



Anti-War Caucus Reading Group

The New International Economic Order

This packet includes *recommended* readings for the Anti-War Caucus Reading Group. The more you read, the more you'll know about the NIEO! But, if you can't get to every piece and excerpt in the packet, feel free to attend the discussion anyway. The facilitator will ask questions that are inclusive of all attendees regardless of their level of familiarity with the topic. Your unique perspective will enrich the discussion. Below is a table of contents separating the readings into three sections.

What was the NIEO?

"The New International Economic Order: A Reintroduction," Nils Gilman..... 2

More on the Rise and Fall of the NIEO

"When Jamaica Led the Postcolonial Fight Against Exploitation," Adom Getachew..... 9

Not Enough: Human Rights in an Unequal World (excerpt), Samuel Moyn..... 23

The Poorer Nations: A Possible History of the Global South (excerpt), Vijay Prashad..... 29

More on the Afterlife and Future of the NIEO

"Down From the Mountain" (excerpt), Greg Grandin..... 36

"Imperium, Dominion, Terra" (excerpt), Quinn Slobodian..... 41

Pardon the poor graphic design on this page ☺



THE NEW INTERNATIONAL ECONOMIC ORDER: A REINTRODUCTION

March 19, 2015 by Nils Gilman

2 comments

Download PDF

Bliss was it in that dawn to be alive, But to be young was very heaven!

—William Wordsworth, 1805

I hear a noise at the door, as of some immense slippery body lumbering against it.

—H.P. Lovecraft, 1917

What, exactly, was the New International Economic Order (NIEO)? Promulgated as a United Nations declaration in 1974 (reprinted as the frontispiece to this special issue of *Humanity*), the NIEO was the most widely discussed transnational governance reform initiative of the 1970s. Its fundamental objective was to *transform the governance of the global economy to redirect more of the benefits of transnational integration toward “the developing nations”*—thus completing the geopolitical process of decolonization and creating a democratic global order of truly sovereign states.

It was, in short, a proposal for a radically different future than the one we actually inhabit.

Viewed from our present conjuncture, the NIEO seems like an apparition, an improbable political creature that surfaced out of the economic and geopolitical dislocations and uncertainties of the early to mid-1970s, only to sink away again just as quickly. Appearing today as the figment of a now all but lost political imaginary, the NIEO sprang forth during a narrow and specific window of geopolitical opportunity, a “moment of disjunction and openness,” when wildly divergent political possibilities appeared suddenly plausible.¹ What made the NIEO remarkable was not so much the content of its program as the fact that political and economic leaders throughout both the postcolonial world and the industrial core of the global economy took seriously the possibility—the former mainly with Wordsworthian hope, the latter often with Lovecraftian horror—that they might be witnessing the downfall of the centuries-long hegemony of what was coming to be known simply as “the north.” In contrast to the Thatcherite “There Is No Alternative” order that would soon emerge, the NIEO imagined and represented a dramatically “alternative” geopolitical future.²

Although the idea of a NIEO reverberated through the halls of power from Washington and New York to Algiers and Dar es Salaam throughout the late 1970s, it faded from view during the 1980s, replaced by discussions of structural adjustment programs, the Washington consensus, and the “end of history.”³ By the late 1990s, few (in the north, at least) would have disagreed with Jeffrey Cason’s hand-waving dismissal that the proposals of the NIEO could only be regarded as “quaint.”⁴ Today, the NIEO is almost completely forgotten.

THE SOUTH DEMANDS

This special issue of *Humanity* is dedicated to disinterring the NIEO and its moment, to considering how diverse (and, often, contested) the proposals were that came together under the NIEO rubric in terms of origins, goals, and rhetoric. Focusing on different dimensions of the NIEO, our authors variously suggest that the NIEO was:

- a bid to empower the United Nations General Assembly as the legislative body for making binding international law
- a critique of legal formalism
- the genealogical starting point for “the right to development”
- an effort to create a global regulatory framework for transnational corporations
- an extension of the principle of sovereignty from the political to the economic realm

- an incrementalist approach to reforming global economic and political power arrangements
- an endeavor to redress historical grievances of newly independent states, thereby “completing” decolonization
- a call for global redistribution—including financial, resource, and technology transfer—from rich to poor countries
- an attempt to universalize and globalize the principles of “embedded liberalism”
- the high noon of “Third Worldism” and its vision of solidarity among the poorer nations
- a radical challenge to the historic hegemony of the North Atlantic industrial core
- a realistic program for global socialism
- a utopian political project, global and totalizing in its ambitions
- an alternative model for transnational economic integration—that is, of globalization
- a key catalyst (via backlash) for the formulation of the neoliberal paradigm in favor of limiting state power and augmenting private power

What this list makes clear is that the NIEO was not a single coherent entity; rather, it was more like a political brand holding together a set of loosely compatible agendas, which together formed something less than a coherent strategy. While everyone involved might have agreed that the goal of the NIEO was to improve the economic position of the global south in relation to the global north, there was no consensus about the ultimate political ends, much less about the best way to achieve those ends. This, as much as anything, helps to explain why the NIEO seemed unable to realize its proponents’ hopes. With this caveat in mind, it is nonetheless possible to distinguish three distinct but interconnected aspects to the NIEO: economic proposals, legal tactics, and political objectives.

THE ECONOMIC VISION OF THE NIEO

At the core of the NIEO’s agenda was a series of interrelated proposals for reforms to the structure, governance, and norms of the global economy designed to improve the relative position of the so-called developing states. In particular, the NIEO Declaration called for: (a) an absolute right of states to control the extraction and marketing of their domestic natural resources; (b) the establishment and recognition of state-managed resource cartels to stabilize (and raise) commodity prices; (c) the regulation of transnational corporations; (d) no-strings-attached technology transfers from north to south; (e) the granting of preferential (nonreciprocal) trade preferences to countries in the south; and (f) the forgiveness of certain debts that states in the south owed to the north. Together, all these proposals amounted to an assertion of the “economic sovereignty” of postcolonial states.

Although the point of origin for some of these demands can be traced back to the Mexican revolutionary constitution of 1917 or even earlier, the more proximate intellectual origins for these ideas derived from pioneering work in development economics by the Argentine economist Raúl Prebisch, first as the head of the Economic Commission for Latin America (ECLA) from the late 1940s and then as the founding secretary general at the United Nations Conference on Trade and Development (UNCTAD) from the early 1960s.⁵ Along with the German British economist Hans W. Singer, Prebisch postulated that, absent regulatory intervention, the terms of trade between primary (commodity) producers and manufacturers deteriorate over time. The Singer-Prebisch thesis not only offered a political critique of the subordinate economic position to which the imperial powers had historically consigned their colonies as primary producers; it also provided a clear path forward: international trade needed to be managed to prevent the deterioration of the terms of trade, and governments and corporations from the north had to be compelled to provide capital, technology, and expertise to enable the south to develop its own industrial base. The Singer-Prebisch thesis would not only form the cornerstone of dependency theory and later world systems theory; it also provided the underlying rationale for import-substitution industrialization strategies as well as the demands of the NIEO.⁶ Indeed, under Prebisch’s leadership in the 1960s, UNCTAD became a prime site for the formulation and promotion of the NIEO’s various economic claims.⁷

Examining the global economic context of the early 1970s is crucial for understanding both the demands and reception of the NIEO. Particularly critical were the dissolution of the Bretton Woods fixed exchange rate regime around 1968–73 and the Arab-led oil embargo and price spike of 1973.⁸ These events had many practical implications for the world economy; but as Hans Singer himself noted in 1978, their importance for the NIEO was as much psychological as material.⁹ On the one hand, the dissolution of the fixed-exchange rate system demonstrated that ostensibly unalterable structures underpinning the world economy could in fact shift abruptly. On the other hand, the success of the Organization of the Petroleum Exporting Countries (OPEC) in raising and sustaining high oil prices not only offered the hope that solidarity among primary producers could succeed in upending the terms of global trade, it also quelled fears among many in the south concerning military or financial reprisals from the north. Together these events made the economic ambitions of the NIEO, which both before had seemed (and would soon again seem) utterly unrealistic, appear suddenly and shockingly conceivable. Even oil-importing countries in the south, for whom the oil price spike was ruinous materially, could find political hope from

the situation. At a February 1975 meeting in Algiers devoted to drawing up an “action plan” for the NIEO, the G-77 nations pledged to raise their share of the world economy from 7 percent to 25 percent, with attendees from oil-producing countries promising to offer financial aid as long as the West also “did its part.”¹⁰ For NIEO proponents, goals once considered impossible now appeared within reach.

Even at this heady moment, however, the NIEO’s economic vision encompassed a strange set of tensions. On the one hand, it embraced markets, albeit of a controlled sort, to be governed by cartels managed by states. Contrary to some claims about the NIEO, the proposals were not antitrade or prefiguratively antiglobalization; rather, the NIEO envisaged an alternative order of global economic integration in which countries in the south could catch up with the economic achievements of the north, thus creating a material foundation for political equality between states in the north and south.¹¹ In other words, the NIEO represented a call for *socialism among states*, what Tanzanian president Julius Nyerere called “a trade union of the poor.”¹² On the other hand, despite this interstate socialism, the NIEO remained studiously agnostic about the proper form of internal organization of national economies, being quite amenable to *capitalism within states*. This was in keeping with the principle of absolute respect for the economic sovereignty of nations, but it also lent credence to critics of the NIEO who asserted that its real agenda was to transfer resources “from the poor in rich countries to the rich in poor countries.”¹³ For the NIEO, however, the unit of poverty was the state, not the individual.

THE NIEO AS AN INTERVENTION IN INTERNATIONAL LAW

Just as important as the NIEO’s economic objectives were the novel means it sought to implement its objectives through new mechanisms of international law. Rather than accepting international law as a neutral device, NIEO legal theorists claimed that existing international law, unsuited to promoting structural reform, was biased toward economic incumbents and needed recasting in order to favor developing nations. More narrowly, NIEO proponents argued that states in the south should not be bound by legal agreements made under an illegitimate transnational legal regime, particularly if those agreements had been concluded by pre-independence administrations or with private corporations. Just as the economic goal of the NIEO was to enable the self-sufficiency and self-determination of countries in the south, the legal strategy was similarly predicated on the bedrock assertion of the absolute sovereign equality of every nation.

Proponents of the NIEO, especially those at UNCTAD, sought to use the UN General Assembly, with its more plausible claims to represent world interests, as a forum for developing new international legal structures that would promote the agenda of the south. Choosing the General Assembly as a vehicle for transnational legal change made political sense given the evolving composition of that body. When the UN was founded in the mid-1940s, not only were “north” and “south” not yet operative concepts in the geopolitical imaginary but even the distinction between “industrialized” and “developing” countries (or economies) barely existed.¹⁴ Decolonization changed this rapidly, as the number of UN member states ballooned from the original 51 to 76 in 1955 and 110 by 1962—the large majority of which were “developing” states in the south.¹⁵ With the General Assembly operating under a one state—one vote principle, it seemed a fruitful site for legal claims-making that would benefit the south. At the second UNCTAD conference in 1968, 77 southern states had self-identified as a bloc, which came to be known as the Group of 77 (G-77). In principle, the G-77 was unified by its members’ shared subordinate position within the global economy. While the politics of the group would prove difficult to manage, they indubitably formed a voting majority within the General Assembly. Therefore, if the G-77 could at once enhance the power of the General Assembly and maintain political unity, all of them stood to gain in relation to the north.

The most important legal theorist for the NIEO was the Algerian jurist Mohammed Bedjaoui, who provided the most elaborate legal-theoretical articulation of how to accomplish the NIEO’s economic objectives. Bedjaoui criticized the existing formal structure of international law, which he claimed was organized to systematically favor former imperial powers, which in turn reflected and enabled the structural inequality of the global economy. Unlike legal localists, who argued that different communal situations necessitated different sorts of legal regimes, Bedjaoui advocated legal universalism. He argued, however, that the power dynamics embedded within the structure of international law required that certain key terms of international law be undone. For example, he rejected the notion that postcolonial and postrevolutionary states had to meet treaty and contractual obligations joined under previous regimes. In short, Bedjaoui presented Algeria’s own postindependence international legal positions toward France as a model for what an alternative global, transnational legal order might look like.¹⁶

The central problem for NIEO jurists like Bedjaoui was how to assert the absolute national sovereignty of southern states without at the same time empowering northern states to ignore, in the name of their own national sovereignty, the supranational legal injunctions proposed by the NIEO.¹⁷ This tension within the legal doctrine of the NIEO mirrored the one in the economic sphere: claims of absolute economic sovereignty flew in the face of transnational economic interdependence. At the end of the day, NIEO success required leveling

power disparities between states, but for that to happen, its legal strategy had to be embedded in a political strategy.

THE NIEO AS POLITICAL PROJECT

As the foregoing suggests, the NIEO was more than just a set of technical economic-legal proposals; it was also an explicitly political initiative, an attempt to extend the realignment of international power that the process of decolonization had begun. At the level of political identity, the G-77 and the NIEO claimed to embody the idea that the “developing nations” formed a coherent political group, one whose common political identity rested on a shared history of resistance to colonialism and imperialism.¹⁸ As such, the NIEO may be seen as a continuation of what Erez Manela has referred to as the “Wilsonian moment” for the peoples of the south or of the “Bandung era” which had opened with the Afro-Asian Conference in 1955, itself often characterized as the start of the Non-Aligned Movement.¹⁹ The economic proposals of the NIEO and the legal ideas for their implementation were, in the end, merely instruments in the service of the political goal of creating true global democracy of equal (and equally) sovereign states, thereby completing the process of decolonization. In this sense, the NIEO represented arguably the most direct and sustained political challenge of the postcolonial era to the ongoing authority and legitimacy of the incumbent industrial powers.

Implicit in the NIEO Declaration was the assumption that a shared interest in rearranging global economic governance provided a sufficient basis for political solidarity. Sharp divisions existed within the G-77 about political tactics, however. For the more radically inclined proponents of the NIEO, the fulfillment of a new order meant rolling back Western power and augmenting the power of local elites who ruled in the name of their own peoples. Typical of this stance was Algerian president Houari Boumedienne, who would emerge as perhaps the single most prominent political proponent of the NIEO. The site of a particularly vicious colonial war of independence, Algeria’s ultimate victory represented the promise and efficacy of simultaneous confrontation with the north across diplomatic, economic, political, and legal channels: for Boumedienne there was a direct line from the Battle of Algiers to the NIEO.²⁰ Speaking of a “dialectic of domination and plundering on the one hand, and the dialectic of emancipation and recovery on the other,” he warned of an “uncontrollable conflagration” should the north refuse to cede “control and use of the fruits of resources belonging to the countries of the Third World.”²¹

Not all members of the G-77 coalition adopted such confrontational rhetoric, however. Others, such as Haile Selassie in Ethiopia or the leaders of Ghana after independence under Kwame Nkrumah, viewed the politics of the NIEO as a framework for achieving a more harmonious and mutually beneficial model of global economic and political integration. Yes, the NIEO’s aims might have been about redressing historical wrongs and challenging ongoing power inequities, but the goal was to forge a dialogue that would bind wounds. To reread all the speeches delivered on behalf of the NIEO is to be struck by the hopeful idea that the north could be reasoned into accepting the moral necessity of abandoning its privileged position in the geopolitical hierarchy.

