

Power, Passion and
Purpose
Prospects for North-South
Negotiations

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Another Round, Another Requiem? Prospects for the Global Negotiations

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The international community is in the twentieth year of what has come to be known as the North-South dialogue. The record of this dialogue is not only mixed but also confusing to those who seek to assess it: "Some of those who think there has been progress do not dispute the lack of movement in areas that others see as a sign of deadlock or stalemate. Those who think there has been stalemate do not dispute that change has taken place in areas that the former perceive as examples of 'enormous progress.'"¹ It is clear that the discrepancy is accounted for by whether it is believed that negotiations between North and South can or should achieve fundamental, structural change in the international economic order. The "structuralists" have been disappointed, blame lack of political will in the North for lack of success, and look for new strategies and tactics that might engage the North in serious reform efforts. At the same time, they may acknowledge that closer bilateral relations have been established between some Northern and Southern countries and that improvements have been made in some functionally specific multilateral arrangements.

The Global Negotiations are the most ambitious expression yet of the structuralist objective, and they reflect the most recent strategy on the part of the South to convince the North to be forthcoming. The first strategy, characteristic of the 1960s and early 1970s, attempted to extend the international normative consensus in favor of independence to international support for development. Declaratory commitments to the goal of development, and more programmatic commitments to official development assistance targets, preferential trade arrangements, and the like, were sought repeatedly. Structural change was defined in essence as "closing the gap." The early UNCTAD concerns illustrate this first strategy. The second strategy was more explicitly redistributive and combined the threat of negative sanctions with the promise of

mutual gains. This phase is exemplified by the New International Economic Order (NIEO) program of the mid-1970s, which was to have been realized largely by the sort of commodity power that OPEC demonstrated together with the advantages to producers and consumers alike of agreeing to stabilize commodity prices. The third and most recent strategy focuses on the efficient and equitable functioning of the world economy as a whole. It maintains that greater efficiency requires greater equity, in the sense that noninflationary and sustainable recovery in the world economy can best be achieved by resource transfers to the South. Growth in the South would be stimulated thereby, in turn increasing Southern demand for Northern exports and pulling the North out of its recession without rekindling inflation. The report of the Brant Commission advances both intellectual and political justifications for the pursuit of this strategy, and the Global Negotiations are its institutional manifestation.²

To date, none of these strategies has succeeded in engaging the North in serious reform efforts. There is every indication that the Global Negotiations are destined to be the least successful round yet. It is my purpose here to show that, of the many political factors that explain this outcome, the perennial charge of lack of political will contributes very little insight. More basic and profound factors are at work.³

Regime Design

International economic regimes are governing arrangements constructed by states to coordinate their expectations and organize aspects of their behavior in such issue areas as trade and monetary relations.⁴ The Global Negotiations reflect an effort by developing countries to achieve more equitable international economic outcomes by redesigning existing international economic regimes, creating new regimes in certain areas of interest to them where none now exist, and enhancing their influence in forums in which decisions are made concerning the structure and functioning of these regimes. How plausible a set of objectives is this in view of what we know about the determinants of international economic regimes?

Among political scientists the configuration of state power in the world political economy generally is taken to be the most basic factor explaining the characteristics of international economic regimes.⁵ This is so because the world political economy is a self-help system, lacking a central authority. As a self-help system, it exhibits certain collective

action problems, including generating and enforcing the rules required to maintain a stable international economic order. The severity of these problems is thought to be a direct reflection of the number of great powers. If economic capabilities are so concentrated that a hegemon exists, as in the case of Great Britain in the mid- to late nineteenth century and the United States after World War II, an "open" or "liberal" international economic order is hypothesized. Specific regimes that serve such an order (in the areas of trade and monetary relations, for example) are expected to exhibit at least such basic features of multilateralism as nondiscriminatory trade arrangements and convertible currencies. If and as the concentration of economic capabilities erodes, the liberal order is expected to weaken and its regimes to unravel, ultimately being replaced by mercantilist arrangements. The interwar period is usually cited as evidence of the disintegrative effects of the absence of a hegemon.

