

5. Producer Cartels: Trade Unions of the Third World

Robert Martin and Lars Osberg

1. Introduction

Producer cartels, involving primarily the underdeveloped states of Africa, Asia, Latin America, and the Caribbean, have recently become a significant feature of the international system.¹ Their emergence has produced significant changes in international economic relations. These changes have been reflected in international law and have important implications for international human welfare.

This chapter draws an analogy between the development of producer cartels internationally and the development of trade unions within western capitalist states. In both instances, widespread economic discontent based in class conflict led to "combinations in restraint of trade". The functioning of these combinations was initially at variance with established legal norms. Nonetheless, the emergence of trade unions as economic institutions was gradually accommodated within capitalist legal systems and a new branch of law, labour law, was created in order to regulate them. The existence of producer cartels has forced, and will continue to force, comparable changes in the international legal system and will produce similar problems for international relations. In particular, the "free trade" espoused by developed capitalist states will give way in the same manner as "freedom of contract" has, in some industries, been replaced by collective agreements.

The emergence of both trade unions and producer cartels has been shaped by the historical conditions in which they arose. Trade unions arose when individuals used their new legal freedoms (after the abolition of serfdom) to unite for common economic advantage; producer cartels have arisen, since the end of formal colonialism, for the same basic reason. In our view, however, neither poses a fundamental challenge to the survival of capitalism, either domestically or internationally. Members of successful cartels are likely to perceive an interest in the continued health of the economic system in which they have gained so much wealth - and O.P.E.C. is a prime example. It is the "unorganized" sector of the world economy, nations which do not possess a cartelizable export, who face the greatest future difficulties.

2. The Colonial Period

Prior to the end of the Second World War, most of the states of Africa, Asia, and Latin America, did not exist as subjects of international law. What we now refer to as the Third World was largely owned, as colonial possessions, by the developed capitalist states. As a result, international law, and particularly international economic law, was a body of principles which governed relations among capitalist states.² Foreign relations involving different Third World peoples were carried out between those peoples' European rulers. Thus, for example, treaties were concluded which affected the people of Tanzania, on the one hand, and the people of Rwanda and Burundi, on the other, but the only parties of such treaties were the British Crown and the Belgian Crown.³ Not only did international law not recognise the territories of Asia, Africa, and the Caribbean as sovereign states, it regarded their colonisation as legitimate. When the European powers sat down at the Berlin Conference in 1885 in order to carve up Africa, no suggestion was raised that such action violated established norms of international law. International law contained no strictures against slavery or the slave trade, at least until the British began to find the slave trade inconvenient.⁴ The British pillaged India, the Spaniards ransacked Mexico and Peru, the slave trade devastated much of Africa but no protest emanated from recognized international fora.

International law, during this period, sanctioned such behaviour by metropolitan powers. Similarly under feudalism the sovereignty of the lord over the serf was recognized by law. The lord owned the land and, thereby, the serfs who lived on it. The treatment of both serfs and colonies was very much at the whim of their over-lord. In some cases (Uganda) it was fairly benign, in others (The Congo under Leopold) it was despotic, but in all cases it was inconceivable that the colonies of different European powers should act in concert in defense of their own common interests.

3. Political Independence - Free Labourers

Since 1945 dozens of sovereign states have come into existence in Africa, Asia, Latin America, and the Caribbean as Third World nationalist movements have forced the former colonial powers to relinquish direct political control. These new states realise, however, that they neither owe their independence to existing tenets of international law, nor did they play any part in framing the rules and institutions of international law by which they are now, apparently, to be bound. Third World states have, therefore, attempted to change the system of international law so that it may begin to reflect their particular interests.

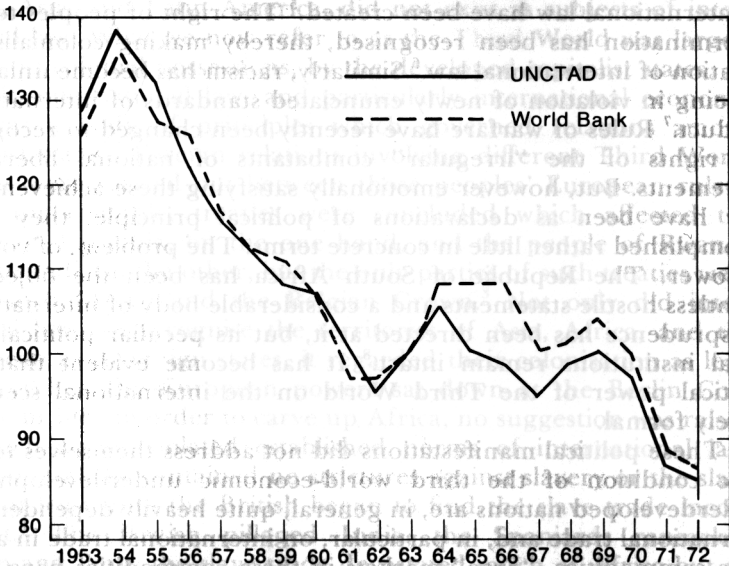
On one level, this has occasioned a re-evaluation of international political norms. Resolutions have been sponsored, and gradually adopted, condemning colonialism, racism, and apartheid. New rules of international law have been created.⁵ The right of peoples to self-determination has been recognised, thereby making colonialism a violation of international law.⁶ Similarly, racism has become unlawful as being in violation of newly enunciated standards of international conduct.⁷ Rules of warfare have recently been changed to recognise the rights of the "irregular" combatants of national liberation movements. But, however emotionally satisfying these achievements may have been as declarations of political principle, they have accomplished rather little in concrete terms. The problem, of course, is power. The Republic of South Africa has been the object of countless hostile statements and a considerable body of international jurisprudence has been directed at it, but its peculiar political and social institutions remain intact.⁸ It has become evident that the political power of the Third World on the international scene is largely formal.

These political manifestations did not address themselves to the basic condition of the third world-economic underdevelopment. Underdeveloped nations are, in general, quite heavily dependent on international trade and, in particular, on international trade in a few basic commodities. "Free" markets in these commodities have over the last thirty years demonstrated two very conspicuous aspects—a long-run tendency towards a decline in the terms of trade of developing countries and great short-run price instability. Both tend to perpetuate underdevelopment.

