

tion of fora and instruments through which implementation of concrete proposals should be pressed.

#### *Appeal to other intellectuals*

16. The Forum appealed to all intellectuals of the Third World to get organized behind these concerns of vital importance to their societies and to initiate action at all levels to create a climate for more equitable national and international orders.

The Forum concluded by extending its warm thanks to the Government of Pakistan for its generous invitation to hold the plenary session in Karachi and to the National Bank of Pakistan for the excellent arrangements for the conduct of the conference, to the news media of Pakistan for their extensive coverage and support for the activities of the Forum and to the people of Pakistan who are an essential part of the struggle which the entire Third World is waging and for which the Third World Forum was established on a permanent basis during its historic meeting in Karachi. The Forum expressed its deep appreciation to the Governments of Sweden and Canada for providing funds for the meeting.

## Appendix II

### THE DAKAR DECLARATION AND ACTION PROGRAMME

Following on their success at the Sixth Special Session of the UN on "raw materials and development", New York, April 1974, the developing countries again on the initiative of the non-aligned at their Fourth Summit, met in Dakar, 4-8 February to review problems of raw materials and development.

Noting the perpetuation of inequalities in economic relations, imperialist domination, neo-colonialist exploitation, and total absence of any solutions to their basic problem, the "77" agreed to join together to strengthen the "irreversible process opened in international relations with its promise to end imperialist domination". They agreed that this process begins with recovery and control of their natural resources, wealth, and means of economic development in favour of their people's economic, social and cultural progress.

Basing their analysis on their Fourth Summit together with the Sixth Special Session, they adopted a 12-page Declaration and a 16-page Action Programme.

Because of the influence these will have in preparation for and at the UN's Seventh Special Session, we provide the following summaries:

#### *A. The Dakar Declaration*

1. *On international trade*: The structure of international commerce, originated in imperialist and colonialist exploitation, continued today in most cases through neo-colonialism, must be replaced by a new international economic order based on justice and equity; one that safeguards common interests of all peoples, while correcting and preventing recurrence of present injustices. Today's crisis only demonstrates again the breakdown of traditional mechanisms and the vulnerability of the developing countries' economies. World trade advantages mainly the developed.

To change this situation the "77" have two powerful weapons: first, defence of their resources; secondly, combining their forces as they are doing, into effective bargaining power.

2. *Failure of theory of trade*: Up to now the industrialized, capitalist countries imposed their views that free markets in primary products normally ensure an equitable distribution of world resources; while rising demand in the industrial States for primary products would stimulate the economic growth of the developing countries. This could only have happened if primary products had had free access to the markets of the developed countries. *But as suppliers of raw materials, the "77" ran into obstacles. First is chronic instability of commodity markets due in part to excessive speculative activities, encouraged by the absence of regulation. Second is the control by transnational corporations of production and trade in those primary commodities where their monopoly structure creates powerful bargaining power against weak sellers.*

3. *Some consequences of failure of trade theory*: The inadequacy of partici-

pation in price determination led to a *transfer of real resources* to the rich nations, that is to say, gains in productivity in the production of raw materials and primary commodities are not translated into higher earnings for the producers but are transferred to developed consumer countries. (In contrast, gains from improved production in the latter result in higher profits for these same). Also low commodity prices have stimulated excessive consumption and waste of scarce non-renewable materials in affluent countries. *Another unfair aspect of international trade is that tariff reductions negotiated through GATT cover mainly industrial goods* traded among the industrial States. But even where there have been efforts to liberalize trade, these ignore the *non-tariff* barriers which hit mainly raw or semi-processed primary commodities. They also have failed to touch tariff escalation.

4. *Other trade inequities*: The "77" also charge that developed countries have spent more on subsidization of their own primary commodities which compete with those of developing countries than they have given the latter countries in aid. Also they have failed to meet GATT and International Development Strategy obligations of readjustment required to permit entry of the products of the developing countries. This has increased their self-sufficiency substantially; and in cases occasioned a surplus available for dumping on the "77" 's markets, thus reducing the latter's outlets.

Finally, on the trade side, partly financed out of excess profits gained from control of the "77's" natural resources, transnational corporations were able to research and market synthetics which absorbed outlets for natural products.

In addition, the international monetary system, which partly finances growth in the developed countries, sanctioned an inflation that badly hurt the developing nations, especially their currency reserves.

