

HEINZ AHRENS et al., UDO ERNST SIMONIS (ed.): Ordnungspolitische Fragen zum Nord-Süd-Konflikt. (Schriften des Vereins für Socialpolitik, Gesellschaft für Wirtschafts- und Sozialwissenschaften, Neue Folge, Band 129) Berlin: Duncker und Humblot, 1983. 356 pages, DM 96.-

About ten years ago the United Nations' "Declaration" and "Programme of Action for the Establishment of a New International Economic Order" started off an intensive discussion about the reform of international economic relations. After initial euphoria disillusionment is now widespread. Despite an exhaustive discussion of a vast variety of proposals for the reform of the international economic order, only a few steps have been taken and no substantial successes have been realised.

As the editor Udo Ernst Simonis points out in the preface to the present book a new order emerges only either as a result of a long evolutionary process or by consensus of all decision takers concerned. Most of them, especially the developing countries, will not have patience to wait for such an evolutionary process, whereas the ability to find a consensus has proved, at least in the past, to be insufficient to make real progress towards the reform of the present international economic order. Though it was not always explicitly stressed and sometimes hidden behind various proposals for reform, disagreement was very often due to opposing conceptions about the economic order.

The study under consideration covers fourteen papers presented by German and foreign economists at a conference of the "Ausschuß Entwicklungsländer der Gesellschaft für Wirtschafts- und Sozialwissenschaften (Verein für Socialpolitik)" held in November 1981. These papers aim at making evident the significance of "Ordnungspolitik" for the assessment of the different positions in the North-South-debate. They also offer useful explanations for the fact that attempts to reform the international economic order have so far been rather unsuccessful. Finally they comprise fruitful indications of future efforts towards a reform of international economic relations. This review can only provide a brief glimpse of the variety of inspiring ideas concerning the reform of the international economic order covered in the present study.

Hans Gert Braun gives a theoretical analysis of the demand for a new international economic order. He states that the present international economic order shows a deficit concerning "Ordnungspolitik". The main components of this deficit are: that the developing countries did not participate in the establishment of the present order; that there are no unanimously accepted goals of international economic policy and that there is no world-legislative body. He further argues that the dualistic approach - market economy as against centrally planned economy - is not adequate; more differentiated and pluralistic approaches should be adopted. He adopts such an approach in his analysis of some of the demands of the developing countries for a reform of the international economic order. In his commentary Christian Uhlig extends this

pluralistic approach and pleads for an organizing principle of "coordination by negotiation on the basis of an organized balance of interests". The developing countries' demands would not necessarily lead to the "way to serfdom" of a world-wide, centrally planned economy. These demands would become more convincing if one looked at them in the light of the principles of a socially oriented market economy, largely accepted in the industrialized countries.

The positions in the North-South-debate being so different, one can ask whether at least South-South-cooperation is based on mutual interests and common goals. Jörn Altmann analyses the experiences of regional cooperation among developing countries with special reference to intraregional competition, the role of the state within the economy and the social order of the countries concerned. He states that integration efforts can only be partially successful as long as the precondition of homogeneous economic structures and organizing principles is not satisfied.

Paul Streeten asks: "What New International Economic Order?" He cites critics of the New International Economic Order who have accused it of being neither new nor international nor economic nor an order - "not new, because all the proposals had been made before; not international, because much is about national selfreliance and de-linking, not economic, because it is about power relations and at least political; and not an order because it leads to confrontation and rejects the great orderly principles of the liberal market economy". Streeten does not agree with such criticism. Rather he looks for more constructive answers to the call for a New International Economic Order. He considers the gap between appropriate global institutions and the evolution of global reality as the main problem of the present international economic disorder. Whereas the old economic orders were based on dominance, the New International Economic Order should be one of equal partners. He distinguishes four areas to overcome the current impasse in the North-South-dialogue; first the developing countries should explore the possibilities of greater self-reliance and thus strengthen their bargaining power vis-à-vis the developed countries. Second, the developing and developed countries should discover the spheres of common and mutual interests (positive-sum game areas). Third, institutional arrangements should be made to avoid self-defeating and mutually destructive actions (negative-sum games). Fourth, areas of zero-sum games should be explored, where the developed countries should make concessions in favour of the developing countries. This classification into four areas is useful for analytical as well as political purposes.

In his commentary Lutz Hoffmann emphasizes that the present international economic order has not emerged by free and democratic consent. Thus, now the problem arises that an order of international economic relations has to be established without having an instructive example.