Table 1 illustrates the fact that since the early 1950's the terms of trade of developing countries, i.e., the ratio between the prices at which they export raw materials and the prices at which they import manufactured goods, have more or less steadily worsened. This cut in the "wages" of the Third World has been explained by some as due to a lower income elasticity of demand for raw materials as opposed to manufactured goods; that is, the demand for Third World exports has increased at a slower rate than the demand for the exports of developed countries, hence raw material prices have fallen relatively;⁹ others point to the high rate of technological change in developed countries in the development of synthetic substitutes for many of the exports of Third World nations; still others focus upon monopsonistic buying by transnational corporations and their dominance of the export markets of Third World countries.¹⁰

During the colonial period, the export sector was usually given the highest priority by government planners, with the result that it is still very often nearly identical with the "modern" sector. When much of the rest of the economy is engaged in subsistence produc-

Table 1
Comparison of World Bank and UNCTAD indices of the terms of trade for developing countries of primary commodities, 1953-1972 (1963 = 100).



Source: UNCTAD, TD/184 Supp. 2, p. 8.

tion, it is also the major source of surplus for reinvestment and the only source (apart from tourism, remittances or foreign aid) of the foreign exchange needed for modern capital equipment. The Third World also has more, relatively, to lose in its trade with the developed world: Third World exports destined for the developed countries formed 11% of their gross domestic product but developed countries' exports destined for the Third World formed only 2% of their G.N.P.¹¹ As a group, Third World countries are more dependent upon international trade than developed countries and this decline in their terms of trade is of crucial importance to their entire development effort.

Price instability in raw material exports is especially important to the Third World since "by and large, the countries whose exports are heavily concentrated on primary products are underdeveloped ones."¹² Exceptions exist, but most of the poor nations of the world depend on the export of two or three primary commodities for the vast bulk of the foreign exchange which finances the machinery and the capital equipment on which their future development depends. Several are almost entirely dependent on the market for a single commodity; for example, Bangladesh, for whom jute is 85% of exports;¹³ Ghana - 69% of exports are cocoa or cocoa butter;¹⁴

Gambia – where 86% of exports are groundnuts or groundnut oil;¹⁴ Chile – 76% dependent on copper.¹⁵

Countries such as these are clearly more interested in what is happening to the price of “their” commodity than in the overall trend of all primary goods. The prices of primary goods are more unstable than the prices of manufactured goods and this instability is particularly hard on nations that have concentrated production for export on one commodity.¹⁶ Between 1954 and 1965, for example, Ghana more than doubled her cocoa exports but declining prices meant that total foreign exchange earnings fell by 20%.¹⁷ Nor are cocoa prices unique: in recent years sugar prices have ranged between \$.109 per pound and \$.592 per pound, coffee between \$.48 per pound and \$3.40 per pound.¹⁸

Instability in prices and instability in amount produced are clearly interrelated. Many of the crops of the Third World (e.g.: coffee, cocoa or sisal) have immature periods of two to three years before production begins. A boom in prices therefore produces an expansion of acreage, whose effect is to glut the market and depress prices a few years into the future. Orderly planning for development obviously becomes extremely difficult. When less-developed countries lack an adequate reserve of foreign exchange to cushion the blow of a fall in price governments must cut back imports. “Disrupted and uncertain public services and development programmes are a major cost of export instability.”¹⁹

Another cost is the distortion of economic priorities and investment. “The big killings (for businessmen) are always to be made in the country’s principle commodities. Other profit possibilities pale into insignificance. This engenders a kind of raw material mentality that leans toward speculation (rather than production) . . . It moulds the economic climate, infuses uncertainty into all plans and narrows the investment horizon. Economic Development is the victim.”²⁰ Furthermore, where natural products, such as jute or sisal, compete with synthetic substitutes for their final market, instability of price and availability is in itself a severe long-run competitive disadvantage.

Recent econometric work indicates that the main *economic* impact of export instability is to decrease the long-run average proportion of GNP consumed rather than the rate of growth of GNP.²¹ The *political* impact of wide fluctuations in prosperity is, however, often to decrease the life expectancy of Third World governments. Can one then wonder why such regimes would wish to shield themselves from the instability of the “free” market and substitute a cartelised system of known quotas and agreed prices?

One should, moreover, place the “free” of “free market” in parentheses since prices in many raw material markets may fluctuate as a result of conscious corporate planning rather than the forces of

competition. The former U.S. Deputy Special Representative for Trade Negotiations has recently written:

In the ideological discussion of the virtues of the free play of market forces, there is an implicit assumption that prices have fluctuated in recent decades without any significant form of direct management. However, world transaction prices often reflect the internal price management of large international corporations. In the case of mineral ores and concentrates, for example, there are few world market transactions, most of the transactions being internal, within companies, based on administrative decisions concerning appropriate transfer prices. Where an open market does exist for raw materials, it is usually a thin market, representing only a small fraction of the total value of unprocessed and semi-processed materials generated.

Integrated multinational enterprises carry out their internal transactions under controlled conditions with administratively determined pricing and accounting. In fact, large corporate systems are really central planning entities which frequently substitute internal administrative arrangements for market forces. Moreover, such entities may well relate day-to-day market practice to long-range investment objectives and their desires to fend off potential competition from other producers or from substitutes.²²

The institutional mechanism which has produced the adverse terms of trade confronted by Third World states has been international "free" trade. A system of free trade treats the economic relations of states in much the same way as freedom of contract treats the economic relations of individuals within a state.²³ The "free" labourer who emerged as a result of the bourgeois-democratic revolutions occupies conceptually the same legal and economic position as the independent Third World producer state.

Freedom of contract is an essential legal mechanism in the operation of a system of production based upon laissez-faire capitalism. It denotes a system of economic organisation within which the degree of direct state interference in economic matters is minimal. Contracts, legally binding agreements affecting economic relations, are concluded after a notional process of bargaining between parties. It is up to the parties themselves to establish the terms of a particular contract. The function of the law is, then, to ensure that the contract is carried out in accordance with its own terms. A court dealing with a dispute over a contract has, with a few exceptions which are not relevant here, only the power to insure that a contract is enforced. It has no jurisdiction to add new terms to the contract or delete existing terms. The court seeks to discover the "intention of the parties" from the language they have used in their contract, then purports to give effect to that intention.²⁴

Freedom of contract serves both an instrumental and an ideological function. It both operationalises the normative theory of

voluntary exchange and provides an ideological justification for a particular mode of production. Freedom of contract is, then, the embodiment in economic matters of equality before the law, a fundamental juristic concept in all bourgeois legal systems. The obvious contradiction in the application of such a concept derives from the fact that, however legally equal they may be, all people in a capitalist society are clearly not materially equal. To consider people who are not materially equal as if they were equals is simply to perpetuate inequality. Nominal equality before the law serves as an ideological device to mystify the perpetuation of class divisions.²⁵

