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THE WORLD ECONOMY FROM THE SOCIALIST VIEWPOINT\*

Branko Horvat\*\*

INTRODUCTION

There is little doubt that the world economy is in serious disarray. None of its three segments escaped profound crisis. The first, developed capitalist, world is struggling with colossal unemployment which not only reduces significantly the use of available labour and capital resources but also generates deep demoralization. The second, centrally planned, world is experiencing a great reduction in its growth rate and a drastic deterioration of efficiency: capital efficiency is decreasing all the time and technological progress, as conventionally measured, is substantially lower than in the First World. Development plan targets are no longer being achieved, though being constantly lowered, and the main target — catch up and overtake — is being replaced by the struggle for survival. The third, less developed, world is hit by the calamities of the other two and on top of that lives with hunger, disease and the widening gap in economic development.

There is scant comfort in the theoretical speculation that we are living through another Kondratieff trough, exactly fifty years after the last one. Neither do we derive much help from the knowledge of the proximate causes: the collapse of the Bretton Woods world monetary system in 1971, widespread harvest failures in 1972 and more than quadrupled oil prices in 1973 with the ensuing accelerated inflation. The Keynesian remedies failed to work in the First World. All that economic theory was able to add to our knowledge was the invention of a new term: stagflation. The administratively planning medicine proved to be equally deficient in the Second World. An unending series of organizational reforms made things only worse. The internal difficulties of the two worlds, caused by anachronistic social and economic arrangements, coupled with chaotic developments on the globale scene, led to the breakdown of the old world economic order.

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\*\* University of Zagreb.

As a consequence, we see the spreading of protectionism, inward-looking philosophy and beggar-my-neighbour practice, national animosities, mounting conflicts, a revival of the cold war, and huge military expenditures. We are living in a rather unpleasant world which is irrational, exploitative, unjust and full of hazards. Is there anything we can do about it?

I do not propose to explore the possibilities of a world socialist transformation. Not only because such a task transcends by far the limits of a paper, but also because a socialist world order will become possible only after the constituent parts, national states, have become socialist. My task is much more modest. All I want to do is to look at the world economic order, with all the existing constraints taken for granted, from the socialist point of view.\*

Socialism is about equity, solidarity and rationality (hence: scientific socialism). These three characteristics are, of course, contrary to what we find in the contemporary world. But they also seem to be widely shared values that provide impulses for change. I shall use them to organize my analysis. Rationality is presumably in everybody's interest. Thus I shall start by exploring the possibility of a more rational organization of world economic affairs. Equity and solidarity are important for those who are weak and exploited, who lag behind. These principles will be applied to the treatment of the less developed countries and the widening gap. It will turn out that the moral principles of equity and solidarity contribute to the rational organization of the world. Immoral rationality and irrational morality are not arrangements that can be sustained for any length of time. Enlightened realism and genuine idealism work together. That being so, there is some scope for positive action.

#### FURTHER DEVELOPMENT OF THE UNITED NATIONS SYSTEM

If anything is certain about the contemporary world, it is that it has become an integrated and interdependent whole. It is still very heterogeneous, it has at least three very different segments, but the segments are mutually dependent. No one can live in isolation. Distances of every kind have been reduced tremendously; the globe has contracted. The nations have a common heritage, such as the ecosystem, the high seas, outer space, and vital resources, which require joint management. The nations trade and interact with each other in numerous ways which requires the establishment of various codes of conduct and various global regulating institutions.

Common interests and a common heritage are often contrasted with national sovereignty. The two principles are said to be irreconcilable and since the world order must be based on them, its foundations are considered rather shaky.

\* For a complete theory of socialist economy see my *Political Economy of Socialism*, Sharpe, New York, 1982. There also the possibilities of socialist transformation are examined for each of the three world segments separately.

Yet, is the situation within a modern nation basically different? The nation has obvious common interests. But its citizens are sovereign in a certain important sense. They are supposed to enjoy consumer sovereignty, they are allowed free initiative as producers, they have legal integrity (habeas corpus) and are able to engage in political activities as free and equal individuals. All this, of course, within a system of social, political and legal norms. An international system can be built up in a similar way. It will appear as a second order or global system whose constituent parts or subsystems are the nations. The citizen at the national level and the nation at the global level are bearers of sovereignty. There are clearly important differences between the two sovereignties. But there are always differences when we pass from one system level to another. The point is that a system is a set of functionally interdependent parts. The design of the system ought to take care that the parts are functionally and not dysfunctionally interdependent.

A system may be designed in various ways, and an earlier design may not suit the modern need. Janez Stanovnik, the secretary of the UN Commission for Europe, has aptly described the stage-wise evolution of the world order: supranational or colonial in the nineteenth century, transnational or neocolonial since then and an international one yet to be built.\* Here the term "international" implies absence of domination and the presence of genuine national sovereignty.

The mechanism that is available for the establishment and management of an international world order is, of course, the United Nations system. It consists of a set of institutions such as the General Assembly, the Economic and Social Council, the Security Council, UNIDO, FAO, UNCTAD, the International Labour Organization, UNESCO, the World Health Organization, the International Communication Union, the International Monetary Fund, the World Bank and some others. These institutions are highly reminiscent of Parliament and the ministries for foreign affairs, manufacturing, agriculture, trade, labour, culture and education, health and communications. The last two, IMF and IBRD, are a central bank and a development bank. In this institutional structure there is a conspicuous lack of a cabinet government and of ministries of finance and defense. Does this mean that all that needs to be done is to add the three missing institutions in order to establish a World Government?

The answer is a definite No! — although the idea of a World Government has been proposed rather frequently in the past two centuries. There are at least two reasons for this No: (a) a World

\* J. Stanovnik, *Mednarodni gospodarski sistem*, Drž. založba Slovenije, Ljubljana, 1982, p. 414.

Government would perpetuate the domination of economically and military strong nations and (b) it is simply not necessary.\*

Since a World Government is not desirable, an alternative solution is sought in voluntary agreements at ad hoc international conferences. Permanently binding statutes and, in particular, institutions with decision-making power are feared as preparing the ground for World Government and are therefore rejected.\*\* But this is a *non sequitur*. There is a clear third possibility.