Although useful and necessary, the "hegemonic stability thesis" cannot by itself fully account for patterns of the rise and demise of regimes in the economic field. One reason is that it conjoins the formal features of an integrated economic order with the substantive features of economic liberalism.⁶ The existence of a Liberal International Economic Order (LIEO), however, has more to do with the international projection of a particular configuration of domestic state-society relations than it does with the projection simply of state power. In a liberal order, pride of place is given to market rationality and political authority is designed to give maximum scope to market forces rather than to constrain them. An LIEO will exist, then, when this form of state-society relations enjoys a hegemonic status among the major economic powers. For example, under the classical gold standard levels of domestic prices and economic activity were strongly conditioned, if not directly determined, by the balance of payments. The adjustment process ultimately was geared toward securing external stability—that is, the gold parity of one's currency. Although cheating took place, this objective nevertheless was widely adhered to by the major economic powers in the last third of the nineteenth century.⁷ In the interwar period states sought to establish the primacy of domestic stability over external financial discipline. Governments everywhere developed increasingly active forms of intervention in the domestic economy in order to affect the level of prices and employment and to protect them from external sources of dislocation. Configurations of state-society relations, however, were so divergent that no common ground existed on which to construct

viable international regimes. As a result the domestic policies pursued by states triggered mutually destructive external consequences that deepened and lengthened the Great Depression from which governments were seeking relief.⁸ The task of post-World War II institutional reconstruction was to maneuver between internal and external stability by striking a compromise rather than by sacrificing one to the other.⁹ Under the formula arrived at, which I have elsewhere termed the compromise of embedded liberalism, the postwar regimes for money and trade were designed to provide vehicles for liberalization as well as means for stabilization.¹⁰ Also, they were designed to stabilize the domestic consequences of external developments that impinged on the pursuit by governments of their new economic and social objectives, as well as the external consequences of the domestic measures that governments undertook in the pursuit of these objectives.

Thus, a sufficient degree of congruence is necessary in the balance of state-society relations characteristic of the regime-making states in order for viable economic regimes to be constructed. Once they are constructed, the collective purposes these regimes serve must still be operationalized and justified as policies. Here a third set of factors becomes important: the prevailing bodies of economic theory and ideology to which the regime-making states hold. For example, under the gold standard state abstinence was prescribed so as not to undermine what were assumed to be equilibrating linkages between the balance of payments and changes in gold reserves and in domestic credit supply, income, and demand. These notions were understood within the framework of classical economics and justified by the ideology of *laissez faire*. In the interwar period there was no reigning theory or ideology. The United States experimented with the New Deal, the Soviet Union with its Five Year Plans, Sweden with unorthodox budgetary policies, Italy with *corporativismo*, Germany with *Wirkschafterlenkung*, and so on. All the while the Financial Committee of the League of Nations and its various endeavors to establish international economic regimes continued to adhere to doctrines of financial orthodoxy.¹¹ In the post-World War II era, among the capitalist countries social-democratic doctrines and methods have coexisted with more traditional economic forms, but there has been a substantial area of theoretical and ideological overlap in the Keynesian middle.¹²

In summary, the distribution of state power may be said to determine whether an integrated international economic order can exist. Beyond that, the degree of congruence in the balance of state-society relations

characteristic of the regime-making states determines the collective purposes that regimes will pursue. Finally, the extent to which the prevailing economic theories and ideologies held by the major economic powers are compatible determines the ease with which collective purposes are operationalized as policies and legitimated as doctrine within regimes.