In addition to the division over political tactics and rhetoric, the sheer economic diversity of the G-77 represented a political paradox. As mentioned earlier, a key source of inspiration to the NIEO was the sustained success of the OPEC oil embargo that had begun in the fall of 1973, less than a year before the NIEO Declaration in May 1974. OPEC’s success in altering the terms of trade of a key global commodity appeared to represent a model that might be extended to other commodities, and to geopolitics as a whole. But this was based on two critical misapprehensions. First, oil was not a commodity like any other: unlike copper or coffee, oil was the energetic foundation of the entire global economy, which meant that the north was necessarily going to adopt a unique strategy to address its production and marketing.²² Second, what few anticipated before the oil embargo began was that the success of the embargo would open an enormous fissure within the G-77 between oil importers, for whom the price spikes were an economic disaster, and oil producers, whose sudden windfalls made the idea of global redistribution much less attractive. The fact that the south would split over the material consequences of the very act that had brought them such collective political hope was hardly foreordained, however, and instead was exacerbated by a deliberate strategy embarked upon by certain leaders in the north.

THE NORTH DEMURS

While NIEO proponents were pushing for a future of global sovereign equality, the leaders of the capitalist economies in Frankfurt, London, and New York were making other plans. Reactions in the north to the NIEO ranged from incremental accommodation (led by social democrats like Willy Brandt, Jan Tinbergen, Olaf Palme, Bruno Kreisky, and Jan Pronk), to Machiavellian inversion (led by conservative geopolitical realists like Henry Kissinger), to unrelenting and direct opposition (led by an emergent cadre of American neoconservatives like William Simon, Daniel Patrick Moynihan, and Irving Kristol, the last of whom characterized the NIEO as “maumauing” the north²³).

For the governing powers of the north, the emergence of the NIEO reinforced the sense of global crisis that had been building for years

across several fronts. Not only had the Bretton Woods financial order collapsed but rioting and domestic terrorism seemed to have become endemic in much of the north.²⁴ Many leaders in the north felt they were facing a fundamental, multifaceted systemic revolt, characterized by some as a “crisis of governability.”²⁵ While for most leaders in the north the crisis was perceived as primarily domestic in nature, the linkages between the revolt of subalterns in their own home states and the revolt of global subalterns seemed linked.²⁶ The fact that some domestic “radical” groups linked their political goals and language to the emergent language of transnational racial and economic emancipation did little to allay the concern.²⁷

Many leaders and intellectuals in the north saw the NIEO as an element in this wider systemic crisis, and their responses to the NIEO typically mirrored their respective reactions to domestic unrest. For example, the American political scientist Stephen Krasner, who would go on to serve as director of policy planning in the U.S. State Department under George W. Bush, claimed that the goal of the NIEO was to “capture the structure of international organizations created by the United States at the conclusion of World War II.”²⁸ Krasner recommended simply saying “no.” By contrast, former West German chancellor Willy Brandt took a much more conciliatory stance, which he realized by managing a two-year-long series of workshops around the world to discuss various elements of the NIEO proposal. The result of this listening tour would be the landmark *North-South: A Program for Survival*, a book whose mere existence testifies to the willingness of serious northern leaders to countenance the proposals of the NIEO.²⁹ The most common reaction, however, was neither uncompromising naysaying nor sympathetic accommodation but rather playing for time and accentuating divisions among the members of the G-77.³⁰

In stalling any decisions that might empower the states of the south, the north was also reflecting an epochal shift in views of the efficacy and probity of government more generally. Partly as a result of various governments’ inability to overcome domestic crises, a deep cynicism was setting in about government, especially in the United States, where Ronald Reagan would be elected president in 1980 on a platform that declared that government was the problem rather than the solution. As James Buchanan put it, “romantic and illusory notions about the workings of governments and the behavior of persons who govern” were being “replaced by a set of notions that embody more skepticism about what governments can do.”³¹ While the “public choice theory” literature that purported to prove this point was mainly directed at exposing the corruptions and malfeasances of governments in the north, the rejection of the state as a positive force could not help but affect the way that the NIEO would be evaluated. Even those in the north sympathetic to the NIEO’s call for a more just global order were inclined to promote solutions at odds with southern leaders’ insistence that such an order could only be realized through the empowerment and affirmation of the sovereignty of the southern states.³² Whether it was religious charities like Oxfam that were attempting to provide food aid to famine-endangered communities, or the World Bank taking on “basic needs,” or human rights organizations like Amnesty International trying to protect political dissidents, nowhere in the north was there much support for the NIEO’s ambition to rearrange global power or legal structures in favor of postcolonial states.³³ Indeed, with hindsight it is apparent that what succeeded the NIEO was not more state power in the south but rather the emergence of new centers of private authority.³⁴

In the end, the dissipation of the NIEO’s energies took place as rapidly as its emergence. Already by 1977 it was clear to people like Nyerere that the north was unwilling to respond with any major concessions, and Boumediene’s untimely death in 1978 deprived the NIEO of its most forceful leader. Margaret Thatcher’s election as prime minister of Britain in 1979, as well as the economic downturn in the United States that same year created by Federal Reserve chair Paul Volcker’s interest rate hike, meant that the political leadership of the major powers of the north was unified in its disdain for the NIEO, with only smaller industrialized countries like Austria and the Netherlands still expressing sympathy.³⁵ It was left to Reagan to deliver the final word at the Cancún Economic Summit in October 1981 that the United States would no longer discuss any changes to the global economic governance architecture, no matter the discord this generated.³⁶

The final dagger would be the Latin American debt crisis in 1982: bailing out indebted southern states was not done in charity but conditionally dependent on structural adjustments designed explicitly to weaken the reach of the state.³⁷ The result was a “lost decade” in Latin America, and then another in Africa when the same policies were applied there.³⁸ The new “post-historical” consensus in favor of “free trade” that consolidated by the late 1980s among mainstream economists in the north asserted that the proponents of the NIEO had been fundamentally misguided in their view of history and development.³⁹ Political determinism gave way to technological determinism.⁴⁰ “Hitherto existing politico-economic approaches or even the analytical approaches employed by these perspectives will not be able to find answers to the global problems,” explained one former supporter of the NIEO: “The coming technotronic age will give its own answers.”⁴¹ In the end, all that was left of the NIEO were a few twitches, as of a phantom political limb, such as discussions concerning the regulation of transnational corporations, which themselves would die in early 1990s. It would seem the NIEO failed ignominiously.

Figure 1.

The salience of “New International Economic Order” in language. Google Ngram for “New International Economic Order,” 1969–2000.

Source: <http://books.google.com/ngrams> (accessed October 19, 2014).

FAILURE—OR UNFAILURE?

The NIEO today is almost entirely forgotten, at least when referred to by its proper name (see fig. 1). Already in the early 1980s, the conventional wisdom among mainstream analysts in the Anglophone academy was that NIEO had always been doomed to failure.⁴² The explanations for this inevitability were legion: the political solidarity of the Third World was bound to unravel; the logic of collective action meant that commodity cartels were destined to defection and failure; the attempt to use international law to rein in the sovereign prerogatives of powerful countries was fated to succumb to jurisdictional fragmentation and forum shopping; and the north was always going to have been willing and able to flex its vastly greater economic, political, and (if ultimately necessary) military might to restrain the rise of the south.⁴³

This *Humanity* special issue, dedicated to the NIEO, began as an effort to make sense of this paradox: how an entity that today has been nearly universally represented (insofar as it is represented at all) as an abject and inevitable failure had in its own moment seemed so entirely plausible to so many of both its proponents and enemies.⁴⁴ Most of the essays published here were presented at a conference sponsored by New York University's Remarque Institute in April–May 2014, where a lively exchange of views helped to clarify just how sprawling and contradictory the NIEO was, even at its zenith of optimism, forty years earlier. What emerged from the conversation was something of a surprise: despite the fact that there was broad consensus in the north that the NIEO failed, in important ways this is not quite right.

First, the matter of inevitability. As historians, we should always be wary of ascribing inevitability to outcomes that seemed deeply uncertain to the actors at the time.⁴⁵ Were Daniel Patrick Moynihan and others in the Nixon and Ford administrations simply being alarmists when they declared that the United States must attack the NIEO frontally? Was the Brandt Commission merely a Machiavellian scheme to divert attention? In fact, as several essays in this dossier demonstrate, the failure of the NIEO was the result of a deliberate and concerted strategy on the part of leaders in the north, compounded by strategic choices on the part of the south.

Second, a key underlying economic objective of the NIEO, namely, to improve the south's economic position in the global economy, has in fact been realized, albeit unevenly. Whereas the advanced economies produced 80 percent of global GDP at the time of the NIEO Declaration, by 2009 that share had fallen to 57 percent, while the leading economies of the south (now rebranded by mainstream economists in the north as “emerging markets”) had increased their share to nearly 40 percent of total world GDP.⁴⁶ While it is true that the states of the south are no more economically sovereign than they were in the 1970s, this is arguably part of a larger trend whereby all states, including those of “advanced” economies, have become more deeply integrated into, and thus dependent on, the overall world economy interconnected by global supply chains. While many have lamented the deindustrialization of the old industrial core states, the silver lining has been a huge growth in industrial jobs in poorer countries. And while it is true that it is mostly corporations based in rich countries that control these globalized supply chains, even this is changing rapidly.⁴⁷

Indeed, rather than see the NIEO as a failure, it might be more helpful to see it as an example of what Jennifer Wenzel has called “unfailure.”⁴⁸ *Unfailure* refers to the paradox that many seemingly failed political and social movements, even though they did not realize their ambitions in their own moment, often live on as prophetic visions, available as an idiom for future generations to articulate their own hopes and dreams. In other words, although the historically specific institutional demands of the NIEO during the 1970s went unrealized, one can make a credible case that the undead spirit of the NIEO continues to haunt international relations.

The unfailed afterlife of the NIEO is perhaps most evident today in global climate change negotiations. For many key poor countries, the north/south geographic imaginary that gave life to the NIEO remains the dominant framing of the question of climate justice.⁴⁹ Just as it was in the 1970s, the G-77 remains the south's main organizing agent for collective climate bargaining with the north.⁵⁰ In addition, in its negotiating positions with respect to climate change, the G-77 has pursued a line of economic reasoning that strongly echoes the NIEO Declaration, arguing that because the north bears a historic responsibility for producing the vast majority of anthropogenic greenhouse gases currently in the atmosphere, and the south still has a “right to development,” any fair climate treaty should be “nonreciprocal,” with binding responsibilities (in this case, concerning emissions reduction mandates) applying only the north. Likewise, just as it did in the 1970s, the G-77 insists that the north should transfer technology and provide aid as reparations for the damage caused by historic

wrongs—now referring to historic greenhouse gas emissions. In sum, the NIEO's unfailed political imaginary of a more just and egalitarian global order lives on in contemporary climate negotiations.⁵¹

Historians, who for many years ignored the historiographic no man's land between the charismatic upheavals of the 1960s and the world historical events of the 1980s, have come to recognize the 1970s as the foundry of our current world order.⁵² But crucial to understanding how that current order took shape is to appreciate the contingency of the events and decisions that took place in those years: key actors had highly divergent visions and hopes for the future and, had different choices been exercised, we might have gotten a strikingly different future. Embedded liberalism and planned modernization were in deep crisis but still deeply institutionalized in the West; communism was rotting from within in its Eastern European and Asian heartlands but remained a source of inspiration to many radicals elsewhere; and Third Worldism seemed to offer a dramatic break from centuries of North Atlantic domination of the world economy.

Beyond these major ideologies lurked others: environmentalists calling for reruralization, techno-utopians predicting undersea and extraterrestrial colonization, and wine-dark visions of various demographic apocalypses. The conditions making possible this pluralization of political imaginaries were historically specific: détente had terminated the binary geopolitical logic of the early Cold War; revolutions had overturned governments in more than fifty states in the previous two decades; the Vietnam War confirmed that small nations of the south could defeat even the determined military might of a traditional great power; the collapse of the Bretton Woods exchange rate system had shown the tenuousness of existing global governance institutions; and OPEC showed that political solidarity among primary producers could drastically reshape global trade relations in favor of historically poor regions. From this cauldron of contingencies, among the least anticipated prospects was that corporate powers would assert control over the commanding heights of economies worldwide, with their casuists retroactively declaring that this had always already been the only real alternative.⁵³

It is no coincidence that the idea to reconsider the history of NIEO first occurred to the editorial collective of *Humanity* in the wake of the 2007–2008 global financial crisis, as the “no alternative” draperies of the post–Cold War decades seemed suddenly threadbare. Once-conceivable alternatives to our current global order are of more than passing interest to those who seek historical bases for alternative political economies.⁵⁴ The political economy of antistatist, structurally adjusted, labor-disciplined, financialized globalization—though it produced much growth in the 1990s—has been increasingly questioned in the wake of the 2007–2008 global financial crisis. The secular stagnations (and worse) that have followed, in conjunction with amplifying economic inequalities, have made more urgent the need to identify alternatives to the “actually-existing” world order that emerged in the wake of the NIEO.⁵⁵ Revisiting the NIEO is part of that process: a chance to revisit an abandoned road—not because it remains available but because seeing it as an unfailure helps denaturalize the inegalitarian global political economy which for three decades global authorities like the *Economist* magazine or the World Economic Forum have insisted is the only reasonably available historical possibility. Reappreciating the seriousness with which the NIEO was regarded in its time, not least by its fervent opponents, can help us to reopen the possibility space of contemporary geopolitics.

NOTES

1. Bob Jessop, “What Follows Fordism? On the Periodization of Capitalism and its Regulation,” in *Phases of Capitalist Development: Booms, Crises and Globalizations*, ed. Robert Albritton et al. (Basingstoke: Palgrave, 2001), 282–99.
2. Bradley W. Bateman, “There Are Many Alternatives: Margaret Thatcher in the History of Economic Thought,” *Journal of the History of Economic Thought* 24, no. 3 (September 2002): 307–11.
3. Jamie Peck and Adam Tickell, “Neoliberalizing Space,” *Antipode* 34, no. 3 (July 2002): 380–404; Branko Milanovic, “The Two Faces of Globalization: Against Globalization as We Know It,” *World Development* 31, no. 4 (April 2003): 667–83.
4. Jeffrey Cason, “Whatever Happened to the New International Economic Order?” in *Ethics in International Affairs*, ed. Andrew Valls (Lanham, MD: Rowman & Littlefield, 2000), 201–13.
5. J. Reuben Clark Jr., “The Oil Settlement with Mexico,” *Foreign Affairs*, July 1927; John Gledhill, “The Persistent Imaginary of ‘the People's Oil’: Nationalism, Globalisation and the Possibility of Another Country in Brazil, Mexico and Venezuela,” in *Crude Domination: An Anthropology of Oil*, ed. Andrea Behrends, Stephen P. Reyna, and Günther Schlee (New York: Berghahn Books, 2011).
6. Thomas Ziesemer, “A History of Economic Theorizing on the Prebisch-Singer-Thesis,” in *Zur Kontinentalen Geschichte des Ökonomischen Denkens*, ed. Jörg Glombowski, Anka Gronert, and Henk W. Plasmeijer (Marburg: Metropolis-Verlag, 1998), 337–65; J.F.J. Toye and Richard Toye, “The Origins and Interpretation of the Prebisch-Singer Thesis,” *History of Political Economy* 35, no. 3 (Fall 2003): 437–67.

bostonreview.net

When Jamaica Led the Postcolonial Fight Against Exploitation

Adom Getachew

20-25 minutes

Feb 5, 2019

15 Min read time

Jamaican Prime Minister Michael Manley. Image: [Jamaica Information Service](#)

In the 1970s, a bloc of Third World states forced the United Nations to take seriously the unequal distribution of global wealth. Could their example inspire a new generation?