For the system to work three components are necessary: decision-making institutions based on consensus, technical institutions based on professional expertise and the carrying out of professional work and various codes of conduct. Every new change in international arrangements must clearly be voluntarily negotiated by sovereign parties and becomes binding only for those who ratify the convention. After some critical number of nations have joined the new covenant, it becomes universally binding. The sanctions for disobedience are, of course, not backed by police but are based on moral disapprovals and the withdrawals of benefits coming from international regulation. In particularly serious cases a disobeying free-rider may be expelled from one or more UN institutions ending, in an extreme case, with expulsion from the General Assembly. In the so-called primitive communities — which knew of no government or state — expulsion from the community meant death. In the modern interdependent world the inability to participate in international arrangements means something close to national suicide. Benefits always imply obligations and responsibilities.

For a modern economic system to work, the following minimal set of institutions seems necessary:

1. A Central Bank which takes care of short-term adjustments.
2. A Development Fund which makes possible the full use of all available resources in the long run.
3. A Treasury which collects financial means for market and non-market interventions.
4. A Planning Organization which coordinates all activities on an *ex ante* basis.
5. A Tribunal which adjudicates conflicts among the parties.

\* And, in fact, UNO is not moving in the direction of the World Government. It suffices to take a closer look at how its "ministries" operate. Take the "ministry of agriculture": FAO provides technical assistance, International Fund for Agricultural Development provides funds, the World Food Programme is a joint undertaking of the United Nations and FAO designed to provide food aid to less developed countries in order to help them in carrying out development projects while the World Food Council, organized as an interministerial body, has the political role of overseeing developments in the field.

\*\* Stanovnik is one of those who express such views: "The idea of the World Government, World Central Bank or World Development Agency (proposed by the Brandt Commission) is not consonant with the principle of full national sovereignty." "The idea... of taxation at the world level is the first step to the World Government. And the World Government... means going back to hegemonistic relations of domination..." (op. cit., pp. 416, 510).

Apart from the institutions and functions mentioned, though of somewhat lesser importance, there is the management of food and raw material supplies which tend to fluctuate both absolutely and also relatively to unstable demand causing wild fluctuations of prices.

Let me now translate the above general scheme into a set of United Nations institutions.

1. The International Monetary Fund is an obvious candidate for the *World Central Bank*. As any Central Bank, it must be a last resort lender. But unlike other central banks, it does not deal with commercial banks; instead it helps national central banks. In this role it is instrumental in establishing balance of payments equilibria in national segments of the world economy. For that it must have a legal tender in order to provide the necessary liquidity for international financial transaction. Special Drawing Rights represent a possible legal tender. In order to become a world currency, "paper gold", SDRs must be traded like any other currency. At present, SDRs are confined to the system of national central banks. The next step is to secure free entry into the international monetary market. An extension of the functions of the SDRs is to link them with development finance.

Let me note in passing that there is hardly any doubt that a single national currency, such as the U.S. Dollar, could in future serve as world money. For one thing, the world economy has been growing much faster than the American economy and though the latter is still the largest national economy in existence, it no longer dominates the global economy; exports and monetary reserves of other advanced countries taken together are several times larger than those of the United States. For the rest, the world economy can no longer be dependent on the vagaries of a particular national economic policy and, moreover, would not finance the deficits of that economy. In this sense, the abolition of the Dollar convertibility into gold in 1971 represented not only the end of a particular international arrangement, but the end of an era. In the transitional period the Dollar will be joined by a few other currencies of the economically strongest nations in performing the role of a world reserve currency, which has so far proved to have destabilizing effects. In the end, orderly management of world finances will require the replacement of gold by a single internationally recognized reserve currency. Whether its distribution will be neutral or will be used to effect the transfer of real resources to those who lag behind — which is an exact reversal of the former practice when the richest country was financed by the rest of the world — depends on the extent to which the enlightened self-interests and socialist principles of equity and solidarity will prevail.\* But in any case, the solution will be negotiated among free and sovereign nations.

\* There are at least three possibilities: (a) allocation of a portion of SDRs to international development agencies, (b) allocation of SDRs to Fund members based on an agreed undertaking by the richer recipients to transfer part of the SDRs to developing agencies and (c) increasing the quotas of SDRs for the less developed countries.

financial resources from rich to poor countries, this is a rather important potential source of international tax revenue.

(6) *Voluntary aid contributions.* In 1970, the UN General Assembly requested of each developed country that in the course of the Second Development Decade the net flow of financial resources to LDCs be at least one percent of their GNP of which 0.7 percent in the form of official development assistance. Implementation of the goal was disappointing: 1970 — 0.52 percent, 1979 — 0.39 percent. Only the OPEC countries, Sweden, Norway and the Netherlands surpassed the goal. The CMEA countries transferred only 0.12 percent of their GNP. Yet these figures are no reason for despair. As long as at least some countries do their job properly, others will follow in due course.

The establishment of the UN Treasury implies a multilateralization of aid. Multilateral aid is generally considered more efficient and more desirable than bilateral aid. That, however, is no reason to prohibit the latter. Since England is more likely to give aid to India and Pakistan than to, say, Bolivia; France to her francophone partners in Africa and the Soviet Union to Mongolia, Afganistan or Vietnam — than to many other countries, by exploiting such bilateral preferences the total volume of aid may be substantially increased. In fact, I see no reason why the tax credit device should not be transplanted to international taxation, and thus give great freedom — and incentives — to donors to choose the forms of aid and their recipients.

4. Twelve years ago, at an international conference, I first suggested the establishment of a World Planning Agency within the UNO.\* The idea was not at all applauded. The spokesmen for the developed world said that it was not feasible because the big powers would not resign their power to shape world affairs. It was also said that monolithic central planning was both dangerous and inefficient (Robinson, Ohlin). Mahbub Ul Haq, speaking from the point of view of the Third World, called the idea inksome, impractical and unacceptable. He concluded that "the underdeveloped countries should be allowed to develop in their own fashion, according to their own stages of development, without being subjected to prefabricated models of development from a central agency."\*\* Having been born and raised in a less developed country, I easily agree. But the issue was deeply misunderstood. Perhaps the name I was using was misleading.

Planning, like democracy, is a word with many meanings. Since planning was first practiced in the Soviet Union, its central, administrative, authoritarian planning is mostly taken as paradigmatic. But that is not the type of planning that can be applied to a world organization. What is needed is prediction, anticipation and co-ordination. Administrative order-giving has no place.

The UN system has reached such a degree of complexity that co-ordination is becoming crucial. No wonder that only a few years

\* B. Horvat, "The Gap between Rich and Poor Nations from the Socialist Viewpoint", in G. Ranis, ed., *The Gap between Rich and Poor Nations*, Macmillan, London, 1972, 96-111.