Applying these notions to the post-World War II international economic order, we can say that its basic design reflected the interstate hegemony of the United States, coupled with the characteristic form of state-society relations that emerged in the advanced capitalist world from the Great Depression. Within the parameters set by these two structural features, the postwar negotiations, as at Bretton Woods, worked out the more detailed provisions of this design. The neoclassical-Keynesian synthesis came to provide the means both to legitimate the prevailing social objectives of the major economic powers as well as to operationalize those objectives into specific policies that the economic regimes were programmed to coordinate.

Thus, the Bretton Woods monetary regime provided for free and stable exchanges and also for a "double screen" to cushion the domestic economy against balance-of-payments constraints.¹³ The double screen consisted of short-term assistance, made available conditionally by the IMF, to finance payments deficits on current account, and the ability to change exchange rates so as to correct fundamental disequilibria. The conditionality provisions of the IMF were predicated on a specific interpretation of the nature of payments deficits, as reflecting idle productive capacity or stocks of unsold goods and services, which temporary deflationary measures would quickly cure.¹⁴ The GATT-related trade regime made obligatory the most-favored-nation rule and prohibited quantitative restrictions on imports (which, however, were deemed suitable measures for safeguarding the balance of payments, explicitly including payments difficulties that resulted from domestic full-employment policies). A substantial reduction in tariffs was also called for but was coupled with several escape mechanisms to buffer the extent of domestic dislocation produced by imports.¹⁵ The pattern of multilateral tariff reductions through GATT encouraged the growth of intrasectoral trade, which, compared to intersectoral trade, is "less valuable from the viewpoint of increasing economic welfare" but also socially and politically less disruptive.¹⁶ And where trade in industrial products is based on a more classical notion of comparative advantage, as it is with imports from the NICs, the trade regime has encountered

difficulty and is cluttered with various forms of "voluntary" export restraint arrangements. Despite the best efforts of some of the developing countries present at the initial postwar negotiations, no development regime came into existence alongside the trade and monetary regimes, and the industrialized countries rejected the notion that these two regimes should specifically acknowledge the special needs of developing countries.¹⁷ By about 1960 one can speak of a quasi-regime for development assistance, consisting of the lending program of the IBRD, development assistance targets by the members of the OECD Development Assistance Committee, and the technical assistance programs of the United Nations.¹⁸

It follows from this line of reasoning that the prospects for the developing countries' succeeding in fundamentally renegotiating the status quo are not great, irrespective of such situational factors as who holds power in Washington, Tokyo, Bonn, or London. And yet these regimes have adapted in recent years and in some cases appear to be more responsive to the developing countries than they were in the past.

Regime Change

Since the early 1960s the monetary and trade regimes have generated a number of arrangements specifically aimed at the developing countries. In the monetary regime, a Compensatory Financing Facility (CFF) was established by the IMF in 1963 and a Buffer Stock Facility in 1979. During the 1970s the low-conditionality Oil Facility was added, as was a Supplementary Financing Facility. And a Trust Fund was established by the IMF for developing countries, financed by the sale of IMF gold holdings. Perhaps most important, in the early 1980s the conditions under which IMF drawings were allowed began to change to include, as in the case of an SDR 5 billion drawing by India, the objective of "structural adjustment . . . with a view to achieving balance of payments viability in the medium term."¹⁹ Moreover, the length of time permitted for repayment was extended. As a result, new commitments by the IMF in 1981 totaled SDR 15.2 billion, all to developing countries.²⁰

In the trade regime, the GATT adopted a new text for article XVIII of the General Agreement in 1957, making it easier for developing countries with development-related payment difficulties to invoke this escape provision; in the period from 1974 to 1981 the non-oil-exporting developing countries accounted for some 37 percent of all invocations by GATT members of its major escape clauses.²¹ In 1964 GATT added

a new chapter to the General Agreement concerning Trade and Development, which released members from the obligation of reciprocity in trade negotiations with developing countries. In the 1970s the General System of Preferences (GSP) came into being, which multilateralized preferential treatment to some extent. Beyond this traditional concern with tariffs and tariff policy, a number of commodity agreements were reached during the 1970s, and the Common Commodity Fund was established.