In 1972 the socialist left swept to power in Jamaica. Calling for the strengthening of workers' rights, the nationalization of industries, and the expansion of the island's welfare state, the People's National Party (PNP), led by the charismatic Michael Manley, sought nothing less than to overturn the old order under which Jamaicans had long labored—first as enslaved, then indentured, then colonized, and only recently as politically free of Great Britain. Jamaica is a small island, but the ambition of the project was global in scale.

Two years before his election as prime minister, Manley took to

the pages of *Foreign Affairs* to situate his democratic socialism within a novel account of international relations. While the largely North Atlantic readers of the magazine might have identified the fissures of the Cold War as the dominant conflict of their time, Manley argued otherwise. The “real battleground,” he declared, was located “in that largely tropical territory which was first the object of colonial exploitation, second, the focus of non-Caucasian nationalism and more latterly known as the underdeveloped and the developing world as it sought euphemisms for its condition.” Manley displaced the Cold War’s East–West divide, instead drawing on a longstanding anti-colonial critique to look at the world along its North–South axis. When viewed from the “tropics,” the world was not bifurcated by ideology, but by a global economy whose origins lay in the project of European imperial expansion.

The sovereignty of former colonies was undermined by their economic dependence on former colonial powers, a condition Kwame Nkrumah called *neocolonialism*.

Imperialism, for Manley, was a form of not just political but *economic* domination through which territories such as Jamaica were “geared to produce not what was needed for themselves or for exchange for mutual advantage, but rather . . . compelled to be the producers of what others needed.” Between the 1940s and ’60s, the first generation of anti-colonial nationalists, including Norman Manley, Michael’s father, had largely liberated their countries from the *political* chains of empire by securing independence. Anti-colonial nationalists aspired to use

their newfound sovereignty to transform the political and economic legacies of imperialism. As a member of the second generation of postwar nationalists, Manley viewed his election as an opportunity to realize this aspiration for postcolonial transformation. Given “the condition of a newly independent society encumbered with the economic, social and psychological consequences of three hundred years of colonialism,” Manley hoped his political program would secure “individual and collective self-reliance” as well as political and economic equality. His platform of democratic socialism for Jamaica inaugurated an ambitious project of land redistribution, state control of key industries, stronger rights for organized labor, worker ownership of industries, and the expansion of health care and education.

However, this vision of postcolonial transformation was limited by the very forms of dependence and inequality that it sought to overcome. Because postcolonial states remained primary good exporters with national economies dependent on products such as bauxite, cocoa, coffee, cotton, sisal, and tea, their domestic economic policies were subject to the vagaries of the international market. This contradiction between the achievement of political sovereignty and the persistence of economic dependence, famously captured in Kwame Nkrumah’s term *neocolonialism*, was heightened as Manley inaugurated his socialist project. Already beginning in the late 1960s, prices for primary products in international markets experienced a precipitous decline. Coupled with OPEC’s 1973 oil embargo, which heavily burdened new postcolonial states

dependent on oil imports, the decline in commodity prices resulted in steep foreign exchange shortages and exacerbated postcolonial states' reliance on debt.

The end of this story is a familiar one. By the 1980s, unable to service their debt, postcolonial states entered structural adjustment agreements with the World Bank and International Monetary Fund (IMF). While Mexico's 1982 default is often viewed as the beginning of this process, Manley's Jamaica was the first victim of the Third World debt crisis and began structural adjustment in 1977. Then in his second term, Manley acceded to the terms of the IMF's stabilization program, which required a 30 percent devaluation of Jamaica's currency; major cuts in public expenditures, especially in the wages of public sector workers; and the privatization of state assets. Long before Greece's SYRIZA, there was Manley and his PNP.



Although the 1970s ended with postcolonial capitulation to the new age of neoliberal globalization, the decade had begun on a very different note: with a radical call from the Global South for a New International Economic Order (NIEO). Announced in the UN General Assembly with the Declaration on the Establishment of a New International Economic Order (1974) and the Charter of Economic Rights and Duties of States (1974), the NIEO was conceived as the international corollary to the domestic projects of socialism Manley and other anti-colonial nationalists were pursuing. How did such an ambitious effort—to create an egalitarian global economy—emerge?

Despite the opposition of the United States and its allies, Third World states used their majority in the UN to force the organization to address the unequal trade relations between the Global North and South.

A decade prior to passage of the Declaration on the Establishment of the NEIO and the Charter on Economic Rights and Duties of States, the Afro-Asian bloc of states in the United Nations had come to recognize a possible source of strength in their majority in the General Assembly. They mobilized to create the United Nations Conference of Trade and Development (UNCTAD). Unlike the World Bank and IMF, which were created prior to the postwar surge of decolonization and empowered states of the Global North, UNCTAD was organized as a forum to address trade and development in the Global South. Despite the opposition of the United States and its allies, Third World states used their majority to place the Argentine economist and dependency theorist Raúl Prebisch at the helm of this new agency. It was in UNCTAD, and then on the floor of the UN General Assembly, that the policy prescriptions of the NIEO were first articulated and backed by a group of Third World states that had organized themselves under the name G-77. In its ambition to transform international economic relations, the NIEO addressed critical issues that included the ownership of resources in land, space, and the seas; the growing power of transnational corporations; and the transportation of goods in an increasingly globalized commodity chain. At its core, however, the NIEO was concerned with the unequal relations of trade between the Global North and South.

Proponents of the NIEO saw in this inequality a distorted and damaging international division of labor, one that, according to Manley, consistently relegated postcolonial states to “the low end of the ‘value added’ scale.” Until something changed, they would be condemned to serve as “planter and reaper,” economically subservient to the Global North with its manufacturing economies, high incomes, and domestic consumer markets.

To overcome the dependence that structured international trade, UNCTAD and the postcolonial statesmen who supported the NIEO looked for lessons in the welfare states of the twentieth century. These systems, constructed by the labor movements of industrialized societies, were by the 1970s at the peak of their success in diminishing domestic inequality. The assumption that an egalitarian global economy could be modeled on the welfare state thus depended on viewing the position of postcolonial states as structurally analogous to the working class and rural sector within the states of the Global North. This analogy, transposing from the domestic political economies of the Global North to the political economy of the whole planet, shaped the politics of the NIEO in two ways.

First, it framed Third World solidarity as an assertive class politics. As Manley noted, the postcolonial world “now proclaimed itself the Third World to mark its transition from an age of apology to one of assertiveness.” According to Julius Nyerere, president of Tanzania and one of Manley’s collaborators, postcolonial states had constituted themselves as

an international “trade union of the poor.” The G-77 in the UN General Assembly—as well as commodity associations modelled on OPEC that would negotiate the price of products such as bauxite and coffee—were manifestations of this trade unionism. Like the labor movements of the nineteenth and twentieth centuries, their demand for economic equality was predicated on the view that the postcolonial world had produced the wealth that the Global North enjoyed. In this recasting of economic relations between the Global North and South, the NIEO’s proponents reimagined the international arena as a site for a politics of redistribution that extended far beyond the discourses of aid and charity.

Second, the domestic analogy cast the postcolonial project as an effort to internationalize the postwar social compact between labor and capital. The NIEO was, to use Gunnar Myrdal’s term, a “welfare world” that would democratize global economic decision-making and redistribute the gains of global trade. In the absence of a world state armed with the coercive power of taxation, this international welfarism sought to deploy the United Nations to regulate market prices of primary commodities, provide compensatory financing when prices fell unexpectedly, remove protectionist barriers in the Global North, and provide “special and preferential treatment” for the products postcolonial states produced. UNCTAD justified this set of policy prescriptions by insisting that the international community had “a clear responsibility towards developing countries that have suffered a deterioration in their terms of trade in the same way as Governments recognize a similar responsibility towards

their domestic primary producers.” This responsibility was not framed as a rectification or reparation for past injustices of the global economy. Instead, it was a claim that internationalizing the welfare state was necessary for overcoming the structural inequality of global trade—and thereby, for achieving a postimperial global economy. Just as the workers’ movements of the Global North had, in their struggles for unions and socialism, built democracy in Germany, Britain, France, and the United States, so too would the states of the Global South, in pursuing global economic equality, achieve a new world political order.

The welfare world of the NIEO marked the high point of anti-colonial politics in the United Nations and indicated a sharp break with the postwar status quo. If the right to self-determination had universalized legal equality for postcolonial states, the NIEO radicalized the meaning of sovereign equality. In the hands of postcolonial states, sovereign equality now entailed equal decision-making power within the United Nations. According to the Charter of Rights and Duties, the juridical equality of all states and their equal status as members of the international community granted them “the right to participate fully and effectively in the international decision-making process in the solution of world economic, financial and monetary problems.” This claim of equal legislative power grounded the more ambitious claim that sovereign equality had material implications: it required and entailed an equitable share of the world’s wealth. According to the Declaration on the Establishment of the NIEO, the welfare world aimed for “the

broadest co-operation of all the States members of the international community, based on equity, whereby the prevailing disparities in the world may be banished and prosperity secured for all.”

Postcolonial states constituted themselves as an international “trade union of the poor,” with demands predicated on the view that the postcolonial world had produced the wealth that the Global North enjoyed.

Fearing that Third World states would launch commodity embargoes on the model of OPEC’s 1973 oil embargo, Western statesmen initially pursued a conciliatory policy of appeasement in public even as they criticized the NIEO privately. In this context, postcolonial states gained allies among social democrats in the Global North and secured small victories. For instance, with the addition of Part 4 to the General Agreement on Trade and Tariffs, postcolonial states were able to secure lower tariffs in the Global North on some of their goods. Moreover, postcolonial states were freed from the requirement of reciprocity in trade agreements with the Global North. These special and preferential provisions recognized the unfair character of international trade and sought to strengthen the position of postcolonial states.

However, the political openings that made possible these concessions and enabled the Third World to demand the NIEO proved narrow. With commodity prices declining and debt skyrocketing, the bargaining power of postcolonial states eroded rapidly. By the end of the 1970s, the era of neoliberal

globalization had dawned, displacing visions of a welfare world. Leading the opposition to the NIEO, the World Bank and IMF rejected its aspiration to democratic and universal international economic law. Instead, these financial institutions insulated the global economy from political contestation by recasting it as the domain of technocratic expertise. In doing so, they rejected the claim that the global economy could be subject to demands for redistribution. The colony went free, stood for a brief moment in the sun, then moved back again toward servitude—this time to the empire of debt.



Almost forty years after the triumph of neoliberalism over the NIEO, it is difficult to imagine that another world was possible. In accepting this triumph as inevitable, we have forgotten that decolonization promised not only to free nations from foreign domination, but also to remake the world. From our perspective, the wave of independence movements that followed World War II is largely associated with the moral and legal delegitimization of alien rule, the transition from colony to nation, and the expansion of the international society to include previously excluded African, Asian, and Caribbean states. In this view, anti-colonial nationalists appropriated the principle of self-determination and the modular form of the nation-state, expanding and universalizing languages and institutions with a European provenance.

This is a compelling narrative because it describes the world that emerged from decolonization. In the three decades

between 1945 and 1975, UN membership had grown from 51 states to 144. At the turn of the twentieth century, European states ruled 84 percent of Earth's surface; by 1975 the remnants of alien rule, largely in southern Africa, appeared to be anachronistic and barbaric holdouts. However, this narrative obscures some of the most innovative aspects of the politics of decolonization by eliding its global ambitions. And it thereby misses the mechanisms by which empire reasserted itself, persisting into our time and reinforcing global white supremacy.

The insight that democratic self-governance depended on an international context conducive to its exercise emerged out of a sense that empire's globalization could be made egalitarian but could not be reversed.

When African and West Indian nationalists met at the Fifth Pan-African Congress in Manchester in 1945 to articulate a global vision of decolonization, national independence was high on their agenda. But it was only one part of an internationalist framework that looked forward to "inevitable world unity and federation." From Ghana's Nkrumah, who helped to organize the Pan-African Congress, to Jamaica's Manley, anti-colonial nationalists pitched decolonization on this *global* scale to address the global character of imperialism. In their view, empire was a globalizing force that unequally and violently integrated disparate peoples and lands. With the gun and the lash, it had made a single world from many. It produced, according to W. E. B. Du Bois, a global color line through which Europe dominated the "darker . . . races of men in Asia and

Africa, in America and the islands of the sea.” This structure of racial hierarchy endured well after the achievement of juridical independence, finding a new form in Manley’s “real battleground,” which demarcated the postcolonial world and the Global North.

Seeking to undo international economic hierarchies and shore up the right to self-determination, the NIEO sought to realize the aspiration to “world unity and federation” by creating international frameworks that would support self-rule at home. This novel combination of nation-building and world-making—the idea that democratic self-governance depended on an international context conducive to its exercise—emerged out of the sense that empire’s globalization could be made egalitarian but could not be reversed. The world was already unified, under the terms of white supremacy and capitalist exploitation. As Manley pointed out, the Caribbean itself was a global formation and could not be disaggregated from the international political and economic relations in which it was embedded. This extreme form of extraversion necessarily required moving beyond national insularity.

The ideal of a national independence disembedded from the world was not only a fantasy for decolonizing nations—it was also increasingly impossible for the Global North. Anticipating the contemporary dilemmas of neoliberal globalization, Manley argued that international entanglements of trade, capital flows, and financialization, as well as the emergence of transnational private actors, threatened to undermine the capacity of all

states to steer and regulate their national economies. For Manley, the multinational corporation revealed the growing contradictions between the international economy and the bounded nation-state. In creating an international system of political management for the world economy, the NIEO would supplement the diminished role of the state. It would create a system for political and democratic regulation of the global economy, ultimately benefiting all states and peoples. Thus while anticolonial nationalists reimagined international institutions for the postcolonial condition, their vision extended beyond the Global South.