\*\* Ibid., p. 117.

after my proposal a group of 25 experts, headed by Al Noor Kassum of Tanzania and appointed by the 29th General Assembly, reached a similar conclusion as I did.\* The group called for a revitalization of the Economic and Social Council which was to become the world economic forum. The Council is to be served by the Secretariat's department for Development and International Economic Cooperation which is a sort of Planning Bureau. The department includes two sectors, Development Authority and Research and Policy. An Advisory Committee on Economic Cooperation and Development is attached. It includes the heads of IMF, IBRD, UNCTAD, UNIDO, ILO, FAO, UNESCO and WHO and the secretaries of the Regional Commissions. Thus the World Planning Organization would consist of a professional Planning Bureau, ECOSOC as a political decision-making body and the heads of various UN agencies and commissions.

If planning means an agreed upon *ex ante* co-ordination of economic activities, the World Planning Organization should improve upon present practices in international economic development in all four major fields: financing development; stabilizing commodity flows; promoting and stabilizing trade; advising and assisting in the implementation of programmes. In order to do that, it would have to engage in the following activities (here I am quoting from my 1970 paper):

(a) Co-ordination of the activities of existing international agencies. By co-ordination I mean a commonly agreed plan of action. The W.P.O. will also provide an informational and data-clearing function.

(b) Working out development forecasts and development programmes for the United Nations and associated institutions. The national planning bureaus may become affiliated to the W.P.O., and so world planning may be conducted in a truly democratic fashion with full information accessible to everybody concerned. Nor should one underestimate the political educational value of such co-operation.

(c) Giving advice and rendering services in the field of development either when ordered to do so or on its own initiative. The W.P.O. should become an organization to which any government may confidently turn at any time for advice and help. Most of the work will probably be done by other agencies outside the W.P.O., but the W.P.O. must provide for an efficient channelling of requests.

(d) Proposing the distribution of available resources among regions and countries. The distribution programme becomes operative when approved by ECOSOC.

(e) Assessing the performance of assistance recipients and controlling the conduct of assistance donors.

In order to win confidence and function efficiently, the W.P.O. must be administratively independent, display a high degree of professional competence and intellectual excellence and have sufficient financial resources. The first condition is a matter of organization, the second hinges very much on the success of research, the third is catered for by the UN Treasury.

\* A New United Nations Structure for Global Economic Co-operation, UN Sales No. E 75.11, A.7, 1975.

5. The last two decades have witnessed an explosive development of international economic law, both private and public. Arbitration rules and various codes of conduct (for Transnational Corporations and the Transfer of Technology) belong here as well. International law requires an International Tribunal. The one in the Hague is a possible candidate. It hardly needs to be added that national courts are replaced by the International Tribunal when the parties — private or public — so stipulate.

Once international business cycles are — if not eliminated, then at least — brought under some control, the task of stabilizing food and raw material flows becomes much more manageable. With appropriate changes the national solutions — buffer stocks, compensatory finance\* to stabilize export earnings and a Common Fund, as proposed by UNCTAD — can be applied. That, of course, is much easier said than done and the North-South negotiations have not been particularly successful so far. However, partial actions are always much more difficult and less efficient than those which are negotiated as constituent parts of a consistent overall programme.

Efforts to introduce some order into entropic international economic relations are often opposed on the ground that this prevents the free flow of commodities, capital and labour. Addressing an international symposium on the Seventh Special Session of the General Assembly, the Netherlands Prime Minister J. den Uyl remarked that the global system we had was simply not one of free enterprise and free markets. The principle of open and expanding trade was contradicted by the practice of low tariffs for raw materials and high tariffs for industrial products blocking the industrialization of the poor countries. (One may add that the GATT philosophy of free trade has been violated by agrarian protectionism all the time and by all sorts of protective measures by DCs now, so that even rich countries cannot agree any longer. Instead of the free movement of capital, capital creation and credit systems were dominated by the United States and Europe. Instead of the free movement of technology, the patent system restricted its use to rich countries. And raw materials are no longer readily available. "This illustrates — concludes J. den Uyl — that the international economic system is not as free as often said, and that our choice is not one between a free system based on free enterprise and a completely planned economy. Our real choice is between our present system which is largely guided and manipulated for the benefit of the rich countries and a system directed towards solving the problems of

\* Buffer stocks can stabilize supply but cannot create non-existent demand. Compensatory finance can stabilize producer prices but cannot improve or even preserve the terms of trade if demand is not forthcoming. That is why the scheme is of secondary importance, the expansion of trade being crucial.

division of income and property, of scarcity of natural resources and of the despoiled environment."\*

The evidence accumulated in the seven years that have passed since the above statement was made requires that it be corrected in only one respect: the present system works against the interests even of the rich countries!

### BRIDGING THE GAP

Two centuries ago the gap between rich and poor countries — as measured in terms of per capita product — was less than 2 : 1. Today it is 39 : 1 with a widening tendency.\*\* The industrial revolution in Europe, which started in the late XVIIIth century, catapulted a small number of countries into the growth orbit while most of the world was left stagnant, occasionally even regressing economically.

When the gap between rich and poor segments of a single national society transcends a certain critical point, internal stability is likely to be jeopardized, violent class war ensues, the economy is disorganized and social eruptions of various kinds put an end to the orderly life of the nation. The disruptive consequences of great international differences are no less dangerous for the orderly life — even survival — of the global society. At best, they prove to be very costly; at worst, they may become fatal. In a small and contracting world no one can live in splendid isolation and hardly anyone can avoid becoming a victim in case of a serious world conflagration. The two world wars — although generated by different causes — are a sufficient reminder. Mankind can scarcely afford a third one — without jeopardizing its very existence.

The consciousness is gradually spreading that we all have stakes in a civilized world in which the differences between rich and poor nations will be greatly reduced, in which the most debilitating old wrongs will be redressed and in which all nations will feel at home. Thus it is *rational* to do something about it. The socialist principles

\* *The Seventh Special Session of the General Assembly, United Nations, New York, 1975, pp. 16—17.*

\*\* I. Dragičević, *Novi međunarodni ekonomski poredak i Jugoslavija*, FVT, Zagreb, 1982, p. 105.

of *equity* and *solidarity* provide further motivation and also help to systematize our approach.\*

In May 1974, at the request of Algeria, the Sixth Special Session of the UN General Assembly was convened. It produced the *Declaration on the Establishment of a New International Economic Order*. This event heralded the beginning of a new era. The Declaration envisaged the New International Economic Order to be based on the following principles:

1. Sovereign equality of States with self-determination and non-interference.
2. Full sovereignty over natural resources including the right to nationalize private businesses.
3. Supervision of transnational corporations.
4. An equitable relationship between prices of exported and imported goods of the less developed countries.
5. Preferential non-reciprocal treatment for the less developed countries.
6. An adequate flow of real resources to LDCs.
7. Promotion of the transfer of technology to LDCs.

