks to be effective to stabilise prices all the while they could distort markets and lead to

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<sup>78</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.49-54.

<sup>79</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.71-72.

<sup>80</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.159-63.

<sup>81</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.87.

<sup>82</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.68-70.

<sup>83</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.143-9.

waste of resources. The US thus proposed that every strategically important commodity for developing countries' export earnings should have its own 'consumer-producer body', in which discussions on measures to stabilise price fluctuations could be undertaken. It was further proclaimed that they intended to sign the International Tin Agreement (ITA)<sup>84</sup> and that they wanted to participate in negotiations on commodity agreements on cocoa and sugar.<sup>85</sup>

Lastly, the US underlined that the 'programme' depended on one imperative measure: a recovery of the international economy, of which poor and rich countries alike relied on for their respective well-being. It was asserted that this was hinged on the economic performance of the developed countries' economies. It was therefore paramount to facilitate measures to combat recession and inflation in the first world to secure development and well-being for all. This entailed securing stable and 'fair' prices for petroleum.<sup>86</sup> As such, the US equated establishing a fair and equitable world with the developed countries' need for affordable energy.

#### **4.2.2. The Ad Hoc Committee**

The AHC only held three meetings because it was divided into several separate working groups, a division reasoned to be more time-efficient. The US, G77 and the EEC<sup>87</sup> presented proposal papers intended as suggestions to the seventh sessions resolution.<sup>88</sup> Gosovic and Ruggie (1976:322) asserts that the proposal from the US mirrored that of the G77 in an effort to appear inclined towards co-operation.<sup>89</sup>

The summary record indicates that the US in general was contented with the outcome of the negotiations and the subsequent content of the resolution. It was stated that the US recognised that the majority of its content had been agreed upon in consensus among all participants. However, they enumerated several concerns and reservations. Firstly, the US had a semantical disagreement concerning the usage of a 'new' international economic order, as they did not acknowledge that the world was set towards creating a 'new' order.<sup>90</sup> Secondly, it was

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<sup>84</sup> The ITA was established in 1956 with a buffer stock and export quotas to retain stable prices. The US did not sign the agreement on account of their own significant stockpile which they retained the right to manage on their own (Mallory 1990:840; Smith & Schink 1976:715).

<sup>85</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc A/PV.2327, para.154-5

<sup>86</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.62-6.

<sup>87</sup> European Economic Community.

<sup>88</sup> UNGA, AHC (1975). 7<sup>th</sup> Special Session, Official Records, *2nd meeting*. Doc: A/AC.176/SR.2.

<sup>89</sup> It is not clear which sources Gosovic and Ruggie are basing this claim on as there are no citations to the specific section addressing this issue.

<sup>90</sup> UNGA, AHC (1975). 7<sup>th</sup> Special Session, Official Records, *3rd meeting*. Doc: A/AC.176/SR.3.

underlined that their position from the sixth special session had not changed, and that they retained their opposition towards several aspects of the ‘Declaration’ and ‘Programme of Action’. Moreover, it was asserted that they had reservations to certain provisions of the ‘Charter’, and did therefore not approve of the resolution’s acknowledgment of this document.<sup>91</sup> Thirdly, the US enumerated specific reservations to the content of the resolution, inter alia: market interventions to combat export fluctuations; price indexation; and the encouragement directed to developed countries to allocate 0.7% of their Gross National Product (GNP) towards development assistance. Fourth, the US proclaimed that although principally in favour of enhanced participation from developing countries in decision-making processes of international economic institutions, they asserted that the current system was based on every country’s relative economic position and on their financial contribution to the operation of the aforementioned institutions. The US argued that enhanced participation by all developing countries would limit the efficiency of the financial institutions and that decision-making power should be vested in countries’ economic standing.<sup>92</sup> This can be considered an illogical argument as the US both stated that developed countries should have fair access to influence decisions, whilst asserting that it was not a good idea. Lastly, the US was negative to provisions of the resolution favourable to the Lima declaration and they argued that redistribution of industrial production should be decided by the market and not by governments and states.<sup>93</sup>

#### **4.2.3. Closing address**

The closing address from the US to the UNGA was held 16 September 1975. The speech was short and did not provide any new argumentation or positions, but rather reflected that the US was contented with the proceedings and the outcome. Mr. Moynihan thanked the assembly for a constructive session and proclaimed the following:

*[...] I cannot but feel that the great majority of the nations which have now unanimously adopted this resolution have also concluded that the special session has indeed been an extraordinary one. Perhaps never in the history of the United Nations has there been so intensive and so genuine a negotiation among so many nations on so profoundly important a range of issues. We have shown that we can negotiate in good faith and, in doing so, reach genuine accord. Not least, we have shown that this can be done in the unique and indispensable setting of the United Nations. The system works.<sup>94</sup>*

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<sup>91</sup> The ‘Charter’ had been adopted during the 1974 Regular Session of the UNGA. The ‘hardliners’, US, UK and FRG all voted ‘no’. Japan abstained. Among the ‘like-minded’ it was only Sweden that voted ‘yes’. Denmark voted ‘no’ and the rest abstained from voting.

<sup>92</sup> UNGA, AHC (1975). 7<sup>th</sup> Special Session, Official Records, 3<sup>rd</sup> meeting. Doc: A/AC.176/SR.3, page.4-5.

<sup>93</sup> UNGA, AHC (1975). 7<sup>th</sup> Special Session, Official Records, 3<sup>rd</sup> meeting. Doc: A/AC.176/SR.3, page.5.

<sup>94</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, Meeting 2349. Doc: A/PV.2349, para.63.

It is evident from the statement by Mr. Moynihan that the US was contented with the outcome of the session. The reference to the 'working UN system' is interesting considering their reservations and concerns presented during the closing of the AHC. In general, one can assert that the US had achieved what was most important to themselves and the bloc of developed countries: a session without confrontation. The outcome was therefore acceptable to the US and they conceded that the resolution was adopted by consensus. It does not necessarily entail that the US would work towards implementing the resolution.

### **4.3. How did the United States behave during the seventh special session?**

The following subchapter discuss the behaviour and argumentation of the US during the session, and their position towards the NIEO.

#### **4.3.1. The masked negative position towards NIEO**

Literature addressing the US in the seventh special session in 1975 in general argue the session to have been a success because it was completed without stark confrontation or accusations between the developed or developing blocs of countries. Chapter 1.2. presented several authors with differing views on the behaviour of the US. Firstly, Ferguson (1977:149-50) argues that the US held a more open position to measures prone to govern the market, i.e. commodity agreements. He argues this to be a drastic change from the position in the sixth special session in 1974. Gosovic and Ruggie (1976:319-26) argues that the US along with the other 'hardliner' countries had planned for a successful session, and that they wanted to please the developing countries in fear of further cartelisation of raw materials. The US therefore had a positive attitude and compromised on several issues, although asserting some reservations. Mathews (1976:106) on the whole agrees with the former and asserts that the US and developed countries had a new approach to the debate on NIEO and that they in general were more interested in 'give-and-take' discussions in order to improve the dire situation in the developing countries. Renninger (1976:39) nuance the above mind-set, and reasons that although the US cooperated and accepted the resolution, their reservations entailed that they were unwilling to work for implementation of major demands affiliated with NIEO. Lastly, Sargent (2015:209-10) debunks the former and argues that the US' response during the session was intended to look constructive, all the while their true intention was to pacify NIEO and divide the G77. The many proposals from the US during the session is reasoned to have been intended to give small concessions whilst retaining the structure of the (old) economic order.

It is evident that the US had undergone painstaking preparations before attending the seventh special session of the UNGA. The ‘programme of practical steps’ contained several measures that at first glance can easily be interpreted as the US having attained a new and constructive approach towards the NIEO. On the whole the opening address was conciliatory and without harsh critique to the OPEC countries – as had been seen in the sixth session. Ferguson (1977:140-50) can as such be correct when arguing that the US had a constructive approach to the seventh session. However, a closer look at the measures presented in the ‘programme’ reveals that they were intended to replace measures within NIEO. Firstly, the new loan package to secure export earnings of developing countries constitutes an example of this. The package was intended to replace the indexation-scheme, which envisioned to index the prices of exported and imported products from developing countries to secure their trade balance. The counter measure was suggested because the US proclaimed that indexation would not work in reality. Moreover, indexation entailed price-fixing, a measure the US was reluctant to accept because it restrained market forces.<sup>95</sup> It is further interesting to note that the loan package intended to secure developing countries overall export earnings – not to intervene in the market and stabilise raw materials prices, as the NIEO-measure intended to do. As such, the loan package intended to accommodate third world demands within the contours of the free market. Secondly, the loan package was intended to be facilitated by the IMF. This was an international financial institution which the developing countries wanted to obtain an increased share of decision-making power and right to participation. But, the US proclaimed in the opening address that only oil-producing countries (OPEC) would obtain a larger share of voting-power in international financial organisations. Moreover, the US subsequently implied in the closing meeting of the AHC that developing countries on the whole would not see their share of voting-power increased, as their meddling would only decrease the efficiency of the financial institutions.<sup>96</sup> As such, the US agreed to increase the position of OPEC whilst debunking the idea of increasing decision-making power of other developing countries. The IMF and thereby developed countries, especially the US, would retain influence over the distribution of loans to counter export fluctuations in developing countries. Their proposal can therefore be reasoned to have intended to pacify the indexation-scheme of NIEO and to transfer the responsibility to an institution of which the US withheld major influence. This argument can be seen in line with the understanding of the US’ position as presented by Sargent (2015:209), who argues that

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<sup>95</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.68-70.

