

A NEW WORLD ORDER?

PROBLEMS AND PROSPECTS
OF INTERNATIONAL RELATIONS IN THE 1980s

UNIVERSITY OF GILGAWA.

A new world order?



RALF DAHRENDORF

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VICE-CHANCELLOR'S FOREWORD

AGGREY-FRASER-GUGGISBERG MEMORIAL LECTURES 1978

The Aggrey-Fraser-Guggisberg Memorial Lectures, established by the University of Ghana twenty-one years ago with financial assistance from the Government of Ghana, have attracted some of the world's leading scholars who have come from far and near to help commemorate the great contributions of three personalities—Aggrey, Fraser and Guggisberg—whose vision and conception of higher education in Ghana led to the founding of Achimota College and laid the solid foundations, both physical and intellectual, on which the premier University of this country, the University of Ghana, was built. Dr J. E. Kwegyir Aggrey was the First Assistant Vice-Principal of Achimota College; Rev. A. G. Fraser was the First Principal; and Sir Gordon Guggisberg was then the Governor of the Gold Coast (now Ghana). Professor Ralf Dahrendorf—academic, author, politician, administrator and a distinguished European—brought much distinction to these lectures.

Born on 1st May, 1929, in Hamburg of a social democratic politician father, Gustav Dahrendorf, Professor Dahrendorf grew up in Hamburg, Berlin and Buckov.

He studied Philosophy and Classics at the University of Hamburg between 1947–1952 and undertook his post-graduate studies in Sociology at the London School of Economics from 1952–1954. He taught Sociology at the University of Saar in Saarbrücken, where he was Assistant from 1954 and Privatdozent from 1957. Between 1957 and 1958, he was a Fellow at the Center for Advanced Study in the Behavioral Sciences, Stanford, Palo Alto, U.S.A. He was Professor of Sociology at Hamburg University in 1958, Tübingen in 1960, and Constance University in 1966. He was the first Dean of the Faculty of Social Science at the University of Constance from 1966–1967. He has been visiting Professor at several European and North American universities.

Professor Dahrendorf is not only an academic; he has been actively involved in the educational development of his country. From 1964–1968, he was Adviser on educational matters to the Land Government of Baden-Württemberg. He was Vice-Chairman of the founding committee of the University of Constance (1964–1966) and Chairman of the Commission on Comprehensive University Planning (1967–1968). From 1966 to 1968, he was a member of the German Council on Education.

Professor Dahrendorf has led an exciting political life. In 1967, he became a member of the Free Democratic Party (FDP). For six years, between 1968 and 1974, he was a member of the Federal Executive of the FDP. He became a member of the Land Diet of Baden-Württemberg and Vice-Chairman of the FDP parliamentary party (1968–1969). He was a member of the Federal Parliament (Bundestag) and Parliamentary Secretary of State in the Foreign Office (1969–1970) under the coalition government of Brandt and Scheele. Indeed, he comes from a family with a history of a high level of political consciousness and activity. His father, Gustav Dahrendorf, was one of the leaders of the Socialist Democratic Party of what is now the Democratic Republic of Germany. He had to cross the border to West Germany when differences arose between him and some of his colleagues about the future of the Socialist Party.

Between 1970 and 1974, he served as member of the Commission of the European Communities in several areas. He was responsible for external relations and foreign trade from July 1970 until 1973, and for research, science and education until October 1974.

Professor Dahrendorf is a member of several international societies. He was President of the German Sociological Society (1967–1970), Chairman of the Royal University of Malta Commission (1972–1974), member of the German PEN-Centre since 1971. He has been member of the Honorary Praesidium of the Anglo-German Society since 1973.

In 1966, he was the Director of European Centre for Research and Documentation in the Social Sciences. In 1975, he was Senator of the Max-Planck-Gesellschaft. He is a trustee of the Ford Foundation and Chairman of the Social Science Council of the European Science Foundation.

Professor Dahrendorf was appointed Director of the London School of Economics and Political Science in October 1974 for 10 years. The very length of the tenure of his appointment is enough testimony to his reputation then as administrator and academic, especially when it is remembered that he was appointed at a time when the L.S.E. was engulfed in student unrest. His appointment is also a reflection of his reputation as a European. To many people, it was inconceivable that a German could have been appointed, at that time, Director of the L.S.E., an institution with a liberal and left-wing reputation.

Several universities have honoured him, and I would like to mention only a few: D. Litt. from the University of Reading; LL.D. from the University of Ulster; Honorary Fellow of the London School of Economics; Fellow, Imperial College of Science and Technology, London; Honorary Master, Royal Irish Academy,

Dublin; Foreign Honorary Member, American Academy of Arts and Sciences; and Fellow of St. Anthony's College, Oxford.

Professor Dahrendorf is a prolific writer. In 1953, he wrote "Marx in Perspective". His "Industrie-and-Betriebssoziologie" which he wrote in 1956 has been translated into Italian, Spanish, Dutch, Japanese and Chinese. In 1959 he wrote "Homo Sociologicus" which has also been translated into English, Italian, Portuguese and Finnish. He wrote "Klassen und Klassenkonflikt" in 1957 which was also translated into English as "Class and Class Conflict" in 1959. In 1963, he published "Society and Democracy in Germany". Other publications are: "Die angewandte Aufklärung" 1963, "Pfade aus Utopia", 1967 and in 1971 "Essays in the Theory of Society". In 1973, he published "Plädoyer für die Europäische Union". "The New Liberty" was published in 1975. He was appointed Reith Lecturer in 1974 and given the Journal Fund Award for Learned Publications in 1966.

He was appointed Reith Lecturer in 1974 and given the Journal Fund Award for Learned Publications in 1966.

Several nations have recognized his immense contribution to the advancement of knowledge and humanity, and have fittingly conferred on him meritorious national decorations: Grand Croix de l'ordre du Mérite du Sénégal, 1971; Grand Croix de l'ordre du Mérite du Luxemborg, 1974; Grosses Bundesverdienstkreuz Mit Stern und Schulterband (Germany), 1974; Grosses goldenes Ehrenzeichen am Bande (Austria), 1975; Grand Croix de l'ordre de Léopold II (Belgium), 1975.

The theme Professor Dahrendorf chose for his lectures is "A New World Order? Problems and Prospects of International Relations in the 1980s". He spoke on five topics: (i) The Old World Order Under Strain; (ii) Social Change and International Relations; (iii) Europe: A Model? (iv) From Unbalanced Development to International Class Struggle? and (v) Elements of a New World Order.

The printed version of those stimulating lectures will be a useful companion to all students of International Relations and to the general reader.

The University wishes to acknowledge its sincere gratitude to the Government of Ghana for its continued support of these lectures and to the Pioneer Tobacco Company, which in recent times, has taken on a substantial portion of the financial support.

D. A. BEKOE
VICE-CHANCELLOR

MARCH, 1978

PREFACE

It is one thing to write about the future of international relations in a cosy study in England, and a very different one to try and persuade an African audience of one's conclusions. Others have described the mixture of pleasure and awe which the Aggrey-Fraser-Guggisberg lecturer experiences as he addresses, in the Great Hall of the University at Legon, an unusually responsive, interested and friendly audience. I was deeply moved by the occasion. But for a lecturer concerned with tomorrow's world order, it was a test as well: unless his analysis and projections stand up to the critical judgment of citizens of poor countries, they are not likely to be of much importance. Whether I have succeeded or not, is not for me to say. But it would be difficult to find a better place for the test than Ghana with its remarkable tradition of sophistication and humanity.

In one respect I confess to misgivings. These lectures leave many questions open. Their overall title is a question, as are those of two of the five lectures. Indeed, they end with a question which leaves the somewhat gloomy comment that precedes it suspended in mid-air: 'Mankind usually solves its problems when it is a little too late to solve them sensibly. Why should this be any different with respect to the problems of international relations in the 1980s?' This is not meant to be defeatist; on the contrary. Honest analysis is in my view a necessary prerequisite of effective action. There is much that can be done today towards the objectives of peace, prosperity and citizenship rights for all. I want to encourage rather than discourage those who are involved in the long and slow process of changing a reality that is seriously wanting in many respects.

What I have called honest analysis means thinking through what is and what might be. Even if the right decisions are taken too late, when they are more costly than they need be, someone has to invent and design the patterns which can then be followed. Is this a task of scholarship? I have some sympathy with a rigorous concept of scientific inquiry which rules out the overly general as well as the openly normative. But scholarship or not, someone has to try and shake people out of their complacency, make sense of the reality of international relations today, and provide some material which may be useful if and when people look round for solutions.

It remains for me to thank my hosts, and notably the Vice-Chancellor of the University of Ghana, Dr Bekoe, and his able staff, for their limitless hospitality and kindness, and of course for the invitation which gave me a chance to collect my thoughts on a new world order.

RALF DAHRENDORF

LONDON, OCTOBER, 1978

LECTURE I

THE OLD WORLD ORDER UNDER STRAIN

The world order devised by the allies of the Second World War was ingenious, benign and short-lived. In fact, it could be argued that it never lived at all, because by the time Stalin had come round to accepting the notion of the United Nations, his motives and Roosevelt's dreams of One World were far apart. Within a year of the conference of San Francisco, it became clear that there would not be *one* world order, but two, or rather, that the order of the world would depend on the explosive relationship between two hostile systems. More than once, this relationship led the world to the brink of a general war; and a series of regional wars in Asia, the Middle East, the Mediterranean and Africa were fraught with the risk of turning into the great holocaust of the Third World War. In the end, it was probably the balance of terror that prevented the two superpowers from going over the brink. Somehow, the world began to settle down to living with the division between communist and liberal claims to superiority. With *détente*, there appeared even the first shaky bridges across the divide. Yet I shall argue that what has happened since the beginning of the 1970s is not so much an incipient solution of old problems as the emergence of new themes and issues. Suddenly, there are at least two features which put the old world order of a precarious balance of power under strain: one, the discovery that the two sides are themselves not as homogenous as they might have presented themselves to the outside, that is, evidence of what has come to be called polycentrism in the place of a bipolar system; then more important still, the emergence of a new and urgent theme of international relations around development and the inequality of men in world society.