The first two principles represent some kind of constitutional rights of an unwritten world constitution. The others deal with equity and solidarity. For expository purposes I shall translate equity into equal starting positions and solidarity into aid. This will enable us to undertake an analysis of the substance of the 1974 Declaration. It will transpire that there are two main channels for fostering development: (a) providing access to markets and securing equal exchange, both of which are preconditions for expanding trade and (b) effecting a real transfer of resources including the transfer of technology.

#### (a) *Equal starting positions*

The political system of a nation is shaped by those who hold power. Similarly the world order is shaped by and in the interest of the world powers. Pax Britannica was replaced by Pax Americana and the latter is in the process of being replaced by Pax Trilateralis and Pax Sovietica in the two secluded parts of the contemporary world.\*\* In Bretton Woods American views prevailed; GATT was created as a rich countries' club which remained outside the UNO and changes only slowly and with great difficulty; the World Bank has an American

\* It is sometimes said that the reforming role of the less developed countries in the world is similar to that of the working class in society. Whatever the ideas, wishes or moral traits of individual workers, the existential needs of workers as a class of individuals make them supporters of the socialist transformation. Similarly, less developed countries do not necessarily represent ideals of human decency and social ethics — and some of them have abominable political régimes and social orders. Yet they represent a class of countries vitally interested in improvement in international ethical, political and economic standards since these are preconditions for their national survival and human emancipation.

\*\* Hopefully this is a transitional stage to a truly international world.

president (though this is more a status symbol than the requirement of real interests); the International Monetary Fund is dominated by the vote of a small number of rich countries; international capital search activities of transnational corporations — which dominate world trade and produce one fifth of world output — are located in rich countries; and so on. This state of affairs can be changed only slowly and by political means. For this purpose, the less developed countries set up various organizations that cater for their interests. The central organization for the democratization of world political life is, of course, the General Assembly. Though political decisions are, obviously, ported goods of the less developed countries.

If a national economy is left to operate of its own accord in a laissez-faire fashion, the initial regional differences in development will tend to magnify and soon a process of polarization will set in. crucial, I cannot pursue the matter further. Let us, therefore, turn our attention to economics proper.

It is easy to explain the phenomenon in terms of external economies and input-output relations. When a third factory is built at a place where two have already been in operation, it can make use of the available transportation, communication and social services infrastructure, the supply of skilled labour, repair facilities etc. Such externalities may be crucial for a new firm. On the other hand, the empty cells of an input-output table of an underdeveloped region make it necessary that each increase in output be preceded and accompanied by purchases of capital and intermediate goods from a developed region. Thus the growth of the *developed region* will be accelerated. The effects are surprisingly great. Even if the developed region makes a net financial transfer as a pure grant to the other region, the output will increase more in the former than in the latter. The rich become richer even when engaging in philanthropy\*.

Now, if such is the case when both regions belong to one national economy with common borders, a common tax and budgetary system and common national interests, going beyond the national frontiers can only aggravate the situation. Tariff and non-tariff barriers and restrictive practices, the incomparably greater financial power of corporations from developed countries, biased international institutions, trade marks — all these make access to the world market exceedingly difficult for the latecomers. Thus, formal equality of the partners and formal free trade — which is the philosophy underlying, for instance,

\* Here are two illustrations. The regional differences in terms of per capita output between North and South in Yugoslavia are 2 : 1. If 100 million dinars are spent in the South, the northern output will increase by 123 million and the southern one by only 105 million dinars (B. Horvat, *Medusektorska analiza*, Nar. novine, Zagreb, 1962, p. 173). Similar were the findings of Chenery in Italy. Here the initial investment of 150 billion liras in the South generates an increase of income of 160 billion in the industrial North and of only 131 billion liras in the underdeveloped South (H. Chenery, P. Clark, *Interindustry Economics*, Wiley, New York, 1955, pp. 314—18).

GATT — implies real inequality and real distortion of trade\*. In order to establish equal starting positions, unilateral, non-reciprocal preferentials are necessary. Besides, the giant transnational corporations must be internationally controlled and restrictive practices eliminated. The United Nations have already taken the first step in this direction\*\*.

The second important consequence of empty cells in national input-output matrices is the lack of diversified exports. Less developed countries derive about 80 per cent of their export proceeds from exporting only 12 commodities. Since demand elasticities for these commodities are quite low, their prices tend to fluctuate wildly. For the same reason and because foreign exchange needs cannot be covered from other sources, their prices tend to be low and to lag behind the export prices of developed countries. A possible remedy is indexation\*\*\*, compensatory finance and buffer stocks. There is no need to add here to the expanding technical literature on the matter. Suffice it to say that appropriate stabilization regimes have been worked out for the national economies and that similar regimes are technically feasible at the global level as well.

Finally, even if international trade worked according to the textbook model of perfect competition, there would still remain unequal exchange. As shown by Arghiri Emmanuel\*\*\*\*, due to differences in national wage rates, caused by differences in development levels, huge amounts of labour (income) of the poor countries are appropriated by more developed countries through international trade. Lagging in de-

\* "since over half of the Third World manufactured exports take the form of intra-company trade — remarks Lance Taylor — the presiding transnationals can easily set their internal prices to take profits where convenient while still satisfying all GATT provisions regarding non-discriminatory trade" ("Back to Basics," *World Development*, 1982, 327—36, p. 335).

\*\* The General Scheme of Preferences, which was first negotiated in Tokyo in 1973 under the auspices of GATT, provided for unilateral tariff concessions to be granted by rich countries. UNCTAD IV called for an extension so that LDCs' exports of manufactures and semimanufactures could enter duty-free into developed country markets. The Convention signed in Lomé in 1975 between the nine-member EEC and 46 LDCs from Africa, the Caribbean and the Pacific provided for the latter duty-free access to EEC markets on a non-reciprocal basis for all industrial and almost all agricultural products. Moreover, a stabilization fund was set up to smoothe out fluctuations in foreign exchange earnings from a dozen primary exports. In the UNO a Commission and a Centre were up to supervise the operations of transnational corporations. Since three-quarters of transnational activities are in DCs, the OECD drafted a code which they were supposed to observe. Later a UN Code of Conduct was also drafted. In 1980 the General Assembly passed as a resolution The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. The Resolution is mainly directed against the practices of TNCs which restrict access to markets to third parties.