The democratic decision-making and global redistribution at the heart of the NIEO could yet again be a source for inspiration, especially in our present moment when the tension between nationalism and internationalism electrifies political debate. Brexit, the election of Donald Trump, and the wave of authoritarian populism surging across the West all frame national insularity as the solution to an age of neoliberal globalization. By withdrawing from international institutions, erecting barriers to global trade, and closing borders to migrants, the new right in the Global North aspires to realize a vision of national independence that Manley and other anti-colonial nationalists already realized was impossible fifty years ago. But if the right's model of national insularity is impossible, the neoliberal globalization that displaced anti-colonial world-making, and has been the order of the day since the 1980s, is

equally untenable. Its vision of an economy insulated from political contestation and its rejection of distributive justice nationally and globally have magnified inequality and contributed to the rise of the new right. One vision would insulate nation-states from the world; the other, the world from its people. In this context, demanding a return to the liberal world order—as leading scholars in international relations and international law have recently done—is an inadequate response. It obscures the ways that the illiberal backlash of our moment emerged out of the inequalities and hypocrisies of that very same system.

From our vantage point, the welfare world of the NIEO might appear utopian and unrealistic. But to dismiss the world that decolonization aspired to make is to refuse to reckon with the dilemmas we inherited from the end of empire. It is to evade our responsibility to build a world after empire. Our world, like Manley's, is characterized by a battleground of widening inequality and ongoing domination. We cannot simply recreate the 1970s vision of a welfare world, but we can take from its architects the insight that building an egalitarian and postimperial world is the only route to true democratic self-governance.

distract from the rise of authoritarianism in some of the very countries that sponsored it.⁴⁰

THE NEW International Economic Order (NIEO) proposals that offered the dazzling climax of this global project burst into prominence in spring 1974, hard on the heels of the oil shock the fall before. The two events were indissolubly linked, and the NIEO would never have had the visibility it briefly gained without the oil-producing states' brief strategic alliance with its cause and the developed world's anxiety that it portended a regular new occurrence. It felt like the debut—exciting or frightening, depending on the observer—of a geopolitically powerful third-world solidarity that could genuinely transform economic relations. But if it attained momentary though spectacular visibility, the NIEO's origins were hardly recent. And for all of its many contingencies, its emergence proved to be the moment when the globalization of distributive justice first became imaginable to wide swathes of humanity. That imaginative development would be difficult to undo, even once its practical realization became impossible, and defending basic rights and meeting basic needs seemed more than uplifting enough a goal to pursue in an unequal world.

Although difficult to recall in today's neoliberal era of servicing poverty and other inadequate provision, the NIEO was the culmination of a heady time of outsized hopes. A postcolonial leader such as Algeria's Houari Bou-médiène, already prestigious for beating an empire, could win significant consensus and attract spectacular notice when he called for his and other fronts for national liberation to transform into a global battlefield for just distribution. The NIEO's sources are often traced to an almost timeless notion of Afro-Asian solidarity, with "the darker nations" achieving a coherent plan and mythical unity at the pivotal Bandung conference in Indonesia in 1955, followed by non-alignment during the Cold War before assorted enemies foiled their plans. In truth, the path from Bandung to the NIEO was anything but foreordained. It intersected the parallel constitution of a Non-Aligned Movement as an alliance of like-minded states (which still exists today) but also diverged from it at critical moments. And in fact the instability of interests, leaders, and states involved in the twenty-year lead-up to spring 1974 is more remarkable than any coherence or unity. Pivotal for all players, however, were subaltern entitlements of sovereign states, beginning with those to natural resources and escalating into claims for just distributional structures between rich nations and the rest.

Instituting supranational legal protections for individuals—including economic and social rights—figured rhetorically or not at all in the kaleidoscope of visions.⁴¹

The more immediate origins of the NIEO proposals were in a much more concrete and specific formation: the United Nations Conference on Trade and Development (UNCTAD), and the activism of its first secretary general, the dissident Argentine economist Raúl Prebisch. Initially head of the UN's Economic Commission for Latin America (ECLA) before founding the more global body in 1964, Prebisch theorized that a world in which the north manufactured on the basis of the south's raw materials would lock in and indeed accelerate global inequality. This argument led him to argue that Latin American (and presumably, other even less developed) nations should adopt relatively more autarkic approaches to political economy so as to generate indigenous manufacturing sectors to disrupt the downward spiral of dependency. Elevated to the United Nations, Prebisch moved to an alternative vision of globalization whereby commodities traded by the global south could become the motors of an increasingly equal world if fair rules were instituted and poor nations joined forces on the model of a trade union to raise prices.⁴²

Even before the NIEO proposals were formally announced, responses to third-world activism were enormously varied, ranging from titillation to horror. A good barometer of change in the 1960s is that the Roman Catholic Church under Pope Paul VI issued *Populorum Progressio* (1967). Alongside kindred ecumenical Protestant thinking about the meaning of ethics in a postcolonial world, this encyclical updated Christian social thought for a newly global age, affirming that "the social question ties all men together, in every part of the world." While the encyclical lavished most of its call for love and solidarity on the suffering of the poor, it also acknowledged that "unless the existing machinery is modified, the disparity between rich and poor nations will increase rather than diminish; the rich nations are progressing with rapid strides while the poor nations move forward at a slow pace."⁴³

The crisis and obsolescence of the Bretton Woods system after American president Richard Nixon unlinked the dollar from gold in 1971 and replaced that system with one of floating currencies provided a moment of opportunity for orthogonal moves in the global economic governance that Prebisch and others had husbanded as a matter of theory in the prior decade. And when the Organization of the Petroleum Exporting Countries

Globalizing Welfare after Empire

(OPEC) responded to the Yom Kippur War two years later by quadrupling the price of crude oil, the coincidence that OPEC was a loose affiliate of the NIEO did more than anything else to stoke dreams (and nightmares). "For the first time since Vasco de Gama," one much-cited statement of the moment had it, "mastery over a fundamental decision in a crucial area of the economic policy of the center countries escaped their grasp as certain peripheral countries wrested it from them." What if the oil shock portended a general reconfiguration of global economic relations? One insightful observer called the spate of activism "a hidden turning point in the history of international law." After the NIEO, the conscience would never be the same, even if its heirs who promote the cause of global justice today may not even know it ever existed.⁴⁴

During and after the NIEO's annunciation in a special session of the UN General Assembly and in close connection with a new Charter of the Economic Rights and Duties of States, its primary goal was to devise policies for the equalization of rich and poor nations. The NIEO's diagnosis was harsh. The world's peoples had been involved in one another's affairs for centuries, but it had been on colonial terms. Political decolonization of the globe had barely been finished, and economic hierarchy and predation remained agonizingly entrenched for those who struggled against them and easily visible for those who did not bury their heads in the sand. It was, however, a new day for "interdependence"—one of the NIEO's buzzwords and part of the lingua franca of the age in many different versions. And more and more people, finally aware of how connected the globe had long been, could grant how incomplete decolonization remained, and target the immoral economic hierarchy that (as Myrdal had observed twenty years before) only continued to worsen.⁴⁵

In response, the scaling up of the welfare state took global disparity at the level of nations as the new potential class war with sides to reconcile. Like the proponents of welfare at the national scale, those advocating a new international economic order explicitly abjured revolutionary overthrow in favor of compromise, much to the disappointment of some Marxist commentators. The welfare state metaphor, as for Myrdal before, was popular because it allowed for likening the NIEO to the international equivalent of the "trade union"—as Nyerere most frequently put it—which allowed weaker actors domestically to strengthen bargaining power and exact perquisites. It was not merely that the new states jealously guarded their own sovereignty and saw the NIEO fulfill their claims to economic self-determination

and permanent sovereignty over natural resources, though both national sovereignty and economic self-determination were utterly central to their rhetoric. Rather, the analogies to the NIEO's trade unionization for the sake of a "welfare world" signaled a global social justice that was to work neither through the vindication of individual entitlements nor through violent revolution, but rather through the solidaristic institutionalization of a fairer deal for otherwise weak national parties in relation to strong ones. As the Dutch international lawyer B. V. A. Röling, one of the brightest in his field in the decades after World War II, observed, "The guiding concepts in [the] NIEO are in many respects of the same character as the guiding principles which were accepted in domestic law. In both fields the question was whether a law of liberty should be replaced by social law. . . . It meant the universalization of principles that were already applied in the 'welfare state.'"⁴⁶

As already on a national scale in the postcolonial states, the NIEO distinctly emphasized equality in the scaled-up welfarist package, now in an internationalist key. Not sufficiency—especially not for individuals, of whom presumably states would take care themselves—but equality among states was therefore the principal goal on which the NIEO based its demands. All of its policy proposals were justified in the name of this ideal, from massive aid increases to credit on favorable terms, debt forgiveness, and technology transfer. As the NIEO declaration states, the goal was to "correct inequalities and redress existing injustices, making it possible to eliminate the widening gap between all the developed and the developing countries." Similarly, the Charter on the Economic Rights and Duties of States called for "the acceleration of the economic growth of developing countries with a view to bridging the economic gap between developing and developed countries." Both made only the barest mention of individual human rights, and none at all of economic and social rights among them.⁴⁷

The NIEO echoed and scaled up the national welfare state political economy not simply when it came to public authority but also when it came to private actors, sponsoring the first substantial debate in history about the role of multinational corporations in world political economy. According to economic theory close to the NIEO, multinational corporations, if their power went untamed, played precisely the spoiler role towards global distributive fairness that domestic corporations played in national settings before the welfare state set out to subordinate them to a public agenda. Not that its proposals in this regard got very far, as years of "North-South dia-

Globalizing Welfare after Empire

logue" followed. But the NIEO succeeded in the 1970s in making plain both the inegalitarian effects of the extant international economic order and the role of private actors within it.⁴⁸

From the beginning, it was easy to see that, as a movement of, by, and for states (or "peoples"), the NIEO made no provision for internal distribution or internal governance in any respect—including when it came to the whole gamut of basic rights. Nyerere insisted that "economic liberation" from an external and oppressive global structure favoring the wealthy required the diplomatic solidarity of poor states and therefore dropping or soft-peddling concerns about internal human rights practices, however justified they were in pure theory. "For international purposes, we should act together even though internal liberation may not have been achieved by all of us to the same level," he put things euphemistically. "We may criticize tyrannical, brutal, or unjust governments and regimes in the Third World, but we must not do this in the context of the North-South debate." Undoubtedly, there was much hypocrisy in this double standard, as if the only possible response to the growing concern for "human rights violations" in the global south without any attention to global distributive justice were simply to reverse the priorities. But some non-governmental actors supported just that step. Most notably, a group of anticolonial lawyers, inspired by the NIEO, propounded in Algiers on July 4, 1976—the bicentennial of America's Declaration of Independence—a "Declaration of the Rights of Peoples" that proposed to complete decolonization through a liberation of nations and the reorganization of international economic life in the name of equality. The next year, the United Nations General Assembly papered over the divergence between the agendas by proclaiming that "the realization of the new international economic order is an essential element for the effective promotion of human rights and fundamental freedoms and should be accorded priority."⁴⁹

The NIEO came to grief, due to its short-sighted commodities strategy, its coalition of strange bedfellows, and northern responses that ranged from the ambivalent to the oppositional—most definitely including early neoliberalism on the march. If not on arrival, the NIEO was dead by the later 1970s, with the global debt crisis of the early 1980s putting the final nails in its coffin. Its entire approach to the ethics of globalization contrasted starkly with the neoliberal political economy that soon ascended as the "real new international economic order" of the age and since. And in almost every way, the NIEO was also the precise opposite of the human rights revolution

that took off in close proximity to its annunciation. Heir to postcolonial visions of distribution, the NIEO prized equality over sufficiency. The beneficiaries of that equality would be the new nation-states in relation to their wealthy betters, and individuals in their relation to one another across the globe through the proxy of state representation. The agent of such distributive fairness was a movement. But it was primarily a movement of states, not non-governmental forces. Just as the human rights movement would present itself, the NIEO was internationalist and globalized concern for the sake of the unjustly treated. Poles apart from the human rights movement, however, the NIEO targeted unfair distribution and prioritized material equality in ratifying rather than undermining state sovereignty, and it relied most on coordinated diplomatic power, not naming and shaming, to broker change.⁵⁰

But human rights were the wave of the future. Would human rights law and movements ultimately offer a comparable attempt to scale up the welfare state to the world stage? They would certainly make far more room than postcolonial visions of distribution for economic and social rights for individuals, as well as for attention to their basic needs. But with human rights in ethics and neoliberalism in economics arising, with the national welfare state in crisis and with initial visions of a more ambitious globalized welfare nipped in the bud, the ideal of equality died. The ideal of sufficiency was left to subsist alone.

[the NIEO], and yet it is much worse than it would otherwise be in consequence of measures the [NAM-UNCTAD-OPEC] has already taken."⁵¹ Better to roll back the OPEC thrust and disallow NIEO. In 1976, at the close of the Seventh Special Session of the UN General Assembly, the US representative bluntly said that his country "cannot and does not accept any implication that the world is now embarked on the establishment of something called the 'new international economic order.'"⁵² That was the US position—and it became reality.

THE G7

But when the poor start "mau-mauing" their actual or potential benefactors, when they begin vilifying them, insulting them, demanding as of right what is not their right to demand—then one's sense of self-respect may take precedence over one's self-imposed humanitarian obligations.

Irving Kristol, 1975⁵³

On August 17, 1974, Henry Kissinger met with President Gerald Ford in the Oval Office. The notes from the meeting open with Kissinger being forthright: "On the energy situation, we have to find a way to break the cartel. We can't do it without cooperation with the other consumers."⁵⁴ The Saudis are unreliable allies. They are the "most feckless and gutless of the Arabs," said Kissinger, who bemoaned the Saudis' inability to take on the radicals in the Arab wing of OPEC—the Algerians and the Libyans. Instead, Kissinger praised the Iranian shah ("a tough, mean guy"), who had kept Iran out of the oil embargo, and yet he worried about the shah's lack of authority over OPEC and his own relatively small oil resource base. The strategy could not rely upon the self-destruction of OPEC's unity. That was not going to be easy.

Much easier to cement the unity of the consumers: the North Atlantic powers. "We are organizing the consumers. Then we are organizing bilateral commissions to tie their economies as closely to us as possible. So we have leverage and the Europeans can't just move in a crisis. We want to tie up their capital." In February 1974, the United States had organized the Washington Energy Conference and set up the International Energy Program. It was an attempt to corral the countries of the Atlantic world to reduce their energy dependence

51 Daniel Patrick Moynihan, "The United States in Opposition," *Commentary*, March 1975.

52 Gosovic and Ruggie, "On the Creation of a New International Economic Order," p. 343.

53 Irving Kristol, "The 'New Cold War,'" *Wall Street Journal*, July 17, 1975, p. 18.

54 "Memorandum of Conversation," August 17, 1974, Oval Office, White House, National Security Adviser's Memoranda of Conversation Collection, Box 5, Gerald Ford Presidential Library.

(through conservation and new technologies), to share their reserves in a time of emergency, and to build political unity. In November 1974 the European and North American countries formed the International Energy Agency, a platform that would be part of the Organisation for Economic Co-operation and Development (OECD). This was one major plank of Kissinger's plan.