However, these and related changes are limited in scope. Increased access to IMF resources is dwarfed by Third World debt problems. The changed conditionality provisions of the IMF are coupled with a much more rigorous application of performance criteria. The GSP has benefited relatively few developing countries, which at the same time have also been the primary object of export restraints imposed by the industrialized countries. The Common Fund is deliberately underfunded so that it can have little impact on commodity flows and prices.

Moreover, in most instances the rationale for these changes itself exhibits little discontinuity from past practice. In the case of the IMF, the developing countries had come to represent a source of vulnerability in the international adjustment process and in the international financial system. Both were due to the fact that these countries enjoyed greater access to private capital markets during the 1970s, which meant that the more developed among them could bypass the IMF altogether. Additional IMF resources, their allocation to developing countries, and changed conditionality provisions for certain developing-country borrowers that were not under immediate duress was the price of reasserting IMF influence.²² As for the GSP, the United States came to take the view that a global system constituted a less onerous form of preferences than those the European Economic Community (EEC) had evolved for particular subsets of developing countries, which included reverse preferences, and which the Latin American countries were also requesting from the United States.²³ Besides, this deviation from the MFN rule is balanced by "graduation" beyond the preference categories, and it has not been made a permanent feature of the international trade regime.

In short, the adaptation of the trade and monetary regimes to accommodate the developing countries is limited in scope and does not reflect any fundamental deviation from the existing rules of the game. This is not to say, however, that the North-South dialogue has had no impact at all. Three types of impact can be discerned.

The first is that the dialogue has put issues on the international agenda that would not be there otherwise. In no case has the preferred outcome of the developing countries been realized, but in several instances arrangements now exist or are coming into existence that owe their origins to the dialogue. The GSP is one example, as is the Common Fund and the codes of conduct that are evolving in the areas of restrictive business practices and technology transfer. Some developing countries derive at least some benefits from each of these. Moreover, the programmatic activities of UN agencies in virtually every instance have changed dramatically over the course of the past twenty years to reflect the particular concerns of developing countries.

The second impact is normative. No order of relations can long endure unless it enjoys some legitimacy or, at minimum, acquiescence. Both sides in the dialogue know this. The ritual of negotiations provides a useful instrument in the global legitimation struggle because it is carried on in universalistic terms and in the language of common interests. The dominant party will seek adherence to, or the rule-governed extension of, what we might call the hegemonic consensus.²⁴ This, however, may require that it yield certain concessions and offer some side payments, though not such as would endanger the underlying structure of power. Various export-earnings-stabilization schemes, including the Common Fund, illustrate this point; they do not supplant market forces but provide marginal compensatory mechanisms to help buffer the impact of fluctuations. As for the subordinate party, it will look to the same negotiations as a means to undermine the legitimacy of the existing order and to advance counterhegemonic ideas and principles. The short-term significance of these efforts is likely to be minimal and overshadowed by attempts to maximize whatever concessions and side payments may be available. They may, however, have long-term effects of some significance. For example, the recent changes in IMF conditionality provisions are undoubtedly due in considerable measure to fears about global financial instability. But the particular kinds of modifications that were adopted are also due to the gradual acceptance of the idea, repeatedly stressed by the South in the dialogue, that there is such a thing as a structural development deficit that differs from the more transient deficits of fully industrialized countries and that the two should be treated differently. The process of eroding and creating norms does not end at this point, however. To continue with the same illustration, tacit acceptance of the idea of differential treatment of developing country deficits is bound to reinforce pressure from the industrialized coun-

tries for more precise differential categorization among the set of developing countries, and eventually the routinized graduation beyond it altogether. The legitimation struggle proceeds in zigs and zags. It is never far removed from the structure of power, nor is it entirely reducible to it.