\*\*\* Indexation, i.e. linking export prices with the prices of imported industrial goods, is opposed by DCs and, also can hardly work if supply outpaces demand. Since cartel-like restrictions of supply are not particularly desirable (or even realistic), the expansion of trade is a preferred solution. Besides, since DCs also export raw materials and LDCs also import them, indexation, even if it could work, would not do much good.

\*\*\*\* A. Emmanuel, *Unequal Exchange*, Monthly Review, New York, 1972.

velopment means that wages are low, which affects the whole cost structure. LDCs export two kinds of commodities: non-competitive such as tropical fruits and competitive such as labour-intensive textiles. DCs defend their internal markets by imposing high tariffs on labour-intensive goods and appropriate the surplus of the poor by buying cheaply their specific non-competitive products. The textbooks and our principles would require that tariffs on labour-intensive products be abolished. But apart from that, some sort of export duty must be imposed on non-competitive exports in order to equalize wage differences between poor and rich\*. This export duty may be collected either nationally, or by the UN Treasury.

We have thus reached a straightforward conclusion. In order to equalize starting positions, developed countries must remove all tariff and non-tariff protection for imports from the less developed parts of the globe\*\* and also effect a certain amount of net transfer of resources. Tariff protection cannot be removed overnight since that would badly hurt old industries in DCs. Thus, instead of removing the tariff immediately, it may be retained but the proceeds be returned to the exporting LDCs. In the countries with administered prices (CMEA and other administratively planned economies) this would imply handing over the difference between the import and home prices. In this way DCs will have an economic incentive to reduce tariffs on LDCs commodities as quickly as possible. The process of global adjustments can be speeded up by the UN Planning Organization and the UN Development Fund.

So far, I have been talking of only two segments of the world economy: the developed and the less developed one. Since there is a relatively small number of developed countries and economic differences among them are not too great, they may be treated as a homogeneous group. Not so the less developed segment of the world. For reasons explained elsewhere\*\*\*, there is quite a strong non-linear

\* Export duties would increase prices, and higher prices would generate larger export earnings only if demand elasticities are sufficiently low and supply keeps being matched or outmatched by demand. It is instructive to mention yet another obstacle of an entirely different kind. In 1971 the producers of bananas in Central America (UPEB) imposed an export duty. The transnationals (United Brands, Standard Fruit and Del Monte) staged a boycott and the attempt of banana producers to live up to the Emmanuel theory was frustrated.

\*\* This is a necessary but not a sufficient condition. The Lomé Convention, for instance, did not improve the position of 46 LDCs at the EEC market. The reasons were: (1) a reduction in the EEC Common External Tariff, (2) the application of the General Scheme of Preferences and (3) the exemption of certain agricultural products from duty-free access, restrictive rules of origin and a safeguard clause (J. Moss, J. Ravenhill, "Trade Developments during the First Lomé Convention," *World Development*, 1982, 841—56). On the other hand, the EEC preferential trade agreement with Mediterranean countries in the 1960s and early 1970s boosted the preferred exports of textile and clothing to the EEC markets (R. Pombret, "Trade Effects of European Community Preferences to Mediterranean Countries," *World Development*, 1982, 857—62).

\*\*\* B. Horvat, "The Relation between Rate of Growth and Level of Development," *Journal of Development Studies*, 1974, 382—94.

correlation between the level of development and the rate of growth. The correlation analysis provides a simple and straightforward criterion for the classification of less developed countries into four distinct groups in ascending order of development\*:

(1) The poorest countries in the initial stage of development with almost stagnant economies on a per capita basis. The gap between them and the rest of the world is rapidly widening.

(2) The developing countries which "took off" but are still not catching up.

(3) The rapidly industrializing countries (such as Southern Europe, some OMEA countries and parts of Latin America and the Far East) which are achieving high rates of growth and are catching up, occasionally very quickly. Japan used to be in this group, but has in the meantime caught up and is now in group (5).

(4) Possessors of an unusually important raw material. Nowadays this is oil. Thus, the OPEC group ought to be classified separately. Countries in this group need not be more developed than those in group (3), but the high rent from oil generates huge revenues available for fast growth.

It is sometimes said that such a classification is undesirable since it undermines solidarity among the less developed countries. But this reasoning seems to be devoid of sense. If the principle of equity is to be applied, it must be applied universally. If developed countries — which may be denoted as group (5) — are to open up and remove *unilaterally* all barriers to trade for other groups, the same principle applies to every other group down the list. In other words, whatever preferential treatment is received from those located upwards, must be made available to everybody placed downwards. This is the contemporary meaning of the old "most preferred nation" clause. Only the poor of the world have no obligation to grant non-reciprocal preferences.

This brings us to the problem of collective self-reliance. Though the development game cannot be played without DCs, there is a lot that LDCs can do by themselves to improve their lot. Of particular importance is regional development planning administered by groups of neighbouring LDCs. The profitable size of output capacity in many lines of production is often substantially larger than the size of the market in a poor country. Due to circumstances, the surplus capacity cannot be used for profitable export. Thus, a vital precondition for rapid development is productively oriented regional economic integration. Quite a few attempts have been made so far, but the success has not been spectacular; nationalistic limitations and less than responsible governments perhaps provide, an explanation. The Sixth Special Session of the UN General Assembly and UNCTAD called for

\* Similar classifications later became quite common. For instance group (1) is called Least Developed Countries and the General Assembly and ECOSOC established in 1971 and 1976 twenty nine of them and so did UNCTAD IV in 1976. Group (3) is frequently called Newly Industrialized Countries. The OECD study INTERFUTURES (1979) classifies LDCs into practically the same four groups, etc.

the formation of producer associations for joint marketing arrangements, orderly commodity trading, improving export incomes and terms of trade. There are already producer associations in existence for bananas, bauxite, copper, cocoa, rubber, tea, tin, tungsten, phosphates and coffee. The Manila meeting of the Group of 77 accepted the proposal to establish a programme of economic cooperation among LDCs. Apart from the already mentioned areas of cooperation, the need was stressed for establishing multinational enterprises in such fields as aviation, shipping, insurance and banking and for financial aid by oil-exporting states to other LDCs. The ideas are forthcoming; the implementation seems to be somewhat lagging behind.

#### (b) AID

Even if barriers to trade and growth are eliminated and some resources transferred in order to equalize starting conditions, the differences in the level of living will still remain tremendous. Human solidarity requires that less developed nations be helped to speed up their economic growth. For that we need a considerable transfer of real resources.