Another was to link a recalcitrant Europe to the United States through the supremacy of the dollar. None of the major Western European states wanted the Dollar Standard as a substitute for the Gold Standard. That would have been intolerable to their sense of independence. The Dollar Standard gave the US an enormous advantage. There was the obvious advantage of *seigniorage*—which is to say that, if it cost the US Treasury \$1 to print a \$100 bill, and if the \$100 went into circulation to cover oil purchases by Mali from Saudi Arabia, the US would make \$99 by the simple act of the export of that piece of paper. There were far more important advantages than that—namely that the US exchequer could finance its deficits by putting more money in circulation rather than by raising taxes or by offering bonds.⁵⁵ With the dollar emergent as the currency of the planet's wealth, a hunger developed for US Treasury Bills, and new markets emerged outside the US for dollars (such as the euro-dollar market). The dollar became the effective world currency, and this gave the United States "the ability to swing the price of the dollar internationally this way and that, having great economic consequences for the rest of the world while the US remained cushioned from the consequences that would apply to other states."⁵⁶ These mechanisms allowed the US Treasury and the Federal Reserve to conduct effective monetary policy for the world, without the rest of the world having any say on the dollar's manipulations. The rest of the world's independent action was constrained by that of Washington.

These mechanisms bound the consumers' interests, but they did not form a political instrument to push the interests of the North Atlantic world. Indeed, there was fear that Europe, the United States, and Japan might lose their unity in the midst of the fracas.⁵⁷ Kissinger reminded Ford that he and George Schultz had been active in creating such a forum. "We have to use the Library Group," he pointed out, "an informal finance group which is meeting on 7 September to raise the problem of oil prices and work for a coherent structure to deal with

55 There is a further way of doing this: the US government borrows money equivalent to its deficits and offers government bonds near that same amount; these are bought by the Federal Reserve, which prints money to pay for it.

56 Peter Gowan, *The Global Gamble: Washington's Faustian Bid for World Dominance*, London: Verso, 1999, pp. 25–6.

57 A *New York Times* editorial bemoaned the danger of the "possibility of a dissolution of the partnerships between the United States, Europe and Japan." "New Dollar Crisis," *New York Times*, February 7, 1973, p. 38.

it."⁵⁸ The Library Group was the brainchild of Schultz as US Treasury secretary. In March 1973, Schultz invited his financial peers from France (Valéry Giscard d'Estaing), West Germany (Helmut Schmidt), and the United Kingdom (Anthony Barber) to the White House Library for a quiet discussion over the new floating-exchange-rate system (and the place of the dollar), and to create a process to coordinate policy among the Atlantic allies. No immediate agreement came out of the Library meeting. In Nairobi, at the sidelines of the annual IMF meeting in September 1973, the Japanese foreign minister, Kiichi Aichi, invited the Library Group to dinner and *sake*, and, by the force of his effort, added Japan to the Group.⁵⁹ Within two years, the Group welcomed Italy and Canada. They christened themselves the Group of Seven (G7). Their goal was to create "a certain prophylaxis against purely domestic political pressures," as Paul Volcker put it, to provide a forum to share information candidly, so as to "understand the intentions and probable reaction of others," to ensure that the Atlantic governments "minimize uncomfortable surprises and avoid unnecessary frictions."⁶⁰

Such unity was not to be forged as a bulwark against the Soviet threat. The USSR and its Warsaw allies had not been able effectively to challenge the economic basis of the North Atlantic world. After World War II, the standard of living in the USSR increased quite dramatically, with increased access to foodstuffs and better access to public health and education. The results of these policies allowed the economist Gur Ofer to suggest there was a "radical change in the quality of life in the Soviet Union."⁶¹ The devastation of the war and the deprivation of previous years meant that, even with modest gains in the 1950s and 1960s, Soviet levels of consumption were far lower than those in the North Atlantic world.⁶² The USSR posed no economic threat to the Atlantic world. It was not a modular alternative to the shining commodity-laden example of the

58 "Memorandum of Conversation," Oval Office, August 17, 1974.

59 Paul A. Volcker and Toyoo Gyohten, *Changing Fortunes: The World's Money and the Threat to American Leadership*, New York: Crown, 1992, p. 134.

60 Ibid., p. 143. Andrew Baker points out that the G7 process was driven by the US, although, as Gyohten shows, others among the G7 wanted in (including Canada, whose entry had to be forced, over French objections). *The Group of Seven: Finance Ministries, Central Banks and Global Financial Governance*, London: Routledge, 2006, p. 250.

61 Gur Ofer, "Soviet Economic Growth, 1928-1985," *Journal of Economic Literature* 25: 4 (December 1987), p. 1,790.

62 Gertrude Schroeder and Imogene Edwards, *Consumption in the USSR: An International Comparison*, Washington, DC: US Congress, Joint Economic Committee, 1982; and Gertrude Schroeder, "Soviet Living Standards: Achievements and Prospects," *Soviet Economy in the 1980s*, ed. US Congress Joint Economic Committee, Washington, DC, 1983.

United States and northern Europe. The Soviet threat was essentially military, and partly ideological. For that there was NATO, and of course the overwhelming military superiority of US armed forces.

The G7 faced off against OPEC and the NAM states. That a handful of oil-rich states could hold the North Atlantic powers hostage irked the founders of the G7. To them, the NIEO was simply irrational, and it had to be stopped. Some of the intellectual work for the G7's relationship to the OPEC-NAM-NIEO formation was done by the Trilateral Commission.⁶³ In July 1972, Chase Manhattan Bank's David Rockefeller, as chairman of the Council on Foreign Relations, initiated the Trilateral Commission. Rockefeller wanted to focus the powers of Europe, Japan, and the United States. One of the impetuses of the Trilateral was to secure the faltering hegemony of the United States,⁶⁴ but its much more obvious purpose was to ensure the combined strength of the "North" against the "South." Zbigniew Brzezinski, who was the intellectual architect of the Trilateral Commission and later President Jimmy Carter's *consigliere*, proposed this kind of combination against the South precisely to contain the "contagious threat of global anarchy."⁶⁵ Rockefeller was incensed by the Third World Project. In 1975, at a lecture in Manchester, Rockefeller went after the "new demonology" that had taken hold of the UN General Assembly. The immediate spur was the NIEO, and the push to regulate offshore corporations, which Rockefeller considered to be "the most important instruments in the unprecedented expansion that has taken place in world trade." Rockefeller went after the NIEO and its authors, the "revolutionary left and radical politicians" who had called "most persistently for punitive taxes and crippling regulation of multinationals."⁶⁶ A set of Trilateral intellectuals worried that the NIEO would "degenerate into a rejection of an integrated world economy."⁶⁷ From this point of view, even the liberal social-democratic vision of the Club of Rome had to be disdained. The Club, founded in 1968 by an Italian industrialist (Aurelio Peccei) and a

63 For a full study of the Trilateral's role, see Stephen Gill, *American Hegemony and the Trilateral Commission*, Cambridge: Cambridge University Press, 1990.

64 Rockefeller points out in his *Memoirs* that he had come to terms in the early 1970s with the fact that "power relationships in the world had fundamentally changed," and that US power had frayed, as had the relationships between the three main poles of world power—Japan, the US, and Europe. The Trilateral was formed to "bridge national differences and bring Japan into the international community." David Rockefeller, *Memoirs*, New York: Random House, 2002, pp. 415-16.

65 Zbigniew Brzezinski, "Half-Past Nixon," *Foreign Policy*, Summer 1971, pp. 10-13; and *Between Two Ages: America's Role in the Technetronic Era*, New York: Viking, 1970.

66 David Rockefeller, "Multinationals Under Siege: A Threat to the World Economy," *Atlantic Community Quarterly* 13 (Fall 1975), pp. 313-22.

67 Richard Cooper, Karl Kaiser, and Masataka Kosaka, *Towards a Renovated International System*, Triangle Papers 14, New York: Trilateral Commission, 1977, p. 17.

Scottish scientist (Alexander King), argued that the gap between the richest and poorest in the world should be reduced from 13:1 to 3:1.⁶⁸ The Trilateral found this "beyond the realm of practicality" and hastened to ask the Trilateral states to "assume leadership in the system."⁶⁹ The Trilateral wanted to bring "those who matter in the world," as German Social Democratic Chancellor Helmut Schmidt put it in 1975, into line with a combined policy against the chaos from the periphery.⁷⁰ The periphery needed to be put in its place.

Under US leadership, the G7 attempted to open up the fissures between NAM and OPEC, and within the NAM states themselves. Kissinger had long regarded the unity between the NAM and OPEC to be fragile; even more fragile were the gaps between the economically more sustainable countries of the NAM and those that were not. It was with this in mind that Kissinger invoked the "fourth world"—those who need "immediate help" and the provision of "long-term assistance" and even "special arrangements"—in his address to the Paris conference in 1975.⁷¹ Peeling off the LDCs from the rest of the NAM by devising a strategy to get them some assistance, *without any fundamental alteration of the international system*, might earn the loyalty of the most wretched countries towards the Atlantic states. That, at least, was the hope. "We should try," Kissinger noted, "to break the unholy alliance between the LDCs and OPEC."⁷² The former had to be informed that, if it went with OPEC, its life-line to the IMF, the World Bank, and commercial banks would be in jeopardy. Kissinger's was a straightforward hustle.

The G7's heads of government planned to meet on November 15–17, 1975, at the French president's summer residence, the Château de Rambouillet. The medieval castle had a poor recommendation from Queen Marie Antoinette, who called it a *gothique-crapaudière* ("gothic toadhouse"). The conference itself was cramped. Giscard had no intention of admitting the Italians or the Canadians, but they were forced upon him, *à contre coeur*, as the UK ambassador to France, Sir Edward Tomkins, wrote in his dispatch. Tomkins colorfully described Rambouillet, "which was not big enough for everyone." The "house-party atmosphere" was "preserved with some difficulty. American security men, all wired for sound, thronged the corridors. Heavily armed gorillas haunted the park among autumn leaves blown off the trees by the helicopters. The mandarins were compressed rather than suppressed. The British delegation worked in Napoleon's bathroom. Jean Sauvagnargues [French minister of foreign affairs],

68 Jan Tinbergen, ed., for the Club of Rome, *ROI: Reshaping the International Order*, New York: Dutton, 1976.

69 Cooper, et. al., *Towards a Renovated International System*, pp. 27, 34–8, 41–2.

70 Robert D. Putnam and Nicholas Bayne, *Hanging Together: Cooperation and Conflict in the Seven-Power Summits*, London: Sage, 1987, p. 29.

71 Kissinger, *Years of Renewal*, p. 699.

72 Ibid., p. 678.

who seemed strangely disoriented, was reduced to a table in the corridor."⁷³ As it happened, Canada did not show up.

Giscard had wanted the Rambouillet meeting to inaugurate a new Bretton Woods system. The French were not happy about the dollar–Wall Street complex. "The French thus think of a monetary system dominated by the dollar," British Ambassador Tomkins wrote, "in much the same way as they think of the integrated structure of NATO under supreme American command: the prejudice against both is the same." The French did not want their franc yoked to the will of the dollar. A more pragmatic arrangement, with freedom for the French monetary authorities to control their own currency, was their main objective. The French Finance Ministry could not get the US Treasury to agree to firmer limits to currency fluctuations. Giscard had to give in. "It was the product of hard and secret negotiations between the French and the American Treasury officials," Tomkins noted, "completed in the corners of the Château throughout the weekend." French Gaullism withered before the new Atlanticism—a polite term for the US government's setting of the North Atlantic's agenda.

Once this tussle was out of the way, the real work of the conference could get going. The agenda was twofold: to protect the capitalist system from political challenge and to thwart the New International Economic Order and OPEC. Monetary discussions hung over the proceedings but did not define it. More worrying yet was the constant interruption during the three days of gloomy economic news from the North Atlantic. On the day that the Rambouillet Declaration was being polished up, news came that the French had crossed what Tomkins called a "traumatic" threshold: 1 million unemployed. "The economy remains fragile," he noted, "here as elsewhere." Britain had already crossed this line, adding tens of thousands to the rolls. Wedded to deflationary policies, the governments at Rambouillet had few policy tools at their disposal to address the avalanche of joblessness and social dislocation. The worry was that this paralysis would open the door to a political challenge to capitalism, and this challenge would be exacerbated by the pressure on the price of energy and other commodities from the South. Both had to be stopped in their tracks.

In the late 1960s, the unrest of workers, students, anti-racists, and feminists disturbed the equilibrium of the political compact in each of the G7 states. Union militancy opened up as the rank and file in the United States and parts of Western Europe ejected many of the icons of business unionism. Wildcat strikes broke out during the "hot autumn" of 1969 in the automobile factories of northern Italy, leading slowly and painfully for the G7 leaders into the

73 E. E. Tomkins to James Callaghan, November 25, 1975, Paris, PREM no. 16/838, Margaret Thatcher Papers, Margaret Thatcher Foundation. It is likely that this colorful dispatch was written by Christopher Ewart-Biggs, a spirited writer whose life was cut short by the IRA in 1976.

1979 "winter of discontent."⁷⁴ From Tokyo University to the Sorbonne, students indicated a failure to accept the terms set by the establishment. Protests against tuition fees escalated into a call for changes in the civic order, and from denunciations of US imperialism to total condemnation of the system. As the French students put it: *Soyez realistes, demandez l'impossible!* ("Be realistic, demand the impossible!"). The counterculture of the students informed and was deepened by the struggles for dignity by oppressed communities, such as racialized minorities and women. Fights for equal rights offered a shock to the cultural compact of the system. Demands for redistribution and recognition, to use Nancy Fraser's terms, were equally powerful in the era.⁷⁵ The settled elite felt seriously threatened by this turbulence. It needed to find a way to buy them off, or to destroy them.

Into this context, President Ford opened the Rambouillet discussion with a plea to the leaders "to ensure that the current world economic situation is not seen as a crisis in the democratic or capitalist system."⁷⁶ A British summary after the conference pointed to the finesse needed to hoodwink the public about the fortitude of these leaders and of the system to which they were all equally pledged. "To convince a skeptical public opinion," the conference at Rambouillet "had to succeed on two levels—the cosmetic and the substantive. The participants were conscious that they had to make a convincing and demonstrative gesture of solidarity. On the other hand, this objective could only be achieved if the known differences of the participants were submerged in a community of interest clearly established at the meeting itself."⁷⁷ The G7 had to stick together, papering over the differences in the wordy but essentially meaningless Declaration. That was the crucial political task.

Despite the negative pressures on each of the national economies, no one could be permitted to run to the exits, erect trade barriers, and protect as much of their own national economies as possible. To go down that road would embolden those who felt that the emergent "global" economy had serious problems. The only exception was agriculture, because, as President Ford put

⁷⁴ Beverly J. Silver, *Forces of Labor*, Cambridge: Cambridge University Press, 2003. Chapter 4 has the details.

⁷⁵ Nancy Fraser, "From Redistribution to Recognition? Dilemmas of Justice in a 'post-Socialist' Age," *New Left Review* 1/212 (July–August 1995). My sense of the weight of redistribution and recognition is in "The End of Multiculturalism," *Global Dialogue* 113 (2011).