The third area of impact of the dialogue has been at the institutional level, both within governments and in the international system. Development policy constituencies are now embedded in the bureaucracies of all the industrialized countries, in large measure because of the need to prepare for and respond to the never-ending rounds of the dialogue. The power of these constituencies varies widely across countries, but nowhere is the game of bureaucratic politics quite the same as it would be in their absence. Moreover, in international organizations the need to service negotiations has become an effective means to justify all manner of activities, some of which may be not even remotely connected with the substance of any particular negotiations but are interesting or useful nonetheless and would lack financial support otherwise.²⁵

In the long run, perhaps the most important of these consequences of the dialogue is the extensive institutionalization that it has triggered among the developing countries, particularly in and through the Group of 77 (G-77).²⁶ The G-77 has become pervasive throughout the UN system. Its annual meetings in New York alone increased nearly tenfold in number during the 1970s, and some form of permanent machinery to support and coordinate its activities is imminent. Although the initial impetus for these developments came from the dialogue, one of their unanticipated by-products has been to create an institutional infrastructure that could be used for South-South economic negotiations, the advent of which may be hastened by the very existence of this infrastructure together with its lack of substantive success on the North-South front.

The North-South dialogue has had little to do with transforming international economic regimes, but it has not been entirely irrelevant to this process. The limited impact it has had is felt less on the first-order level of substantive outcomes, though there has been some, as on the second-order level, in the realm of legitimation and institutionalization, circumscribed by the structure of power but not fully determined by it.

The Next Round

I have suggested some of the political factors that account for the design of existing international economic regimes and for the manner in which they have responded to demands for change by the developing countries. Proponents of the Global Negotiations may or may not agree with my analysis. Nevertheless, they would uniformly claim that the current context is so radically different from past contexts that previous patterns offer little if any guidance for the future.

Two sorts of discontinuities in particular are often mentioned. The first is that those factors that I have called the basic political determinants of the current crop of international economic regimes themselves have become unhinged. The interstate hegemony of the United States is eroding. There are signs of increasing divergence in state-society relations among the major economic powers, some tugging toward the Left and others to the Right. And everywhere the death of Keynes is proclaimed. The second is that the developing countries are far more important to the industrialized countries than ever before. Throughout the 1970s the South constituted the most dynamic market for Northern exports; by the end of the decade nearly 40 percent of U.S. exports were purchased by Southern countries. Moreover, developing countries now owe some \$600 billion in foreign debt, the repayment of which depends on their ability to generate foreign exchange. In the words of the Brandt Commission: "The South cannot grow adequately without the North. The North cannot prosper or improve its situation unless there is greater progress in the South."²⁷ Neither of these arguments is wrong, but neither warrants the belief that Global Negotiations will succeed where previous rounds have failed.

If the political structure on which international economic regimes are based is unraveling, large-scale institutional innovations in the international economic order will become more, not less, difficult to achieve. This is so because the diversity of economic interests, objectives, and policies will increase while the ability of anyone to control the centrifugal organizational forces that affect all will decline. Historically, this type of configuration has generated economic blocs rather than an integrated economic order.²⁸ The implications for the developing countries, then, would be to abandon Global Negotiations forthwith and to scramble for the best possible regional and bilateral deals with specific industrialized countries.

But what of the new interdependence? Is it not sufficient to break through this "tyranny of small decisions"? The idea that North-South interdependence can be constitutive of a new order of North-South relations is flawed in four important respects.

First, closer economic ties between Northern and Southern countries have had negative as well as positive effects in the North. For example, although increased trade between the two has created jobs in the North, in specific sectors it has also led to a loss of jobs. The sectors so affected increasingly include those basic industries that no industrialized country will willingly phase out in the foreseeable future and that are also the most seriously affected by the current recession.²⁹ Thus, while long-term adaptation to changes in international comparative advantage may be inevitable, Northern countries are likely to weigh any prospects of "mutual gains" so derived against the adjustment costs that closer economic ties entail in the interval.³⁰

Second, as the OPEC case amply demonstrated, great care must be taken not to overgeneralize from specific interdependent relations. There is relatively little economic interdependence between North and South *per se*. A small handful of developing countries, primarily oil exporters and newly industrializing countries, account for virtually all of the increase in trade and financial transactions between North and South. The relative share of the rest of the developing countries in fact has declined.³¹ This small group of countries by and large is also the weakest link in the Southern chain, least supportive of the NIEO program, and most anxious to maintain favorable bilateral relations with Northern countries.