5. *Deterioration of terms of trade*: The preceding constraints imposed *long-term deteriorations despite occasional improvements at the beginning of the fifties, in 1973, beginning of 1974*. Later improvement was due mainly to hedging against inflation and changes in exchange-rates; and affected only some commodities, oil in particular. The down-trend in terms of trade has been resumed for several major commodities; others will be affected as the industrial nations reduce import of these as part of their strategy, the Declaration charges, of dividing the "77".

6. *Other disadvantages*: Add ever rising freight rates and refusal by the Liners' Conference to grant promotional rates; add the burden of increased import bills caused by the inflationary prices of what the "77" buy from the industrial nations—food, fertilizers, fuel, capital equipment, shipment, insurance.

The land-locked are especially hurt and deserve special treatment. Export earnings of the "77" as a whole are destined to be hit again as exploitation towards 1985 begins of the seabeds and their subsoils. Such exploitations must be controlled by an international regime that safeguards interests of the developing countries.

7. *The "77's" fundamental problem*: 75 to 80 per cent of foreign exchange

earnings come from commodity exports. Their development depends largely on commodity demand from the industrial world. Yet there is no price support at just and remunerative levels (though the developed countries protect their own commodity producers). The "77" add that world food trade has not met essential needs of food-deficient States.

8. *The Dakar Declaration next turns to failure in general of the UN's Second Development Decade*:

Non-implementation of the International Strategy for Development.

Here at the mid-mark of the Second Development Decade lack of action on measures proposed in the Strategy show up in the following areas: *world trade and reduction of duties and other barriers* to imports of commodities including processed and semi-processed; *establishment of comprehensive international arrangements on most individual commodities* owing to the intransigence of the developed countries; *pricing policy, access to markets, growing protectionism*; increasing the "77's" foreign exchange earnings, diversification of their exports, acceleration of their trade, special treatment for tropical products—all provisions of the Tokyo Declaration. *Squandering of non renewable resources and food needs*: misuse and anarchical exploitation by multinationals threaten indispensable conservation of resources needed for all mankind. Food deficits in the developing countries caused by economic policies of the developed increase the formers' dependence. They also accentuate under-development and make essential an effective contribution to the world food problem by the developed countries. The developed countries should meet these food deficits by grants of food and also of technical and financial aid towards expansion of local food production—but without hampering export of other developing countries that traditionally export food.

9. *The Dakar Declaration next announces its new strategy for the developing countries*:

In their negotiations with the developed countries the "77" must abandon their old strategy of handing over a list of requests, trusting response to a good will that was seldom forthcoming. This change will require common action to strengthen their bargaining position. Hence the economic co-operation proposed in the Programme of Action of the Fourth Summit of non-aligned in September 1973. The "77" must adopt a common strategy with specific lines of action in raw materials and other commodities, but relying first and foremost on themselves for their development and for establishment of the new international economic order.

10. *In particular the strategy must now be to transfer more of the processing of the "77's" raw materials to these same nations*:

The Declaration here comments: a colonial past of uninhibited exploitation of the "77's" resources, continuing economic exploitation (and in some places continued imperialist domination and racism) result in the developing world (with 70% of world population) generating only 30% of world income. The charge is repeated of denying fair returns to producers of raw materials while making excessive profits. The report adds that the present economic

order with its international division of labour is based on exploitation and processing of raw materials by the developed countries and the accruing to them of value added in the processing (plus additional benefits of marketing, financing, freight and insurance).

It is to correct this international order and division of labour that Dakar proposes *transfer to the developing countries of the processing of materials*.

11. The Dakar Declaration bases itself, as it repeatedly insists, on the Sixth Special Session's Declaration and Programme of Action. But *that Session has become so "historical" and "irreversible" in the eyes of the "77" that they end their Dakar Declaration by strong re-emphasis of the ground gained in the Sixth Special Session*. Thus, they repeat: the few must no longer be permitted to decide the fate of all in international trade and this on the basis of a false theory of trade based on specialization according to factor endowment. The "77" intend to go on dialoguing, concerting their policies, co-operating with all Governments for new economic relations between members of the international community. For the sake of the new order the developed countries must accept precise commitments and inevitable alterations of their economic situations. Finally, the developing countries, they conclude, will continue to mobilize and more rationally exploit their resources, work toward final eradication of all economic dependence on imperialism, develop their own economies, science, technology; and thus improve the lives of their people. Thus they will achieve complete economic independence, social justice, political sovereignty and the elimination of inequalities between nations.

Dakar was followed by a Ministerial Level Conference of the group of "77" held in Algiers from 15 to 18 February 1975. At that Conference, taking off from the Dakar Declaration and Action Programme the "77" drew up a programme to be pushed at the subsequent Second General Conference of UNIDO, 12-26 March, Lima, where a plan of action for industrialization of the developing world was to be drawn up in line with principles of the "new international economic order".