Hoffmann discusses in detail four questions fundamental for the establishment of an economic order: Why should there be an order; what are the aims of that order; what can be ordered and what should be ordered?

Reinhard Blum examines the applicability of the social market economy as

it emerged in West Germany after World War II for international economic relations. He argues that the market economy is not an ideal solution since in a free and democratic order a welfare maximum cannot be determined. Free trade is considered not to be acceptable for the developing countries. In his opinion a socially oriented market economy is applicable on the international level only if the old paradigms are overcome and if a mixed system of market- and plan-rationality is accepted. Moreover development policy is considered to comprise a complicated organizational problem which should not be pressed into narrow categories and concepts.

Hans-Rimbert Hemmer rejects this criticism, stressing that one should carefully distinguish ideal types of economic orders from real types; the former should not be blamed for the shortcomings of the latter.

Göran Ohlin deals with the problems of the international negotiating system. Although the proposals to reform the present international order are far from being revolutionary and the North-South debate has been going on for so long, practically no positive results have been realized. This cannot be explained by the large number of negotiating parties, the insufficiency of international organizations, or the North-South dichotomy; rather he diagnoses an incapacity to recognize common interests and to overcome mutual distrust among the dialogue partners.

Michael Bohnet does not share this pessimistic view of the North-South negotiations. He emphasises the negative effects of subdividing the different countries into distinctive groups and pleads for a reform of that group-system. The North-South-dialogue should continue to be held on a global level, but should be complemented through bilateral and regional co-operation.

For some years now increasing attention has been paid to the emergence of the "New Protectionism" among developed countries. Heiko Körner deals with the origins of this new phenomenon of trade restrictions. He also discusses in detail why most of the developing countries show only a limited interest in bringing about an international free trade order as codified by the General Agreement of Tariffs and Trade (GATT). He explains the motives of some of the developing countries for even taking part in restrictive trade agreements with the developed countries. This collaboration would lead to a widening gap between new exporters and the already established "newly industrialized countries". Summing up he calls for a reform of the present international trade order in which justified exemptions from the basic principles of free trade are possible but bound to stringent rules.

Heinz Ahrens analyses theoretically and empirically the special consequences for the developing countries of agricultural protectionism by the European Community. Some of his major conclusions are: in the seventies production incentives and protection led to greater self-sufficiency and lower import demand in the importing countries of the EEC. At the same time imports from EEC-partners grew. Consequently third-country imports were displaced from the markets of the EEC. As a rule, the developing countries' exports were affected more strongly than those of developed countries.

The orderly principles of the market economy are not only relevant for international economic relations but also for national economic policy. Thus Ronald Clapham examines their implications for overcoming poverty within developing countries. He shows the shortcomings of an interventionist policy to fight poverty, viz. the difficulties of determining basic needs, particularly the immaterial ones, and to define exactly the relevant target groups. He then discusses the social consequences of market economy rules and tries to support his theoretical considerations by empirical evidence. He concludes that the economic performance of the African developing countries with market economy was markedly better than that of the socialist countries in Africa. It should not be argued that the former had been successful only economically but not socially, whereas the latter had experienced overall social progress.

Hans Peter Nissen concentrates upon the implications of a market economy system for income distribution in developing countries. He tackles three major questions: Do the peripheral countries get poorer and poorer while the centre countries get richer and richer? Does the market economy in developing countries intensify the income disparity between the rich and the poor? What are the consequences of multinational enterprises for the income distribution in developing countries?

Karl Wohlmuth takes up the problems arising from multinational enterprises, focussing on the control of those enterprises in developing countries. He reviews the current state of discussion on that topic. The positions for and against the control of multinational enterprises are discussed and the problems of their control in the context of alternative development strategies are analysed.

The final part of the book is devoted to the problems of development aid. Rolf Schinke critically reviews some of the proposals made by the "Independent Commission on International Development Issues" (Brandt Commission). The crucial point of the proposed "new approach to development financing" is to set up a global transfer system with partially automatic fund raising. Schinke supports this proposal in principle but raises objections to some of the specific measures for bringing about this automatism. He also criticises the intended utilization of the funds and some institutional aspects of the proposed transfer-system.

In his commentary Werner Lachmann takes up the distinction between a performance-oriented and a needs-oriented global redistribution and analyses the implications for the quality of aid (credit or grant) and the utilization of aid (consumption or investment).

Norbert Wagner