This is, in a few sentences, the story which I want to tell in my first lecture. It provides the setting for an analysis of the issues, forces and institutions of international relations in the 1980s, but it is in itself a story worth pursuing.

The story of the old world order begins during the Second World War, and in the United States of America. The extent to which Americans devoted their time and energy to thinking about the future when the present demanded so much of their attention is a testimony to the peculiar quality embodied by American society: *enlightenment applied* is the formula which I would use to describe it.¹ There were to be sure theorists and practitioners of the post-war order, or, as they came to be called, "legalists" and "realists". The legalists included the Commission to Study the Organization of Peace, the Inter-American Juridical Committee, and the Universities Committee on Post-War International Problems. Their reports, of which the first appeared in 1941, laid much of the groundwork for State Department thinking on the political side of post-war world organization, that is, the United Nations. On the economic side, the British contribution was notable, although Harry Dexter White thought John Maynard Keynes far too idealistic and introduced an element of realism even at the planning stage.

The realists were the protagonists of allied politics at the time. As early as 1943, Roosevelt described to Stalin in Teheran the main features of the projected United Nations. The notion of four powers—sometimes called "four policemen"—as guarantors of the new order emerged, and Stalin must have seen that this provided Russia with unprecedented opportunities of power, especially in view of the fact that two of the four powers, Chiang Kai-shek's China and Britain, were hardly serious competitors.² Churchill, not surprisingly, added his own points, notably about Europe, and about the special relationship between Britain and the United States. Meanwhile, American financial experts, often against the advice of their British friends, tried to adjust proposals for international

¹ I have used this formula in the title of my (German) book on "Society and Sociology in America": *Die angewandte Aufklärung* (Munich 1963).

² France, later to be the fifth permanent member of the Security Council, was of course not part of these designs and decisions.

monetary and trade arrangements so as to leave the door open for the Soviet Union. Gradually, a consistent picture emerged: a political world organization open to all nations, designed to guarantee peace and provide a framework for the solution of all problems, and upheld by the joint responsibility of the four powers and policemen; a series of economic organizations under this political umbrella, designed to bring about monetary stability, a climate of expanding trade and guaranteed access to certain basic commodities.

Then, in 1944–45, most of the conferences took place which were supposed to promulgate the design. The conference convened in San Francisco in 1945 in order to set up the United Nations Organization had a considerable history, including the summit communique of Yalta and the preliminary meeting at Dumbarton Oaks in 1944. At San Francisco, the organizational decisions were taken, including the Veto and article 51 about “collective self-defence”. A little after San Francisco, economic experts assembled again in Bretton Woods and agreed on the rules and institutions of the world monetary system. The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank) were created as a consequence. Two years later, when the mood was already beginning to change a conference about trade was convened in Havana. The result disappointed the legalists, for neither an International Trade Organization nor a Commodity Corporation was set up; but the General Agreement on Tariffs and Trade (GATT) which emerged served at least some of their purposes.

It is easy to point to the limitations of these institutions, especially after they have run into difficulties more than twenty-five years later. It is all the more important therefore not to forget the achievement which they represent. The set of rules and institutions promulgated in 1945 and soon after has given peace, prosperity, independence and incipient economic development to many, and some minimal certainty to almost all. Even as an object of criticism and attack, it has reminded most people and all governments of the need to develop world-wide rules of political and economic conduct. “By comparison to the thinking of the planners of 1919, by comparison also to the practice of the League of Nations ... the internationalization of political and economic thinking has been strengthened.

in 1944–45, to an extent which is plainly fundamental.”³ This is the cautious judgment of Max Hagemann, a Swiss international lawyer who begins his analysis of what he calls “the provisional peace” with a list of the three main problems of order facing the peacemakers of 1945: Who can assume responsibility for the new order? Which guiding principle should become its backbone? How can this principle be given territorial and organizational shape?

The answer given to these questions at the time was imprecise, shaky and unenduring; it was in any case more than one answer, although we shall see that in all three respects the United States of America played a very special part. But first, let us return to history. The United Nations Organization was set up with all four “policemen” participating from the outset. This was not the case, however, with the economic organizations designed to back up the political edifice. Early in 1946, it became clear that the Soviet Union had no intention of joining the International Monetary Fund, or the preparations for a trade organization for that matter.⁴ Some American officials, notably at the Treasury, were surprised and concerned as they informed the American Chargé d’Affaires in Moscow of these developments. His name was George Kennan, and he in turn was upset about the naiveté of his government, or some of its departments, and proceeded to respond by what has come to be called “the long telegram” in which he analysed Russia’s motives and intentions: “Russians will participate officially in international organizations where they see the opportunity of extending Soviet power or of inhibiting or diluting the power of others. Moscow sees in UNO not the mechanism for a permanent and stable world society founded on mutual interests and aims of all nations, but an arena in which aims just mentioned can be favourably pursued. As long as UNO is considered here to serve this purpose, the Soviets will remain with it. But if at any time they come to the conclusion that it is serving to embarrass or frustrate their aims for power expansion and if they see better prospects for pursuit of these

³ Quotation from M. Hagemann: *Der provisorische Frieden* (Zürich 1964), p. 220. This is a thoughtful and impressive study of the post-war order, its genesis and legal and political meaning.

⁴ Although Poland and Czechoslovakia joined the GATT in 1947.

aims along other lines, they will not hesitate to abandon UNO.”⁵ As it happened, the Russians did not abandon the United Nations which first became an institution close to American interests, then a forum of contest between the super-powers, and later, at times, an effective instrument of Soviet policy, so that it was the Americans who considered abandoning it.⁶ But the Soviet Union never joined the institutions of economic cooperation which would have been a source of constant embarrassment for them; a part of the new world order became an order for a part of the world only. And on a deeper level, Kennan’s long telegram marks the beginning of a reversal of American foreign policy from embrace of the Soviet Union to containment. By the same token it marks the beginning of the two worlds which have dominated the quarter-century following the Second World War.

The story of international relations after 1946 has often been told. It began with containment, soon led to the Cold War, much later to precarious co-existence and around 1970 to *détente*. In institutional terms, it involved the creation of two separate, and often explicitly hostile sets of organizations and rules. When NATO was created in 1949, Senator Vandenberg and others claimed that it was “within the charter [of the UN], but without the veto”.⁷ It would have been even harder to argue that it was also in keeping with the spirit of One World. Not unnaturally, the Warsaw Pact followed suit. On the economic side, and in addition to the theoretically universal institutions IMF and GATT, the developed democracies of the West established first the Organization for European Economic Cooperation (OEEC, 1948), and in 1961, with larger membership and new objectives, the OECD. The communist countries of Eastern Europe and Asia as well as in later years Iraq and Cuba responded by setting up the Council for Mutual Economic Assistance (Comecon or CMEA) in 1949. There remained, to be sure, a number of universal organizations in technical areas, such as the Universal Postal Union or the World Meteorological Organization, but wherever politically sensitive subjects were

⁵ G. Kennan: *Memoirs 1925–1950* (London 1967), p.552.

⁶ In one case, the ILO, this consideration turned into action in 1977.

⁷ Cf. M. Hagemann: *op. cit.*, p.316.

touched, separate and opposing institutions were created in the 1950s.

Rather than describe this process in detail, or look at the crisis points from Korea to Cuba, I want to identify three main characteristics of the world order which emerged from the partition of the One World of which some had dreamt in 1945; for it is these characteristics which lead us to the sources of strain on the rules and institutions of the bipolar world.

The first is the totality of the division. One feature of the world order that prevailed from 1946 to the late 1960s is that it tended to draw all other countries and issues into the process of polarization around the increasingly advanced nuclear superpowers USA and USSR. The two worlds which emerged were clearly dominated by their respective superpowers, and those who did not belong to either had little choice but to opt for one or the other when pressed to do so.

This is, to be sure, an overstatement, or rather, a static statement of what was in fact a process. There were, first of all, the other original permanent members of the Security Council, though their power was severely curtailed by domestic changes. China was in turmoil when the United Nations was set up. Four years later, Mao Tse-tung had established his supremacy over the entire country. The years that followed were years of internal stabilization, accompanied by an external position which tended to support the Soviet Union. Britain, on the other hand, was rapidly declining as a world power. The independence of India in 1946 marked the beginning of the end of the Empire. Internal economic difficulties left the country behind when the great take-off began between 1946 and 1948. The "special relationship" turned from a political reality into a sentimental memory. In military terms, the MacMahon agreement confirmed both Britain's independent access to nuclear weapons and the limits of this independence as prescribed by the United States.

There were non-aligned nations of course, jealous of their independence from superpower domination, outside the military pacts, and from time to time organizing themselves as in the Asian-African Conference of Bandung in 1955, or in the meetings arranged by Tito, Nasser and others. There is no question that the position of these countries deserves respect; but equally, it is clear that non-alignment was, more often

than not, based on an existence in the long shadow of the interests of the superpowers. In any case, their independence was not total in many cases. There were those who wished to enjoy the advantages of Western economic cooperation without incurring the wrath of the East; there were those who belonged, to all intents and purposes, to one or the other camp without formal membership; some of the non-aligned could shift their position at the slightest provocation, or rather, assistance from one side or the other. At no time was the non-aligned movement likely to introduce a genuine third factor into the power field of the two superpowers.