In this context two types of resources can be distinguished: knowledge and financial resources. The transfer of knowledge can be affected by improved technical assistance and by facilitating the transfer of technology. UNDP and UNIDO are supposed to take care of that. The financial transfer is effected by the Development Fund. Financial transfers can under specific conditions be replaced by transfers of real resources (such as food).

The transfer of resources is used primarily for investment. Development investment can be classified into two categories: *investment in social overhead capital* (schools, hospitals and, possibly, the transportation network which only pays off slowly) and *directly productive investment*. Development assistance consists of *unilateral transfers* (grants), loans on *concessional terms* and *commercial loans*. The first category is essentially a budgetary subsidy, the other two represent development loans. Grants will be used to finance social overheads and loans for directly productive investment.

As far as the transfer of resources is concerned, we may postulate the following criteria. If a man, regardless of where he was born, is to be treated as a human being, he must enjoy an adequate diet\*, and must have access to medical and educational facilities. These three requirements will in principle be met by budgetary subsidies (unilateral transfers) administered perhaps by UNICEF, WHO and UNESCO. There is also another reason for this approach. If we succeed in educating people and keeping them healthy, they will soon find ways and means of generating fast growth. In the poorest countries (group

\* For instance, it is now well known that protein deficiency in the early years of life has an adverse effect on future physical and mental development. Prenatal malnutrition causes retardation and brain damage.



1), investment in the transportation network also qualifies for budgetary subsidies. Otherwise such countries soon become saddled with heavy debt servicing which has depressing effects on growth.

A UN study indicates that as a country reaches an average per capita income of about \$ 400 (in 1960 prices), it comes very close to the health and educational standards (as measured by life expectation, infant mortality, caloric value of food consumption, quality of diet, enrolment ratio and literacy rate) characteristic of contemporary civilization\*. In other words, at a certain not very high level of development an average country manages to finance its social services out of its own income and so there is no need for further subsidization.

In general, group (1) of countries will rely heavily on subsidies and loans with no interest charges; group (2) will to some extent replace subsidies by very soft loans and finance other development needs by moderately soft loans; group (3) needs no subsidies and most of the loans will be on a commercial basis while group (4) appears to be a net exporter of financial capital. The volume of necessary finance, and also its distribution, may be determined by using the criterion of gradually closing the gap. This means that all four less developed groups must develop substantially faster than the fifth, developed group. What "substantially" means in concrete terms is to be determined by political negotiations\*\*.

With assured finance for the social infrastructure, with large amounts of foreign exchange at their disposal, with expanding foreign markets providing sufficient revenues for the repayment of debts and with access to development finance depending on performance standards, most less developed countries should be able to accelerate their growth appreciably and begin to close the degrading gap between rich and poor.

Closing the gap is the responsibility of the entire international community. No group can be exempted. In this context the position taken by the CMEA countries — that they are not historically responsible for the gap and therefore are not obliged to help, at least not as much as others — requires comment. This position is well represented by the statement made by Andrei Gromyko, the Soviet representative, at the Sixth Special Session of the General Assembly:

"We shall never accept, either in theory or in practice, the fallacious concept of the division of the world into 'poor' and 'rich' countries, a concept which puts the Socialist States on the same

\* *Report on the World Social Situation*, United Nations, New York, 1961, p. 41.

\*\* A target which to me looks reasonable — though it falls short of what is desirable — is to close the gap at a rate which will enable the least developed group to come within a generation so close to the most developed group that the time distance will not be greater than a generation. In other words, after thirty years the poorest group would be able to reach the then achieved development level of the most advanced group within the next thirty years. Individual members of the poorest group can, of course, bridge the gap much more quickly depending on their own efforts.

footing as certain other states which extracted so much wealth from the countries which were under the colonial yoke. The authors of the concept are not only concealing the basic difference between socialism and imperialism, but at the same time are completely disregarding the question of how and at whose expense the high level of dependence was achieved."\*

The statement is neither historically correct nor is it acceptable nor has it anything to do with socialism. As for historical responsibility, Czarist Russia was also one of the big imperialist powers, Eastern Germany is a partial heir of another big imperialist power and even small Hungary recklessly exploited nations under her rule.\*\* Interwar Germany, Hungary and Bulgaria were fascist allies that caused a lot of misery in the world. And the ancestor of CMEA, COMINFORM caused great damage to my own country. Thus CMEA countries have no better historical record than the others. Next, not all advanced nations have a colonial past — the Scandinavians or Canadians, for instance — and yet they accept their share in providing aid. Finally, if we find a beaten up man in the street, we shall help him regardless of who was the cause of his sufferings. Since the Council of Mutual Economic Assistance includes countries at various levels of development, the group's economic potential is more modest than that of advanced capitalist countries and so their international economic obligations are smaller. Yet, the share in the LDCs' exports of only 5 per cent and the transfer of resources of only 0.12 percent of their GNP are obviously far below their international obligations. Besides, such a degree of isolation is detrimental to their own economies.

There is, however, a case for a different kind of responsibility, a self-responsibility. Less developed countries are entitled to international help if they use it responsibly. Being poor does not necessarily imply being decent. Closing the gap between rich and poor countries internationally makes little sense if at the same time the gap between rich and poor citizens is widening within national borders. If international aid swells the pockets of ministers and other members of the ruling strata, it is obviously self-defeating.

Intra-nationally, individuals are sovereign and basically responsible for their choices. Inter-nationally, the same applies to nations (states).

\* Quoted from J. Sh. Singh, *A New International Economic Order*, Praeger, New York, 1977, p. 10. A similar statement was later issued by the Soviet government: "...there is no ground — nor can there be — for the requests addressed to the Soviet Union and other Socialist states, as are for instance the requests of the less developed countries directed to developed capitalist states, including the request for an obligatory contribution of a certain percentage of the national output to less developed countries as economic aid" (*Pravda*, 5th October 1976).

\*\* For instance, Hungary quite brutally exploited Croatia in the half-century before the First World War. The value of the resources plundered and the damage caused by retarded development can be estimated without much difficulty. Yet, neither have I, as a Croat, any intention of presenting such a bill (capitalized at an appropriate interest rate) to the Hungarians, nor are they able to honour it.