Third, as was also shown by the OPEC experience, it is extremely difficult to leverage specific forms of interdependence into generalized influence. For example, the fact that the external debt of developing countries exceeds \$600 billion already has produced some changes in the policies of the IMF and in bilateral financial and trade relations between the major borrower and lender countries. It may even increase pressure for a lowering of interest rates and thereby lower the value of the dollar, both of which would ease the present debt strain. However, there are neither historical nor theoretical grounds for extrapolating from the debt problem or from any other sector-specific source of Southern influence to some generalized global restructuring.

Fourth and finally, international economic interdependence in any case is not directly constitutive of international political order. In the North-South dialogue, the Marshall Plan is often cited as a precedent

that demonstrates the mutual economic benefits that resource transfers can produce. The example, however, confuses consequences with causes. The Marshall Plan was a unilateral response to an economic situation that had immediate implications for the global strategic balance and therefore involved the direct security interests of the United States. That was its cause. That it also produced mutually beneficial economic expansion was a consequence. If the U.S. Congress had been asked to adopt the Marshall Plan as a countercyclical measure, it would have met with the same fate as Keynes's Clearing Union. International resource allocation to benefit the South so that the North in turn can benefit would require the prior existence of a tightly knit political community such as exists in domestic societies. Thus, like so many previous North-South proposals, the idea of a North-South Marshall Plan, as proposed by the Brandt Commission, advances solutions that cannot be achieved through the means that the international political system makes available.

The foregoing discussion points to an inescapable conclusion: If new approaches are going to be devised and more favorable outcomes achieved, pride of place will have to be given to indigenous efforts within and among developing countries. These efforts can take a variety of forms.³² For some developing countries, though probably not for many, it may be possible in the foreseeable future to achieve the domestic transformations required of successful export-led strategies. For others, it may mean at least a temporary delinking from or highly selective association with the international economy. Greater South-South ties would be supportive of either stance. In any case, change in self-help systems requires self-help measures. Serious negotiations take place only among parties whose relationship is already characterized by a reasonable balance of effective demand; negotiations are unlikely in themselves to produce such an outcome. Thus, in the long run the desultory status of the Global Negotiations may yet turn out to mark both an end and a beginning: the end of the North-South dialogue as the central axis of international development diplomacy and, as a result, the beginning of a new order of North-South relations.

Notes

1. Michael W. Doyle, "Stalemate in the North-South Debate: Strategies and the New International Economic Order," *World Politics* 35 (April 1983): 428.
2. Independent Commission on International Development Issues, *North-South: A Program for Survival* (Cambridge, Mass.: MIT Press, 1980). A second report

has since been issued by the commission, but all references here are to this, the first, report.

3. I draw on several previously published essays: "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36 (Spring 1982); "A Political Commentary on Cancún," *Third World Quarterly* 4 (July 1982); and "Political Structure and Change in the International Economic Order: The North-South Dimension," in Ruggie (ed.), *The Antinomies of Interdependence: National Welfare and the International Division of Labor* (New York: Columbia University Press, 1983).

4. The most comprehensive analysis to date of the character, determinants, and consequences of international regimes may be found in Stephen D. Krasner (ed.), *International Regimes* (Ithaca, N.Y.: Cornell University Press, 1983), first published as a special issue of *International Organization* 36 (Spring 1982).

5. For a review of the relevant literature and a test of its major hypotheses, see Robert O. Keohane, "The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967-1977," in Ole Holsti et al. (eds.), *Change in the International System* (Boulder, Colo.: Westview Press, 1980).