It is strange but true that this bipolar world reached its climax at a time when the leaders of the two camps were much less belligerent than some of their predecessors. President Kennedy was probably quite favourably inclined to a certain amount of decentralization in the Western camp, and First Secretary Khrushchev probably did not want war with the United States. But it was in the 1960s that the dominance of the superpowers was most visibly asserted—from the Berlin Wall in 1961 to the invasion of Czechoslovakia in 1968 in the East, with the beginning of the Vietnam war on the Western side, and the Cuba crisis as the climax of tension in the relationship of the two. One needs but mention these events to recognize the seeds of discontent and change in the divided world.

The second characteristic of the bipolar world order is that its main theme was strategic, territorial and political; there was a strong military bias in it, so that NATO and the Warsaw Pact became the dominant international institutions. There was, and is, of course an underlying social, economic and political theme in the conflict between East and West. This is a conflict about two ways of getting rich, one based on incentive, competition, freedom of choice and the enormous growth potential of market economies and liberal democracies; the other based on force, planning, administered restrictions of choice and the limited growth potential of planned economies in the totalitarian democracies of one-party rule. However, the very fact that this socio-economic and political difference was one of two separate paths to the same destination rather than one of redistributing scarce resources and products, may have contributed to accentuating the traditional power-political character of the struggle.

This then was the character of the international conflict between the two superpowers: Both sides firmly believed that their system was superior to the other, and that it would prevail. Letting history take its course (as one side believed), or letting people have their choice (as the other thought), more and more countries would follow their cues.

While such expansion was desirable, the first need was to stabilize one's own camp and contain the other; there was a defensive element in both alliances. But defence was mixed with hope for advances and sometimes concrete steps to this end. Iran, Korea, Cuba, Vietnam, Czechoslovakia, Angola are so many examples for one side or the other trying to wrest control from its opponent or at any rate hoping that he would lose it. Throughout, the conflict was about defending or extending territorial control with political or military means.

It is a part of this picture that all attempts to regulate the conflict — since the late 1960s characterized by the term *détente* — were confined to military-political instruments. The central feature of Germany's treaties with the Soviet Union, Poland and the German Democratic Republic was the recognition of the territorial status quo. The most important overall negotiations are the Strategic Arms Limitation Talks (SALT) and the talks about Mutual Balanced Force Reduction (MBFR) since the early 1970s. If one looks at the Helsinki agreement of 1975 at the end of the Conference on Security and Cooperation in Europe (CSCE), it is soon apparent that the economic "Basket Two" is nearly empty, that "Basket Three" is about the fundamental ideological differences and has exposed the weakness of the Soviet position on human rights, whereas "Basket One", the "confidence-building measures", summarizes the theme of the bipolar world order.

There is a third aspect of this world order which needs emphasis, although I suspect that my point here will meet with more surprise than the others. If one looks at the story of international relations since the war, one cannot but be struck by how thoroughly they were dominated by the United States. If there is any one theme of the old world order, it is that it was after all a *pax Americana*.⁸ The very name United Nations

⁸ It is relevant in this context to refer to R. Aron's works, for example, *Paix et Guerre entre les nations* (Paris 1962), where this point is made on the very first page.

was conceived in analogy to the United States. While the economic institutions of the new order, IMF and GATT above all, turned out to be institutions of one half of the world only, there can be no question that this half has set the tone of the world economic climate, and more. In fact, the Soviet Union has never been able to build a viable, self-sustained economic system; it has become a satellite of the dollar-system. Not only has the economy of the GATT-IMF countries been immensely more successful than that of the Comecon; the dollar has become a universally acknowledged mode of expressing economic facts and indeed facilitating transactions: it, and not the ruble, is used as the convertible currency of Eastern Europe; GATT rules determine trade across the boundaries of systems as well as within. What some American officials were seeking to achieve in 1944–45 by compromise and agreement, has in fact occurred by success and by domination.

The *pax Americana* was not confined to economic affairs. Throughout the period in question, the United States had remained superior in military terms. Throughout, it has remained a model even for the Soviet Union itself, let alone for its dependents; Krushchev admitted as much when he promised that he would “catch up with America” within a decade. There is a sense in which the answer to the questions posed by Max Hagemann was: that responsibility for the post-war order was taken by the United States, that its guiding principles were economic growth based on market principles and the domination of developed liberal democracies, and that it was given organizational shape more in the economic organizations than in the UN.⁹

But here I must stop this descriptive account. The point of my story is that all this has to be stated in the past tense. If there was a *pax Americana*, it is no longer with us, nor is the bipolar world which I have described.

There are some obvious changes. China, from being a country in turmoil and then a Soviet ally, has become a self-confident international force in its own right, and one that is not allied with either of the superpowers. Japan, while small in area and even population, has emerged as the second largest

⁹ M. Hagemann's own answer is, to be sure, more cautious. Cf. *op. cit.*, p.633 sqq.

economic power of the world. In Europe, processes of integration have made some progress; from time to time, the member states of the European Community speak with one voice. It is this kind of development which has led Henry Kissinger to modify the bipolar picture of world politics into one which is pentagonal, with Washington, Moscow, Brussels, Peking and Tokyo in the five corners.¹⁰

But this notion of Kissinger's was misleading, in more ways than one, as Alastair Buchan was the first to point out.¹¹ For one thing, the five corners represent rather uneven powers in terms of cohesion, degree of mobilization, and basis of strength. Europe exists from time to time, Japan is as absent from the military scene as Russia is from the economic scene, China is as much promise and claim as reality. On closer observation, the United States emerges as the only universal power rather than one instrument in a concert that might be compared to the 19th-century games between Prussia, Austria, Russia, France and England. Yet the important point is that the United States is no longer in this position today. The world has changed, and the old world order has begun to give way since the early 1970s. Two dates stand out in this development, and while both have their pre-history and their consequences, I want to use them to illustrate the point that the old world order is no longer intact: 15 August 1971 and 6 October 1973.

On 15 August 1971, President Nixon announced a series of economic measures which had implications far beyond their immediate objectives. He suspended the convertibility of the dollar into gold indefinitely, and imposed a temporary surtax of 10 per cent on all dutiable imports into the United States. Even in technical terms, these were extraordinary measures. The surtax meant a reversal of one of the guiding principles of the post-war order embodied in the trade liberalization negotiations of what was after all called the *Kennedy Round*. The monetary measures cut even deeper. While this had not been laid down at Bretton Woods when the pound sterling was still a lead currency for some, the fact was that the dollar

¹⁰ There is some discussion as to where and when Kissinger first said this, and how strongly he believed it. Cf. however, President Nixon's statements reported in *Time*, 3 Jan. 1972.

¹¹ Cf. A. Buchan: "A World Restored?", in *Foreign Affairs* (July 1972).

had become the world's reserve currency. It was assumed that the United States would keep the parity of the dollar stable whatever happened to other currencies, and would be prepared to pay for the consequences of this responsibility. President Nixon was not willing to do so, nor his outspoken Secretary of the Treasury, Connally. "The United States," said Connally at a press conference on 16 August 1971, "has the same right as any other nation to put her own interest first." That was the end of the *pax Americana*.

There is, to be sure, a pre-history of these events which shows that they were not quite as unexpected as their Japanese name "Nixon shocks" suggests; and there is a follow-up which suggests that the appearances of the old world order were kept up, as they are to the present day.¹² For years, a debate had been raging between America and its partners about responsibility for the deficits in America's balance of payments. In Europe, and presumably in Japan, there was (to quote Andrew Shonfield) "a feeling that the Americans were trying to have it all ways — fighting an exceptionally expensive colonial-type war in Vietnam, while imposing no restraint whatever on the upsurge of demand in the American home market, and doing very little else that looked like being effective to halt the deterioration in their balance of payment".¹³ In America, on the other hand, the view was held that the balance of payments deficit of 13 billion was a direct and indirect result of America's support for the world monetary system, and especially for currencies kept artificially low at the expense of the dollar. The abortive "Mills Bill" of 1970 had been a warning, so far as trade is concerned, and — so it was argued — 15 August 1971 was an inescapable consequence of the intransigence of America's partners.

Nor did the international economic system crumble overnight, under the impact of the Nixon shocks. On the contrary, when I led the EEC delegation at the special meeting of the contracting parties of GATT on 25 August 1971, I argued

¹² When the dollar floated downwards in relation to most other currencies in 1978, President Carter was told by his allies that he had a responsibility to support it as if 15 August 1971 had never happened.

¹³ A. Shonfield: "International Economic Relations of the Western World: An Overall View", in *International Economic Relations 1959-1971* (London 1974) p.56.

the European case in terms of the agreed rules of free trade, and the American delegation did not question these rules for one moment. We were talking, if not acting, within a common framework. Somewhat surprisingly perhaps, and yet with a telling return to common values, the new trade round which we began to discuss at that time, was at first christened Nixon Round (although a few years later, the American government discreetly hinted that Tokyo Round might be a more adequate name). On the monetary side, similar attempts were made to use familiar rules and institutions. The Smithsonian Agreement of 19 December 1971 was described as a re-alignment, and celebrated by President Nixon as an historic achievement.

President Nixon was wrong. The historic achievement did not last a year; and the IMF Group of Twenty and others are still looking for rules for a world of "dirty" floating and the games, political, speculative, and otherwise, that can be played in it. The agreement reached in the Tokyo Round to cut tariffs on industrial goods by another 33 per cent sounds pleasing, yet it is all but irrelevant; on problems of agricultural trade, raw materials and energy, trade between different economic systems, trade creation, and many non-tariffs barriers there is little progress. The international economic system is in a state of flux without apparent end or even direction.