The states have to qualify for international assistance. (Medical, food and educational programmes are not subject to qualification criteria. Here it is the suffering of individual human beings which calls for joint action). If a fascist regime is helped, that would mean prolonging fascist terror over the population. If an economy with an extreme inequality of income distribution is helped, that would mean supporting class exploitation, assisting the rich to become richer while keeping the poor in their squalor. If the nations that wage wars against their neighbours are helped, that would not only mean a waste of resources but would also encourage the aggressors. None of that has anything to do with human solidarity or with international responsibility. In fact, the cases mentioned contradict both.

While the financial criteria for loans given by the IMF and World Bank have been worked out in great details, criteria for eligibility in the wider social sense are still not available. Work in this area has hardly begun. The dangers are obvious: the criteria may be misused for the imposition of own values and preferences. But that need not happen. Conditions of eligibility can be conveniently stated in terms of protection of human rights: social, political and economic. Since various UN covenants on human rights and state duties have obtained practically unanimous support, there is high degree of agreement on what are the minimum standards that a contemporary state must satisfy in order to be considered civilized. These standards can be defined in very precise terms and can be objectively tested. Thus agrarian reform, income distribution equalization and the reduction of armament expenditures may be included among these conditions in a similar way as the control of inflation, reduction of the balance of payments deficit and payment of interest changes. States which do not pass such tests will be excluded from international assistance programmes, will lag behind in development and will eventually have to be reformed. Thus helping development will also contribute to raising standards of international morality.

International solidarity, like any other kind of human solidarity, is a moral principle. It can work only if the world is treated as moral community. If this is not to remain a pious wish, international law and the United Nations system will have to be strengthened and considerably developed.

#### WILL IT WORK?

By its very nature, a long-term programme of institutional development cannot be implemented immediately. Some of the elements may not look realistic if considered in isolation. Yet as parts of a consistent programme, they turn out to be not only realistic, but inevitable. The realism is enhanced if the presence of all the constituent parts can already be detected even if only in rudimentary forms. In this paper care was taken to incorporate into the analysis only those evolutionary elements which are already present.

Now, every programme, however designed, depends on the will for action. Here realistically assessed common interests play a crucial

role. An interdependent world has clearly some important survival interests in common. Presenting the key argument of the RIO project, Jan Tinbergen said: "As a consequence of technological and ecological developments the interdependence of all parts of the globe has increased to the point where only the welfare of humanity as a whole — including even future generations — can be taken as the goal of the order to be established and the policies to be followed.\*

The high dependence of advanced countries on the imports of raw materials and oil — a dependence which is frequently in the region of 80—100 per cent — is often quoted and well known. Thus the First World is vitally interested in the steady supply of such goods. On the other hand, 75 percent of all LDC exports flow into the markets of advanced countries. Thus, the Third World is vitally interested in the stability and the expansion of such markets. Should they fail to expand — as in fact they did — the terms of trade would turn against LDCs and UNCTAD proposals for commodity price control will be left unimplemented. Productivity increases would do no good since they would only lower export prices.

Though the advanced countries trade mostly among themselves, an expansion of trade in other markets would be beneficial. Thus, it is highly desirable that the economies of the Third World expand in order to be able to absorb additional imports. Besides, as we have seen, even pure grants generate higher additional demand in the economy of the donor as compared with the economy of the recipient. On the other hand, the faster the growth of the advanced segment of the world economy, the greater are the possibilities of transfers of real resources which will accelerate development of the less developed segment. In a stagnant world, the gap is perpetuated. Transfers may be linked to schemes which ensure a fair participation in gains from trade by all donors. The budgetary subsidy, when used to finance adequate diet, may help to relieve the United States, Canada and other agricultural producers of their surpluses and at the same time diminish the competitive pressure on European farmers. The Second World will benefit from an overall expansion of trade in increasing foreign exchange revenues from expanded exports to less developed countries and in being able to increase imports of advanced technology from the more developed countries.

The efficiency argument works in the same direction. The old labour-intensive industries are a burden for advanced countries and they can be replaced by cheaper imports from the Third World. The high levy on rice in Japan and on wheat and meat in Europe increase

\* J. Tinbergen, "Reshaping the International Order (RIO)," Doc. SID XV/17.

the cost of living unnecessarily. Why should European countries grow sugar beet when it is so much cheaper to import cane sugar from tropical countries? Why should advanced countries spend \$ 1 billion annually on research intended to develop substitutes for tropical agricultural products when these products are already available?\* Clearly, costs could be substantially reduced, trade substantially increased and everybody concerned could substantially gain if trade barriers are eliminated. An ecological aspect of efficiency can also be mentioned. The already threatening pollution of air in highly industrialized regions could be reduced if the raw materials are processed where they originate with the beneficial industrializing effects for the former less developed exporters.

Few people are likely to oppose an intensive international development effort, but many will argue that it is impractical since the money is simply not available. There are at least three possible answers to this objection. The required transfer of resources is just a fraction of the global military expenditures which, as mentioned before, are 30 times larger than the total spent in all foreign assistance programmes.\*\* If an agreement could be reached whereby military expenditures would be reduced and resources used for international economic development, everybody in the world stands to gain. Next, 19th-century capital export is taken as a standard, the United States would have to reproduce the Marshall Plan twice per annum in order to match British lending abroad in the XIXth century as measured in proportion to national income.\*\*\* Thirdly, a number of countries have been transferring — by aid or trade — more than one per cent of their GNP which was the Second Development Decade target. Thus, it works and could be made to work much better. Add the suggested international taxation and the linking of SDRs with development finance, and we need not be pessimistic. The international community also has some means of exerting pressure when necessary. Membership of the United Nations Organization may be made conditional upon the fulfillment of economic cooperation obligations.

Finally, 24 million unemployed in Europe and America, with the corresponding idle capacities, give drastic expression to the irrationalities of the present arrangements. Debts of LDCs, which amount to 600 billion dollars, which can hardly be repaid and which are bound to thwart all development efforts — make up the other side of the same coin. Recurrent unemployment and financial breakdowns are, of course, old capitalist diseases. But many old diseases are no longer

\* IMF-IBRD, *The Problem of Stabilization of Prices of Primary Products*, A Staff Study, Part I, 1969, p. 26.

\*\* Twelve years ago they were only 25 times larger.