In practice, freedom of contract means that the economically stronger party may dictate contractual terms to the economically weaker. The mythical equality which exists between the parties allows the law to enforce their bargain no matter how onerous it may be for the economically weaker.²⁶ The most significant concrete example of freedom of contract was found in the contract of employment. The individual worker was said to have bargained with his employer in order to reach a mutually acceptable contract. The reality was that the worker was paid slightly above the subsistence level. The doctrine of freedom of contract ensured that the law had no role to play in reviewing such bargains. Similarly under "free trade" there is no international intervention to alter the prices at which importers and exporters exchange goods. Any inequalities which may exist in bargaining power are therefore reflected in international prices. In practice this has meant that the transnational corporations of the developed world have reaped extremely large profits from their activities in underdeveloped nations.²⁷

It is well known that during the latter part of the 19th century, Britain was strongly committed to free trade. Free trade meant that British manufacturers had access to international markets without hindrance during a period when they were the most efficient in the world. While the United States was not quite so well placed in 1945, that country, having been staunchly protectionist during the late nineteenth and early twentieth centuries, became the leading advocate of free trade after the Second World War.²⁸ Although the Atlantic Charter of 1941 contained a generalised commitment to free trade, the major policy initiatives supported by the United States were found in its "Suggested Charter for an International Trade Organisation". This document was presented to a preparatory meeting held in London in 1946. It proposed the creation of an international structure within which most existing trade barriers would be removed. In fact, despite its clear pre-eminence, the United States was unable to force acceptance of this scheme. The Havana conference of 1948 salvaged from the 1946 initiative a charter which provided for the establishment of an International Trade Organisation. The Havana Charter was, however, never

finally accepted by all the countries which had originally signed it and eventually disappeared. Its place as the central legal instrument for the regulation of international trade was taken by the General Agreement on Tariffs and Trade, an agreement originally conceived as merely an interim measure.

The GATT, despite its clear commitment to free trade as an overriding principle of international economic relations, did not contain any provisions dealing specifically with monopolies and cartels. Both the original United States proposal for an International Trade Organisation and the Havana Charter had contained strictures against international cartels. Although these did not find their way into GATT, the United States continued to seek agreement on rules for controlling cartels. The Economic and Social Council of the United Nations discussed the question during 1953. The members of GATT commissioned a report on "restrictive business practices" which was completed in 1959. In addition, a resolution was adopted which clearly expressed the view that the operations of international cartels contradicted the basic aims of GATT.

Many of the industrialised states have provisions in their municipal legal systems which seek to limit monopolies or combines. Such laws have proven to be ineffective in the regulation of international cartels. Commentators who favour the control or elimination of international cartels recognise that this could only be achieved through international means.²⁹

Further refinements in GATT indicate that unrestricted free trade was perceived not to be in the interests of Third World states.³⁰ From the first meetings in London in 1946 it was clear that an international economic system based on free trade would have to include some kinds of exceptions in favour of countries which had been ravaged by war or colonialism. These exceptions are to be found primarily in the much-amended Article XVIII, as well as in Articles XII and XIV. In essence, these provisions of GATT permit Third World states to adopt measures which are inconsistent with GATT in the interests of their own economic development.

Third World governments are not swayed by appeals to the desirability "in principle" of free trade. Many remember with cynicism their colonial past when administrative regulation, licensing, quotas and marketing boards were widely employed (when convenient) by the colonial powers without implying any diminution in "free market" rhetoric.³¹ Their cynicism is undoubtedly deepened by their own experience with the barriers which their manufactured exports face in the markets of developed countries. The imposition of quotas and punitive duties is a routine response when imports threaten domestic industry; for example, the 1977 Canadian quotas on textile imports.

4. Producer Cartels - Trade Unions

Since the early 1960's Third World countries have joined in attempting: "To improve the terms of trade of developing countries, and to ensure an adequate rate of growth in the purchasing power of their aggregate earnings from their exports of primary commodities, while minimizing short-term fluctuations in those earnings; and (ii) to encourage more orderly development of world commodity markets in the interests of both producers and consumers."³² UNCTAD was established in 1964 by the world's poorer nations as a counter-weight to rich men's clubs such as the O.E.C.D. A clear aim of UNCTAD was to seek the establishment of more equitable terms of trade. For example, UNCTAD has attempted, since its second meeting in New Delhi in 1968, to persuade the wealthier states to accept a Generalised System of Preferences for the exports of the Third World. Such a system is, potentially, of great benefit to the manufacturing industries of the Third World and is firmly in keeping with a general commitment to free trade.

It is noteworthy that Canada and the United States were the last western countries to accede to the G.S.P. and that the benefits of G.S.P. have been substantially lessened by the widespread imposition of import quotas by developed nations in the many instances when their domestic industries have been threatened.³³

Regional trading blocs have also been established in an attempt to evade the barriers to exports faced in the wider international market. Among the significant initiatives taken so far have been CARICOM,³⁴ ECOWAS,³⁵ and the East African Community.³⁶ Such arrangements have had mixed results. The East African Community, which established a customs union, a common market, and a common services organisation, has now effectively collapsed. The fact that the member states of the community were at different levels of economic development and the different stances the three states have attempted to adopt towards overseas capital probably guaranteed that this association would fail.

The producer cartel is yet another attempt by Third World states to alter the basis of international economic relations. Contemporary economic relations offer poor nations unstable and generally declining prices for their exports. Producer cartels develop, therefore, with the dual aim of stabilising and raising prices. A producer cartel may also seek political ends through denying a commodity to a particular importing state or group of states, although such tactics may lead to the creation of divisions among the members of a cartel.

International free trade is not consistent with the existence of strong producer cartels. One can anticipate that a fully developed

producer cartel system will substitute bargaining among producer and consumer groups and a form of international economic planning for the play of "free" market forces. In the capitalist states the most significant assault on freedom of contract was a similar development of strong trade unions and legally sanctioned systems of collective bargaining.

Under collective bargaining, the employer no longer bargained individually with each free labourer, but with a collectivity which represented all his employees. The union overcame the weakness of the individual worker under individual freedom of contract. Unions were organised to oppose the purchasers of labour and were successful in raising wages because of their ability to control the supply of labour. Producer cartels perform a similar function at the international level.

Trade unions were successful because they were organised in the workplace. They were a concrete response to the process of production. Conversely, earlier workmens' associations failed because they addressed themselves not to material conditions but to abstractions.³⁷ Producer cartels have, similarly, achieved a certain degree of success because they were organised as a response to the system of commodity export created by imperialism. More abstract Third World attempts at solidarity – the non-aligned movement, pan-Africanism, pan-Islamism – have had little impact for precisely this reason. Concrete action aimed directly at existing material relations has yielded far more benefit than any number of pleas, pronouncements and exhortations.