Nor are we merely talking about the international economic system. 15 August 1971 marks a watershed in international relations generally. It signifies changes with respect to two of the three characteristics of the old world order, and by implication to the third as well. We begin to see signs of a world in which military questions recede in favour of economic questions, and one in which American domination, if it continues at all, becomes involuntary. By the same token, the stage is set for a transition from a bipolar world into one with very different structures.

The signs for a transition from the military-strategic to the economic theme of international relations are many, and the reasons are apparent. In the 1950s and 1960s, leading statesmen concentrated at their meetings on political matters in relation to strategic and military questions; meanwhile, economic affairs were discussed by experts. In the 1970s, the reverse has happened. Even the NATO Council has taken to discussing the challenges to modern society and the future of the economy

as much as matters of military policy. The changing agenda reflects a growing concern. For many years, it was simply assumed that the socio-economic system which one wanted to defend would produce steady economic growth. Now, this growth has become precarious. Internal and international factors combine to make it necessary to devote more time to the conditions of economic growth and social welfare.

In communist countries this process is probably taking place somewhat more slowly. Given the nature of totalitarian political systems, concern with military matters is still much in the foreground. At the same time, these countries too are faced with the problems of satisfying rising expectations, and they find it increasingly difficult to do so. It may sound paradoxical, but there are indications that after many years in which Soviet leaders hoped for, and promoted instability in the West, they have now begun to fear such instability, because the economic stability of the capitalist system is a condition of their own progress.

The retreat of the United States from explicit responsibility is only partly related to these developments. The traumatic experience of the Vietnam war has left scars in America as well as in Asia. But it is clear in any case that in a world dominated by economic politics, American superiority is one of degree rather than of kind. The GNP of the United States is only three times that of her nearest competitors, and per capita it is lower than that of some others. Per capita income too is higher in a number of European countries than in America. Japan's and Germany's volume of trade is very similar to that of the United States. Since 1970 it has become clear that to some extent at least other currencies can play the part previously played by the dollar. To be sure, the combination of economic strength and military power, coupled with territorial invulnerability and the recent history of predominance still make the United States the strongest single factor in world politics. But the country has become a reluctant power, strong by the default of the others, and notably Europe, as much as by design, and concerned with its internal problems more than with those of others.¹⁴

¹⁴ I have argued this case more elaborately in "International Power: A European Perspective", *Foreign Affairs* (October, 1977).

I said that this sets the stage for a change in the bipolar system. Before I pursue this line of thought, let me make one point quite clear. I am arguing that a theme and a pattern which have determined international relations for a quarter of a century are in retreat. The military-political conflict between East and West is no longer the dominant feature of the world scene. But of course, it is still with us, and for those immediately affected by it because they are living at the boundary of the two worlds it is very much with us, indeed. One might even argue that for some, there is more danger now that the attention of the world is no longer focused on them. In any case, yesterday's world is an element of today's and tomorrow's even if it no longer colours them entirely.

But—to return to the thread of my argument—the new theme is increasingly apparent. This is where the second date mentioned has its significance. October 6, 1973 was the day of the Jewish holiday Yom Kippur, the beginning of the Yom Kippur war and the accompanying rise in oil prices which made the OPEC countries emerge as a power in the world. The consequences of these events are many and by no means related to one theme only. In the developed world alone, at least two deserve mention. The oil crisis of 1973 has accentuated the new awareness of the importance of economic policy as an international concern. The lasting memory of the picture of streets empty of cars because of petrol rationing has reminded many of the possible limits of growth. There are many other effects, of course, not the least of which concerns changes in the financial systems of the world.

But the main point I want to make in connection with the Yom Kippur war is another one. It is the first example in modern history of countries which were hitherto regarded as dependent and weak using their muscle effectively against the apparently powerful. This muscle is there because of the dependence of the rich on resources over which they no longer have immediate control. The example may in one sense be irrelevant. It is quite conceivable that the OPEC countries see themselves not as opponents of the rich in an international class struggle, but as candidates for the club of the rich. Moreover, the problem of resources by no means creates a clear dependence of the developed on the developing world; South Africa, the Soviet Union and Canada are more important in

this respect than all developing countries outside OPEC together. Yet, however limited its economic relevance, the example is important politically, because it shows that with all their wealth and power the rich can find themselves in trouble.

Like 15 August, 6 October 1973 cannot be seen in isolation. A whole series of events in the early 1970s has given the issues of development a new urgency. UNCTAD activities were stimulated greatly by the Delhi Conference of 1968. All United Nations agencies had in fact begun to devote much of their energy to questions of development by 1973. Since then there have been world conferences on population and food. Members of the Group of 77 made their mark in GATT; and demanded more participation in the IMF: the issue of special drawing rights indicates a trend. The World Bank has in any case become an institution for developing countries. While much that is said on occasions like the Special Assembly of the United Nations has little lasting substance, there is no question that the theme of development has arrived on the international agenda. As the subject of international relations shifts from the military to the economic, questions of privilege and deprivation take the place of a competition of different paths to wealth.

To this issue, and to many others mentioned in this rapid and concentrated survey, I shall return in the following lectures. At this stage, I want to make one point only. The post-war order has turned out to be determined by two worlds and their organized conflict. In so far as there were winners or losers at all in this conflict, it seems clear that the United States dominated the scene. Since the early 1970s however, this scene has changed, imperceptibly at first and more and more visibly since. The old conflict entered a period in which conciliation was sought, and new institutions—CSCE, SALT, MBFR—were created *ad hoc*, that is, outside the UN system for the purpose. At the same time, a series of events combined to push the East-West theme into the background. Increasingly, international relations came to be dominated by economic issues. With them, a third world emerged to some power: the problem of rich and poor countries began to take the place of that of communist and liberal ones. This process is obviously continuing. I have deliberately not spoken of a breakdown of the old order, but of it being under strain. Yesterday's conflicts

are still with us, and so are the institutions on which the older order was based. Yet if we try to answer Max Hagemann's questions of order a last time, a picture of amorphous fluidity emerges.

Who can assume the responsibility for the world order today? The United States is still the most powerful country in the world, yet its power is limited by its failures, its competitors, and its own unwillingness to use it. The Soviet Union is certainly still an important power, but hampered by its economic weakness and internal instability. It might be argued that there is—there would be—a place for Europe, that is, for a confederation of powers which is not a superpower. I shall argue this case, but it will emerge that there are few signs of Europe living up to its destiny. The Group of 77, or OPEC, are hardly in a position to assume responsibility, if only because their internal divisions are clearly more marked than their common interests. If one were to begin to set up a new world order from scratch, it would be difficult to find the "four policemen" who look after its rules, and it is little consolation that the last lot have not done too well in the job.

What guiding principle should become the backbone of the world order today? When he raised the question, Hagemann had in mind such principles as balance of powers, or collective security. In fact, we have seen that the guiding principle of the old world order was very much an American syndrome of economic prosperity by free trade and market economies in liberal democracies as the dominant set of values. Today, it appears that this set of values is no longer either dominant or beyond doubt even in its country of origin. To be sure, there is if anything a revival of interest in human rights, that is, in the essential inviolability of man's life and dignity. But on economic and political structures there are as many questions as there are answers. And if we turn our attention to the new theme of international economic relations, development, only the most ideological liberals would defend the market as a sufficient condition of progress. Today, there is great uncertainty about guiding principles. What we will explore in these lectures is whether there is a set of rules which might serve the interests of all in a world of economic struggles and uncertainties. It may well be that this is the vantage point from which the other questions can be answered.

How does the principle find concrete organizational expression? We have seen that the United Nations has in fact never acquired the relevance which it was supposed to have. This is not to say that it was, or is, useless; there are many international problems for which it is important, not the least of which is the permanent reminder of the need for truly international institutions. We have also seen that the economic institutions of the post-war era are under severe strain and have not yet found an effective function for the future. As we look around, we find the world littered with ruins of international institutions, all the more agreeable for highly paid civil servants as they retreat into invisibility. But as new problems emerge, new institutions are created *ad hoc*, and without systematic connection. I have mentioned the CSCE and other instruments for dealing with the old conflict between East and West. The new conflict between North and South is discussed in many places, but it is no accident that a special North-South Dialogue has been invented for the purpose. Many issues of economic policy are nowadays discussed in regular Summits of the main industrial nations. It is quite clear that we have entered a phase of institutional exploration. It is equally clear that for the time being this means confusion and *anomie*.

LECTURE II

SOCIAL CHANGE AND INTERNATIONAL RELATIONS

The study of international relations shares with the conduct of foreign policy a dilemma which may be called the double trap of legitimacy. On the one hand, there is the temptation to regard nations as figures on the chess board of world politics. They are first given their place, then moved about in various patterns, removing each other, establishing superiorities or suffering defeats, and all that in accordance with certain alleged laws of motion of these entities. In practice, this was of course the approach of some of the great statesmen of the 19th century, and at least one statesman of our own time—an admirer of Castlereagh, Metternich and Bismarck—has tried to apply their attitude to the world today. But as we have seen, Henry Kissinger's pentagonal world not only overlooks the many who do not readily fit into the Washington-Brussels-Moscow-Peking-Tokyo relationship and is thus unprepared for events like the Cyprus war; it also overestimates the ability of the five centres to direct those in their orbit, for which deficiency Europe is but one example. Above all, the trap of power politics consists in the almost inevitable danger of losing internal legitimacy. Foreign ministers may in one sense represent their countries in their entirety, rather than just one faction or party, but this very fact makes them run the risk of no longer representing anything. The actors of international affairs are complex living societies which have to sustain the actions of their representatives and will not be played with at will.