<sup>96</sup> UNGA, AHC (1975). 7<sup>th</sup> Special Session, Official Records, *3rd meeting*. Doc: A/AC.176/SR.3, page.4-5.

Secretary of State, Mr. Kissinger intended to appease the third world and to lure them away from NIEO with minor concessions that conformed with the (old) economic order.

Their stance on commodity agreements was ambiguous as the US argued both in favour and disfavour of their projected practicability. They remained sceptical about commodity agreements, but would participate in international negotiations on sugar and cocoa. Furthermore, it was proclaimed that the US would sign the ITA. The following was stated:

*President Ford has authorized me to announce that the United States intends to sign the tin agreement, subject to congressional consultations and ratification. We welcome the agreement's emphasis on buffer stocks, its avoidance of direct price-fixing and its balanced voting system. We will retain our right to sell from our strategic stockpiles, and we recognize the right of others to maintain a similar programme.*<sup>97</sup>

Their willingness to participate in the ITA can at first glance be understood as the US having adopted a more positive attitude. However, the excerpt above indicates that they were not intending to abide by the rules of the agreement because they wanted to retain the right to sell from their own domestic stockpile. The US' stockpile of tin was the largest in the world, and it is estimated to have been able to sustain domestic consumption for five years in the event of a full stop in importation. The stockpile was reduced during the 1970s, but was still able to affect international prices (Smith & Schink 1976:717). Arguably, the US had an ambiguous approach to commodity agreements as they seemed inclined to participate, although retaining the right to influence the price of tin on their own – in sense, contradicting the intentions behind ITA.

Based on the discussions above it becomes doubtful that the US had a new and positive position during the seventh session. On one hand their position represented something new by the fact that they proposed several measures to accommodate the needs of the third world countries. But the underlying reasons for this position are questionable. In sense, one can reason that the 'programme of practical steps' had an ulterior motive: it intended to facilitate the needs of the third world within the contours of the (old) economic order. Their many reservations presented in the AHC can substantiate this. The reservations on trade, and reform of the monetary system mirror the reservations taken to the resolutions from the sixth special session. Additionally, the reservation to the endorsement of the Lima Declaration can provide further substantiation, as it is an example of a practical agreement outside the UNGA intended to relocate labour capacity to fulfil an aspect of NIEO.

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<sup>97</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.155.

Furthermore, a memorandum from a meeting between Mr. Kissinger and Mr. Moynihan prior to the seventh session, in which they discussed tactics to take during the session can substantiate the hitherto presented argumentation. Mr. Kissinger asserted the following:

*we must make a serious effort to address the concerns expressed by the nonaligned countries. We need a forward-looking position and only on that basis can we develop tactics for dealing with this bloc. I don't want to take an ideological stance and simply argue the virtues of the market economy. Our basis strategy must be to hold the industrialized powers behind us and split the Third World.*<sup>98</sup>

Consequently, there is little evidence to substantiate the argument from contemporary literature asserting that the session was represented by a favourable change in the US' position. Rather, the US pretended to have adopted a more favourable position towards the needs of the developing countries in an attempt to conciliate NIEO. The last sentence of the excerpt above states that the US intended to 'split the third world'. This can be seen in relation the 'Programme of practical steps' which gave minor concessions to the poorest developing countries, i.e. the grain reserve. This can be understood as an attempt to lure poor countries away from OPECs sphere of influence, and to effectively 'split the third world'. It is thus clear that Mr. Kissinger had an ulterior motive behind the 'Programme of practical steps'. In a conversation with President Ford, 16 August 1975, in which they discussed the content of the opening address, Kissinger stated the following: *The danger is that the underdeveloped will try to railroad their rhetoric in. What I would like to do is to submit a big list, so we could get through the Special Session—since there is no way to discuss all these [measures] during the Session.*<sup>99</sup> Considering that the US had specifically requested to hold their opening address at the onset of the session, it is clear that they only attempted to appear constructive and willing to compromise, all the while holding a negative attitude towards NIEO. In reality, the US attempted to conciliate NIEO by suggesting a comprehensive program consisting of counter-measures acceptable the them, not work for its implementation.

#### **4.3.2. Quid Pro Quo Argumentation**

The argumentation used by the US during the session consisted of implicit rhetoric and gives the impression of the US firmly protecting their own interests: 'fair' access to raw materials and market principles.

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<sup>98</sup> FRUS, 1969-1976, Volume XXXI, Foreign Economic Policy, 1973-1976. *Doc.* 295.

<sup>99</sup> FRUS, 1969-1976, Volume XXXI, Foreign Economic Policy, 1973-1976. *Doc.*: 296.

Firstly, the US intended their ‘Programme of practical steps’ to be a quid pro quo option for developing countries. The US asserted that development of third world countries was dependent upon the international economy. The international economy was in turn dependent upon the economic performance of the developed countries. Mr. Moynihan proclaimed the following: *[...] since the economic health of the industrial countries is central to the health of the global economy, their efforts to avoid the extremes of recession and inflation become an international, as well as a national, responsibility.*<sup>100</sup> The US saw improvement of their own domestic economy as imperative for improving the international economy. It is difficult to disagree with their argumentation asserting the importance of their domestic economy, as its health was and is crucial for the well-being of the international economy. Nevertheless, it is an interesting argument as it gave one implicit demand: that the price of crude-petroleum should be lowered to ‘fair’ levels. The following was asserted:

*[...] global economic security depends on the actions of suppliers of vital products. Thus the United States has believed that the future of the world economy requires discussions on energy and other key issues among oil consuming and producing countries [...] But this dialogue is based on the approach of negotiation and consensus, not on the exercise of brute economic power to gain unilateral advantage. The enormous, arbitrary increases in the price of oil in 1973 and 1974 have already exacerbated both inflation and recession throughout the world. They have shattered the economic planning and progress of many countries. Another increase would slow down or reverse the recovery and the development of nearly every nation represented in this Assembly. It would erode both the will and the capacity in the industrial world for assistance to developing countries. It would, in short, strike a serious blow at the hopes of hundreds of millions around the world.*<sup>101</sup>

The US therefore denounced the actions of oil-producing developing countries and implied that future development was dependent on their own actions. This is a rhetorical appeal to ethos, in which the US attempted to enhance its own credibility and trustworthiness by blaming the economic deterioration on OPEC. Increased prices of crude-petroleum would only contribute to further deterioration of the international economy and subsequently amplify the dire situation in third world countries. Moreover, the excerpt above includes a section which can be understood as a subtle threat directed towards developing countries. Continued high prices of crude petroleum would eradicate developed countries’ ability to allocate funds towards development assistance. As such, the US implied that future economic assistance from industrialised countries depended on their access to reasonably priced energy. In sense, this constitutes rhetoric appealing to the assembly’s logic (logos) and emotions (pathos).

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<sup>100</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.62.

<sup>101</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.64-6.



Secondly, the US proclaimed that they would work for ‘special consideration’ of raw materials and manufactures from developing countries in future GATT-negotiations. They intended to reduce protectionist measures in developed countries enforced on manufactures from third world countries. This act of goodwill from the US was followed by a counter demand directed towards the third world countries which were expected to refrain from further cartelisation of raw materials. The following was asserted:

*we are ready to join with other participants to negotiate in Geneva changes in the system of protection in the industrialized countries that favour the importation of raw materials over that of other goods [...] The developing countries have obligations in return. The world needs a system in which no nation, developed or developing, arbitrarily withholds or interferes with normal exports of materials. This practice, by depriving other countries of needed goods, can trigger unemployment, cut production and fuel inflation. It is therefore as disruptive as any of the other trade barriers I have discussed. We urge negotiations on rules to limit and govern the use of export restraints, a logical extension of existing rules on imports.<sup>102</sup>*

Both excerpts above indicate that the US gave the developing countries a quid pro quo option. In order for the US to be able to provide economic development assistance and for its continued support for favourable trade preferences for developing countries, the US wanted something in return: that third world countries should refrain from cartelisation of vital raw materials. In sense, one can understand this as a demand directed towards developing countries to provide an open and free market economy. Previous literature suggests that the US and the other ‘hardliner’ countries needed the session to be successful as they feared cartelisation. The UK, the FRG and Japan wanted a consensus-driven outcome on account of their relative dependence on raw materials import (Gosovic & Ruggie 1976:320). As such, it becomes plausible that the US asked developed countries to refrain from further cartelisation of raw materials in exchange for concessions on trade preferences.