### B. *The Dakar Action Programme*

The Dakar Action Programme divides into, first, measures to be taken by the developing countries themselves; secondly, measures to be taken by the international community.

As a conference on raw materials, Dakar confines its action programme mainly to this field; though as will be seen below, when it comes to what the international community must do it ranges more widely.

## ACTION PROGRAMME FOR THE DEVELOPING COUNTRIES

### I. *Co-operation Among Developing Countries*

This is called for by the Fourth Summit of the non-aligned and also by the UN's Sixth Special Session in recognition that responsibility for "speedy development" rests primarily with the "77" themselves.

*Co-operation in raw materials and other primary commodities will require four measures* (already proposed in the Sixth Special Session): strengthening of their negotiating positions; firmer control over their natural resources; expanded markets and better returns from export; strengthening of their purchasing power through indexation of raw material and agricultural prices in terms of industrial prices and services imported from developed countries; more processing of raw materials in the developing countries.

### II. *Means to this co-operation will also be:*

To promote direct trade in raw materials and in processed commodities (which now go unprocessed from developing countries for processing in industrial countries thence to return as processed exports to other developing countries); improving the position of natural materials relative to synthetics; diversification which will be aided by co-ordination among regional groups of the "77" in their investment and production projects, and financial, scientific and technical co-operation.

The Programme here calls attention to measures in these directions proposed at the non-aligned conferences of Georgetown, Algiers, Belgrade.

### III. *Proposed Council for Consultation and Co-operation:*

To promote in particular, the producers' associations called for in the Sixth Special Session, Dakar, now calls for a Council of Developing Nations. *Aims and objectives of this Council will be:*

- (a) recovery of resources, production and marketing, defence against economic aggression;
- (b) exchange of experience among producer-exporter associations; aid to other groups to establish their own association;
- (c) harmonization of action among these associations and mobilization of all of them for anyone in particular need of support;
- (d) common support of regional and inter-regional buffer stocks (guaranteed and yielding a fair return) and of other forms of market interventions, or other mechanisms designed to produce remunerative prices for the "77's" raw materials.

In line with a hoped-for general extension of "77" control over exploitation, processing and marketing of raw materials within their respective sovereignties, the call for solidarity support is again repeated; and then the appeals made that existing, successful producers' associations should offer their expertise, provide all assistance in achieving control of industries—especially in the processing and marketing of raw materials—within other developing countries' territory.

IV. Towards achieving the buffer stocks required to guarantee to the "77" a fair return, consideration should be given to *establishing an agency to finance and operate a multi-commodity buffer*, or, alternatively, individual buffers or other market interventions.

V. The Programme turns next to note the plight of the economies of the "77" *most seriously affected* by the international economic situation and calls for elaboration with UNCTAD's help of proposals to counter this contingency.

VI. Another area proposed for co-operation is *continued effort among the "77" to ensure a just and equitable price relation with products of developed countries*, one that promotes the "77's" development. Two methods proposed are export duties and minimum export price, schemes where world market conditions warrant and the schemes are technically feasible.

VII. The Dakar proposals include four specific suggestions of aid from the producer-countries among the "77" (unspecified—oil-producers and the industrially advanced?) in favour of the "77's" less-privileged. First, favourable terms for payments. Secondly, financial resources for achievement of processing—in general, low interest on credits. Third, other forms of financial and technical assistance. Fourth, investment in agriculture to ensure food supplies to the "77" and lessen their food dependence on the developed countries. To this end surplus-developing countries among the "77" should invest in agricultural and stock raising programmes of other developing countries.

VIII. Still other fields are suggested for regional, sub-regional and inter-regional co-operation. Among these: (1) enterprises to process raw materials—competitive in world markets; (2) preferential trade agreements, payments' unions, financial support through financial institutions offering medium and long-term investment from available surpluses, payments' arrangements, export credit, long-term purchase and sales agreements, common research, developmental efforts. All this should look to realizing the non-aligned Fourth Summit proposal to double the growth rate of mutual "77" trade (which can be done within the framework of GATT's protocol on trade among developing countries).

For all this there must be joint research, jointly financed, especially to improve the competitive positions of natural products, to mobilize inter-transfer of technology and technological innovations. Other joint institutions ought to investigate ways of gaining bargaining power in markets for patents and licences; in joint purchasing of techniques and know-how.