Producer cartels face organisational problems which are analogous to those of unions. These will generally fall into two categories – ensuring prospective adherents that the costs of joining are sufficiently low so as to make membership attractive and then policing or enforcing any agreement which is established.^{38,39} Some commodity markets are, however, inherently unsuited to producer cartels. Restricting supply or raising prices will only produce increased total foreign exchange earnings when demand for a commodity is price inelastic. Where an easy substitution can be made (either by synthetics or by another similar good or by domestic producers in the developed country) raising the price will cause such a large decrease in the amount sold as to decrease total foreign exchange earnings. For this reason exporters of such things as natural rubber or beef are unlikely to form successful cartels.⁴⁰

Even where demand conditions are favourable the organisation of a cartel faces formidable barriers. Cartels can be organised either to set minimum prices (above "free" market prices) or maximum exports (below "free" market levels). Either sort of agreement must be policed – to prevent the sort of "secret" discounting that undermined the Agreement on Hard Fibres in the late 1960's or the

“bootleg” coffee that bedevilled the International Coffee Agreement.⁴¹ Consuming nations will attempt to “divide and rule”, to reintroduce free trade through the back door, and to lure weaker cartel members away with the prospect of immediate gain.⁴² This has caused the collapse of some cartels in the past, for example, the Organization of Banana Exporting Countries.

Where many nations must be brought into the agreement or when serious conflicts of interest exist among them, a cartel may be inherently unstable; for example, East African tea producers are well below their long-run capacity and want to increase production while Sri Lanka and India wish to restrain production to increase prices, which would also maintain their market share. Even where the numbers are limited, political differences, as in the disputes between India and Bangladesh in Jute International, may delay the formation of a cartel or producers association. Still, the Organisation of Petroleum Exporting Countries (OPEC) surmounted similar difficulties after its 1960 formation and now sets an illustrative example of the benefits of concerted action. The International Bauxite Association, CIPEC (Intergovernmental Council of Copper Exporting Countries), and the joint actions of phosphate and coffee producers are all attempts to emulate this success and so far they have been moderately successful.⁴³

A producer cartel will be more likely to succeed if: (a) product demand is fairly insensitive to price increases; (b) product supply is also fairly unresponsive to price increases (otherwise a price hike may trigger a surge in production which would put unbearable pressures on cartel policing); (c) cartel members must control most of the exported production of the commodity in question; and (d) cartel members must be able to ignore disputes they may have in other areas (as Iraq and Syria have done within OPEC) and get along with each other in the business at hand. As Bergsten puts it, “These criteria appear to be met for a wide range of primary commodities.”⁴⁴ This susceptibility to cartelisation is of great importance to developed nations because of the growing dependence of developed nations on the Third World for the supply of raw materials.⁴⁵

A crucial problem for cartel members lies in the tradeoff between short-run benefits and potential long-run costs. Product demand is often fairly inelastic in the short-run, but much more price-elastic in the longer term. Caffeine “addiction” meant many consumers initially tolerated high coffee prices but continued high prices produced by mid 1977 a substantial drop in per capita consumption. Should these changes in consumer buying patterns persist, markets may be lost (to tea and other substitutes) even should prices fall again. Similarly, oil-importing nations had little option in the early 1970’s but to pay OPEC price hikes, but these

price increases have sparked a world-wide emphasis on conservation and the development of alternate energy sources, which tends to reduce the long-run increase of demand for oil. OPEC members such as Iran and Algeria (whose exportable surplus will decline drastically in the 1980's) have little to lose by such long-run trends and hence push for immediate price rises; Saudi Arabia and Kuwait, with decades more of reserves, have a great interest in moderating current price hikes.

Management of supply is also easier in the short-run. Collusion among the four main producing nations is at least partially responsible for the recent rise in coffee prices.⁴⁶ Until new plantings mature (in five years) their control over prices is unlikely to be broken – but coffee can be grown in many areas of the world. It remains to be seen whether the enormous returns that now exist in coffee will tempt such a large increase in plantings elsewhere in the world that prices will fall when this acreage comes into production.

In short, cartels are likely to be attempted in many commodities but only some will be stable over long periods. Other markets can be cartelised successfully for varying periods of time and a few not at all. The policing of these cartels and the resolution of disputes arising from them will produce an increasingly large amount of jurisprudence.⁴⁷ Since so many of the world's nations share an interest in ensuring that "their" cartel is successful, they also share an interest in establishing international institutions to regulate and to adjudicate disputes among cartel members.

At this point a distinction must be drawn between producer cartels, on the one hand, and commodity agreements, on the other. Commodity agreements have been a feature of the international commodity system since before the Second World War.⁴⁸ A commodity agreement is a collective arrangement involving both suppliers and consumers. The major states involved in trading a given commodity will reach certain agreements and establish a body to administer these agreements. The tendency has been for commodity agreements to be dominated by the major importing states. As is the case with producer cartels, the members attempt to control supply in order to dampen price fluctuations. In the result, while some success has been achieved in controlling prices, these agreements have primarily benefited the consumer states. For this reason the advanced capitalist states strongly support commodity agreements.⁴⁹ Many of the more significant commodity agreements have been allowed to lapse in recent years and it is likely that this form will disappear from international economics.⁵⁰

The early organisation of unions was resisted with the full coercive power of the state. Only the growth of working class political power brought about their acceptance. Producer cartels were, of course, inconceivable throughout the period of direct

colonial rule. During the 50's and 60's the potential, or, where necessary, actual, military power of the United States and its allies could be deployed to deter, or crush, attempts by Third World states to achieve economic independence. Following its defeat in Vietnam, it appears that the United States no longer possesses the political power to play such a role. It is, for example, impossible to imagine that OPEC could have successfully imposed an oil embargo on the western states in the early 60's.⁵¹

While not able to intervene militarily, the western states have made their opposition to producer cartels clear. At the rhetorical level this has meant more or less hysterical denunciations by political figures, editorial writers, and academics.⁵² At a more practical level it has meant attempts, on the one hand, to break particular cartels through economic means and, on the other, to resuscitate a system of commodity agreements on a commodity by commodity basis.

To the extent that U.N. General Assembly resolutions constitute a source of international law, it is now the case that international law explicitly recognises the legitimacy of forming producer cartels and, indeed, appears to advocate their adoption and extension. The Declaration on the Establishment of a New International Economic Order adopted by the Sixth Special Session of the General Assembly in May 1974 provided the basis for this recognition.⁵³ It states in Article 4 that the new international economic order should be founded on full respect for the following principles:

- (j) Just and equitable relationship between the prices of raw materials, primary products, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy;
- (t) Facilitating the role which producers' associations may play within the framework of international co-operation and, in pursuance of their aims, inter alia assisting in the promotion of sustained growth of the world economy and accelerating the development of developing countries.