### **4.3.3. How did their position matter?**

It is plausible to argue that their position from the sixth special session had not changed. The US continued to oppose measures that would restrain market forces and advocated solutions to accommodate the needs of developing countries to best be solved within the existing international economic institutions and the contours of the free market. It is therefore plausible to argue against Ferguson (1977); Gosovic and Ruggie (1976); Mathews (1976), which reasons that their position had changed. Although their position represented something ‘new’, it is

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<sup>102</sup> UNGA (1975). 7<sup>th</sup> Special Session, Official Records, *Meeting 2327*. Doc: A/PV.2327, para.133-4.

evident that this ‘new’ position was a cover for their continued negative attitude towards NIEO. The authors above are thus too proximate in time and unable to account for the underlying reasons for the position taken by the US – making their conclusions invalid. It is however plausible to argue that their tactic had changed. In regards to the sixth special session, the US moved from ‘moderately positive’ to negative and refused to accept the outcome of the session. In the seventh session, the was US well prepared and intended to give small concessions provided that the developing countries would give something in return. This constitutes a new tactic compared to the sixth session. The small concessions were in reality intended to secure the interests of the US and to either postpone implementation or to move measures of NIEO to institutions controlled by the US. Sargent (2015:207) can therefore be argued to be correct in his reasoning that the US attempted to appease the developing countries by giving small concessions, all the while intending to retain the contours of the (old) economic order. As such, the US held a veiled negative positon during the session. This entails that they would not work constructively for implementation of NIEO outside the UNGA.

#### **4.4. Conclusion**

This chapter has outlined and discussed the position taken by the US in the seventh special session of the UNGA. The US took a veiled negative position by proposing a comprehensive ‘programme of practical steps’ to accommodate the needs of the developing world. It had an ulterior motive and was intended to replace measures affiliated to NIEO with measures retaining the free market. This provides an answer to research question (i): *How did the US position itself?* Their argumentation was based on a quid pro quo tactic, essentially giving small concessions to developing countries while asking them to refrain from cartelising raw materials. Only this way could third world development continue. This provides an answer to research question (ii): *How did the US argue?* Lastly, the veiled negative position provides for an indication that the US would not accept any measures restricting the free market. As such, it has been reasoned that the US would not contribute constructively to the implementation of NIEO, thus providing an answer to research questions (iii): *How did their position matter?*



## **5. The Eleventh Special Session of the United Nations General Assembly**

This chapter accounts for the behaviour of the United States in the eleventh special session of the UNGA in 1980. It addresses the following research questions: (i) *How did the US position itself?*; (ii) *How did the US argue?*; (iii) *How did their position matter?* The chapter argues that the five-year time-period between the seventh and eleventh special sessions had exhausted the discussions on NIEO. The idealistic president Jimmy Carter, although sympathetic to the needs of the third world, did not contribute any positional change. Their position was characterised by passivity to new commitments and refusal to accept a global round of negotiations on North/South issues. The argumentation mirrored preceding argumentation intended to retain the contours of the free market. The inertia in implementation of NIEO is reasoned to have demoralised the third world's quest for NIEO, effectively leaving the session without any significant results.

### **5.1. From 1975 to 1980**

In order to properly discuss and understand the eleventh session one needs to emphasise the context of which it was held. Firstly, there was a five-year time-period since the last special sessions discussing NIEO. This period had seen several international conferences intended to find measures to fulfil the demands of NIEO. Existing literature suggests that these negotiations had given few significant results. Rothstein (1984a:155) asserts that the NIEO-negotiations 'largely failed', and McCulloch (1982:121) argues that although some demands of developing countries were achieved, they were characterised by being watered-down versions, and in sense, no longer NIEO-measures. The IPC constitutes an example of this. The IPC as an integral part of NIEO had been formally decided established in the fourth UNCTAD conference in 1976. But in 1980, developed and developing countries had only been able to agree on one commodity agreement.<sup>103</sup> Moreover, the negotiations on funding of the CFC<sup>104</sup> had not been concluded as the suggestions for its content made by developing countries were unacceptable to the US. Consequently, the IPC had a small portfolio of commodities to govern and a limited financial capability to control raw materials prices. Rothstein (1984b:314-15) reasons this unsuccessful negotiation to result from a lack of will to compromise between the two country blocs.

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<sup>103</sup> Of the 18 essential raw materials intended to be governed by commodity agreements there were only five commodities (cocoa, coffee, sugar, tin and rubber) governed by agreements in 1982 (ODI 1982). Moreover, it was only the 1980 international commodity agreement on rubber that was negotiated after the sixth special session in 1974 and as such a result of NIEO (Tharian 1987:84).

<sup>104</sup> Common Fund for Commodities.

Secondly, the session was convened against the backdrop of a new downturn in the international economy. The 1979 Iranian revolution in which the US-supported Shah of Iran, Mohammed Reza Pahlavi was overthrown by Ayatollah Khomeini had disrupted exports of crude petroleum from the country. Moreover, the Ayatollah had enforced an oil-embargo upon the US, which increased prices for petroleum and created the dubbed ‘second oil crisis’. As such, the international economy saw a new steep recession with high rates of unemployment and inflation (Dinan 2004:167; Eckes & Zeiler 2003:190-2; Klare 2002:33). Furthermore, the prices of non-oil raw materials saw a sharp decline during the 1980s.<sup>105</sup> This affected the export earnings of many third world countries and the period saw the beginning of what would become known as the debt-crisis, in which many third world countries found themselves unable to pay their debts to western financial institutions. This hampered state finances and third world countries’ ability to work for development, resulting in increasing rates of poverty, starvation and malnutrition. (Balsvik 2016:97; Kasahara 2004:38; Maizels 1992:23-32; Palmer et al. 2007:990-91).

## **5.2. Synopsis of the eleventh special session**

The eleventh special session was held between 25 August and 15 September 1980. It convened to discuss the slow progress thus far in the implementation of NIEO, a strategy for the TUNDD<sup>106</sup> and global negotiations on international economic co-operation. The session ended with the adoption of two brief resolutions, neither of which mention the concept of NIEO.

### **5.2.1. Resolution**

Of the two resolutions it is only the second, titled: ‘Measures to meet the critical situation in the least developed countries’ that contain aspects relevant to NIEO.<sup>107</sup> It underlines that the progress thus far in development of third world countries had been unsatisfactory and that it gave *bleak development prospects for the 1980s*.<sup>108</sup> It recalls several resolutions adopted in the UN-system between 1972 and 1979 – all deemed to have been *largely unimplemented*.<sup>109</sup> As such, the resolution more or less calls on the countries of the world to implement and fulfil

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<sup>105</sup> Maizels (1992:14-18) argues there to have been a threefold reason for the price decline. Firstly, the overbearing recession reduced demand for raw materials in the international economy, particularly in the developed countries. Secondly, the production of raw materials increased and contributed to a steadily rising output available to the market – consequently deflating price levels. Thirdly, raw materials were mostly traded in US Dollars. Its value appreciated during the 1980s and contributed to lowering international commodity prices.

<sup>106</sup> Third United Nations Development Decade (1981-1990).

<sup>107</sup> The first resolution only comprises seven short paragraphs and calls for the Secretary General to present proposals to combat the dire situation in developing countries during the thirty-fifth regular session of UNGA.

<sup>108</sup> UNGA (15.09.80). Resolution S-11/4. *Measures to meet the critical situation in the least developed countries*.

<sup>109</sup> UNGA (15.09.80). Resolution S-11/4, preamble.

former UNGA commitments. Doubling of official development assistance by 1981 and an aim at quadrupling by 1990 is one of the measures suggested in the resolution. The assistance was furthermore urged to be provided in the form of untied grants.<sup>110</sup>

### 5.2.2. Synopsis of discussions

The UNGA remained divided in three country blocs. The first world accentuated that all countries were highly interdependent and favoured international co-operation to tackle the economic recession. The 1973 and 1979 oil-crises were emphasised as a fundamental reason for the dire economic outlook in the third world. The FRG emphasised that sombre results of former development initiatives, inter alia the annual economic growth rates of SUNDD<sup>111</sup> had been hampered as a result of non-oil producing developing countries' increasing petroleum expenses.<sup>112</sup> The second world criticised the lack of progress in international economic restructuring and the developed countries' willingness to allow change, whilst emphasising their own contributions to the third world.<sup>113</sup> The third world still emphasised the unequal distribution of power in the international economic system, and albeit refraining from stark confrontation, they expressed frustration with the slow implementation of NIEO and the apparent unwillingness of developed countries to compromise on change in the international economic system. The assembly had elected Mr. Salim Ahmed Salim (Republic of Tanzania) as the eleventh sessions president. He underlined the following in his opening address:

*Between the developed and the developing countries there are serious tensions which originate from the imposed unequal development of the developing countries and the consequent instability in the world political process arising from this asymmetry between the world's regions given the shift in their relative economic and political power.*<sup>114</sup>

Mr. Salim continued by criticising the international community for their progress in implementing the aspects of NIEO. He referenced a UN-report which evaluated the implementation process of NIEO. The following was accentuated:

*[...] negotiations to attain the objectives of the New International Economic Order have, in the past six years, yielded results that "fall considerably short of their initial targets or they have shifted focus from bold changes to attempts at partial adaptation." [...] In short, there has been a failure to take cognizance of our mutual interdependence in a changing world.*<sup>115</sup>

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<sup>110</sup> UNGA (15.09.80). Resolution S-11/4, para.3.