⁷⁶ "Memorandum of Conversation at the Rambouillet Summit, made for Brent Scowcroft by Robert Hormats," November 15–17, 1975, National Security Adviser's Memoranda of Conversation Collection, Box 16, Gerald Ford Presidential Library. For the following paragraphs I rely upon this very significant transcript.

⁷⁷ FCO to UK Embassy Paris, "The Economic Summit Conference at Rambouillet," February 12, 1976, p. 10, PREM no. 16/838, Margaret Thatcher Papers.

it, "We in the United States recognize that domestic agriculture programs are a very delicate political problem in other countries, as they are in the United States." There is a chilling tone in the discussions, particularly when Chancellor Helmut Schmidt begins to talk about the deindustrialization process that must occur in each of the G7 states:

Harold [Wilson, of the UK], you talked of viable industries, and indicated that this excluded lame ducks. You referred to textiles as an example. I am a close friend of the chairman of the textile workers union in Germany. It is a union of a shrinking industry. I would hope that this would not be repeated outside this room. Given the high level of wages in Europe, I cannot help but believe that in the long run textile industries here will have to vanish. We cannot ward off cheaper competition from outside. We will eventually need some hothouse or botanical garden for this industry. It is a pity because it is viable: capital invested in a job in the textile industry in Germany is as high as it is in the German steel mills. But wages in East Asia are very low compared with ours. The garment industries in France and Italy, which make high fashions, will survive. They are ingenious and creative and will survive. The German textile industry is viable, but will vanish in ten or twelve years.⁷⁸

The fatalism ("It is a pity because it is viable") of these heads of government before the almighty influence of Capital is almost as extraordinary as the cynicism of the leaders ("I would hope that this would not be repeated outside this room"). The leaders would collude to allow deindustrialization, and the consonant increased power for finance over industry. There is little sympathy for the workers in their homelands.⁷⁹ No smoke would leave the industrial smokestacks; its place would be taken by the chimney swifts, who mimic smoke as their flock takes flight from their new home.

⁷⁸ "Memorandum of Conversation at the Rambouillet Summit, made for Brent Scowcroft by Robert Hormats."

⁷⁹ Three years later, Helmut Schmidt and Britain's James Callaghan spoke on the telephone just after Callaghan had been able to push the Ford Motor Company to provide some wage increases at its plant in Dagenham (this factory has a long history of resistance, notably in 1968 and again in 1978). Schmidt asked how Callaghan had managed to get Ford's agreement. Callaghan answered, "Well, I don't think Ford's will be repeated everywhere. There are a number of settlements that are taking place at very much lower levels. Ford's is a very profitable company and therefore they can pay it and they've decided to do so and they are multi-national and they don't want their operations held up throughout Europe. But if I were asked I would say the general level of settlements will be much lower than the Ford settlement." Callaghan was right. Ford would begin to slow down production in the UK and turn to offshore sites. Dagenham is now a wind-turbine farm. "Prime Minister's Conversation with Chancellor Schmidt, at approx. 1605 hrs, Sunday 26 November 1978," PREM no. 16/1638, Margaret Thatcher Papers.

The discussion picked up with some force when the G7 leaders turned to the NIEO, OPEC, and the NAM states. They had to fall on the same sword as the German textile workers. Chancellor Schmidt made the point plainly: "It is desirable to explicitly state, for public opinion, that the present world recession is not a particularly favorable occasion to work out a new economic order along the lines of certain UN documents." Schmidt, who had a reputation for decisive action, was unflagging in his determination to prevent "international dirigisme" (*dirigisme* is the doctrine of state-directed economic growth). The NIEO had to be stopped, not only for its economic policies, but also for the presumption among its proponents that they could make decisions for the world. Schmidt felt that to leave decisions about the world economy "to officials somewhere in Africa or some Asian capital is not a good idea." Rather, what was important was that the decisions had to be made, as Harold Wilson put it, by "the sort of people sitting around this table." The G7 had to exercise control; everyone else had to be directed.

The way to break the OPEC dynamic was to split the NAM coalition. That was clear to each leader, as it had been to the Trilateral intellectuals. Harold Wilson, of the British Labour Party, set the agenda here. At the 6th Special Session of the UN, the NAM states were strongly united. By the 7th Session some gaps had begun to emerge within OPEC and between the NAM states. Wilson seized on these, as "we have won ourselves a breathing space. The initiative on these issues has, at least partially, been transferred to the sort of people sitting around this table." Now the question was how to control the initiative. There was no doubt, Wilson suggested, that "[t]he conditions of the developing countries have worsened while the expectations have increased." He repeated this assessment a number of times, adding up the list of burdens, from deterioration of the terms of trade to the high cost of oil and the decline in export prices: "If any of us were importers of oil and other commodities, and faced droughts and the need to import food at existing prices, we would also feel extremely bitter. Led by OPEC and other 'pecs' they will be pressing forward at UNCTAD IV and beforehand in CIEC; the needs of some of them are vitally urgent."

Cosmetic assistance needed to be provided before the Paris meetings came to a conclusion against the interests of the G7, and before the agenda was set for the UNCTAD IV meeting in Nairobi, in May 1976. The easiest symbolic gesture was to boost the miserably low foreign aid schemes. The IMF should be asked to be more flexible, mainly by increasing the quota for borrowing, suggested the Japanese prime minister, Takeo Miki, the rather mirthless leader of the Liberal Democratic Party. The suggestions were hardly impressive. The leaders acknowledged the real problems in Africa, Asia, and Latin America; but what worried them more than the suffering, and therefore headed the agenda, were its adverse political implications for the G7.

Rather than deal with the two pressing questions—commodity prices and unemployment—the leaders of the North spent the most significant part of their conversation on how to break the alliance of the South. OPEC's success in 1973 rattled the North; its model could not be allowed to be replicated. Britain's Wilson noted that the North had to "face the fact that the OPEC syndrome was catching on: there were already phosphate-pecs, bauxite-pecs, banana-pecs and others."⁸⁰ The "OPEC syndrome" needed to be disinfected.

"How to get the developing countries away from their alliance with OPEC?" asked Helmut Schmidt. This was the central question. The weak link, as far as these men were concerned, were the LDCs. The concept of the LDC emerged between 1968 (the UN's International Development Strategy) and 1971 (when the UN General Assembly adopted the term). It was produced by the secretariat at UNCTAD to allow them to carry out specific analytical work on development policy for countries with low literacy, low manufacturing, and low per capita GDP. There was nothing political about the definition: it was entirely about making development policy precise. The North now saw in this new distinction a political opportunity. LDCs often relied upon the export of one commodity, but they had to import many commodities (notably including energy). This imbalance worked against the LDCs, who had begun to go hat-in-hand to the oil producers for lower oil prices. It was this that provided the entry for Helmut Schmidt's analysis:

Many of [the developing countries] have to depend on one single crop. We must find a way to break up the unholy alliance between the LDCs and OPEC. But we cannot say so in so many words. We should do this in the CIEC [the Paris process] by discussing the balance of payments problems of the LDCs and showing how they are being damaged by this situation. We can make the point that the newly rich countries have to take part in new developmental aid in accordance with their new riches. We will also have to convince the LDCs of our genuine interest in their well-being, by helping them in the area of raw materials.

"Our object," Schmidt said, "should be to sever [the LDCs] from OPEC." This is what Schmidt called the "dialogue strategy." The US secretary of state, Henry Kissinger, was in the room. Invited to comment, he provided an equally forthright statement: "We agree on the need for cooperation with producers. With cooperation we can separate the moderates from the radicals within OPEC, the LDCs from the OPEC countries, and prevent a lot of other 'pecs.'" If the NAM states persisted and did not accept the G7 offerings, then "they will pay a price in terms of cooperation, or military exports."

80 "Note on the Third Session of the Heads of Government Conference at the Château de Rambouillet on Sunday 16 November 1975 at 4:15 p.m." PREM no. 16/838, p. 11, Margaret Thatcher Papers.

The stick for the LDCs came alongside the carrot for those who would later be called the "locomotives of the South"—the larger economies that might be pulled into the penumbra of the G7. As a Trilateral publication from 1976 pointedly noted, "History has often shown that the greatest dangers to international stability often arise from those nations whose real power is inadequately reflected in both real involvement in the relevant sets of international arrangements and symbols of status therein." The problem for the Trilateral was in its selection criteria for its allies. On the one hand, there was the question of democracy. In Helsinki, the 1973 Conference of the Organization for Security and Cooperation in Europe rallied around the brand "democracy" as the ideal way to show up the USSR.⁸¹ The most reliable countries, however, were not democratic in any way. The Trilateral publication pointed to Brazil (then under military rule), Mexico (then under endemic one-party rule), Iran, and Saudi Arabia (both under the rule of autocratic monarchies) as countries that should be welcomed out of Third Class into First Class. It hardly seemed to matter that the "democratic" governments in these countries wore either military or feudal uniforms. The contradiction did not bother the Trilateral, nor the G7.

The G7 sought new allies among the South to help undermine the unity that led to the NIEO. "Much of the current call for a new international economic order flows directly from such concerns" of being left out of the system, suggested the Trilateral intellectuals. "Indeed, only through integration into the management of international arrangements are such countries likely to acquire the systematic interests necessary for the constructive formulations of their own foreign economic policies."⁸² These were to form the "new international middle class," whose future was that of Japan, which had at one time been one of the darker nations, but since 1962 had been a member of the OECD, and since 1975 of the G7. If Japan could enter the club, then why not Iran, or Saudi Arabia, or even Brazil?

High on the agenda of the G7 was the task of breaking the unity between the NAM and OPEC. Equally, the G7 pushed to undermine the role of the UN, particularly where it had come to act on behalf of the Third World Project. The G77 had been able to move a number of pieces of its agenda through the various UN bodies; the NAM advanced its agenda in a number of important, but not yet central, conclaves to write international law. The G7, with US leadership, sought to do an end run around the various UN bodies, preferring bilateral engagement to the work of these organizations. It had become *de rigueur* for

81 Jacques Andreani, *La Piège: Helsinki et la chute du communisme*, Paris: Odile Jacob, 2005.

82 C. Fred Bergsten, George Berthoin, and Kinhide Mushakoji, *The Reform of International Institutions*, New York: The Trilateral Commission, 1976, p. 9.

US political intellectuals to mock the claims made by the NAM states within the UN system. In March 1975, Daniel Patrick Moynihan published a screed against the role of the Third World states in the UN. "Third World extremists" had taken hold of the UN, Moynihan suggested, largely because the US had withdrawn from the field. It was time to return to the fight. Moynihan had made part of his reputation within the United States in the struggle against welfare for indigent populations, with his focus largely on African-Americans, who had only recently won the right to equal social benefits.⁸³ Moynihan suggested that the "dysfunctional" black family would do well to send its children into the military to be disciplined. A similarly stern attitude was in order towards the dysfunctional Third World.

Moynihan's celebrated essay against the black family was published in the neoconservative US journal *Commentary*. It was to this venue that he returned with his analysis of the UN. If the black family was unwilling to take "personal responsibility" for its purported failures, the Third World states were similarly culpable. Both the black family and the Third World had sought the status of victimhood, Moynihan argued, and failed to see that their poverty (here referring to the Third World) "is of their own making and no one else's, and no claim on anyone else arises in consequence." The reparations movement and the NIEO were symptoms of this failure on their part to face up to their own limitations. The US, Moynihan argued, must end a policy of "appeasement so profound as to seem wholly normal."⁸⁴ The *Commentary* essay impressed the White House. When Kissinger and Ford called Moynihan in to brief him as the next ambassador to the UN (1975–76), Kissinger said, "that *Commentary* article is one of the most important articles in a long time. That is why it is essential to have him at the UN."⁸⁵ The Third World was the problem. It threatened Israel and South Africa. For Kissinger it was "an outrage" that the UN General Assembly would suspend South Africa. "We have to keep fighting that, or the Group of 77 will be deciding UN membership."

During Moynihan's tenure at the UN, the G77 states pushed through UN Resolution 3379, which framed Zionism as Racism (November 1975). It was a marginal resolution, not at the heart of the UN's work.⁸⁶ Nevertheless, the

83 Daniel P. Moynihan, "The Negro Family: The Case for National Action," in Lee Rainwater and William L. Yancey, eds, *The Moynihan Report and the Politics of Controversy*, Cambridge: MIT Press, 1967.

84 Daniel P. Moynihan, "The United States in Opposition," *Commentary*, March 1975, pp. 41–4.

85 "Memorandum of Conversation in The Oval Office: American Strategy at the UN," April 12, 1975, White House, National Security Adviser's Memoranda of Conversation Collection, Box 10, Gerald Ford Presidential Library.

86 The exaggerations went so far as to link political support for the Palestinians from the Third World states to antisemitism. For an example of this kind of argument,

US focused almost exclusive attention on it to show that the UN had been destroyed by the Third World's leadership role within it. Moynihan's role was to crush this dynamic (his 1978 memoir of his years at the UN is called *A Dangerous Place*). None of the other initiatives of the Third World within the UN had any space to breathe.

It was in this period, between 1975 and the early years of the 1980s, that the US ran roughshod over reasonable international treaties. In 1982 the US (with Venezuela, Turkey, and Israel) voted against the new Law of the Seas; in 1984 the US tried to scuttle the International Conference on Population and Development. In both forums, the US pushed against *dirigisme*, advancing the interests of transnational corporations—to open the deep seabed to commercial prospecting and to prevent population-control strategies, since population growth was “neutral,” and governments should not intervene to moderate it.⁸⁷ Delegates were aghast—but there was little they could do. The exact issues under debate seemed less important to the US State Department officials. They had come to exercise their authority and to scuttle the value of the multilateral institutions. Absent the US, as the leader of the G7, the treaties being negotiated would have little value. They would stand as sentinels of an ancient civilization, like the *moai* of Easter Island, staring at the sea for no apparent purpose.

Kissinger pushed for the consolidation of the G7 as the firewall against the NIEO, with OPEC as its main artillery. He was the main intellectual architect of the new alliances. OPEC had to be neutered. Saudi Arabia and the Gulf Arab states were the obvious levers to undermine OPEC. “Military action would of course be inappropriate,” Kissinger said at Rambouillet, “but it might be possible to develop the idea that increases in the price of oil were not ‘free’ in general

see Barry Rubin, “The Non-Arab Third World and Antisemitism,” in Robert S. Wistrich, ed., *Anti-Zionism and Antisemitism in the Contemporary World*, New York: NYU Press, 1990. Much of the anger against the Third World Project from the Israeli state and its intellectuals came from the role of NAM in the drafting of UN Security Council Resolution 242. The first draft was put forward by India, Mali, and Nigeria; Washington put forward a second draft. The first draft mentioned the Palestinians by name and championed their right to return to their homelands; the US draft called only for a just settlement in the Middle East, leaving out the important particulars. Such evasions helped Israel in its efforts to change the “facts on the ground” to suit its purpose. The UN General Assembly, supported by the USSR, went for the NAM draft. On the basis of this support, the PLO began to attend the UN as an observer from 1969. This rankled both Washington and Jerusalem.