The importance of producer cartels was further underlined in the Programme of Action on the Establishment of a New International Economic Order which was adopted at the same time and which called for efforts to be made to "facilitate the functioning" and "further the aims" of producer cartels.⁵⁴

The implications of these provisions were made clear in December of 1974 when the General Assembly adopted the Charter of Economic Rights and Duties of States.⁵⁵ This Charter, which originated in the work of the third UNCTAD Conference held in Santiago in 1972, laid down in Article 5 that: "All States have the

right to associate in organizations of primary commodity producers in order to develop their national economies to achieve stable financing for their development, and in pursuance of their aims, to assist in the promotion of sustained growth of the world economy, in particular accelerating the development of developing countries. Correspondingly all States have the duty to respect that right by refraining from applying economic and political measures that would limit it." It is worth stressing that Article 5 creates both the right in states to be members of producer cartels and a corresponding duty in states which are not members to refrain from interfering with producer cartels. In addition, Articles 14 and 18 indicated that the system of international trade should progressively be revised to make it reflect more accurately the specific needs of Third World countries.

These measures dealing with producer cartels were part of a systematic assault by Third World states on the existing international economic system. This assault began with the Sixth Special Session and intensified over the next two years. It was an extraordinary expression of Third World solidarity. Meetings of representatives of Third World states at Dakar and Lima sought to give a clearer definition to this solidarity. A central issue involved was the restructuring of international trade particularly as it related to the export of primary commodities. The Dakar Conference of Developing Countries on Raw Materials, held from 3 to 8 February 1975 was concerned with consolidating gains already won. It directed itself especially at re-affirming Third World solidarity. It strongly supported the existence of producer cartels, denounced economic and political measures designed to weaken producer cartels, and called for expanded co-operation and co-ordination among producer cartels.⁵⁶ In August of 1975 the Lima meeting established a Programme for Mutual Assistance and Solidarity which created a Council of Associations of Developing Countries Producers-Exporters of Raw Materials and urged Third World states to join existing producer cartels or form new ones.⁵⁷ The Seventh Special Session, held in September 1975, represents something of a lull in the process described. There appears to have been a feeling that the rich nations might be willing to compromise. Thus, while the General Assembly reaffirmed its commitment to the Declaration of the N.I.E.O. and the Charter of Economic Rights and Duties of States, its statements on specifics were more conciliatory in tone.⁵⁸ By way of contrast, the Manila Declaration made by the Group of 77 in January of 1976 is extremely strongly worded. It condemns the existing international economic system and the refusal of the developed states to take steps to change it. The Declaration reiterates the commitment to solidarity and to the use of collective bargaining power in order to restructure international trade.⁵⁹

Established norms of international law have been amended in response to co-ordinated Third World action. It is clear that the producer cartel is today a legitimate form of international economic organisation.

Before leaving this question it should be noted that other changes in international law have been necessary in order to provide a legal basis for the formation of producer cartels. Under colonialism, and in the period immediately after independence, the major economic resources of Third World states were owned, usually directly, by foreign capital. One cannot conceive of a state belonging to a producer cartel unless that state has effective legal control over the resource which is to be cartelised. And in fact, it is normally the case that states which belong to cartels directly control the commodity in question.⁶⁰ The achievement of state control required the modification of international law so as to recognise a universal right of nationalisation on terms to be decided by the nationalising state. In 1962 the U.N. Declaration on Permanent Sovereignty over Natural Resources established a right, albeit a somewhat circumscribed right, to nationalise. However, the Declaration further provided that compensation was to be determined in accordance with rules of international law.⁶¹ Article 4(e) of the Declaration of a New International Economic Order reaffirmed permanent sovereignty and the right to nationalise, but made no mention of compensation.⁶² Any doubt which might thus have been created should have been removed by the adoption of the Charter of Economic Rights and Duties of States. The Charter stated unequivocally in Article 2(c) that states had the right to nationalise or expropriate property and that all questions of compensation would be satisfied according to the *domestic* law of the state in question.⁶³

5. Third World Ruling Classes - Labour Aristocracies

It is unlikely, however, that producer cartels will provide a fundamental challenge to international capitalism. Again, one can draw the analogy with unions. Most unions have become content to operate within a system of capitalistic production rather than in opposition to it. Business unionists such as George Meany who declare "We believe in the American profit system. We believe in free competition"⁶⁴ clearly are no danger to the capitalist system. Union bureaucrats and many members of craft unions or the stronger industrial unions form a labour aristocracy⁶⁵ in contemporary capitalist societies. Their relative prosperity has caused them to identify their interests with the maintenance rather than the removal of capitalism. Similarly, existing producer cartels have no desire for fundamental institutional change. It was widely reported in 1975/76 that Saudi Arabia attempted to restrain O.P.E.C. oil price

hikes, in order to diminish the economic dislocation and potential leftward political trends of such European countries as France and Italy.

A very significant number of people in the Third World will receive little if any benefit from producer cartels. Workers and peasants within the states involved in cartels, and states within the "non-unionised" sector can expect to receive only enough to ensure they will not interfere with the orderly operation of cartels.

Underdeveloped countries are no more socially homogenous than industrial states. Producer cartels are not instruments of the mass of the people of the Third World. They are controlled by the dominant classes of a fairly small number of states and one can expect such classes to appropriate the returns therefrom. Producer cartels have arisen within the context of contemporary imperialism, not in fundamental opposition to it.⁶⁶ They seek amendments to the international economic system, not its destruction. The classes which control the producer cartels are a labour aristocracy of the Third World, materially estranged from their own people, becoming ever more integrated with the existing world order.⁶⁷

There has been recent reference to an emerging "Fourth World" composed of those states which do not export any important commodity, which cannot be potential members of producer cartels, and which are, therefore, unlikely to share in any of the benefits of the N.I.E.O. These states have been disastrously affected by international inflation.⁶⁸ While OPEC, for example, has recognised that it has some responsibility towards such countries,⁶⁹ no *deus ex machina* has yet emerged to rescue them from their plight.

In fact, included among the Third World countries likely to benefit most from the growth of producer cartels are a number of states which are particularly closely tied to the imperialist network. Most important among this group of countries would be such "sub-imperialist" centres as Brazil and Iran. Brazil figures significantly in the international commodity trade. It has the potential to be a powerful member of a number of producer cartels. In 1973, a Brazilian government representative stated that Brazil opposed the making of special concessions to the poorest Third World countries.⁷⁰

It would, then, be a serious mistake to see producer cartels as part of a generalised process of bettering the lot of mankind or as a magical cure for the ills of the Third World.

