Development and International Economic Cooperation:

The New International Economic Order

Background

Developing countries believe that traditional trade, investment, monetary and transport arrangements are intrinsically biased against them. They believe that these arrangements favour developed countries where finance and industrial production are concentrated at the expense of more distant, generally resource-based economies. The growth of the multi-national enterprise has tended to reinforce the belief that developing countries' interests are being overlooked.

There is some warrant for the belief:

- multilateral tariff negotiations have tended to focus on sectors of interest to the major industrialized countries and have in some cases increased effective protection against developing country manufacturers by increasing tariff escalation (even though lowering overall tariff levels).

- special import restrictions have been imposed on low-cost manufactured products, such as textiles and footwear, which may have been of particular interest to developing countries.

- developing countries cannot match the export finance available to support the exports of developed countries.

- devaluations and floating exchange rates in major industrialized countries have made it difficult for some developing countries, distant from money markets and lacking expertise, to maintain the value of their reserves or the return on their exports.

At the same time, however, the claim of discrimination has, in large measure, been exaggerated. Most developing countries have, by virtue of the "most-favoured-nation" principle, benefitted from past trade negotiations. The remarkable managerial skills of the multi-national enterprises, and the manifold technical advances they have