6. Ruggie, "International Regimes, Transactions, and Change."

7. "The view, so widely recognized and accepted in recent decades, of central banking policy as a means of facilitating the achievement and maintenance of reasonable stability in the level of economic activity and prices was scarcely thought about before 1914, and certainly not accepted, as a formal objective of policy." Arthur I. Bloomfield, *Monetary Policy under the International Gold Standard* (New York: Federal Reserve Bank of New York, 1959). Bloomfield shows that central banks did, however, attempt partially to "sterilize" the effects of gold flows.

8. Charles P. Kindleberger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1973).

9. "There was a growing tendency during the inter-war period to make international monetary policy conform to domestic social and economic policy and not the other way round. Yet the world was still economically interdependent; and an international currency mechanism for the multilateral exchange of goods and services, instead of primitive bilateral barter, was still a fundamental necessity for the great majority of countries. The problem was to find a system of international currency relations compatible with the requirements of domestic stability. Had the period been more than a truce between two world wars, the solution that would have evolved would no doubt have been in the nature of a compromise." League of Nations (Ragnar Nurkse), *International Currency Experience: Lessons of the Inter-War Period* (Geneva: League of Nations, Economic, Financial and Transit Department, 1944). p. 230.

10. Ruggie, "International Regimes, Transactions, and Change."

11. Dean E. Traynor, *International Monetary and Financial Conferences in the Interwar Period* (Washington, D.C.: Catholic Universities Press of America,

1949); Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944); and Benjamin Rowland (ed.), *Balance of Power or Hegemony: The Interwar Monetary System* (New York: New York University Press, 1976).

12. For a discussion of the role of social knowledge in international economic regimes, see Ernst B. Haas, "Why Collaborate?" *World Politics* 32 (April 1980); for the role of ideology, Robert W. Cox, "The Crisis of World Order and the Problem of International Organization in the 1980s," *International Journal* 35 (Spring 1980).

13. Richard N. Cooper, "Prolegomena to the Choice of an International Monetary System," *International Organization* 29 (Winter 1975).

14. The lack of congruence between these expectations and the actual situation of developing countries is discussed by Ismail-Sabri Abdalla, "The Inadequacy and Loss of Legitimacy of the International Monetary Fund," *Development Dialogue* 2 (1980).

15. Gerard Curzon and Victoria Curzon, "The Management of Trade Relations in the GATT," in Andrew Shonfield (ed.), *International Economic Relations of the Western World* (London: Oxford University Press for the Royal Institute of International Affairs, 1976), vol. 1.

16. Richard N. Cooper, *The Economics of Interdependence* (New York: Columbia University Press, 1980), p. 76.

17. Richard N. Gardner, *Sterling-Dollar Diplomacy in Current Perspective* (New York: Columbia University Press, 1980); and Joseph Gold, "'... To Contribute Thereby to ... Development': Aspects of the Relations of the International Monetary Fund with Its Developing Members," *Columbia Journal of Transnational Law* 10 (Fall 1971).

18. Andrew Shonfield, "Introduction: Past Trends and New Factors," in Shonfield, *International Economic Relations*. I call it a quasi-regime because (1) the donor countries fully understood that certain norms, particularly those concerning the quantity of Official Development Assistance, represented aspirations rather than commitments; (2) the various component parts of the would-be regime were almost totally unrelated; and (3) compliance mechanisms were few and weak.

19. *IMF Survey*, November 23, 1981, p. 365.

20. *Ibid.*, January 25, 1982, p. 28.

21. Ruggie, "Political Structure and Change in the International Economic Order," table 9.3.

22. "A Conversation with Mr. de Larosière," *Finance and Development* 19 (June 1982): 5.

23. The formulation of the U.S. policy is traced effectively by Ronald J. Meltzer, "The Politics of Policy Reversal," *International Organization* 30 (Autumn 1976).