There is, however, the other trap, that is, populism turned international. A foreign policy which is looking for domestic support at every step is not only likely to be ineffective and extremely slow, but it is also likely to be highly parochial. Foreign policy involves elaborate means-ends-relationships

which are not easily explained to the electorate, especially at a time when few voters are prepared to listen to those endless speeches on Turkey or Persia to which Gladstone treated them nearly a century ago. People want protectionism, but free trade is demonstrably better for them in most circumstances; people in the developed world want to protect their privileges, but neglecting the demands of the developing world works demonstrably against their longer-term interests—there are only too many examples of people's inclination to short-circuit international problems. We are treading on treacherous ground here, to be sure, for it is always dubious to argue that people are unaware of their "real" interests and have a "false" consciousness. Indeed, the terms which both scholars and politicians like to use to reveal "reality"—*raison d'état*, or national interest—have as often been abused as they have been interpreted to embody what I would call demonstrable though indirect interests.

Thus it is difficult to escape the double trap of legitimacy. But perhaps it makes sense to try and look at the underlying social developments in the world in their own right, before we try to relate them to issues of foreign policy. The purpose of this exercise is to identify some of the main forces at work in what is not yet, but may well become one day a world society.

The theme which I want to pursue to that end is that of modernity—familiar enough, indeed perhaps too familiar, for if there is one force which has moved all modern societies, and all modern social scientists as well, it is the great transformation from status to contract, *solidarité mécanique* to *solidarité organique*, *Gemeinschaft* to *Gesellschaft*.¹ Its features are numerous and have been given many names. Max Weber traced the origin of the desire of some to accumulate means of production, and the readiness of most to accept the discipline of organization, to a certain kind of ethic, protestant in the sense of being geared to the individual and to human rationality, to deliberateness, purposiveness, calculation. Adam Smith and the political economists in his succession down to Karl Marx and beyond emphasized the underlying forces of production,

¹ References are, of course, to the books by H. F. Maine (*Ancient Law*), E. Durkheim (*De la division du travail social*), and F. Tönnies (*Gemeinschaft und Gesellschaft*).

the division of labour, technical progress, the economies of scale as motors of economic growth. Tocqueville's anger, Marx's irony and Mill's enthusiasm all concerned the same corollary of such development, variously described as democracy, equality, citizenship. After the Industrial and the French Revolutions all men were assumed to be equal in some respects, and thus as some suspected, in the end in all (although originally all men were literally only men, not women, and their equality was little more than a legal fiction). Historians were the first to realize that modernization meant an enormous process of uprooting people, of geographical migration, social mobility and political mobilization. These then are some of the motive forces of societies which we call modern: cultural values of individualism and rationality, an economic organisation centred on quantitative growth, a strain towards equality in the social system, and a polity based on the mobilization of all for good or bad.²

The qualification is important, for there are in fact several modernities. I have mentioned two when I discussed the East-West conflict as one between two ways of getting rich. There is the rationality of the market and that of the plan; economic growth based on incentive and on force; equality based on equal citizenship and equal impotence; political mobilization based on democratic participation and totalitarian organization. These are simplified models. In fact, the world has seen almost as many paths to modernity as there are societies. When Germany began to follow the English model, the result was a specific and explosive mixture of national culture and modern forces. Japan's unique blend of elements has often been described. There is no one model of modernity, and an analysis in general terms is not meant to suggest that all who come later have to follow those before them. But there are contradictions which few can escape who embark on the process of modernization. Their peculiar flavour varies from society to society (depending, e.g., on the degree of violence, the role of law and the experience of conflict regulation in their traditions), but their basic features are the same, and they probably have something to do with the way in which

² The literature on the subject is enormous. One good summary (in German) is P. Flora: *Modernisierungsforschung* (Opladen 1974).

countries conduct their foreign policy and take part in the process of international relations. I want to spend much of my time in this lecture on the analysis of the contradictions of modernity in Western societies and their effect on the world order, but perhaps two other points, in some ways simpler, though themselves worthy of more detailed study, may help to explain the figure of thought by which I am guided.

First, a word about the contradictions of modernization. I have mentioned Germany as an example. When industrialization and the accompanying social processes hit the country in the 1870s, German society was in many ways unprepared.³ To be sure, there had been pockets of modern social and economic development for some decades; moreover, German intellectuals had been very much a part of the liberal movement from the French Revolution through 1848 to the formation of liberal parties. But when Marx published the first volume of his *Capital* in 1867, it was no accident that his data were taken almost exclusively from the British experience. Not only had authoritarian governments forced him out of his country, but German society and its economy would have provided more examples of persistent feudal structures and the effectiveness of tradition than of capitalism and its conflicts. The values, patterns and institutions of German society were military-bureaucratic, or rural-traditional, and traces of the new world appeared but in the interstices of old structures.

Modernization descended on this society like a snowstorm on Egypt. By 1914, Germany was transformed. The growth rates of its economy, and in several critical branches of industry real output, had overtaken those of Britain. Its cities had grown, millions of people had moved to the industrial centres, there were trade unions and a powerful Social Democratic Party and all the social and political signs of a flourishing modern community. Yet this was only part of the truth. In a strange way, older traditions had been maintained or adapted. The *Junkers* of Prussia had done as well as the barons of the Ruhr; these in turn, if they were upstarts in the first place, dreamt of nothing more passionately than of being appointed *Leutnant der Reserve*, lieutenant in the reserves; a democratic

³ An extensive analysis of the point made here can be found in my book *Society and Democracy in Germany* (London-New York 1967).

constitution camouflaged continuous authoritarian government; and when the war began, the allegedly internationalist Social Democrats rallied to the flag and voted the war credits along with all other groups.

This is something of a caricature of a story that has often been told. But its importance is greater than may appear at first sight. In some ways the latecomers to industrialization and modernity have all followed the German example more nearly than that of Britain. What happened is that pre-modern, pre-industrial structures were not transformed by a gradual and autonomous process of change, but that instead new structures were superimposed on them suddenly and often from outside, both literally and figuratively. In some cases, the traditional patterns caved in and gave way to modern ones; in others, modern patterns remained but a surface veneer; throughout, the most curious faultings of old and new evolved, a highly explosive arrangement of social geology, for which the successful industrialist craving the title of lieutenant — a modest rank, but recognized by a world of traditional status — is a most telling example. It has been argued that it was these explosive faultings which gave rise to the apparently irrational and certainly unpredictable turns of German politics. They made it possible for William II to mobilize Germany's newly gained industrial strength in 1914 for a rather traditional war, pre-modern in its motives, if not its techniques. They made it possible for a Weimar Republic to emerge from this war which had all the trimmings of a liberal, modern society. They made it possible for Hitler to gain power with a programme appealing to pre-modern dreams and primeval resentments, and a policy as modern as the idea of totalitarianism which he first put into words. The same faultings, though mitigated by the involuntary modernization of National Socialism, made it possible for two Germanies to emerge from one after 1945 — one totalitarian with a new colour, the other liberal and democratic.

You will appreciate that I am talking about my own country, to which I feel that strange mixture of love and despair which has robbed so many Germans of their sleep since Heinrich Heine first found words for this ambivalence.⁴ But I suspect

⁴ "Denk' ich an Deutschland in der Nacht, dann bin ich um den Schlaf gebracht," said Heine.

that the point which I am trying to make is much more general. It certainly applies to Japan, and may well have something to do with the domestic worries and international uncertainties surrounding so much of the developing world. Modernization produces erratic results, and often caricatures of the great men and moments of history. Traditional dictators and traditional gentlemen, pocket Napoleons and pocket Washingtons look equally out of place in a world of jet planes and computers; but there they are. Their only predictable policy is that of preserving and strengthening national identity. For that they may go to war, or accept international rules and even courts, but the nation they need, these tyrants and gentlemen. Beyond it, or rather, within its boundaries, things are unpredictable and liable to change quickly and deeply. The faultings of rapid modernization produce instabilities which are likely to be with us for many years to come.

There is another set of contradictions associated with modernity in one of its variants which we must consider briefly. It has to do with modernization Russian-style, that is, with economic growth by force and political mobilization by deliberate organization. I do not want to engage in the largely spurious discussion about whether Marx, when he developed his theories of the eventual victory of communism, had countries like Russia in mind or not. In historical fact, he did not, though that hardly matters. But there may be a case for applying a version of Marx's theory of class and class conflict to societies which undergo the process of modernization by totalitarian means.

One of the fundamental contradictions of society — so Marx argued — arises from the fact that forces of production outgrow relations of production. Let me generalize the point. Contradictions arise from the fact that a society is organized in such a way that it fails to give people what it might give them. Although it would be possible for everyone to have a motor-car, somehow this does not happen; 12 per cent of GNP is spent on defence instead. Although it would be possible for most to spend the summer on the beaches of the Black or the Caspian Sea, or somewhere else where it is pleasant, this does not happen, but holidays are rationed and often given to work-people without their families and friends. More than that, there are those who are in fact in possession of most of the

privileges which their society can offer — politicians, administrators, a few engineers and scientists, and the like — but they carefully guard the rules and patterns which restrict these privileges to them.