6. Conclusions

International human welfare is only a useful concept if it arises from and relates to the global political economy, that is, if it is seen in concrete terms. The most significant fact of the contemporary world

is that the majority of human beings are mired in hunger, disease and ignorance. In our view, this situation is unlikely to change under capitalism. There is clearly a conflict of economic interest between the developed industrial states and those states involved in producer cartels, particularly OPEC. More cartels are likely to be formed. International law exists as a reflection of international economic and political relations and as a structure through which the trading relations they imply can be administered. Growing economic pressure from the Third World, partly, but not solely, manifested through the formation of producer cartels, has required that certain changes be made.

Do the emergence and development of producer cartels pose a threat to the continued existence of international capitalism? We think not. Despite all the rhetoric, despite the fear generated by OPEC, the contradiction between the developed states and the producer cartels is one which can be reconciled. A division exists, but it is not fundamental. The promoters of producer cartels would lose far too much if they actually attempted to dismantle international capitalism. As it did with trade unions, so will capitalism be able to envelop producer cartels. This does not augur well for human welfare.⁷¹

Notes

1. The phrase producer cartels appears to have originally been used by President Julius Nyerere of Tanzania in his "A Call to European Socialists," first published in 1972. See *Freedom and Development/Uhuru ma Maendeleo, Dar es Salaam, 1973*, pp. 374-378. "A Trade Union of the Third World" is also the title of a film produced in Britain in 1973 by Jonathan Power.

2. See, for example F. C. Okoye, *International Law and the New African States*, London, 1972 and T. O. Elias, *Africa and the Development of International Law*, Dobbs Ferry, N.Y., 1972. For a less sympathetic view, see L. C. Green, *Law and Society*, Leyden and Dobbs Ferry, N.Y., 1975, Ch. III ("The Impact of the New States on International Law").

3. The existing doctrine of state succession would have held that the independent state of Tanganyika (which became Tanzania in 1964) was bound by certain colonial treaties affecting Rwanda and Burundi. Under the Nyerere Doctrine, enunciated by President Nyerere in 1961, Tanganyika asserted its right to review colonial treaties and determine in its own interests which of these should remain binding on it. See E. E. Seaton and S. T. Maliti, *Tanzania Treaty Practice*, Nairobi, 1973, Chs. III and IV.

4. C. L. R. James, *The Black Jacobins*, New York, 1963.

5. Many of these new principles are brought together in the United Nations' *Declaration on Principles of International Law concerning Friendly*

Relations and Co-operation among States in Accordance with the Charter of the United Nations, G. A. Res. 2625 (XXV), 24 October 1970.

6. See, for example, the United Nations' *Declaration on the Granting of Independence to Colonial Countries and Peoples*, G. A. Res. 1514 (XV), 14 December 1960.

7. See *International Convention on the Elimination of All Forms of Racial Discrimination*, 1966, reprinted in Ian Brownlie, *Basic Documents on Human Rights*, Oxford, 1971, pp. 237-252.

8. The Republic of South Africa's illegal occupation of Namibia has given birth to a vast amount of jurisprudence. See generally, C. J. Dugard (ed.), *The South-West Africa/Namibia Dispute: Documents and Scholarly Writings on the Controversy between South Africa and the United Nations*, Berkeley, 1973.

9. G. K. Helleiner, *International Trade and Economic Development*, Penguin Books, Marmondsworth, 1972.

10. UNCTAD, *Action on Commodities, including decisions on an integration programme, in the light of the need for change in the world commodity economy Report by the UNCTAD Secretariat*, TD/184, 4th March 1976, p. 21.

11. P. Bairoch, *The Economic Development of the Third World Since 1900*, London, 1975, p. 132. Arghiri Emmanuel in *Unequal Exchange*, London 1972, argues that the export of surplus value from Third World to developed nations is the essence of underdevelopment.

12. Schiavo-Campo and H. W. Singer, *Perspectives of Economic Development*, Boston, 1970, p. 163.

13. L. S. Osberg and R. I. Smillie, *Bangladesh Jute Development Survey*, Office of International Education U. of Western Ontario, 1974, p. 1.

14. A. M. Kamarck, *The Economics of African Development*, New York, 1971, p. 113.

15. J. M. Hunter and J. W. Foley, *Economic Problems of Latin America*, New York, 1975, p. 161.

16. O. Knudsen and A. Parnes, *Trade Instability and Economic Development*.

17. Paul Cavadino, *Get Off Their Backs*, London, 1972.

18. *1976 Commodity Year Book*, The Commodity Research Bureau, New York, 1976, pp. 118, 331.

19. G. K. Helleiner, op. cit., pp. 79, 86.

20. H. C. Wallich, "Stabilization of Proceeds from Raw Material Exports" in H. S. Ellis (ed.), *Economic Development for Latin America*, London, 1961, p. 348.

21. Knudsen and Parnes, op. cit., pp. 31-37, 129.

22. H. G. Malmgren, "The Raw Material and Commodity Controversy," *International Economic Studies Institute Contemporary Issues*, No. 1, Washington, 1975.

23. The analogy is suggested by Marx in his "On the Question of Free Trade" reprinted in *The Poverty of Philosophy*, New York, 1963, p. 207.

24. Of all the standard contemporary writers on the law of contract, P. S. Atiyah presents the clearest analysis of freedom of contract. See his *An Introduction to the Law of Contract*, 2nd ed., Oxford, 1971.

25. On the historical origin of "equality" see Engels, *Anti-Duhring*, Moscow, 1975, pp. 123-125. See also Marx, "Marginal Notes to the Pro-

gramme of the German Workers' Party" in Marx and Engels, *Selected Works*, vol. III, Moscow, 1970, p. 13.

26. As an illustration see R. B. Seidman, "Contract Law, the Free Market, and State Intervention: A Jurisprudential Perspective," (1973) 7 *Journal of Economic Issues* 553. It must be noted that freedom of contract has been much circumscribed in the advanced capitalist states, both through legislation ("consumer protection" statutes, "environmental protection" statutes) and judicial decision (e.g. *Lloyd's Bank Limited v. Bundy*, [1975] Q.B. 326).

27. See R. J. Barnet and R. Mueller 'Global Reach' Simon and Schuster, New York, 1974; Oscar Schacter, "Just Prices in World Markets," (1975) 69 *American Journal of International Law* 101. See also Robert E. Tindall, *Multinational Enterprises*, Dobbs Ferry, N.Y., 1975, pp. 237-238 and Hans R. Kramer, "Changing Principles Governing International Trade," (1974) 8 *Journal of World Trade Law* 227 at p. 237.