IX. The non-aligned report at this point their decision, first, to create a *permanent committee for technical aid*, responsible for transferring technical know-how from the developing to the less developed; secondly, to convene a *group of experts attached to the non-aligned bureau to implement still other measures* in favour of these less developed.

X. *With respect to the land-locked countries* the Programme proposes *international assistance* (1) to increase their import and export capacity; (2) to compensate for geographical disadvantages in respect to transport and transport costs by a special fund. It also proposes that developing countries with surpluses help the land-locked to develop their production of food and other resources, and to exploit non-depletable sources of energy (which would rebound to the advantage of the developing countries whose energy resources are non-renewable).

XI. *On International Co-operation*  
*The Dakar Programme on co-operation at the world level begins with a few premises:*

- (a) the developing countries must display that political determination which "enables the international community to apply" the Programme of the UN's Sixth Special Session;
- (b) the developing countries have a right to a diversified, integrated, independent, national economy with an industrialization and agriculture built on their own resources and mobilizing their own working people, modernly equipped, self-reliant, an exercise of political sovereignty. All economic and technical co-operation from the developed countries should reinforce the economic independence.

XII. On this basis the Programme offers the *following measures of international co-operation for an integrated programme on commodities* and this to be agreed upon before the Fourth UNCTAD to be held in Nairobi in June of 1976.

- (a) *International buffer stocks and other interventions in the market* in support of remunerative and just prices for a range of export commodities important to the "77". Stocking could be on either a multi-product or individual product basis. This would require a fund which ought to attract investment from developing as well as developed countries on the basis of guarantees and a reasonable rate of return. To the fund, international financing institutions might also contribute through long-term loans on reasonable terms. The fund itself would organize the buffer stocks on agreed operation-criteria and/or finance individual buffer schemes or other market intervention by either the producing countries working separately or by the producing and consuming countries together;
- (b) *Compensatory finance* to stabilize real export earnings also appears in the programme;
- (c) *Negotiation of commodities* (multilateral or other market regulation) is called for to maintain commodity export prices in terms of the prices the developing countries must pay for the products of industrial States, thus to ensure both outlet for the formers' exports and their capacity to purchase needed industrial supplies.

XIII. *There is not much new in the rest of the proposals.* These include:

- (a) *Access to markets:* All the usual measures are mentioned: reduction and elimination of tariff and non-tariff barriers, of duties on materials which are graduated according to their degree of transformation or processing; refunding of excise taxes to the "77" where importers are presently unable to eliminate them altogether. Where developed countries are especially fearful of the competition of developing countries' exports, they should in anticipation of reducing all barriers assure some percentage of their markets to these competing products. To accommodate all this entry the industrial countries must adjust their economies.

All this trade programme must be within the framework of the UNCTAD programme of general non-reciprocal, non-discriminatory,

preferences, which should be applied, improved and expanded to include more processing, and more manufactured and semi-manufactured goods from developing countries. Condemned are all efforts to use preferences as a weapon of economic or political pressure.

In view of the just-begun GATT multilateral trade negotiations industrial countries are asked to give priority to all the above-mentioned measures in order to assure net advantages for the "77's" trade.

- (b) *On energy and other raw materials*: the international community is invited, first, to programme use of these so as to aid the "77s" development, keeping in view their predictable depletion; secondly to help the developing countries control and exploit their raw materials up to and through industrialization by training their supervisory staff; thirdly, to contribute to a fund that will enable developing countries to expand agricultural and other commodity production and processing of these; fourthly to reassess and diminish the move into synthetics in view of the high social cost of their production and damage to development of the "77".
- (c) Additional recommendations for action by the international community:

*study transfer prices charged by transnationals* for products which they produce, process and market in developing countries; *ratify the Convention on a Code of Conduct for Liner Conference* to reduce freight and other shipping charges to developing countries;

*establish a code on transfer of technology* to provide transfers on easier terms, and revise the international patent system;

*place an immediate moratorium on debt*, repayments until the objectives for which the loan assistance was first given are achieved. This will permit the "77's" enhanced products of raw materials and semi-manufactured and manufactured goods to begin to earn a return from which debt can then be paid. Debts scheduled on unfavourable terms should be cancelled or renegotiated;

*international monetary reform* to give the "77" their rightful place in operation of the system and to yield an automatic transfer of real net resources to them. Exploration of the possibility of establishing a link between Special Drawing Rights and additional development financing.

- (d) Dakar, taking place shortly before the Second General Conference of UNIDO, Lima, March 1975, calls on that Conference in particular to apply the programme of action adopted at the Sixth Special Session for a new international economic order which will, in particular, permit the "77" to have a larger share of world industrial output.

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