<sup>111</sup> Second United Nations Development Decade (1971-1980).

<sup>112</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 5*. Doc: A/S-11/PV.5, para.49-51.

<sup>113</sup> Please see opening address from the USSR (A/S-11/PV.4, para.195-250).

<sup>114</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 1*. Doc: A/S-11/PV.1, para.16.

<sup>115</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 1*. Doc: A/S-11/PV.1, para.20.

The president of Bangladesh, Mr. Ziaur Rahman underlined in his address that there had been virtually no progress on NIEO since 1974 and that the gap between rich and poor countries had only widened.<sup>116</sup> The representative of Venezuela asserted a similar assessment of the progress and criticised developed countries for their emphasis on international negotiations, which had led nowhere. The following was accentuated:

*Regarding the new international economic order, we have heard from developed countries two often repeated assertions [...] that it is negotiations rather than confrontation that must resolve the serious matters dividing mankind. [...] But, because we believe in negotiation, we maintain that it must be entered into a willingness to give up certain privileges, to accept fair solutions and to change those rules that produce deplorable results [...].<sup>117</sup>*

In sense, one can assume there to have been a sense of tiredness and frustration among developing countries. As can be seen in the excerpts above, developed countries had up until 1980 not been particularly interested in compromise or consenting to give up their own position to enhance the position of developing countries in the international economic system.

### **5.3. The United States in the eleventh special session**

The following subchapter outlines the position of the US to the NIEO as it appears through their opening- and closing addresses to the UNGA and their participation in the Ad Hoc Committee.

#### **5.3.1. Opening address to the General Assembly**

The opening address was given 25 August 1980, by Secretary of State, Mr. Edmund Muskie.<sup>118</sup> Mr. Muskie accentuated the economic crisis and the consequences it had on the poorest peoples of the world as the reason for why the UNGA had assembled. The speech contains no reference to NIEO and in general reflects a market-oriented view towards solving the problems of the third world countries, inter alia open markets and restraint of protectionism. However, it was proclaimed that the US was prepared to extend the scope of the GSP to further assist the poorest countries.<sup>119</sup> Mr. Muskie accentuated that the US perceived the increased price of oil as the reason for the new round of deterioration in international economy, and the oil-producing countries were thus to blame for the downward spiralling well-being of third world countries. The assembly was urged to agree on a new international development strategy to assist the

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<sup>116</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.2.

<sup>117</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.124.

<sup>118</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.93-137.

<sup>119</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.135.

people most affected by the economic troubles.<sup>120</sup> He continued by underlining the positive development progress that had been achieved thus far, inter alia a 3% annual rise in per capita income, 8.7% increased export rates, increased manufacturing outputs (i.e. industrialisation) and improved life expectancy. Moreover, new loan packages for structural adjustment<sup>121</sup> from the World Bank and IMF were highlighted as a positive step towards future development.<sup>122</sup> However, he stressed concern for population growth and low food production outputs, and how this would deteriorate energy resources and the international environment. The US government had conducted a comprehensive study titled 'Global 2000', which projected a rapid population growth in the succeeding decades. Thus the US encouraged the UNGA to work for increased food production, diversification of energy sources, restraint of population growth, and for countries to keep markets open for international trade to secure the common future of all peoples in the world.<sup>123</sup> Mr. Muskie continued by assuring that the US remained committed to development of third world countries despite the economic recession, but it was underlined that the countries benefitting from the increased oil-prices were expected to enhance their contribution. The following was asserted:

*The oil-exporting nations have a unique responsibility. In recent years rising oil prices have been a ponderous drag on development and growth and a major cause of inflation. [...] First, they must adopt stable price and supply policies to avoid further trauma for the international economy. Secondly, the oil-exporting countries must increase their aid and recycle more of their surpluses directly to developing countries. Thirdly, oil-exporting countries should join with consuming nations in working for rational global energy arrangements.*<sup>124</sup>

### **5.3.2. Ad Hoc Committee**

The AHC was tasked with evaluating the progress in implementation of NIEO and to discuss further development of third world countries.<sup>125</sup> The first meeting divided the committee into two working-groups: the first to discuss a strategy for the TUNDD<sup>126</sup> and the second to agree upon a global conference on international co-operation.<sup>127</sup> As discussion were undertaken in

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<sup>120</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.93-5.

<sup>121</sup> Structural Adjustment Package (SAP) is a collective term for loan programmes provided by the World Bank and the IMF, which requires the recipient state to undergo economic reforms as a condition for being granted economic assistance. Reduction of public sector spending, privatisation of public enterprises and liberalisation of national markets are examples (Crawford 2006:116-17; Stein 2008:25-32).

<sup>122</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.96-7.

<sup>123</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.106-7.

<sup>124</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.117-20.

<sup>125</sup> UNGA, AHC (1980). 11<sup>th</sup> Special Session, Official Records, *1<sup>st</sup> meeting*. Doc: A/S-11/AC.1/SR.1.

<sup>126</sup> Third United Nations Development Decade, (1981-1990).

<sup>127</sup> Benedek (1982:74) explains that global negotiations were suggested by the NAM in 1979. It intended to resolve outstanding issues of the North-South dialogue by convening a global negotiation under the auspices of the UN.



working-groups, the AHC only held a total of five meetings in which the leaders of the two groups briefly synthesised their respective progress. It appears from the summary records that the second group had differing opinions regarding a strategy for the proposed round of global negotiations on international economic co-operation for development. Developed and developing countries disagreed on how these negotiations should be arranged and how the specialised agencies (IMF and World Bank) should be affiliated. Developing countries favoured negotiations to be held as a UN-conference, and developed countries preferred a small conference.<sup>128</sup> The US spoke in the fifth meeting of the AHC and it appears that they were concerned about the possibility of the global negotiations interrupting ongoing negotiations in the specialised agencies and that it would try to renegotiate their outcome.<sup>129</sup> As a result of this disagreement, the eleventh special session was extended with three days to allow for the AHC to come to a consensus.<sup>130</sup> Despite this extension, the AHC was not able to reach an agreement and the decision was postponed. It is interesting to note that developing countries refrained from using their absolute majority and force a ‘consensus’ on global negotiations.

### **5.3.3. Closing address**

The closing address was given by US ambassador to the UN, Mr. Donald McHenry.<sup>131</sup> The speech was short and the ambassador emphasised that the assembly had worked tirelessly for three weeks, but that it had not been able to come to terms on certain provisions. He underlined that the major disagreement of the US was the scope of the global conference and whether it would be permitted to influence or alter decisions taken the specialised agencies of the UN.<sup>132</sup> The following was asserted: *Frankly, I do not understand why it was not possible to affirm the integrity of the specialized agencies. Such an affirmation, most probably, would have led to success in launching global negotiations.*<sup>133</sup> He continued by asserting that their inability to come to a consensus not necessarily entailed the end of the North-South negotiations and underlined that the US did not intend to abandon the dialogue.

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<sup>128</sup> UNGA, AHC (1980). 11<sup>th</sup> Special Session, Official Records, 2<sup>nd</sup> meeting. Doc: A/S-11/AC.1/SR.2, para.2-3.

<sup>129</sup> UNGA, AHC (1980). 11<sup>th</sup> Special Session, Official Records, 5<sup>th</sup> meeting. Doc: A/S-11/AC.1/SR.5, para.11-2.

<sup>130</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, Meeting 18. Doc: A/S-11/PV.18.

<sup>131</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, Meeting 21. Doc: A/S-11/PV.21, para.63-74.

<sup>132</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, Meeting 21. Doc: A/S-11/PV.21, para.66-8.

<sup>133</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, Meeting 21. Doc: A/S-11/PV.21, para.69.

#### **5.4. How did the United States behave during the eleventh special session?**

The following subchapter discuss the position taken and argumentation used by the US. Secondary literature discussing the eleventh session has not been obtainable and the following therefore incorporates memorandums and correspondence between the different braches of the US administration to provide for an in depth understanding.