87 David Larson, “The Reagan Administration and the Law of the Sea,” *Ocean Development and International Law* 11: 3–4 (1982); Jason Finkle and Barbara Crane, “Ideology and Politics at Mexico City: The United States at the 1984 International Conference on Population,” *Population and Development Review* 11: 1 (March 1985). This is the journal of the Population Council.

economic or political terms.”⁸⁸ If need be, the North Atlantic would have to raise the costs of confrontation, and in the arsenal of the US and Europe lay only its military superiority. It was not until the Soviet Union had collapsed that this weapon could be unsheathed (in 1991, with the first Gulf War).

Without a military strategy, unity within the G7 was imperative. Any weakness there would allow the Third World Project to slip through. “It would be suicidal to enter the consumer-producer dialogue without a common strategy,” Kissinger pointed out. Giscard and Schmidt worried that the kind of confrontation described by Kissinger would be dangerous. Nonetheless, none of them denied the fact, as Schmidt put it, that “if danger occurred it was important that the convoy of consumers should stick together ... Solidarity in bargaining must be achieved.”⁸⁹ Japan's Miki worried that confrontation between North and South would be counterproductive. “A dialogue was indispensable and was possible to achieve,” he said, but this was already a minority view. The G7 was born, ready for combat, with Kissinger's plots at its center, and with caution thrown to the wind.

DEBT AND THE NEW COSMOLOGY

By the early 1980s a new world order had begun to emerge. It was not the NIEO, and it was not run by the Third World states—although it was partly financed by OPEC. The G7 came into its own, showing the world that it could withstand the Second Oil Crisis of 1979 with aplomb. Economic stagnation did not stand in its way. Rather, this stagnation, which had persisted since the late 1960s, became one of the main pretexts for the breakthrough of the new ideology of the G7: neoliberalism. Having staked a claim to run planetary affairs, the G7 now pushed its theory of governance on states from Mexico to Mali. The institutions for this thrust were those founded in Bretton Woods, but whose ambit would dramatically change in these years. The IMF and the World Bank would become sharp rapiers, thrust into the heart of the Third World Project—whose highest expression, the NIEO, lay dead by the wayside.

What went by the name of neoliberalism was less a coherent economic doctrine than a fairly straightforward campaign by the propertied classes to maintain or restore their position of dominance.⁹⁰ Pressure mounted on the

88 “Note on the Third Session of the Heads of Government Conference at the Château de Rambouillet on Sunday 16 November 1975 at 4:15 p.m.” PREM no. 16/838, p. 18, Margaret Thatcher Papers.

89 Ibid., p. 19

90 This was the argument made by Ernest Mandel with regard to the rise of monetarism. “World Crisis and the Monetarist Answer,” in Karel Jansen, ed., *Monetarism, Economic Crisis and the Third World*, London: Frank Cass, 1983. It was elaborated by David Harvey in his *A Short History of Neoliberalism*, Oxford: Oxford University Press, 2005.

~~beat them at the polls in more than a dozen elections. But he also let them get rich. Oil revenue gave him a luxury no other Latin American populist enjoyed: the ability to defer indefinitely the need to repress anybody in order to appease private investors. So, unlike Vargas or Perón, he never did. As long as oil prices stayed high, the state could satisfy all constituencies. Among the elite, hatred of Chávez was intractable. Their vision for Venezuela was that of a liberalised economy governed not by hectoring lectures on Bolivarian virtue but by the laws of free trade, with well-stocked malls, easy credit, functioning ATM machines, good restaurants, affordable domestic help and quick flights to Miami. They never accepted Chávez's legitimacy, or the validity of the elections he and his followers kept winning. But for the most part, the bourgeoisie was left alone to accumulate more wealth – despite perceptions, the private sector expanded during the Chávez years – and bureaucrats and military officers were free to skim. All this while rank-and-file social movements believed they were building the revolution. Today Venezuela is gripped by a crisis of extraordinary proportions, as all that Chávez helped create is collapsing.~~ To understand how Venezuela got to this point – to understand Chávez's spectacular rise and his country's equally spectacular breakdown – it helps to know something about where he came from. And it helps to know something about the country's oil.

*

Chávez was born in 1954, in Sabaneta, a village in the *llanos*, a vast savannah that rises into the Andes to the south. Oil, which was first discovered in Venezuela in 1914 and has intoxicated the country's politics ever since, is found elsewhere, around the Caribbean's Lake Maracaibo in the north, or east along the tropical Orinoco River. In *My First Life*, Ramonet describes Sabaneta as Chávez's 'own intimate Macondo', and the village does seem to have been as far removed from national concerns and the world's disquiets as Gabriel García Márquez's fictional settlement was. There are other echoes of *One Hundred Years of Solitude* in Ramonet's questions and Chávez's answers, especially when they concern Chávez's early years. There is a lush backyard filled with tropical fruit, which Chávez would boil down into sweets and hawk on his town's dirt streets; there is magical technology, like the cinema and street lights; there are Arab merchants, strong women and mostly absent men. And Chávez relates a lineage of Amerindian, African and Spanish descent even more baroque than the genealogy found on the frontispiece of García Márquez's novel.

Chávez came of age in the flush 1960s. 'Saudi Venezuela' was 'overflowing with oil'. As most of the rest of Latin America succumbed to Cold War radicalisation and repression, Venezuela remained an exception, held up by US political scientists as a model of stable governance and equitable development. Between 1959 and 1998, the two main parties – Copei, made up of Christian democrats, and Acción Democrática, a party of social democrats – used petroleum profits to fuel what was for a time an effective patronage system. When Chávez was about 12, his extensive family – father, mother, grandmother, uncle and many brothers – moved to Barinas, a sleepy provincial city, where they took up residence in a 'social housing estate', complete with 'tarmacked streets, running water, electricity', financed by a 'workers' bank', capitalised with petroleum revenue. 'For us this meant climbing the social ladder,' Chávez says. 'I started getting used to it.' Many of the men of Barinas travelled to Lake Maracaibo to work oil rigs, sending back their income to their families. Chávez's father, a steadfast Christian democrat, drew a state salary teaching at a rural school. His older brother, Adán, who would later influence Hugo's politics, became a 'hippy' activist while at university, making contact with the various New Left organisations trying to crack the duopoly.

Chávez was shaped through and through by a welfare state made possible by oil. 'I was a very happy child,' he says. Class *ressentiment* was not the source of his fusillades against Venezuela's oligarchy. 'I was poor,' Chávez says. But he was fed, clothed, housed, schooled, tended to by doctors and encouraged. He passed his youth in an idyll made possible by petroleum, 'selling fruit, flying kites made of old newspapers, fishing in the river with my father, playing ball'. Provincial children of a similar social class in oil-importing countries which were even poorer, such as Colombia next door, or in Central America or the Caribbean, had considerably less favourable life chances. Even so, Chávez only occasionally mentions oil as he narrates his early years. The commodity chain that for more than a century has made all other commodity chains possible remains a faraway abstraction. The *llanos*, to use Ramonet's allusion, was a Macondo without a plantation. Unlike Macondo's bananas, oil, at least in Chávez's early life, isn't a destroyer of community. It provided the jobs and financed the social assistance that made towns that were far away from the boom, like Sabaneta and Barinas, seem timeless. The timelessness was largely a mirage, made possible because the petroleum economy channelled the excess population out of the countryside while sending back wage remittances and revenue in the form of public services. Low population density mitigated the class stratification and extreme wretchedness found elsewhere in Venezuela, especially in its overcrowded cities,

allowing those *llaneros* who stayed behind to reproduce the rhythms of traditional life. The circus 'came every October', Chávez remembers. 'I was really happy. My grandmother let me buy a ticket out of the sweets' sales. I loved the trapeze artists.'

Chávez had to venture out of the grasslands to find a world more directly dictated by oil. At the age of 17, he enlisted in the army and travelled to Caracas to begin classes at Venezuela's elite military academy. He was stunned when he first caught sight of the geography of the city, which was 'literally enclosed by a gigantic belt of poverty cascading down the hillsides'. All the many manifestations of the nation's power and wealth pulsed below, in the asphalt and cement flatlands of the city proper: the oil traders and money movers in the business district, the cadets parading at the military academy he would soon attend, planes taking off and landing at La Carlota air force base, the activity around his future home, Miraflores, the presidential palace, and the constant movement of construction workers putting up ever increasing numbers of luxury offices and residences. No matter how bad the economy, the cranes in Caracas are never still. 'Later,' Chávez says, 'I understood,' and he gives Ramonet a brief course on what is known as the 'oil curse': as petroleum came to dominate the national economy, surging revenues increased the value of the currency until it was cheaper to import the food and goods that had previously been made and grown at home. Farms were abandoned, cities sprawled and the welfare system created by the two-party state could hardly keep up. 'I was shocked when I discovered the mass of poverty,' Chávez tells Ramonet. 'I never dreamed such unfathomable poverty could exist in Venezuela, one of the richest countries on the continent. I soon started wondering what kind of democracy this was, to so impoverish the majority and enrich a minority. It seemed to me unjust.'

*

It's difficult now to imagine, at a time when the world sits on the brink of an oil-induced climate catastrophe, but Chávez came of political age at a time when many believed that petroleum might provide a progressive solution to global problems. Precocious but apolitical when he started as a cadet in 1971, Chávez graduated as a committed revolutionary four years later. During that period, the price of a barrel of Venezuelan oil had soared from \$2.93 to \$14.06, with state oil revenue increasing from about \$1.4 billion to \$9 billion. In 1975, Chávez's final year at the academy, the country's president, the social democrat Carlos Andrés Pérez, nationalised Exxon, Shell and Mobil's Venezuelan holdings, creating the state oil company *Petróleos de Venezuela* (PDVSA). Pérez followed up with a speech to the UN in which he argued that oil profits should be used to reform the global political economy. 'The construction of a New International Economic Order,' he said, 'is required as a desideratum of peace.' Much has been made of the idea of 'carbon democracy', the term coined by the political scientist Timothy Mitchell to explain his thesis that what we know as modern mass democracy was made possible by cheap, plentiful oil. But equally vital in the 1970s was 'carbon solidarity', the idea that weaker nations might use oil as leverage against the strong.

*

A year earlier, in 1974, the UN General Assembly had adopted the founding document of this would-be new order, the Charter of Economic Rights and Duties of States. These included the right of governments to nationalise industries and to bargain collectively in order to fix the price of basic commodities, a global tariff structure that gave preferential treatment to poor countries, and a transfer of technology and scientific knowledge from developed to less developed nations. The call for a New International Economic Order – the NIEO – was a worldwide phenomenon, thanks to postwar decolonisation and the rise of the Non-Aligned Movement. But its intellectual origins are found in Bolivarianism, the Latin American ideal according to which political sovereignty is meaningless without economic sovereignty. Venezuela was key in turning this regional understanding into an accepted part of international law and it was an influential founding member of Opec, the Organisation of Petroleum Exporting Countries, in 1960. In 1969 one of its top diplomats, Manuel Pérez Guerrero, became the director of the UN's Council on Trade and Development, which produced many of the legal justifications for the NIEO.

'That's cheap, give me two' is a phrase associated with the oil boom of the 1970s and early 1980s, when well-to-do Venezuelans were spending freely on imports. But it could also apply to the luxury of being able to afford both American-style consumption and Bolivarian solidarity, both NIEO idealism and corruption. In 1974, the Venezuelan Congress extended 'special powers' to President Pérez, giving him complete discretion to legislate and spend. He nationalised industries, limited foreign influence in banking and commerce, and launched a massive programme of state-controlled industrialisation. Money flowed lavishly and unaccountably to projects that were often wishful, wasteful and venal. 'Anyone who had the tiniest bit of power began stealing shamelessly,' Chávez tells Ramonet. Pérez, he says, 'presided over the greatest wave

of corruption in living memory... The rich got even richer and amassed colossal fortunes, while the poor received mere crumbs from the oil money table.' At the same time, however, Pérez was pledging to put Venezuela's oil at the 'service of Latin America, at the service of humanity', in order to wipe out the 'last traces of colonialism' and turn socialism into a 'planetary reality'. Venezuela's foreign policy during these boom years called for debt relief, nuclear disarmament, an end to the arms race, access to the sea for landlocked Bolivia, lifting the US embargo on Cuba, and the creation of a Latin American Economic System that would function free of Washington's interference. Pérez proposed using Opec as an 'instrument of negotiation for the construction of the New International Economic Order'.

*

None of these things happened. Opec was both a product of NIEO thinking and inimical to it. For decades, developing nations had argued that political sovereignty required control over the resources within their borders. Opec understood this argument, but then undercut it, dividing the tenuous unity of the Third World into two tiers: oil exporters and oil importers. With every rise in the price of oil, oil-importing countries had to borrow more to meet their energy needs. With every petrodollar placed in New York banks, the value of the US currency increased, and with it the value of the dollar-denominated debt that poor countries owed to those banks. A central demand of NIEO reformers, then, was to socialise petrodollars, to use them to capitalise a public fund – a 'South Bank', perhaps administered by the IMF or Opec – that would help the vast majority of non-oil-producing nations by subsidising their energy needs; it would also act as a buffer against the price fluctuations of other commodities.

Middle Eastern oil producers balked. Saudi Arabia and pre-Revolutionary Iran paid lip service to the NIEO but refused to back it up with petroleum power. They neither allowed their prized commodity to be used as a bargaining chip to increase the price of other natural resources nor permitted the creation of an oil-capitalised public bank. Instead, Riyadh and Tehran provided a pittance to Opec's 'special fund' and the IMF's 'oil facility', while cutting side deals with Washington and using the bulk of their petrodollars to purchase billions of dollars in arms and depositing the rest in private banks.[*] Venezuela tried to go it alone. In the early 1980s, Pérez's successor, Luis Herrera Campíns, continued to distribute millions of petrodollars to Latin America and the Caribbean's poorest countries, including El Salvador, Guatemala, Panama, Honduras and the Dominican Republic. For a time, this support helped keep alive the remnants of the New Left in the region, subsidising Jamaica under its social democratic prime minister Michael Manley, and Nicaragua after the Sandinista revolution in 1979. But by 1983 oil prices had collapsed and Venezuela's two-party system had begun its long unravelling.

Chávez, then, is best understood as an heir to the ideals of the NIEO, and its quixotic effort to use oil to broker reform. By the time of his inauguration in early 1999, petroleum prices were at a historic low and Venezuela was close to pulling out of Opec altogether. The state oil company, PDVSA, was by now in the hands of a cohort of technocratic managers who had effectively turned it into a booking agency, extending easy licences to international oil companies to work various fields, opening the company up to foreign capital and investing its revenue abroad to keep it out of the hands of the public bursar. Their ultimate goal for PDVSA was to depoliticise oil by defining it as a pure commodity governed only by the law of international supply and demand, killing, once and for all, the Bolivarian ideal.