28. The narrative which follows is largely derived from the following sources: Eberhard Gunther, "The Problems Involved in Regulating International Restraints of Competition by Means of Public International Law" in Institut für Ausländisches und Internationales Wirtschaftsrecht an der Johann-Wolfgang-Goethe-Universität, Frankfurt am Main and Institute for International and Foreign Trade Law, Georgetown University Law Centre, Washington, *Cartel and Monopoly in Modern Law*, Karlsruhe, 1961, p. 579; John H. Jackson, *World Trade and the Law of GATT*, Ann Arbor, 1969, pp. 522-527, 625-671; and Kenneth W. Dam, *The Gatt: Law and International Economic Organization*, Chicago, 1970, pp. 10-24.

29. The uranium cartel, whose formation appears to have both contravened Canadian combines law and received strong Canadian government support, is a case in point. Neither the municipal law of Canada or the U.S. has impeded this cartel's operation. See *The Globe and Mail Report on Business*, Aug. 6, 1977. See also Heinrich Kronstein, *The Law of International Cartels*, Ithaca, N.Y., 1973. See also Trindall, op. cit., p. 243; Wilbur L. Fugate, "Anti-Trust Law and International Trade," in Paul O. Proehl, *Legal Problems of International Trade*, Urbana, Illinois, 1959, p. 387; and D. H. W. Henry, "International Aspects of Competition Policy," in R. St. J. Macdonald, G. L. Morris, D. M. Johnston, *Canadian Perspectives on International Law and Organisation*, Toronto, 1974, p. 756.

30. See the aggressive statement of this point of view in D. W. Nabudere, "The Third World and Generalised Schemes of Preferences," (1974) 7 *Eastern Africa Law Review* 293.

31. See, for example, the description in Ch. III of Y. P. Ghai and J. P. W. B. McAuslan, *Public Law and Political Change in Kenya*, Nairobi, 1970.

32. UNCTAD, Secretariat, *Action on Commodities Including Decisions on an Integrated Program in the Light of the Need for Change in the World Commodity Economy*, UNCTAD-TD/184, Nairobi, 1976, p. 5.

33. See Nabudere, op. cit., and J. D. Greenwald, "Generalised Tariff Preferences for Developing Countries: The UNCTAD Agreed Conclusions," (1971) 10 *Columbia Journal of Transnational Law* 111. On the Canadian position, see Clyde Snager's comments in "Canada and Development in the Third World," in Peyton V. Lyon and Tareq Y. Ismael, *Canada and the Third World*, Toronto, 1976, p. 277.

34. The Caribbean Community and Common Market was formed in 1973. See Dale F. Rubin, "Competition Policy and the Caribbean Community," (1975) 9 *Journal of World Trade Law* 398 and Robert Chodos, *The Caribbean Connection*, Toronto, 1977, pp. 25-39.

35. The Economic Community of West African States was formed at Lagos in May 1975. For the Treaty see (1975) 14 *International Legal Materials* 1200.

36. The Treaty for East African Co-operation, which established the Community came into operation on 1 December 1967.

37. This last statement is clearly an over-simplification. For an elucidation of the point, see E. P. Thompson, *The Making of the English Working Class*, Harmondsworth, 1968, especially Ch. XVI.

38. See Richard A. Posner, *Antitrust: Cases, Economic Notes, and Other Materials*, St. Paul, Minnesota, 1974, pp. 128-135. See also Abbas Alnasrawi, "Collective Bargaining Power in OPEC," (1973) 7 *Journal of World Trade Law* 188 for a development of the trade union analogy with respect to a particular producer cartel.

39. On the conditions which will conduce towards success in a producer cartel, see Alan R. Winberg, "Raw Material Producer Associations and Canadian Policy," (1976) 34, no. 4 *Behind the Headlines*, pp. 2-5.

40. Tony Killick, "Commodity Agreements as International Aid," *Westminster Bank Review*, February 1967.

41. On coffee, see GATT-Fly, *Commodity Profile: Coffee*, Toronto, 1976; L. T. Galloway, "The International Coffee Agreement," (1973) 7 *Journal of World Trade Law* 354; and Ursula Wasserman, "Breakdown of International Coffee Agreement," *ibid.*, p. 375. It is important to note that a new International Coffee Agreement came into effect on 1 October 1976. See GATT-Fly, *Coffee*, *op. cit.*, p. 15.

42. These are tactics which are clearly analogous to classic union-busting devices.

43. See generally, E. Fred Bergsten, "The New Era in World Commodity Markets," in his *Toward a New International Economic Order*, Lexington, Massachusetts, 1975, p. 287. CIPEC was formed in 1967 with Chile, Peru, Zambia and Zaire as charter members. These four countries control about 65% of world exportable copper. After meeting in Lusaka in June of 1974 ministers of these countries agreed to coordinate export policies. In 1974 Indonesia joined CIPEC and Australia and Papua New Guinea became associated with the Council. Canada has indicated a strong unwillingness to join. A weakening world market for copper has tended to lessen the organisation's effectiveness. See Winberg, *op. cit.*, pp. 14-16. The International Bauxite Association was formed in July of 1975 and had as its founding members Australia, Guinea, Guyana, Jamaica, Sierra Leone, Surinam and Yugoslavia. Since then the Dominican Republic, Ghana, Haiti and Indonesia have joined. UNCTAD, TD/L.102, 18 March 1976. Canada has not been sympathetic towards the I.B.A. See Chodos, *op. cit.*, pp. 87-88, 147-150. A most interesting development has been the developing liaison between these two organizations. Since their products are close substitutes in a number of end uses, coordination is likely to greatly strengthen both cartels.