##### **5.4.1. Restraint of idealistic foreign policy: passivity and resistance**

The eleventh special session in 1980 constitutes a shadow of the historically confrontational and energy-driven dialogue between the developed and developing countries. Intended to discuss the progress of NIEO and to agree on the structures of new global negotiations thereof, the session ended in few concrete results after three weeks of meetings in the UNGA and the AHC. It is likely that third world countries were in a state of weariness after five years of negotiations in international institutions which, considering the original goals of NIEO, can be reasoned to have been unsuccessful. The position taken by the US can be seen as a continuation from the two previous special sessions by showing a strong commitment to the free market, but characterised by passivity and resistance.

Firstly, the opening address contains no reference to the concept of NIEO or preceding special sessions of the UNGA. Rather the US talked about general development of third world countries and appeared willing to participate in future discussions on measures to accommodate their needs. However, the US did not contribute with any noteworthy plans for how to achieve development, other than a continued focus on market-oriented solutions. The SAP-scheme provided by the IMF and the World Bank was emphasised as an innovative facility to further enhance development. This is an example of a market-oriented focus. Moreover, Mr. Muskie allocated time to express content with what the US considered 'striking progress' in development of third world countries during the preceding years. This position is interesting in comparison to the developing countries perception of progress between 1974 and 1980, and it is at first glance difficult to understand the underlying reason for this positive narrative of third world development. It can be argued that the US attempted to undertake a standstill in the NIEO-discussions by inclining that they were contented with the results thus far, enabling the US to retain a 'passive' position during the eleventh special session by not giving any new promises or undertaking new commitments. This can be substantiated with the content of a letter dated 26 December 1978, from the then US Secretary of State, Mr. Cyrus Vance, to the President's assistant for National Security. The letter evaluates the US' possibilities concerning

upcoming international conferences on development issues, inter alia the 1980 eleventh special session of the UNGA. The Secretary reasoned that the US should expect confrontation on unfulfilled promises that had been made in preceding decades, and it is therefore suggested that they should remain careful with new commitments to the third world.<sup>134</sup> It is therefore likely, that the US intended to hold a passive position in the eleventh special session by drawing on what they considered achievements thus far in development of third world countries. As such, they underlined the benefits of the free market and avoided making new suggestions or promises related to NIEO.

The passive position is interesting when considering that the Carter administration held a more idealistically oriented foreign policy in comparison to the two preceding governments. President Carter had a proclaimed concern for third world countries and intended to enhance their development (Brown 2015:238-45). This position is a contrast to the realpolitik oriented<sup>135</sup> foreign policy under the auspices of Secretary of State, Henry Kissinger, characterised by containment of NIEO. The hitherto argued passive position does not conform with the Carter administration's idealistic approach to third world development. A memorandum from the National Security Council to the President's assistant for National Security, dated 11 February 1978, provide some clarification to the underlying reasons to this. The memorandum, although written two years prior to the eleventh session, indicates that the Carter administration intended to be more welcoming towards third world demands for development, inter alia in regards to commodity agreements, transfer of technology and in the negotiations on the CFC, but that domestic resistance from Congress, the bureaucracy and corporations restrained the administration's room for manoeuvre on these issues.<sup>136</sup> Moreover, it was asserted that it was difficult to find acceptance to vacate their historical containment policy towards third world demands and allow for changes within an economic system that had served the US well:

*Turning to our current approach to North-South trade, foreign assistance, commodity policy, and technology transfers I feel that we are in a defensive position on too many fronts. [...] our policies can be described by one word, containment. We seek to contain first those developed countries that wish to adopt more forthcoming approaches to negotiations with developing countries; and second, the leading developing countries, whose proposals are seen as a challenge to an economic system that has served our interests well and could also serve the interests of developing countries if given a chance.<sup>137</sup>*

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<sup>134</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy, *Doc*: 325.

<sup>135</sup> Realpolitik is policy intended to secure national interests.

<sup>136</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy, *Doc*: 295.

<sup>137</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy, *Doc*: 295.

The excerpt substantiates that the Carter administration was unable to adopt a new position on North-South issues in the eleventh special session, providing an explanation for the passive position, characterised by continued emphasis on market-oriented solutions.

Secondly, the behaviour in the AHC and the content of their closing address further contradicts the Carter administration's willingness to compromise with third world countries. The developing countries intended the special session to agree upon a framework to launch a round of global negotiations between the North and South, under the auspices of the UN (Benedek 1982:74). The US voiced strong opposition to this conference, fearing that the developing countries intended it to gain authority over the specialised agencies (World Bank and the IMF). Secretary of State, Mr. Muskie reported in writing to President Carter, 9 September 1980, that the discussions on global negotiations were "*deadlocked*" [but that the US would continue their work to] *better protect the integrity of and the independence of the specialized agencies.*<sup>138</sup> Two days later, 11 September 1980, UN ambassador Mr. McHenry reported to Washington that the stalemate in the discussions had prompted UN Secretary General, Mr. Kurt Waldheim to request a telephone conversation with the Secretary of State to *urge greater flexibility by the U.S in the current negotiations.*<sup>139</sup> Despite the involvement of the Secretary General, their position did not change and it is evident that the President did not intend to allow the UN to dictate decisions in international institutions imperative to sustain the US' hegemonic position in the international economy. In a 12 September 1980 memorandum, the president's assistant for National Security indicated President Carter's position on the matter as follows: *that he was "not prepared to permit the international financial and specialized institutions to be subordinated to the UN, and the proposed UN language does not protect our interest, and we must hold the line firmly"*.<sup>140</sup> The memorandum reasons that possible repercussions of an eventual inability to reach an agreement with the developing countries were limited. Domestic reactions were in contrast predicted to be positive, as the administration would have pacified an unacceptable third world demand.<sup>141</sup> It is therefore evident that the behaviour of the US in the AHC can be described by 'resistance' and outright refusal to accept global negotiations on the terms stipulated by developing countries. The position taken by the US reflects their emphasis on the free market and their content with the specialised agencies, in sense content

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<sup>138</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy. *Doc: 350.*

<sup>139</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy. *Doc: 350.*

<sup>140</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy. *Doc: 350.*

<sup>141</sup> FRUS, 1977-1980, Volume III, Foreign Economic Policy. *Doc: 350.*

with an economic system that served their interests well. Permitting the UN to intervene in the affairs of the specialised agencies would therefore distort the US' global economic hegemony.

The position taken by the US during the eleventh session thus incorporated both passivity and resistance. Concerning the former it is plausible that the administration intended to be more favourable to the third world, but was restrained by domestic forces. In regards to the latter it is evident that the US severely resisted the attempt to arrange global negotiations under the auspices of the UN. It is needed to nuance the scope of their resistance by underlining that the US had no reservations to the programme for the TUNDD, as far as can be seen from the verbatim- and summary records.

#### **5.4.2. Argumentation on repeat**

The following subchapter discuss the argumentation used by the US. As there are no obtainable records from the negotiations in the AHC, in which the US repudiated global North-South discussion, it is only the passive position within the UNGA that is discussed. The passive position contained an interesting duality in balancing Carter's idealistic approach to the third world and domestic pressure asserting free-market principles. The rhetorical argumentation thus incorporated minor goodwill to the third world all the while securing US interests.

Firstly, as had been the case in the sixth and seventh special sessions, the US blamed the economic deterioration on OPEC. Although not directly accusing OPEC for the downward spiralling economic development in third world countries, Mr. Muskie asserted that: *Soaring oil prices have crippled the developing world: even the strongest industrial economies are struggling.*<sup>142</sup> In sense, it was cartelisation of raw materials and not the international economic system that had led to continued recession. This argumentation can be understood as an attempt to shift the developing world's focus away from monetary restructuring. It was intended to enhance the trustworthiness of the US and is a clear appeal to ethos. It is an example of continued rhetorical argumentation from the preceding special sessions.

Secondly, the passive position was substantiated by a narrative proclaiming that the development process that had started in 1974 had not been in vein. The US highlighted growth in per capita income, increased export rates and improved life expectancy in third world

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<sup>142</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.94.

countries – all examples of what the US saw as positive development. The argumentation used by third world countries is a striking contrast. Mr. Salim stated that negotiations on NIEO had resulted in few structural changes in the international economic system, and the President of Bangladesh stated that the gap between rich and poor countries had widened following the proclamation of NIEO. It is however clear that the US was not specifically referring to positive aspects in the implementation of NIEO, but rather the more general development of third world countries. There are no verbal records of the US using the concept of NIEO during the session and it is likely that they wanted to avoid developing countries to launch their confrontational line, as had been seen in 1974, by drawing on positive improvements – inclining that development was happening. It is however clear that the third world relied on other statistical facts than the US, and it is thus doubtful that the narrative presented by the US was beneficial. Nevertheless, it constitutes an example of rhetorical appeal to logic (logos), by the US drawing on statistics and data in an attempt to convince the third world that their situation had improved.