Chávez knew that the best way to gain control over oil revenue was to restore the effectiveness of Opec. In early 2001, his first oil minister, Alí Rodríguez Araque, became Opec's general secretary, and he managed to achieve a level of unity among oil-exporting nations not seen since the early 1970s. Opec nations not only agreed to a production cut, but agreed to give Rodríguez unprecedented authority to decide targets for future output as he deemed necessary, without having to consult the organisation as a whole. Mexico, not a member of Opec, committed to adhering to Opec quotas too. Oil prices began to rise, helping Chávez take control of PDVSA and beat back efforts to oust him.

In the years after 2006, with help from progressive governments in Brazil and Argentina, Chávez put his efforts into re-creating the 1970s ethos of Third World solidarity. Like Pérez before him, he sponsored international organisations, including the Unión de Naciones Suramericanas, the Alianza Bolivariana para los Pueblos de Nuestra América, Petrosur and Banco del Sur, all in the interest of furthering Latin American integration outside the influence of Washington. Venezuela's establishment of the transnational news network Telesur in 2005, along with Chávez's constant efforts to build up alternative 'community' media at the expense of corporate news outlets, closely followed recommendations issued under the auspices of Unesco in the

late 1970s. As a corollary to the NIEO, the 'new world information order' was meant to break the monopoly that First World wire agencies had on news and that corporate networks had on culture (in the 1970s, Pérez had to give up plans to establish a national public TV and radio network as a result of a backlash by private broadcasters).

Chávez also resurrected mechanisms by which Venezuela could distribute oil to poor countries while remaining faithful to Opec's quotas and prices. These included the creation of a credit and barter system and the extension of long-term, extremely low-interest loans to finance the purchase of oil. Within a year of its founding in mid-2005, Petrocaribe, one of the organisations set up to administer this system, had extended a billion dollars in financing, matching the loans offered by the Washington-based Inter-American Development Bank. Chávez's repoliticisation of oil caused fury in the US: it was a relic of a world that US neoconservatives and neoliberals alike thought they had left behind with the end of the Cold War. The administrations of both George W. Bush and Barack Obama pressured countries not to enter into deals with Petrocaribe. In 2006, for instance, the State Department lobbied Haiti not to take a 25-year line of credit, financed at 1 per cent interest, to buy Venezuelan diesel and unleaded fuel, even though, as the US embassy in Port-au-Prince acknowledged, the deal would save Haiti a hundred million dollars a year and protect its vulnerable economy from spikes in energy cost. At one point, Venezuela was even sending fuel aid to the Bronx and Boston.

My First Life ends on the threshold of Chávez's Bolivarian Revolution, with his 1998 election. As an interviewer, Ramonet takes his time, returning again and again to certain topics, drawing out details about some of the best-known episodes in Chávez's story, for example looking into the question of how he kept his movement active while he was in jail. In prison, Chávez's wide reading included *The Challenge to the South*, a report issued by a commission that included many Third World economists and politicians from the 1970s, Pérez among them. Chaired by Julius Nyerere, who had been Tanzania's president during the heyday of radical development, the commission was intended to keep the NIEO critique alive in the face of the neoliberal onslaught. The report made it clear that they didn't hold out much hope of success. But Chávez relit the flame. 'I always carry [the report] with me even now,' Chávez tells Ramonet. 'I reread it and take notes. Twenty years on, its extraordinary proposals are more valid than ever.' Chávez says it is what inspired him to promote all those international institutions – Telesur, Banco del Sur, Petrosur, Unasur – to give power and voice to the 'South'.

My First Life resembles a similar set of discussions Ramonet had with Fidel Castro, when Castro was in his eighties, just before illness forced him to hand over power to his brother. Published in English in 2007 as *My Life*, Castro's interviews are introspective, ironic and often mournful. *My First Life* is more didactic. Death, it turned out, was near, though Chávez didn't even know he was ill. He holds forth on his rise, in conversations that took place at the height of his popularity, with no hint that it might all be for nothing.

Chávez died on 5 March 2013, and oil prices, as if liberated from some obligation, collapsed. Venezuela's economy began to spiral out of control. Just five years ago, the country was ahead of schedule to meet many of the UN's Millennium Development Goals. Poverty, inequality, illiteracy, child mortality rates and malnutrition had all been impressively reduced. Now, the news is of infant deaths skyrocketing, of Venezuelans going hungry and many fleeing, either overland to Colombia or by boat to Curaçao. Diseases the country hadn't seen in decades are back, diphtheria among them. Vaccination rates have fallen, hospitals lack gloves and syringes, cancer and HIV patients are buying their medicine on the black market, and filthy operating rooms could double as sets for horror movies. The 'oil curse' Chávez warned about but kept at bay has returned with a vengeance: abundant access to dollars during the boom years increased dependence on imported goods, which are now either unaffordable or unavailable. Price controls contribute to the suppression of domestic industry, as factories that recently hummed, often thanks to a government subsidy, sit idle. A fixed currency, artificially overvalued by a government committed to making payments on its high international debt, encourages a black market in US dollars that has caused spiralling inflation and depreciation.

The unity that Chávez managed to achieve within Opec is gone, largely due to competition from natural gas. Mexico's state oil company, Petróleos Mexicanos, is currently being privatised, much in the way that PDVSA was before Chávez halted the process. Petrocaribe hobbles on, though the Dominican Republic and Jamaica have recently pulled out. After Haiti's devastating earthquake in 2010, Chávez announced that Venezuela would write off Haiti's entire Petrocaribe bill, which was approaching \$400 million. 'Haiti has no debt with Venezuela. On the contrary, it is Venezuela that has a historic debt with Haiti,' Chávez said, meaning the support Haiti gave to Simón Bolívar in his fight against Spain two centuries ago. But after Caracas sent a significant

amount of free fuel to help with reconstruction, regular Petrocaribe financing started again – and debt, however low the interest and however long the terms, is still debt. Today, Haiti owes Venezuela more than a billion dollars, which Caracas has no capacity to forgive. PDVSA is indebted and practically bankrupted.

*

Politically, Venezuela is deadlocked. Chávez's long-time ally, Nicolás Maduro, who comes from a working-class trade-union family, won the presidency in April 2013 by a margin of 1.5 per cent, not a hair's breadth but close enough to allow the opposition once again to launch a campaign of destabilisation. With no evidence, the opposition cried fraud and called for demonstrations, which turned violent. Eight Chavistas were murdered. A few months later, in 2014, lethal street protests resulted in the deaths of more than forty people, the majority Chavistas or government employees. Three years of economic crisis have served to deepen ongoing inequalities. As they queue up for hours at government shops waiting for basic necessities, poor people in marginal hillside neighbourhoods can see the cranes that remain busily at work in the city's posher districts; investors, benefiting from an overvalued currency, are driving a luxury building boom like the one Chávez described seeing when he first visited Caracas in the early 1970s.

A new round of demonstrations and counter-demonstrations is currently underway, resulting, so far, in another sixty or so killings, of protesters on both sides. The violence in Venezuela is now self-propelling. The opposition, still led largely by the economic and political elites, is divided between 'moderates', many of whom have adopted the social rights language of Chavismo, and right-wing 'ultras', who believe they are waging an end-times struggle. Anti-government leaders can't call off their protests, no matter how violent they become, since that would risk diluting their power. A return to calm might create a scenario where the moderates negotiate a deal that doesn't encompass Chavismo's total extirpation (the only acceptable outcome for the ultras). Confrontational street demonstrations have to be kept going in order to retain their force. Protesters target the repressive agents of the state, shooting bullets and hurling rocks and Molotov cocktails at security forces, hoping to provoke a violent response, which will then be covered by international news outlets. But they also focus on the state's redistributive facilities, destroying health clinics and disrupting food redistribution centres. A month ago, a house in Barinas in which the Chávez family had once lived was set alight. The objective is clear: to cut off both the right (the repressive) and the left (the social and symbolic) hands of the state, rendering it incapable.

For his part, Maduro retains some support, on the streets, in government and within the military. His poll numbers are low, though not significantly worse than those of the presidents of Brazil and Colombia. He possesses, however, few of his predecessor's resources, lacking not just oil revenue but Chávez's surplus of charisma, humour and political skill. Maduro, unable to end the crisis, has increasingly sided with the privileged classes against the masses; his security forces are regularly dispatched into barrios to repress militants under the guise of fighting crime. Having lost its majority in Congress, the government, fearing it can't win at the polls the way Chávez did, cancelled gubernatorial elections that had been set for December last year (though they now appear to be on again). Maduro has convened an assembly to write a new constitution, supposedly with the objective of institutionalising the power of social movements, though it is unlikely to lessen the country's polarisation.

Marches and countermarches are usually a signal that history is on the move, that change, of some kind, is coming. But Venezuela is in stasis. Negotiations between the government and its opponents are announced, and then called off. The Vatican says it will mediate and the Organisation of American states says it will intervene, but nothing happens. Both sides, it seems, are waiting, tremulously, for the *barrios populares*, filled with working-class people, to render their verdict. Anti-government forces have called on them to join their protests, and have even encouraged them to loot and riot. These calls, for the most part, have gone unanswered. As the historian Alejandro Velasco has pointed out, Chávez acknowledged these people on a primal level, recognising them as citizens with legitimate demands and fundamental rights. In exchange, they turned out again and again on the streets and at the polls to defend the Bolivarian revolution. In contrast, anti-government forces want them as shock troops to break the deadlock. Maduro may have lost their goodwill, but social gains won in the heyday of Chavismo – schools, food distribution centres, health clinics, daycare – are still functioning, however stressed, in these neighbourhoods, and while their residents may not be actively supporting the government, they aren't yet ready to overthrow it. Meanwhile Chávez, in death as in life, continues to transcend the polarisation. According to a recent poll, 79 per cent picked him as the best president the country has ever had. A slightly smaller but still large majority say he was Venezuela's most democratic and efficient leader.

~~Is the restoration of national sovereignty assumed to be a prelude to a new international settlement or an end state in itself? If it is the former, what form should it take?~~

~~Schwöbel-Patel observes that my book shows that "neoliberalism was, and continues to be, in competition with other utopian projects. Indeed, neoliberalism has taken on the form it has today because of this competition." "If we are to think of resistance and alternatives," she concludes, "we might look at moments in which neoliberalism was deemed to be under threat or weakened."~~

~~The book worked contrapuntally by design and set out to show the victory of neoliberal institutions as anything but inevitable. It also, despite how it has been read by some, did not imply that certain norms were hardwired into the European project that cannot be reformed. In fact, it showed the opposite: that all such projects are internally contested and open to challenge. The fact of human mobility, for example, within the European Union, omitted from Somek's list, complicates any simply depiction of it as a machine lubricated only by capital flows.~~

~~That said, path dependency cannot be denied and my own logic makes the EU in its present form an unlikely candidate for alternative utopia. So if neoliberal globalism is currently weak, the non-trivial question is: what are its relevant counterpoints?~~

Enter the collective fascination with the NIEO. Some of the narrative drive of *Globalists* comes through a moral (even moralistic) story of the forces of darkness against the forces of light, with the NIEO playing the role of the latter for long stretches. Can it be that the horizon of political imagination—in my own book and the responses to it—remains the NIEO, what Sam Moyn riffs on Gunnar Myrdal to call the “welfare world”?

If so, I would argue now, against my own book, that the NIEO does not qualify as the alternative utopia we need today.

Better historians of the NIEO than I (including Getachew and Moyn) have been more forthright about its shortcomings. First, there is no contradiction between the NIEO and the principle of plutocracy. As many have pointed out, equality between nations as aggregates says little about equality within nations. If it only meant the former, then we could say that at least some of its objectives have been achieved. Branko Milanovic's elephant graph is a vision of New International Economic Distribution of Wealth (if not an Order).

More to the point is whether the vision of global social democracy and the NIEO's own demand for the endless “expansion of the world economy” is still thinkable.

I mention in the book that the NIEO emerged roughly contemporaneously with the Club of Rome's first Limits to Growth report. The first effectively suppressed the latter, in part because of its uneven attribution of blame. The poor world was being blamed collectively alongside the true rich consumers of the world's resources. A second Club of Rome report sought to account for uneven culpability and thus strengthen the argument for redistributive equality.

But here the question of whether the national or even the international is an adequate horizon remains critical. Not included in the principles Grewal excerpts is the reference in the NIEO Declaration's preamble to “the reality of interdependence of all the members of the world community.”

Every ring on the gong of sovereignty must save one too for the challenge of reconciling it with the reality of interdependence—a very 1970s conundrum we have advanced little in escaping. The fraught principle that ran through that era of the “common heritage of mankind” used to describe ambiguous and vast spaces from the seabed to outer space—and deployed as often against postcolonial demands as in support of them—also commands an ongoing reckoning.

Like many today and very few in the 1970s, I have come to believe that any blueprint for future political order must place the accelerating reality of climate change front and center. Geoff Mann and Joel Wainwright have recently suggested a range of models that might emerge in response to this unprecedented challenge. One is Climate Behemoth, premised on the full restoration of national sovereignty and an escalation of competition with little or no international cooperation. We see this at present—and it is why, as Grewal points out, the present reaction to neoliberalism is being pushed by “political entrepreneurs on the right.” This is explainable not just by the fact that the center left is “paralyzed” as Grewal suggests, though that is undoubtedly true, but also because the Right simply sloughs off the second challenge of interdependence. It exerts no drag on their counter-strategy.

Macron was a fool and a cad for trying to address climate change through a gasoline tax that unleashed the righteous anger of the gilets jaunes—but the Right would have never bothered in the first place. We might save a muffled cheer for USTR Robert Lighthizer's attacks on ISDS and support of higher wages of Mexican auto workers but climate denial is a more central pillar of today's alternative globalization of the Right—and one that the Left cannot afford to emulate.

The other option laid out by Mann and Wainwright is Climate Leviathan, a genuine world government—the apotheosis of what Grewal calls the supranational. It is unattractive and untenable too but it begs the question: should the reality of climate change put our normative questions into a new register? Is taking back control, rejecting xenos rights and BITs, enough when the ultimate challenge is one that permanent sovereignty over natural resources will do little to solve? Can we imagine a predicament in which the supranational is existentially necessary or can we rest our faith in the evolutions of the international?

It may be that I (and my respondents) made it too easy on ourselves to stick to balancing the categories of imperium (states) and dominium (property), as the protagonists of my book do themselves. Until we know where to place terra (earth) in the constitutional

settlement, I'll keep asking myself for new norms—and new descriptions.

Quinn Slobodian is an Associate Professor of History at Wellesley College.

Share
this:

Email

Print

Facebook

Twitter

Pocket

◀ On “Commerce and Civilization” – The Question of Order in the Post-Colonial World

Coming of Age at the End of History ▶

SUBSCRIBE

Enter your email address to follow this blog and receive notifications of new posts by email.

Enter your email address

Follow

🔍

Search

CATEGORIES

- 1LPE
- Book Review
- Classic Cases
- Bailey v. Alabama
- Fant v. Ferguson
- Constitutional Political Economy
- Criminal Justice Reform
- Cross Post
- Ecological Reproduction
- Globalists Symposium
- LPE Network
- Political Economy of Technology
- Public Policy
- Racial Capitalism
- Recent Scholarship
- Role of Courts
- Social Movements & Activism
- Social Reproduction
- Symposia
- Color of Money Symposium