44. E. F. Bergsten, "The New Era in World Commodity Markets," *Challenge*, September–October 1974, p. 35.
45. R. Wolff, "Modern Imperialism, A view from the Metropolis," *American Economic Review*, May 1970, p. 225.
46. Bergsten, "The New Era in World Commodity Markets," op. cit., p. 36 and "The Threat from the Third World," *Foreign Policy*, Summer 1973, p. 107.
47. See Kola Adeniji, *The Legislative and Administrative Regulation of Oil and Gas Industry in Relation to the Legal Problems of the Nigerian Petroleum Industry*, unpublished D.Jur. dissertation, University of Toronto, 1976, at pp. 167 et seq., where he discusses relations among OPEC member-states.
48. The International Tin Agreements are probably the oldest and most successful example. See Kerstin Barkman, "The International Tin Agreements," (1975) 9 *Journal of World Trade Law* 495.
49. Schacter, op. cit., p. 107, argues the U.S. government position that "just" prices for commodities can best be achieved through "... separate agreements on a commodity basis." The analogue with a commodity agreement is a company union.
50. See generally, A. D. Law, *International Commodity Agreements*, Lexington, Massachusetts, 1975. The conclusion reached above must be seen as tentative. Both the strong western pressure in favour of commodity agreements and the fact that some commodities are not, in existing conditions, susceptible to cartelisation conduce towards a resurrection of commodity agreements. The new International Coffee Agreement is undoubtedly a result of these factors. Still, the recent collapse of the international agreements covering sugar and cocoa is not a good portent for commodity agreements.
51. In the early 50's Premier Musaddiq of Iran attempted, among other things, to gain a better international price for his country's oil. In August of 1953 he was overthrown in a coup. British and C.I.A. involvement was instrumental in his downfall. See R. K. Ramazani, *Iran's Foreign Policy, 1941–1973*, Charlottesville, Virginia, 1975, pp. 248–250 and B. Nirumand, *Iran: The New Imperialism in Action*, New York, 1975, p. 88.
52. One has in mind particularly the statements of Dr. Kissinger at the time of the Sixth Special Session of the U.N. General Assembly. When the Sixth Special Session adopted provisions recognising producer cartels, the representatives of a number of wealthy countries objected. U.S. Ambassador Scali observed that: "Artificial attempts to manage markets which ignore economic realities and the legitimate interests of consumers as well as producers run the risk of political confrontation on the one hand and economic failure on the other." (1974) 13 *International Legal Materials* 744 at p. 747. Scali's statement is a nice blend of fatuity and arrogance. In January of 1974 John Turner, then Canadian Minister of Finance, stated: "... in the present situation there is grave danger that other cartels of raw material suppliers will spring up to follow the example of the oil producers. This is to be resisted, for such a development could fracture world trade in an irreparable way." (Quoted in John Dillon, *The World is Never Going to be the Same Again*, unpublished paper, GATT-Fly, Toronto, 1974). As an illustrative academic article, see J. J. Paust and A. P. Blaustein, "The Arab Oil

Weapon: A Threat to World Peace," (1974) 68 *American Journal of International Law* 410.

53. G. A. Res. 3201 (S-VI), 1 May 1974. The formation of producer cartels was, to an extent anticipated by G. A. Res. 3171 (XXVIII) of 17 December 1973. For a discussion of the legal aspects of the N.I.E.O., see Robin C. A. White, "A New International Economic Order," (1975) 24 *International and Comparative Law Quarterly* 542.

54. G. A. Res. 3202 (S-VI), 1 May 1974, Art. I(1)(c).

55. G. A. Res. 3281 (XXIX), 12 December 1974.

56. See (1975) 14 *International Legal Materials* 826.

57. GATT-Fly, *Reflections on the Seventh Special Session*, of the U.N. General Assembly, Toronto, 1975, p. 5.

58. G. A. Res. 3362 (S-VII), 19 September 1975.

59. (1976) 15 *International Legal Materials* 414.

60. For example, s.1(1) of the Nigerian Petroleum Decree, 1969, Decree No. 51 of 1969, vests "entire ownership and control of all petroleum" in the state. See Adeniji, *op. cit.*, p. 121. Similarly, the Zambian copper industry is under state control. See Muna Ndulo, "The Nationalization of the Zambian Copper Industry," (1974) 6 *Zambia Law Journal* 55 and C. M. Ushewokunze, "The Legal Framework of Copper Production in Zambia," *ibid.*, p. 75. Nonetheless, de jure control by the state does not of itself negate de facto control by foreign capital. See R. L. Sklar, *Corporate Power in an African State: The Political Impact of Multinational Mining Companies in Zambia*, Berkeley, 1975.

61. G. A. Res. 1803 (XVII), 14 December 1962. As we have noted international law did not contain any rules requiring that colonised people be compensated for the taking of their land or resources. During the colonial era English courts were prepared to recognise what amounted to outright theft. See, for example, *Re Southern Rhodesia*, [1919] A.C. 211.

62. In presenting his reservations about the N.I.E.O., U.S. Ambassador Scali expressed the view that the right to compensation in accordance with international law, as established by the Declaration of Permanent Sovereignty, remained unchanged, (1974) 13 *International Legal Materials* 744 at pp. 746-747.

63. The advanced capitalist states, including Canada, proposed an amendment to dilute Article 2 of the Charter. This amendment was defeated. Subsequently, these same states, again including Canada, voted against Article 2(c). Domestic law in Third World states may well contain guarantees of property and of rights to compensation. This is particularly true in commonwealth states. Section 75 of the Constitution of Kenya (Act No. 5 of 1969) requires the "prompt payment of full compensation." Section 18 of the Constitution of Zambia (Act No. 27 of 1973) simply provides for "payment of compensation." In practice, such guarantees have had little effect, see J. S. Read, "Bills of Rights in 'the Third World': Some Commonwealth Experience," (1973) 1 *Verfassung und Recht in Ubersee* 21. Articles 12, 13, and 14 of the Constitution of the People's Republic of Mozambique guarantee "personal property," but make it clear that no particular rights attach to "private property" or "foreign capital."

64. J. Kreps et al quoted in *Contemporary Labor Economics*, Wadsworth Publishing 1974, p. 101.

65. The concept is mentioned briefly by Marx in vol. I of *Capital* (1906. edn., New York, p. 733), but more fully developed by Lenin in *Imperialism: The Highest Stage of Capitalism* (1965 edn., Peking, pp. 127–131). Lenin sums up his analysis as follows: "Imperialism has the tendency to create privileged sections . . . among the workers, and to detach them from the broad masses of the proletariat." *Ibid.*, p. 128.

66. The collaboration between OPEC and the major international oil companies is a clear illustration of this. See Alnasrawi, *op. cit.*

67. Two very useful studies which explore this point at length are Issa G. Shiuji, *Class Struggles in Tanzania*, London and Dar es Salaam, 1976 and Colin Leys, *Under-development in Kenya: The Political Economy of Neo-Colonialism, 1964–1971*, London, 1975.

68. The 25 "least-developed" states in the world are listed in a 1971 resolution of the U.N. General Assembly (No. 2768 (XXVI)). The position of these countries has significantly worsened since 1973.

69. See the OPEC *Declaration concerning the Present Economic Crisis*, (1975) 14 *International Legal Materials* 566.

70. These observations are borrowed from Dillon, *op. cit.*, pp. 13–14.

71. The authors wish to thank Shahid Alam, David Broad, Bill Cecil-Smith, Jack Quinn, and GATT-Fly for their assistance in the preparation of this chapter.