This is in fact the next step in a Marxian analysis: forces and relations of production are represented by social classes. There is the class of the possessors, the ruling class, which either has, or can hope to have what its society can offer. In Soviet society this is not too dissimilar from the Party itself. Then there is the class of the dispossessed, the subjected class of those who would like to have more, and could in theory have it, but are prevented from getting it by the ruling class. In the Soviet Union, the suppressed are of course not allowed to organize, although increasingly there are signs of their existence. Many thousands are in camps and mental hospitals even today; recently there has been an abortive attempt to found an unofficial trade union, dissidents speak for the dispossessed and it is more and more difficult to silence them. Thus, a genuine class conflict arises. Where does it lead?

Again, this analysis is greatly compressed and simplified. Leaving Marx, however, and applying elements of a more general theory of revolution, one is bound to infer that in societies in which modernization is based on force, the potential of revolutionary change is high. Given the slightest hope — the spark that ignites a revolutionary situation — the fabric of these societies will explode, as it did in Hungary in 1956 and in Czechoslovakia in 1968. Such societies survive by a precarious balance of force and protest; they are constitutionally unstable, even if they revert to turning the screw of public force tighter; an element of unpredictability is a central feature of their political habitus.

Mentioning Hungary and Czechoslovakia is an indication of the foreign-policy consequences of this condition. It should be added that more recently, in connection with *détente* and the CSCE, there have been some signs of attempts to accommodate dissidence and even expectations of participation to some extent; though as soon as such changes produced threats to the power of the Party, leaders have tended to go into reverse gear. A foreign policy informed by fear of domestic instability is likely to be aggressive or introspective in an incalculable mixture and sequence. It will look for support for its status

quo wherever it can find it. It will resist international arrangements which encourage uncontrolled forces, free trade, convertibility, the movement of people and information. It will prefer the chessboard politics of power, because it has got the instruments of force to put down protest, but lacks the instruments of liberty to accept participation. But it may well be mistaken.

I am aware that as I proceed I am painting a picture in which the brighter colours are almost entirely missing; and I am afraid that this will continue to be the case as I move to the strange story of modernization Western-style. This is, in the first instance a success story. In the 25 years following the Second World War, the countries of what may be called the OECD world have made unprecedented progress in almost every aspect of their social structure. Between 1948 and 1973, the GNP of the United States trebled; and disposable personal income more than doubled in real terms. For some European countries, the figures are even more spectacular.⁵ Every index of consumption naturally shows massive increases. At the same time, working hours were reduced and holidays increased. Social services were extended to all. Suffrage was extended to all adults over 18. An educational explosion took place which eventually gave about one-third of all young people the chance of a tertiary education. In terms of quantity there is only one major index which has shown decline, and that is the birth rate.

Here is a real case for taking up the thread of class analysis where Marx left it. He believed that capitalism would of necessity lead to ever more intensive class struggles. The capitalist class would accumulate more and more riches, whereas the working class would be progressively impoverished, until its organizations would blow up the existing mode of production in the name of new and unsatisfied forces of production. There is much in this theory that makes sense, but there are also consequential mistakes. One of these is the unquestioned assumption that a mode of production cannot change, that ruling classes will defend their privilege without

⁵ Aggregate data of this kind are dubious; however, following W. Rostow (*The World Economy*, London 1978), one may assume that growth in what he calls "North-West Europe" was more than 50 per cent higher than in the United States.

being prepared to adjust. We have seen that there are such classes; contemporary communist societies provide a striking example. But it is a characteristic of most of the OECD countries,⁶ and notably of the United States of America, that they proved capable of adjusting their social structures time and again without falling apart. The class struggle was won without war. In fact, it is one of the characteristics of these societies that they proved capable of change without revolution.

When Werner Sombart wrote his little book on the question *Why is There No Socialism in the United States?* in 1906 he gave a remarkable answer.⁷ People in America found it possible, he said, to satisfy their growing wants and expectations by individual mobility. If they were unhappy, they did not join a trade union or a socialist party, but changed their jobs, perhaps their places of residence. There is a general point in this explanation. Open societies offer individuals opportunities even without collective action, at any rate without violent collective action. They give way, as it were, to demands for change without crumbling. There is a sense in which political democracy is an arrangement to make such change without upheaval possible. Elections and multi-party systems limit the time scale of power and open the door to new ideas and interests. The rigidity that produces revolution is absent from their very structure. Almost all OECD countries have been democracies in this sense throughout most of the period in question.

The class struggle channeled into regulated democratic conflict has thus made possible both economic growth and social policies which have increased individual welfare and citizenship rights for all. Times of such growth are times of confidence, perhaps over-confidence. It may have been the experience of precariousness in the inter-war period which led the advanced democracies after the Second World War to protect their opportunities as well as develop them. Given this development, and the seemingly endless chance to play

⁶ This definition is used here and throughout for the "Club of the Rich". The 24 members of OECD define it well, although the organization also includes some marginal cases, such as Turkey and Yugoslavia.

⁷ W. Sombart: *Why Is There No Socialism in the United States?* (London 1976)

positive-sum games, it would seem plausible that the United States and its allies never had any reason to consider attacking those who followed another path to growth with more limited success. At the same time, there was a considerable interest in maintaining conditions favourable to further growth, free trade, convertibility and the expansion of markets. With respect to the other world, not yet known as the Third, the position was more complex. Desired as markets, though not as competitors, needed as suppliers of raw materials, though not at market prices, they found themselves under cross-pressures which on balance did not help them enough; and if they turned to the other side for help, these pressures could take on very tangible forms.

In any case, it is not my intention to paint an idyllic picture of the OECD world. The trends which I have indicated have in fact produced their own contradictions; and today, after 1971 and 1973, contradictions begin to dominate the scene. They are as yet barely understood by social analysts, let alone by the statesmen of the First World, though there is an increasing literature with titles that would have sounded surprising, if not absurd a decade ago: *Limits to Growth*, *Small is Beautiful*, *The Cultural Contradictions of Capitalism*, *What's Wrong With the Modern World?*⁸ What indeed? Let me leave the cultural aspect — what has long been called the dialectics of enlightenment⁹ — on one side and turn to three problems which illustrate the contradictions of modernity above all, *The Economic Growth Debate*, *The Social Limits to Growth*, and *The Crisis of Democracy* (and these are of course titles of recent books as well¹⁰).

Economic growth in the Western world has today run into a series of difficulties. Some of these may be externally generated, like the rise in oil prices, but most are closely related to the values underlying growth itself; they are intrinsic contradictions of the process on which modern economies are

⁸ The authors are (in this sequence): Club of Rome (New York 1972); F. Schumacher (London 1972); D. Bell (New York 1976); M. Shanks (London 1978).

⁹ This is the title of a book by M. Horkheimer and Th. W. Adorno: *Dialektik der Aufklärung* (Amsterdam 1947).

¹⁰ The authors are: E. Mishan (London 1977); F. Hirsch (London 1977); M. Crozier et al. (New York 1975).

based. One of these, dramatically exposed by the Club of Rome, has to do with the consequences of the thoughtless exploitation of resources. Much criticism has been levelled against the Cassandra calls of the Club of Rome, but two facts remain valid. One is that resources, so far as we know, are not unlimited and are therefore bound to become more expensive. The other is that resource exploitation and especially energy use has side-effects on the environment which we cannot sustain forever. Then there are socio-economic contradictions. From a certain point onwards, further economic growth means further investment in technical processes which increase productivity. These same processes also lead to the abolition of jobs, to redundancy which not only produces unemployment but also reduces the demand which is needed to sustain growth. The same vicious circle occurs as a result of social policy. Through pressure and deliberate intent, the real wage in many occupations, especially in the service sector, is pushed up to higher and higher levels. This desirable development means that local communities and organizations can no longer afford the people they would need to provide certain services. As a result, the number of jobs decreases, while the quality of services deteriorates. Such factors cannot fail to have an effect on people's attitudes. No longer is growth the one and only objective; people begin to worry about what they have got and feel that preserving and protecting it is good enough.

Such attitudes are strengthened by analogous developments with respect to that basic equality of all men which is so much a part of modern societies. Following T.H. Marshall, I like to describe the process as one of the extension of citizenship rights.¹¹ They begin as strictly legal rights, a promise of equality before the law. This soon turns out to be insufficient. It needs to be backed up by giving people a part in the process of making laws; universal suffrage is introduced to provide political equality. But this too is a fairly abstract promise. What does universal suffrage mean in a society of flagrant social and economic inequalities? Thus the process of equalization begins to be extended to social rights, the right to a minimum wage, the right to protection in sickness and old age,

¹¹ Cf. T. H. Marshall: *Citizenship and Social Class* (Cambridge 1950).

the right to an education, perhaps the right to work. Many of these rights are in the first place described as leading to equality of opportunity. But equality is a voracious beast, and opportunity a temptable maiden. The educational debate has shown the problem most clearly. Equality of opportunity certainly means that there must be no legal or financial barriers restricting access for able people. But this is not enough. The opportunities of the working class child are restricted also by cultural factors given with his or her family of origin. So these must be changed. But there are limits of such change, and with them one soon approaches the limits of equality, perhaps of citizenship. They are of several kinds. Either it is regarded as necessary (to continue the educational example) to change school requirements in such a way that children from disadvantaged backgrounds are actually represented proportionately at all levels, for example, by admitting dialects instead of "educated" language; in this case the very opportunities which are supposed to be given, learning an "educated" language, disappear. There are many examples of the process of equalization destroying the very benefits which it is supposed to give, examples of crowding; the ten-millionth car is obviously worth less in satisfaction than the hundredth. Or else the strain towards equality meets with even more solid barriers, that is, features which are intrinsically incapable of equalization, what Fred Hirsch called "positional goods", such as being president of the country, or merely chief engineer of a company, or local councillor.¹² In both cases, the result is widespread frustration, and also the desire on the part of the haves to protect what they have got, preferably without letting anybody else get the same.

