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A New Economic World Order?

The world economy is entering the final quarter of the twentieth century with a profusion of problems, uncertainties and causes for confusion and pessimism as faced seldom before in history. The unbroken optimism about continual growth until recently has given way to all-pervading resignation and skepticism. The potency of the recessive tendencies has provoked comparisons with the crisis of the early thirties. No sign anywhere shows as yet whether and when the downward trend will come to an end. The pessimism is reinforced by the painful experience of contagious inflation, which has by now spread to almost all countries of the world and still waits for somebody to discover a practical remedy, and by a general feeling of helplessness in the face of this phenomenon after decades in which economists directed their attention to the problems of employment, growth and inflation.

There are other global problems which are if anything even more aggravating: famine disasters of vast extent, a growing food deficit and mounting discrepancies between rich and poor countries. They contain a huge potential for conflict.

Confronted with these problems the United Nations in the past year convened three major conferences to help to overcome them — the World Raw Materials Conference, the World Population Conference and the World Food Conference. None of these

however arrived at operational concepts for the solution of the indicated problems some of which are of apocalyptic dimensions.

It is true that the World Raw Materials Conference adopted a resolution to set up a "new economic world order" through which it is hoped to tackle the evil at its root. The successes of the OPEC had persuaded a majority of the delegates that the frustrating widening gulf between industrialised and developing countries needed bridging by a sweeping reorganisation of the world economy. A coincidental aim was the achievement of a different and fairer incomes distribution in the world.

A closer study of the text of the resolution to make out its essential substance however yields little concrete information about the nature and functions of the demanded "new order" although it is full of platitudes and big words. Concrete is only the ubiquitous demand for a fundamental change in incomes distribution. What are the foundations on which a new order could be based? There can be no doubt that there is no other lasting foundation for an economic world order, which is to operate over a long period, than viable economic circuits specific to the various regions and countries. It would admittedly be possible to improve the terms of trade of certain countries as happened in the mineral oil market and thereby to alter the distribution ratios. But it

would be illusory to believe that the position of the developing countries could be improved in this way for any length of time. Viable internal circuits — i.e. domestic markets to absorb domestic productions — are indispensable for a lasting improvement. They are the only possible basis for a universally advantageous world trade system. External trade can never make up for lack of an internal basis, and well-intentioned aid can do so even less. If a new order is to be introduced, more determined application of this principle must be an essential element.

This principle has little to do with the alternative of "capitalism" or "socialism". True, the economic expansion of the industrialised states has certainly been a factor in bringing about the present situation in the developing countries. But it would be a tragic error to believe that "restitution" can be secured by rigorous redistribution processes. If the economic process in the industrialised countries were seriously impaired, the repercussions on the developing countries would be grave. Bearing in mind the potential for conflict inherent in a redistribution policy, which the industrialised countries would regard as amounting to "strangulation", it is clear that the scope for a "new economic world order" is much smaller than the venturesome delegates to the world raw materials conference were willing to believe.

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