\*\*\* B. Higgins, *Economic Development*, Norton, New York, 1968, p. 197.

tolerated, particularly when appropriate medicines are available.\* It is neither desirable nor necessary to put the less-developed nations into the position of poor nephews begging for favours from rich uncles. It is neither desirable nor necessary to ask citizens in rich countries to vote for international charity. Recipients and donors have become partners in development. The insistence on requests and concessions should be replaced by clearly defined international responsibilities. The world has reached the stage when closing the gap and restoring the proper functioning of the global economy represent two aspects of the same design. Neither the widening of international differences nor global economic crisis can be tolerated with impunity.\*\*

We have reached the point of conclusion. The contemporary world seems to be structured in such a way as to make the socialist-oriented or, as some would prefer to call it, humanist — socialism being the humanism of the late twentieth century — solution not only desirable, but also necessary. Necessary, because it is rational. The moralist and the realist approach work in the same direction. In fact, is there any other viable long-term alternative — if the world is to survive as a civilized place to live?

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\* If the appropriate UN framework of institutions and policies existed, the enormous debt of LDCs, which currently cannot be repaid, could be handled in the following fashion. The major debtors are the newly industrializing countries such as Brazil (80 billion dollars), Mexico (40 billion), Yugoslavia (20 billion), Argentina, Romania and some others. These countries are able to export but cannot find markets: those with purchasing power would not buy their exports, those who need them do not have foreign exchange to pay. As in every crisis, money is scarce and there is a need for additional liquidity. Thus the IMF would have to create the necessary amount of SDRs. (In reality, things moved in the opposite direction: the share of SDRs in the world non-gold reserves declined from 8 per cent in 1972 to 4 per cent in 1981.) The new world money would be allocated to appropriate UN agencies which would buy exports of the viable debtors for the various world programmes and for the least developed countries to which the goods would be allocated in the form of pure aid. As a result, the debtors would be able to repay their debts and also spur their stagnant economies; the bankers would avoid the risk of a breakdown of the international financial system; the LDC would get concessional credits and aid which would speed up their own growth; the DCs would benefit from an overall expansion of markets, including their own; the world economic crisis would be alleviated, unemployment reduced and increased output would more than compensate for the increase in liquidity. Thus everybody stands to gain from a regulated world economy.

\*\* In this context the perspective of a big power was well described by Henry Kissinger when he addressed the Ministerial Meeting of OECD in Paris in 1975: "These issues go far beyond economic considerations. Economic stagnation breeds political instability. For the nations of the industrialized world, the economic crisis has posed a threat to much more than our national income. It has threatened the stability of our institutions and the fabric of our cooperation on the range of political and security problems. Governments cannot act with assurance while their economies stagnate and they confront increasing domestic and international pressures over the distribution of economic benefit. In such conditions the ability to act with purpose — to address either our national or international problems — will falter." Quoted from Singh, op. cit. p. 14.

## SVJETSKA PRIVREDA SA SOCIJALISTIČKOG STANOVISTA

Branko HORVAT

## Sažetak

Svjetska privreda nalazi se u gotovo kaotičnom stanju i to vrijedi jednako za sva njena tri segmenta: tržišni Zapad, administrativno-planirani Istok i nerazvijeni Jug. Od interesa je ispitati što se u toj situaciji da uraditi sa socijalističkog stanovišta. Socijalizam znači ravnopravnost, solidarnost i racionalnost (odatle: naučni socijalizam). Te tri karakteristike su, naravno, suprotne onome što danas nalazimo u svijetu. Ali one također predstavljaju široko prihvaćene vrijednosti suvremenog društva, te stoga mogu dati podsticaje za mijenjanje svijeta. Stoga su one poslužile kao osnova za organiziranje ovog ogleada.

Budući da se može pretpostaviti da je racionalnost u svačijem interesu, autor započinje svoj rad istraživanjem mogućnosti racionalnije organizacije svjetskih poslova. To se, prije svega, odnosi na dalji razvoj sistema Ujedinjenih Naroda. Taj razvoj ne bi trebalo da ide u pravcu stvaranja svjetske vlade, jer je to u praksi neprihvatljivo za suverene države a značilo bi i takvu koncentraciju moći koja bi ozbiljno ugrozila poželjan društveni razvoj. No, s druge strane, suverenost članica sistema nije prepreka da se njegovom reformom poboljša položaj svakog od njegovih segmenata. Potrebno je: (a) dograditi koordinativni mehanizam UN i (b) dograditi sustav normi međunarodnog ponašanja s odgovarajućim sankcijama. Političke odluke donose se kvalificiranom većinom ili konsensusom, a sprovođenje odluka ostavlja se tehničkom aparatu UN pod nadzorom političkih tijela. Autor utvrđuje potreban skup institucija, uz odgovarajuća organizaciona rješenja, kojima bi se izloženi projekat mogao realizirati.

Racionalna organizacija svijeta zahtijeva premošćavanje jaza između razvijenog i nerazvijenog segmenta. Ovaj jaz u ekstremnim slučajevima prelazi 39:1. On je snažan generator entropičkih tendencija koje nikome ne mogu koristiti. Preovladavanje jaza zahtijeva izgradnju Novog međunarodnog ekonomskog poretka. Zahtjev za NMEP postavljen je Deklaracijom Šestog specijalnog zasjedanja Generalne skupštine UN u 1974. god. Ako se ta Deklaracija pobliže prouči, vidi se da se zasniva na dva socijalistička principa: ravnopravnosti i solidarnosti.

Ravnopravnost zahtijeva ujednačavanje uvjeta privređivanja i odatle proizlazi čitav niz institucionalnih rješenja koja autor istražuje. Solidarnost u međunarodnoj praksi znači ekonomsku pomoć. Dok ravnopravnost zahtijeva samo uklanjanje privilegija koje daju privredna razvijenost, te ekonomska i vojna moć, solidarnost traži transfer realnih resursa u svrhu ubrzavanja rasta. Utvrđuju se osnovna načela takvog transfera.

Na kraju autor ispituje realnost predloženih rješenja. Analiza pokazuje da objektivna situacija uvjetuje konvergenciju interesa. Ne samo da je uređen svijet poželjniji od kaotičnog već, štoviše, davaoci i primaoci pomoći postaju ravnopravni partneri u uređivanju tog za-

jedničkog globusa. Na osnovu ovih razmatranja autor skicira tehničko rješenje kojim bi se sadašnja svjetska ekonomska kriza mogla radikalno ublažiti.

U zaključku autor konstatira da je suvremeni svijet tako strukturiran da socijalistički orijentirana rješenja postaju ne samo poželjna nego i nužna. Nužna, jer su racionalna. Socijalizam, u stvari, nije ništa drugo nego humanizam kraja dvadesetog stoljeća. Zbog toga moralistički i realistički pristup konvergiraju istom rješenju. U stvari, druge alternative i nema ako naš svijet treba da preživi kao mjesto gdje se može civilizirano živjeti.