24. Robert W. Cox, "Labor and Hegemony," *International Organization* 31 (Summer 1977).

25. For an extended discussion of the relationship between UNCTAD and the North-South dialogue, see Robert Rothstein, *Global Bargaining: UNCTAD and the Quest for a New International Economic Order* (Princeton, N.J.: Princeton University Press, 1979); cf., more generally, Ruggie, "On the Problem of 'The Global Problematique': What Roles for International Organizations?" *Alternatives* 5 (January 1980).

26. Carol Geldart and Peter Lyon, "The Group of 77: A Perspective View," *International Affairs* 57 (Winter 1980-1981), and Stephen Taylor, "The Group of 77 and International Organization," (paper prepared for delivery at the 1980 Annual Meeting of the American Political Science Association, Washington, D.C.).

27. In addition to the Brandt Commission Report, *North-South*, this view is also expressed by Roger D. Hansen, *Beyond the North-South Stalemate* (New York: McGraw-Hill for the 1980s Project of The Council of Foreign Relations, 1979), and by several of the contributors to Khadija Haq (ed.), *Dialogue for a New Order* (New York: Pergamon Press, 1980).

28. On this point, consult the literature cited by Keohane, "Theory."

29. Statistics on North-South trade and employment effects may be found in Bela Balassa, "The Changing International Division of Labor in Manufactured Goods," *Banca Nazionale del Lavoro Quarterly Review*, no. 130 (September 1979), Stephen Marris, "The Case of the Newly Industrializing Countries NICs," *OECD Observer*, no. 96 (January 1979), and "OECD and the NICs: The Current Trade Pattern," *OECD Observer*, no. 113 (November 1981).

30. In the basic industries, response is likely to take the form of retooling and automating rather than phasing out. As Felix Rohatyn has put it with respect to the United States: "That this nation can continue to function while writing off such industries to foreign competition strikes me as nonsense." Rohatyn, "Reconstructing America," *New York Review of Books*, March 5, 1981, p. 16. Bhagwati has reminded me that Rohatyn's view about the importance of basic industries would be rejected emphatically by many economists. Possible responses to foreign competition, including nonadjustment have been analyzed by several distinguished economists in Jagdish Bhagwati (ed.), *Import Competition and Response* (Chicago: Chicago University Press, 1982).

31. For example, the share of world exports in 1980 accounted for by all nonoil developing countries, including the NICs, was less than half their share in 1950. Calculated from UNCTAD, *Trade and Development Report, 1981* (New York: United Nations, 1981), p. 116.

32. For a review of the available options and an examination of the conditions under which they may be feasible, see the contributions to Ruggie, *Antinomies*.

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Global Negotiations can be discussed within two different perspectives. The normative way is by far the easier. Anyone confident of the fundamental importance of North-South issues, anyone committed to speaking in favor of international justice, simply needs to reaffirm support for the long-term objectives embodied in the New International Economic Order (NIEO). Calling for the launching of Global Negotiations is, then, an almost self-evident first step on a long list of best wishes.

Unfortunately, this comfortable normative approach is increasingly at odds with the policy-oriented one. In policy terms, one of the major questions that must be accounted for, in addition to why Global Negotiations are desirable, is why three years of negotiating on negotiations have produced only disagreements, bitterness, and resentment. Why has the dialogue so obviously lost touch, in spite of an unprecedented summit of the heads of state, with "high politics"? It is only too clear in this perspective that if these negotiations could ever be launched, their actual policy relevance and their chances of success would still be extremely limited.

I have chosen to address the issue from this second, more uncomfortable, perspective. I am well aware that this midpoint between normative dream and cold-hearted disinterest is bound to be unpopular both with the "true believers" (for whom a ten-year story of repeated failure is of marginal importance when assessed in the light of the true faith) and with those who see little point to any North-South exercise outside of a few specialized topics. Yet in my mind there would be no point adding to the voluminous literature already available from these two schools of thought.