The political consequences of such limitations are very serious. I have described democracy as a system which can accommodate change without upheaval. This means in most cases that change leads to improvement for all, possibly more for some than for others, but ultimately for all. Democracy is successful to the extent to which it can be played as a positive-sum game. This is how it is played of course, that is, as a competition of promises and rising expectations which, while never

¹² F. Hirsch (in his *Social Limits to Growth*) distinguishes between the "material economy" of goods which can be spread equally without detracting from their value, such as food, and the "positional economy" for which this is not true.

totally satisfied, are never totally disappointed either. But if it is no longer possible to satisfy rising expectations, the democratic process becomes difficult. Britain has been through three years of falling real incomes by "social contract" between 1974 and 1977, but the country cannot take more of the same thing without risking widespread protests and violence. Governor Brown of California may replace promises by charm for some time, but there comes the moment when he too has to deliver improvements. It is no accident that under such conditions the demand for a return to more authoritarian forms of government arises. Professor Huntington has advocated this direction of development in the United States despite the experience of Nixon and Watergate. He says: "We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite extension of political democracy."¹³ But others take the diametrically opposed view first expressed by Al Smith in the 1920s when he said that the only remedy for the ills of democracy was more democracy, and repeated more recently by Willy Brandt's demand that "we must dare more democracy".¹⁴

These two positions are in fact indicative of the new political conflict emerging in the developed countries, which also provides the social background of attitudes taken to international problems. Given the success of the assumptions of progressive modernization under market conditions and within democratic institutions, a large majority of people and their representatives are still gathered around this view. In fact, we must not overlook the fact that in some societies of the OECD world there are many people left who stand to benefit from such an approach. In one aspect, Euro-communism is an attempt to get by hook or by crook what could not be had by gradual and autonomous processes. Italy and France, as well as Spain and Greece, have by no means exhausted the potential of existing relations of production. But even in these countries there are signs of an emerging social-democratic consensus (as I would describe the prevailing attitude of

¹³ In M. Crozier et al. (*op. cit.*), p.115.

¹⁴ Al Smith quoted in M. Crozier et al. (*op. cit.*). Willy Brandt said in his first policy statement as Chancellor of the Federal Republic in October 1969: "Wir müssen mehr Demokratie wagen".

advanced modernity). It is benign, informed by a tradition of openness and helpfulness, inclined to support the maintenance of the creaking institutions of the post-war world or perhaps their gradual reform, willing to develop the system of *détente* that has emerged from the negotiations around SALT, MBFR and the CSCE, and looking for ways of placating the developing countries without actually giving up the achievements, not to say privileges of one's own position. Or should I say, "our" own position, for this is the kind of enlightened view which is most likely to emerge from Western societies and which I share in many of its assumptions.

However, I do not share the apparent complacency with which this view is often defended. The fact that a large majority of people in the OECD world support it does not mean that it is bound to prevail. In fact, the more striking and more important development is the emergence of two quite different views at the fringes of the orthodoxy, views which carry the positions which I have described to Professor Huntington and Willy Brandt to their extremes and will dominate much of the international as well as the internal debate of the future.

The first is the authoritarian view. It is in some ways reactionary in the strict sense of the word. There is a tendency to react to the contradictions of modernity by saying that we have in fact had too much of it. What is needed today—in the view of those who react in this way—is, first, the protection of privileges already achieved. There is no need for expanding opportunities any further. Secondly, conditions must be re-created in which the familiar mechanisms of growth start working again, a little unemployment perhaps as a stimulus for discipline, some lowering of the real wage, the expulsion of immigrant workers, in any case a new attitude to law and order: there is a syndrome here which is as consistent as it is worrying. And since some of its features appeal to all who are frustrated by the discovery of limits of growth and by other corollaries of modernity, it is conceivable that this reactionary approach will gain more and more ground.

In any case, this is more likely than that of the opposite view, the demand for more democracy will make great inroads in the foreseeable future. This is actually a rather confused position, often taken by members of the new educational class allegedly on behalf of working people, but without any real basis in the

interests of known social groups. There is a sentimental streak here: social benefits must be extended rather than cut. There is a strong environmental concern without much understanding of its implications for growth. There is much insistence on participation, again without concern for growth or even for the constitutional prerequisites of change. The need to take the demands of developing countries seriously has an important place in the sentimental household of this view, again without realization of the fact that participation by all and low economic growth will hardly help it.

I do not want to sound condescending in describing this particular view, often ascribed to a vociferous though imprecise left today. In fact, I have much understanding for these sentiments, and much concern about the effects of the hard reactionary line which seems to prevail so often in day-to-day politics. But this is not the place to weigh pros and cons of domestic political positions. What I want to do in concluding this summary analysis of social changes in contemporary societies is to try and assess in rough and inevitably speculative terms some of the consequences of these changes for international relations. They are three, and I am afraid none of them is particularly pleasing.

First, it is evident from this analysis that after a period in which Western attitudes were by and large reliable we are now moving into one of greater unpredictability and instability. This is where 15 August 1971 and 6 October 1973 have their significance. It is no longer possible to assume that countries will necessarily take the view which they have been known to take for the last decades. Sometimes, negotiators will still take this view, but they will find that it is no longer supported at home. Sometimes, a completely new type of negotiator will emerge, rough, self-interested, unprepared to listen. While the old institutions continue apparently as usual and even consider their gradual and piecemeal reform along familiar lines, entirely new pressures and forces emerge in their member states. It is perhaps not irrelevant to point to the fact that some surprising politicians with primarily domestic interest and experience have been made foreign ministers in recent years; it may well be that the days of the diplomacy of powers are over.

The second conclusion which one is bound to draw is that there will be a drawing-in of attitudes, views and indeed

interests. I have intimated that the majority of people were probably at all times protectionist. The advantages of free trade are not easy to understand. But at a time when growth has become more problematic in general, and when unemployment is almost a necessary consequence of growth, such inward-looking attitudes will spread. I have little doubt that we are going to see vastly increased pressures for protectionism in the Western world, and that from time to time, even responsible politicians will find it difficult not to yield to them. Protectionism in trade terms is only a specific form of the much more general trend, parochialism, the concentration on one's own frustrations. Meetings between heads of government turn less into joint plans of action than into wailing symposia which leave everyone with the one consolation only, that everybody else is in the same miserable condition. Parochialism separates, perhaps frustration does in general. It is difficult to draw much encouragement from observation or analysis of international behaviour these days.

This, thirdly, will leave the developing countries in a state of direct and indirect frustration. I shall turn to this subject at greater length in my fourth lecture. All I want to say at this stage is that there is nothing, but nothing in the social developments of modern countries that opens them to a better understanding of the plight and the needs of the Third World. They are not only looking inwards, but also bent on defending privilege. They may pay conscience money, or yield to certain institutional pressures; but it is difficult to see the signs which would lead one to predict a longer-term understanding of the problem.

I have said that my conclusions would be rather pessimistic. This they are. But I must not finish this sketch without making two short points. One is that general analyses mislead *inter alia* because they overlook the creative effect of difference. The fact that there is a Holland and a Sweden makes an enormous difference to attitudes towards developing countries. The fact that there is a Japan is in itself a guarantee for the continuation of some degree of free trade. The fact that there is a United States of America may well turn out to be a guarantee for change without upheaval remaining possible after all and the institutions of liberal societies surviving. The other point is that in any case social developments are slow

and their effect on foreign policy is tenuous. After a cautious introduction I have had to make many assumptions which the expert in the field might well dispute. There is no simple derivative relationship between foreign policy and social developments (even if we assume that these can be described in an unambiguous way). The trap of populism is real, and one of its versions is the sociological interpretation of international relations. Thus there are many reasons to believe that at least some of my conclusions are wrong, although I hope that there are at least some reasons to believe that many of my underlying analyses are right.

LECTURE III

EUROPE: A MODEL?

Winston Churchill, one of the architects of the post-war world order, has always regarded European integration as a necessary condition of the new system. His reasons were both specific and general. As he pondered the future in 1942, he saw the ascendancy of the United States and the Soviet Union and began to fear a world dominated by these two powers. Commenting on a joint memorandum of the State Department and the Foreign Office on international cooperation, he said that “a form of United States of Europe” was desirable as a component. This was to safeguard the specific interests of Europe and enable the old continent to make its peculiar contribution. A little later, Churchill turned this particular concern into a general principle. In a conversation with Henry Stimson and others in Washington in 1943, he argued that the United Nations could be effective only if it were not merely policed by four great powers (he was still including Britain in them, of course), but if it was based on a number of regional alliances. At the time, and with the limited horizon of the time, he mentioned three possible “regional councils” for the Americas, the Pacific region, and Europe.¹

It is relevant to compare this design for a combination of regional and universal institutions with one developed by Rajni Kothari more than 30 years later.² Kothari argues in 1974 that the United Nations system has been a “miserable failure” in part because it left the poor nations isolated and the weak in a world community that was too distant to be meaningful. In order to give them the advantages of scale, and the world community an effective grounding, regional alliances are necessary,

¹ Cf. M. Hagemann: *op. cit.*, p.319 sqq.

² R. Kothari: *Footsteps Into the Future* (New Delhi 1974).

or as Kothari puts it, "a territorial restructuring of existing nation-states with a view to combining the values of autonomy and self-respect of individual states with the values of justice among men and non-violence within and between states".³ Kothari identifies no fewer than 24 world regions, taking into account complementarity of resources as well as geographical contiguity, but allows for a gradual development of "unity in diversity" and notably, diversity.