Thirdly, the US used a significant part of their opening address to elaborate their concern for the poorest developing countries. The government study, ‘Global 2000’, expressed concern with the repercussions of third world population growth. The dire situation experienced by the poorest countries would amplify as a result of an increasing population and the pressure it would put on agricultural capabilities, fisheries, the environment and energy supplies. In short, the environment was expected to deteriorate, resulting in scarcity of food.<sup>143</sup> The ‘Global 2000’ was presented as a gloomy projection for future development, containing a twofold appeal. Firstly, it was intended to enhance the credibility of the US by branding them as a friend of development and the third world – as such in line with the Carter administrations idealistic foreign policy. This constitutes an example of ethos-driven rhetoric. Secondly, by presenting a gloomy projection for future development, the US appealed to the assembly’s emotions and fear (pathos), making them more inclined to work for change. To avoid the projected future, the US suggested joint action from industrialised, oil-producing- and non-oil producing developing countries. These suggestions contained minor elements of the Carter administrations idealistic foreign policy, although restrained and focussed on the market. In regards to the industrialised countries, the US encouraged them to work for domestic growth and to refrain from protectionism. Moreover the US urged the developed countries to keep their markets open to products from developing countries, to increase economic aid, and to allow third world

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<sup>143</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 2*. Doc: A/S-11/PV.2, para.103-7.

countries to participate in international economic decision-making.<sup>144</sup> Mr. Muskie asserted that the administration had urged the Congress to increase US foreign aid, but that this was challenging. He stated the following: *The Administration has said many times to the American Congress and the American people that our present levels of assistance to lower-income countries are not enough. I intend to keep doing all in my power to change that condition.*<sup>145</sup> It is clear that the administration was restrained by domestic forces, but it nevertheless constitutes an example of the administration trying to enhance the trustworthiness of the US, in sense an appeal to ethos. The oil-producing countries were asked to retain stable supplies and ‘fair’ prices of crude petroleum, and to increase their relative aid directed to the poorest countries.<sup>146</sup> Lastly, the developing countries were encouraged to work for their respective domestic economic growth, and that they needed to *open their own economies to free flows of world trade.*<sup>147</sup> This was dependent on their respective levels of economic development, but constitutes an example of the US arguing in favour of market-oriented development. This is an appeal to the assembly’s logic. In sense, one can therefore argue that the suggestions presented by the US intended to re-establish a functioning international economy within the contour of the free market, complete with stable and ‘fair’ supplies of crude petroleum. All of which were in the interests of the US.

#### **5.4.3. What does this entail?**

The position taken and arguments presented by the US gives the impression that they nudged developing countries towards market-oriented solutions. The US did not use the term NIEO in either the opening- or closing addresses and it is striking to note that it was not mentioned in the sessions two resolutions. Sporadic mention of NIEO during the discussions in the UNGA by primarily developing countries in a session intended to debate the progress of its implementation is peculiar and it is therefore plausible to argue that the driving force of the NIEO-negotiations had come to an end in 1980. It has been argued above that the dialogue between developed and developing countries had faltered during the latter part of the 1970s with few concrete results. This was substantiated with secondary literature from McCulloch (1982:121) and Rothstein (1984a:155). The eleventh session can be argued to provide an example of deteriorating dialogue as it in general failed to address the process of implementing

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<sup>144</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.110-14.

<sup>145</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.113.

<sup>146</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.117-19.

<sup>147</sup> UNGA (1980). 11<sup>th</sup> Special Session, Official Records, *Meeting 3*. Doc: A/S-11/PV.3, para.125.

NIEO by not agreeing on a round of global negotiations. The US can largely be attributed to bear responsibility for this. Moreover, it is reasonable to argue that the US was a significant reason for why the negotiations between 1974 and 1980 were deemed to have ‘largely failed’. To the US however, it is evident that the five-year period had been a success as they had managed to contain the negotiations and implementation of the ‘new’ order. Lastly, the structure of global negotiations was discussed following the special session and it was agreed to convene an international conference in Cancun, Mexico in 1981. The new president of the US, Mr. Ronald Reagan in companion with the prime minister of the UK, Mrs. Margaret Thatcher had ensured that the conference would allow for the continued independence of the specialised agencies and that it would refrain from taking ‘substantive decisions’. Toye and Toye (2004:256-7) reasons that Cancun constitutes the end of the dialogue between the developing and developed countries as it represented a definitive win for the free market. An article by the New York Times accentuates that only 22 states were represented at the conference and that the majority of the delegates had few expectations to its outcome. Mr. Reagan had stressed that: *free market forces would best serve the economies of poor countries* (Riding 1981). Although possible that the Cancun meeting constitute the end of an ill-fated NIEO-debate, it is evident from the arguments put forth in this chapter that the North-South dialogue implicitly ended one year earlier, in the last meeting of the eleventh special session of the UNGA.

## **5.5. Conclusion**

This chapter has outlined and discussed how the participation of the US in the eleventh special session of the UNGA. The US has been argued to have held a dual position during the session, characterised by passivity towards new commitments to fulfil NIEO, and resistance towards a round of global negotiations under the auspices of the UN. This constitutes an answer to the first research questions (i): *How did the US position itself?* Their position was followed by argumentation mirroring that of preceding special sessions, focussing on the needs of the poorest countries. The solution to meet their needs entailed a functioning international market and stable supplies of crude petroleum – which has been reasoned to complement the interests of the US. This provides an answer to research questions (ii): *How did the US argue?* In regards to the third research question: (iii): *How did their position matter?* it has been argued that the eleventh session constitutes a failure by its inability to comprehensively address NIEO and agree on a framework for new global negotiations. It has therefore been reasoned that the session efficiently marked the end of the discussions and implementation of NIEO.





## **6. The Global Hegemon and its Satellite States**

The sixth chapter compares the findings from the three special sessions and discuss the US' overbearing position towards NIEO and the underlying reasons to this position. Moreover, it discusses how the thesis contributes to new knowledge on the US' position towards NIEO, the shortcomings of the methodological approach and a suggestion for future research. The thesis has addressed the following research questions:

1. How did the United States position itself towards the New International Economic Order during the sixth, seventh and eleventh special sessions of the United Nations General Assembly?
2. How can this position be explained and how did it influence the end result of the New International Economic Order?

### **6.1. Positional changes: negativity, containment tactics and passivity**

The three chapters outlining and discussing behaviour of the US in the sixth, seventh and eleventh special sessions have provided an overall understanding of the US as negative to NIEO. This does not entail that the US held one position in all three sessions, as it is evident that there were tactical fluctuations depending on the incumbent administration, particularly the Secretary of State and President.

The behaviour of the US in the sixth special session constitutes an example of the most direct and honest presented position. Although 'moderately positive' to third world development in the opening phase of the session, in which they promised to undertake small changes to accommodate the needs of the developing world, the US voiced strong discontent in its closing speech. The position taken under the auspices of Secretary of State, Mr. Henry Kissinger and President Richard Nixon was thus overall characterised by the US acknowledging that they were discontented with the actions taken by UNGA and presented a clear negative stance towards NIEO. It has been argued that the US underestimated the intentions behind the session and was consequently taken by surprise by the confrontational attitude in the UNGA and the drafted resolutions demanding a complete restructuring of the (old) economic order. This resulted in a shift from their initial 'moderately positive' position to outright negative.

The seventh special session was characterised by a new tactical approach. This strategy was 'new' in sense that it was without direct confrontation and rather held an ulterior motive. It has been argued this new strategy was based on a superficial co-operative position, whose primary

motive was containment of NIEO-measures deemed unfavourable to US interests. This is a good example of the realpolitik-driven foreign policy under the auspices of Mr. Kissinger. Sargent (2015:202) calls this strategy 'constructive appeasement' in sense that the US consented to minor demands that would not unsettle the foundations of the (old) economic order. The 'Programme of practical steps' as presented in the opening address was intended to dilute negotiations in the UNGA by cramming the assembly with 41 different proposals, which could not be discussed in full depth in the duration of the session. This strategy had been worked out by Mr. Kissinger who had stated the following: *What I would like to do is to submit a big list, so we could get through the Special Session – since there is no way to discuss all these during the Session.*<sup>148</sup> This tactic gave the impression that the US had shifted its position and become more positive to the NIEO-discussions. Friedman (1977); Mathews (1976); and, Gosovic and Ruggie (1977) are therefore wrong in their assessment that the US held a more favourable position. The proposals presented in the 'Programme of practical steps' have been argued to constitute counter-proposals to NIEO-measures, and were intended to essentially maintain the status quo of the (old) economic order. The developing countries would see some of their needs fulfilled, but not in the way they initially intended. The session was thus characterised by containment.

The eleventh special session contributed to no significant change in US policy towards NIEO. It has been argued that the Carter administration, guided by a more idealistically oriented foreign policy, was more open to favourable commitments to third world countries. This position was nevertheless impossible to present in the UNGA due to domestic pressure to maintain market-oriented solutions. The five-year period that had passed following the seventh special session had seen an array of negotiations on implementation of NIEO-demands – although without any significant results. It has been argued that this time-period had exhausted the fighting spirit of the third world. The US was therefore without significant ulterior pressure and was not dependent on having an active role during the session. Their position was therefore characterised by passivity, in terms of not suggesting any new steps forward, and resistance in terms of not accepting a round of global negotiations on North-South issues. The insignificant results of the session have been argued to mark the end of the third world's quest for NIEO.

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<sup>148</sup> FRUS, 1969-1976, Volume XXXI, Foreign Economic Policy. *Doc: 296.*

## **6.2. Consistent rhetorical argumentation**

The argumentation of the US was strikingly consistent with four main arguments presented between 1974 and 1980, although with different emphasis in each session. These arguments can be understood as dependent on each other, creating a narrative on why NIEO would not benefit developing countries and consequently why it should not be implemented.

Firstly, the US consistently argued the oil-producing countries to be responsible for the international recession. It was the actions taken by OPEC, not the economic system itself that had caused the international deterioration during the 1970s. 'Fair' prices and stable supplies of crude petroleum were reasoned to be a fundamental step to re-establish an operational international economy. This would provide for development of third world countries, if it was given a chance to do so. NIEO was therefore not needed. In the sixth session, the US underlined OPECs cartelisation of oil to be the primary cause of the faltering balance of trade in developing countries. The seventh session saw a repetition of OPECs misconducts and the consequences bore by the developing countries, although with a somewhat less direct critique and confrontation. This pattern was repeated in the eleventh special session. While not directly accusing OPEC for dismantling the international economy, it was still implicitly argued that stable and 'fair' prices for crude petroleum would allow for economic recovery. Hence, an indirect critique of OPECs involvement in the deteriorating international economy. This argument intended to enhance the trustworthiness of the US by shifting the blame for third world underdevelopment from the economic system, i.e. the US, towards OPEC. It is thus rhetoric appealing to ethos.

Secondly, the US tended to deem NIEO to not sufficiently consider the needs of the poorest developing countries. These countries were reasoned to be disproportionately affected by the economic deterioration caused by OPEC, and were in comparison to the 'richer' developing countries unable to provide sufficient well-being for their populations. This argument was prominently displayed in the US' closing address in 1974, where Mr. Scali accentuated that NIEO and the UNGA had neglected to prioritise the poorest peoples of the world. Moreover, it was announced that the US would undertake a governmental study to further find measures to assist these countries. This has been reasoned an example of rhetoric appealing to emotions, intended to undermine the outcome of the session by pointing out shortcomings with the work undertaken by the UNGA. Their concern for the poorest countries continued in the seventh special session. They did not directly criticise NIEO for not focusing on the poorest peoples',

but rather suggested measures to assist them. The extensive 'Programme of practical steps' suggested several measures, inter alia, an international grain reserve to act as a global buffer stock to sustain food supplies. This can be seen as an attempt to win support among the non-oil producing developing countries and to lure them away from the auspices of OPEC, i.e. split up the united front of the developing countries by implicitly arguing that NIEO was not sufficiently considering their needs, conveniently providing alternative measures. The eleventh special session presented the US' concern for population growth and its repercussions on raw materials supplies, agricultural capacities and food production. The 'Global 2000' study presented a dire projection for future development and well-being, and the US suggested some measures to combat the troubling issues that would affect the poorest countries. This constitutes rhetoric appealing to pathos.

Thirdly, development in the global South was dependent on a functioning international economy. The international economy was dependent on the economies of the first world, which in turn was dependent on an open and expanding international market. The US thus argued that third world development depended on the economic recovery of the global North, meaning that OPEC needed to take action and allow for 'fair' prices and stable supplies of crude petroleum, and that developing countries as a group should refrain from raw materials cartelisation. This permeates all three special sessions. It is interesting to point out that this constitutes a major reason as to why the third world wanted a new economic order – as the US and the developed countries had too much influence over the international economy and thereby the economies of the third world. As such, the US argued that for development to happen, it was needed to facilitate recovery of a system the third world initially wanted to replace. They were thus told to refrain from implementing measures restraining the free market, as it was evident that cartelisation of raw materials would hamper economic growth and prosperity for all countries. Consequently, the US appealed to the logic of developing countries by arguing that NIEO would be harmful to their own interests. This constitutes an example of rhetoric appealing to logos.

Fourthly, the US argued that the UN was not an appropriate forum for NIEO-discussions and consistently suggested to move negotiations on development to 'other' international institutions, i.e. the specialised agencies and the GATT. This argument would firstly contribute in postponing negotiations. Secondly, it would give the US more control, as these institutions were effectively dominated by them. The emphasis on this argument fluctuated somewhat in

the three sessions. In 1974, the opening speech indicated that the GATT would be a better forum for trade discussions. The closing speech, on the other hand, gave a clear indication that the US was not going to permit the UNGA to influence international financial institutions. In 1975 they refrained from the aforementioned confrontational line. Nonetheless, the majority of their proposals from the 'Programme of practical steps' were intended to move the control of development measures to the specialised agencies. Lastly, the session in 1980 saw an outright refusal to allow the UN to assert control over decision taken by the IMF and the World Bank. This implicitly ended the dialogue between the North and the South. As such, it is evident that the US intended to retain control over the international economy.

### **6.3. The United States' negative position towards NIEO**

When considering the overall position taken and their argumentation during the three special sessions it is evident that the US never intended to work for the implementation of a new order. This becomes clear by drawing on the three intentions of NIEO: (1) Strengthen global governance of the international economy; (2) Increase participation and relative power of developing countries in the international economy; (3) Development of third world countries.

Concerning intention (1), it is evident that the US attempted to counter demands to increase governance of the international market. The free market was frequently emphasised as the foundation for development of third world countries. Measures that meddled with supply and demand were reasoned to have possible dire consequences on the export of raw materials from developing countries. Examples include increased innovation and production of synthetic products which could reduce demands for certain raw materials, unsustainable extraction of natural resources and overproduction. Commodity agreements and indexation were therefore repudiated by the US in 1974. Although the US, through their 'superficial constrictive' position in the seventh special session, declared willingness to participate in ITA, it was underlined that they intended to retain a prerogative right to administer their own strategic stockpile of tin. McFadden (1986:819) argues that the major reason why the US joined ITA in 1976 was fear of the organisation becoming the tin-markets equivalent of OPEC. The US therefore joined to influence the development of ITA in accordance with their domestic interests. In the early 1980s the US retracted its participation in ITA, which collapsed in 1985 (Gilbert 1996; Mallory 1990). President Carter's idealistic approach to the third world contributed to the establishment of a

Common Fund in 1980.<sup>149</sup> This was however not the fund originally envisaged by UNCTAD and the developing countries. An example of this is the agreed upon governmental financial contributions of \$400 million, which compared to the intended fund of \$6 billion implicitly decreased the fund's possibility to influence commodity prices. In the end, the US refrained from ratifying its participation in the fund and it only became operational in 1989 – nine years after its establishment (Maizels 1992:121-3). The examples above substantiate the argument that the US saw the demand of global governance of the free-market as unacceptable. This position is evident by their behaviour in the three special session of the UN.

Intention (2), relative decision-making of third world countries, was resisted by the US. Even though the US underlined that it was only fair that developing countries should have an increased role in international monetary institutions in all three special sessions, this was generally intended for the oil-producing countries and not the developing countries as a whole. The argumentation of the US in the seventh special session entailed that the US would only allow for increased participation from OPEC. The efficiency of the financial institutions would be compromised if all third world countries should increase their position.<sup>150</sup> However, an enhanced position of OPEC would arguably be in line with the regulation of IMF-voting, which allocates voting-power based on the relative importance of a specific states' economy in the international economy. Considering that oil-producing countries substantial export earnings following the oil shock in 1973, it is reasonable that the role of OPEC would be increased. Moreover, one can further explain the US' emphasis on the oil-producing countries by drawing on the argumentation presented by Abbott (1982:212), who reasons that the US never accepted or perceived NIEO as intended to enhance the development of developing countries as a group. Rather, the US understood NIEO as a scheme intended to increase the relative power of OPEC. This can constitute an explanation as to why the US frequently highlighted the needs of the poorest countries in their speeches to the UNGA. By emphasising what they considered insufficient care for the least developed countries, and accentuating how these countries were disproportionately affected by the economic deterioration relative to wealthier developing countries, they implicitly denounced NIEO as having been intended to constitute a programme for development of third world countries. Furthermore, one can argue that many developing

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<sup>149</sup> The CFC negotiations following UNCTAD IV in 1976 gave no significant results. The presidency of Jimmy Carter gave renewed impetus to the negotiations and developed and developing countries were able to agree upon its establishment in 1980. However, the fund favoured by Carter was not the CFC which was suggested by UNCTAD and developing countries (Dell 1987:33).

<sup>150</sup> UNGA, AHC (1975). 7<sup>th</sup> Special Session, Official Records. 3<sup>rd</sup> meeting. Doc: A/AC-176.SR.3, page.4-5.

countries saw their domestic decision-making power reduced during the 1980s. The SAP loans facilitated by the IMF and the World Bank provided SAP permitted the specialised agencies, implicitly the US, to directly intervene in their domestic policies. Moreover, the preconditions for being granted SAP loans, inter alia market liberalisation and a roll-back of state power, undoubtedly contradict the intentions behind NIEO.

The position taken by the US in relation to intention (3), development of third world countries, can at first glance be perceived as positive. Several of their proposals during the three special sessions were intended to facilitate development. Food production, economic assistance and improved trade preferences within the (old) economic order are all examples of this. However, if one chooses to see the three intentions as interlinked, it becomes questionable whether the US really intended to improve the developing countries relative standing. By perceiving development as the result of global governance and increased participation in international decision-making, it becomes evident that the US intended the developing countries to retain a subsidiary role in the international economy. The developing countries were expected to conform to the liberal order and behave accordingly. This means that the US never perceived developing countries as fully sovereign states free to behave in their own respective manner. Their resistance towards the paragraphs of the 'Charter' elaborating the rights of sovereign states, specifically the right to nationalise property is interesting in this regard, as states that nationalised US-owned property and otherwise flirted with a communist political system, were duly punished and put in order by the US. The 1973 US-orchestrated coup d'état in Chile constitutes an example of this.<sup>151</sup> Although occurring prior to NIEO, the coup shows how the US perceived its own respective power and the subsequent subsidiary role of developing countries. Moreover, during the first and second oil-crises, the US assessed the possibilities of intervening with military power to retain stable supplies of petroleum. The 1990 Gulf War to protect Saudi Arabian and Kuwaiti oil fields constitutes a succeeding example of their will to retain supplies of raw materials to secure domestic interests (Klare 2002:33-5). As the two former intentions of NIEO are reasoned to constitute fundamental steps to facilitate development of the third world, the US, by denying third world countries enhanced sovereignty, implicitly opposed their development. As such, the third world remained a source for extraction

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<sup>151</sup> Mr. Salvador Allende, had following his election in 1970 nationalised the Chilean copper industry, in which US companies held considerable investments. Fear of a communist Latin-America and repercussions for US corporations and raw materials supplies furthered the US to force a new political system in Chile (Dominguez 1999:42-3; Qureshi 2009: 85-134).



of raw materials and provider of economic growth in the US and the developed world. One can reason this in line with political realism and its theoretical assumption of an anarchic international structure ruled by the hegemonic power. The international order thus remained a zero-sum game, and in order for the US to maintain and enhance its position, other countries needed to loose.

The overbearing reason as to why the US never accepted or intended to work for the implementation of NIEO is found in the historical context of the NIEO-discussions – the Cold War. To the US, NIEO constituted governance of markets; a global command economy; and in essence, Communism. The third world therefore attempted to vest the international order within the contours of the ideological nemesis the US had strived to contain since the end of World War II. It is in general peculiar that the third world ever believed that the US would allow the fundamental changes that constituted NIEO. In this sense one needs to provide some clarity as to why the US allowed the discussion to drag on between 1974 and 1980. The obvious answer is the brief shift in the international power that occurred following OPECs successful cartelisation of oil in 1973 and the subsequent uncertainty for a developed world dependent on raw materials import to sustain their economic growth.<sup>152</sup> OPEC constituted an obstructing force for their oil-dependent economies, and further provided a role-model for non-oil producing developing countries, which were encouraged by its success. This gave the third world an important leverage, as cartelisation of other raw materials was an overbearing threat to the developed world. Indirect resistance and containment of the demands from the third world was an essential tool to avoid being cut off from raw materials supplies. During the latter part of the 1970s it became clear that crude petroleum was the only raw material third world countries would be able to successfully cartelise (Bergesen et al. 1982:233). This shifted the power positions in favour of the developed world, entailing that the US could vacate their conciliatory position towards NIEO, and in essence take the passive position they held during the eleventh special session, effectively ending the discussions on the new order. The presidency of Mr. Ronald Reagan from 1981 facilitated a shift from ‘embedded liberalism’ to ‘neoliberalism’. The ‘new’ economic order that materialised during the 1980s decoupled the market from the state, ushering the age of economic globalisation. This era wholly integrated third world

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<sup>152</sup> Developed countries in Europe and Japan have historically been most dependent on imports of raw materials. The US, although more self-sustained when compared to the aforementioned countries, became during the latter part of the 20th century, increasingly dependent on import of raw materials. For instance, the US was the world’s largest importer of copper, lead and zinc after 1945 (Radetzki 2008:39; Schiller 1964).

countries in the international market by forcing up their domestic economies for competition from multinational corporations and limited the state's possibility to govern the market. In return they received SAP support from the specialised agencies. The market thus became the facilitator of development, contrary to third world intentions behind NIEO. The hegemonic power of the US made it possible to force the third world to abide to its preferred international order. It is therefore evident that the position taken by the US in the last meeting of the sixth special session in 1974, in which they refused to accept the new economic order, effectively left NIEO dead on the day of its adoption.

#### **6.4. Concluding remarks**

This thesis has investigated the US' position towards NIEO as it appeared through three special sessions of the UNGA. NIEO is an extensively researched topic and there is a vast selection of contemporary literature investigating how the US positioned itself towards the demands from the third world. This literature has two shortcomings. Firstly, it fails to investigate the eleventh special session in 1980 and only focus on the 1974 and 1975 special sessions. Research on the eleventh special session is seemingly non-existent. Secondly, the majority of this existing literature is contemporary. Sargent (2015) constitutes the exception of this, but he does not investigate the eleventh special session. It has been argued that the contemporary literature has a tendency to be too optimistic regarding (future) conferences discussing the implementation of NIEO. This thesis has shown that NIEO diminished following 1974 and was replaced with the neoliberal economic paradigm after the eleventh special session in 1980. This contradicts the assumptions of the contemporary literature, and the conclusions of these authors, *inter alia* Ferguson (1977); Gosovic and Ruggie (1976); Mathews (1976), are thus no longer valid. This thesis has therefore firstly contributed to expand existing knowledge by nuancing conclusions of contemporary authors on the US' position towards NIEO. Secondly, it has expanded the knowledge on the US and NIEO as presented by Sargent (2015) and provided an in-depth study of the historical development of their position as it appeared through the sixth, seventh and eleventh special sessions of the UNGA. Similar studies are to my knowledge non-existent.

There are four shortcomings with the approach taken in this thesis. As stated above, the study is limited to the behaviour of the US within the framework of the UNGA. This has consequently omitted investigation of discussions and negotiations in other institutional frameworks and international conference, *inter alia* UNCTAD, in which the real negotiations on the implementation of NIEO were undertaken. These external negotiations have only been scarcely

reflected upon and referenced to substantiate that the process of implementing NIEO gave few concrete results between 1974 and 1980. A wider institutional approach to discussions could therefore have provided further in-depth understanding of the US' behaviour and position towards NIEO.

Secondly, the thesis has focussed on analysing the rhetoric presented by the US. This has omitted an in depth analysis of the accuracy of their statements, inter alia the statistics and assumptions made regarding the feasibility of NIEO measures the US presented during the three sessions. A different methodological approach, for instance a discourse analysis, in which the presented argumentation of the US was compared to development statistics could have provided better understanding of their presented rhetoric and position towards NIEO.

Thirdly, the content of NIEO has been presented without a noteworthy critical discussion. This is relevant in regards to the practical feasibility of the NIEO-demands and impact on international trade. Moreover, NIEO as presented by G77 was intended to accommodate development of third world countries. It has not been discussed whether NIEO could facilitate development or if it could distribute wealth within third world countries. Johan Galtung (1977) argues that the measures of NIEO would most likely benefit the rich of the poor and lead to increasing inequality within the developing world. The thesis has mentioned that the US did not perceive NIEO as primarily intended to accommodate development of third world countries, but this has not been sufficiently discussed and would have allowed for further in-depth understanding of their behaviour.

Lastly, chapter 5 uncovered that the Carter administration's idealistic foreign policy and favourable position towards development of third world countries was restrained by domestic pressure. This domestic pressure was undoubtedly asserted upon all three US administrations (Nixon, Ford and Carter) handling the discussions on NIEO. This is an interesting factor that that has not been considered in this thesis. The evident pressure asserted upon the Carter administration entails that domestic forces within the US would have had a major impact on their position towards NIEO and behaviour in the UNGA. The scope of this thesis has not allowed for investigating domestic pressure, and one can therefore recommend future studies to address this issue.

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