The relationship between regional cooperation and a world order is obviously a matter of fundamental importance, and has been such ever since the world order which is now growing old was first created. A fascinating account of post-war international history could be written as a history of the failure of regional alliances. There are the regional agencies of the United Nations, sometimes effective, sometimes not, but in any case imposed from above rather than created from below. There are ambitious projects of regional cooperation which were probably too comprehensive to have any chance of success; Latin America offers several examples, such as the Declaration of Buenos Aires of 1970, Africa has the Organization of African Unity. There are more modest alliances based on proximity or a common cultural heritage, but it would be difficult to point to one that has succeeded. The Arab League has had, to put it mildly, its ups and downs. No one speaks today of the economic cooperation agreement between Turkey, Iran and Pakistan. Some of the regional agreements which have to some extent been fashioned on the experience of the European Communities have been more successful. This is not strikingly true of the Andean Group whose Accord of Cartagena is almost a copy of the Treaty of Rome on which the European Economic Community is based; differences between nations have turned out to be too great to allow much progress. There are such differences even in the Central American Common Market (Honduras, Guatemala, San Salvador), though on balance this has been successful. And while the Association of South East Asian Nations (ASEAN) suffers somewhat from Indonesia's preponderance in size and economic strength, considerations of defence, that is, of active neutrality, have held it together for a decade.

This list is far from complete, and yet it gives an indication

³ R. Kothari: *op. cit.*, p.149

of the chaos which attempts at regional cooperation have left behind. In some areas, notably in Africa, recent decades have in fact been a period of deregionalization; the common markets of the colonial states have been replaced by nation states and all their traditional trimmings, including tariffs. Almost everywhere, it has turned out to be exceedingly difficult to persuade countries to join forces, or indeed to create forces by joining. Before this background, the story of European integration stands out, even if it has—as we shall see presently—its own anti-climaxes and disappointments. It is a relatively consistent story of international, even supranational cooperation. Thus it may be that there is something to learn from this story. The history of the European Community is important in itself for world economic and political relations; but the question which we will bear in mind throughout is whether there are features in it which make it exemplary in any way for the world of Winston Churchill and Rajni Kothari, or whether these ambitious designs need to be corrected in the light of experience.

The story of Europe begins with the motives for European integration.⁴ In fact, these were a far cry from Churchill's lofty notions, or even Kothari's assumptions about national interest. On one level, these motives were, to be sure, European. There was the memory of the tender beginnings of Franco-German friendship in the 1920s at the time of Stresemann and Briand; this time, it was felt, the attempt had to succeed. There were economic interests, both among the big countries and companies who felt that they had to join forces to survive, and among the smaller ones who needed a larger economic space, a common market. Many of the leaders of post-war Europe were of the same political persuasion, notably Adenauer, Schuman, and de Gasperi, as well as the Christian Democrats of Holland, Belgium and Luxemburg. Above all, there was the Soviet threat. While American forces were deployed all over the continent, Europe was obviously the prime target of aggression; it needed to stand together to defend itself.

As we descend further into the lowlands of national politics, the motives for European integration become even more varied and parochial. There was the desire of those who had been occupied by Germans during the war to contain Germany. The

⁴ Some of the following paragraphs are abridged versions of passages from my book: *Plädoyer für die Europäische Union* (Munich 1973).

Federal Republic itself saw Europe as a welcome opportunity to regain recognition and influence. Influence was also an important consideration for the smaller powers whose role was otherwise minimal. Add to that group interests, French concern for farmers, German concern for exports, Italian concern for regional development and opportunities through labour mobility, and a strange balance of advantages emerges which has little to do with the high ideals of Churchill's Europe as a pillar of the international system.

There were those of course who did not believe in such a Europe at all: the nationalists, notably in France; and the *mondialistes*, notably in Germany and Holland. We shall return to their arguments, because their doubts are clearly important for any assessment of the success or failure of regional cooperation. But before we do so, let me look at some of the intrinsic, and perhaps exemplary problems of European integration.

The problems begin with geography, with political geography to be sure. Who or what is Europe? There are many answers even to this preliminary question, and it is to some extent arbitrary to pick but one of them. The CSCE had 35 participants, 32 if we leave out the Soviet Union, the United States and Canada. Although some of these (like Iceland and Malta) are on the margin of Europe, and others (like the Vatican, San Marino, Andorra and Liechtenstein) powers of a special kind, the participants of the CSCE describe the geographical area called Europe. Politically of course, there are at least two Europes, East and West, and three if one counts the non-aligned and neutral countries separately. In this lecture, I am not going to deal with Eastern Europe. In the West, a whole series of organizations have been discussed; some foundered before they were set up, others had their day of glory, very few survived. The OECD started as OEEC; today, 19 West European countries are among its 24 members. Its importance is to provide a forum for coordinating economic policies rather than to produce a European view. The Council of Europe with 19 members is today a monument to its past, although its Convention of Human Rights remains important and has led, after the colonels had taken over in 1967, to the removal of Greece. The European Defence Community never got off the ground; it foundered along with the European Political Community in the French parliament in 1954. The

West European Union with its seven members was designed to control arms, especially those of Germany, and is now one of the ruins of the attempts at integration.

Any survey of European institutions ends up therefore with the European Communities. Since 1967, this is the name of the combination of the European Coal and Steel Community, the European Atomic Energy Community, and the European Economic Community. The European Communities have at present nine members; these are likely to increase to 10 soon, and probably to 12 before long. The EC has special relationships with nine remaining EFTA countries in North and Central Europe. It encompasses four of the smaller principalities and republics. In fact it is not only the effective spokesman of the developed democratic countries of Europe, but also includes the majority of them among its members or associates. It is not unreasonable therefore to follow current usage and refer to the European Community in the singular.

This is not the place to describe the development of the European Community in any detail. We are concerned with the world order, and with Europe's role in it. But it is relevant to remember that the strongest single motive force of the European Community up to 1970 was the creation of a customs union, a common market. This process had at least four aspects. First, there was the reduction and eventual abolition of internal tariffs, completed in 1970 (though mitigated by the continued existence of taxes and other tariff-like barriers to trade). Secondly, there was and is the concern of the Community with abolishing as many non-tariff barriers as possible. This process ranges from metrication through joint patent rules to labour mobility and is of enormous complexity. Indeed, in a sense every distinctive feature of a society is a non-tariff barrier to trade, so that the process is likely to be forever unfinished. Thirdly, there were areas in which trade was not governed by tariffs and related barriers, but by deliberate policies; this is true notably for agriculture. In these areas it was therefore necessary to evolve a common policy to go with the common market. The Common Agricultural Policy is the most important result of this approach. Finally, a customs union inevitably has an external aspect. The common commercial policy of the Community has consequently developed into one of its major features.

By the spring of 1970, the first major objective of the European Community, the customs union, had been achieved. The question arose therefore: What next? To the present day, the European Community has found it difficult to give a clear answer to this question. The summit conference of The Hague in December 1969 established the famous French triptych of policies — *achèvement*, *élargissement*, *approfondissement*. *Achèvement* meant the completion of the customs union. *Élargissement*, the enlargement of the Community, has since been a central concern of its institutions, first with respect to Britain, Denmark and Ireland (as well as, unsuccessfully, with Norway), since 1977 for Greece, Portugal and Spain. Important as this is, it is easy to see that by itself enlargement does not strengthen a community; and many would argue that it serves to weaken its internal cohesion. *Approfondissement*, the third wing of the triptych, the deepening of cohesion and cooperation, has so far failed signally. The objective of the early 1970s, economic and monetary union, was shattered in the monetary storms following 15 August 1971. The energy crisis following the Yom Kippur War of 1973 exposed the weakness of European cooperation dramatically. No other overriding objective has emerged at a time at which economically and to some extent politically European countries have moved further apart rather than closer together. If there are any signs of progress, they are in regular consultations on matters of foreign policy which have been developed under the name of Political Cooperation since 1971, and in the revival of, again intergovernmental, plans for monetary cooperation in 1978 (EMS), as well as institutionally the twice-yearly meetings of heads of government in the European Council.

Before this background, let me examine the contributions which the European Community has made to the world order, concentrating on points at which its community character was important for making a contribution at all. Three matters deserve our attention here, trade, aid to development, and political cooperation.

It is often said that the creation of a customs union is one of the main reasons why the six original members of the European Economic Community experienced a period of considerable economic growth throughout the 1960s. In fact, trade between member states of the EEC has increased considerably, both in

absolute terms and in terms of its relative importance for the balance of trade of members.⁵ This has contributed to their economic success; it has also created a considerable degree of social and political interdependence. However, it is impossible to quantify the effect of the customs union on growth, indeed, it may be argued that it has succeeded, because it was created at a time of considerable growth opportunities. Europe has followed, and corroborated, the trend. The creation of the common market was part of a world-wide movement towards free trade. When the European Community supported this movement actively, notably during the Kennedy Round of tariff reductions, it acted in accordance with its obvious interests which were shared by many countries outside the Community. Either way, however, it remains true that Europe has been a driving force towards an international economic system of free exchange as a motor of expanding production and consumption.

Several reservations have to be added to this statement. One is that it applies to industrial trade, but not to trade in agricultural products. Like other producers, the EC has sought, and found ways of protecting domestic agriculture. The system of the common agricultural policy (CAP) was complicated at the best of times; it is chaotic now that monetary upheavals have destroyed its backbone, the unit of account (called "green dollar" and preserving for history the value of the US\$ before 15 August 1971). The CAP uses prices in order to guarantee farmers' income, regulate production in accordance with demand, and protect domestic products against imports at one and the same time. Whatever its internal effects, this system has not made the emergence of a world market in agricultural products, or even a concern with the quantity and quality of world demand more likely. Nor is European protectionism confined to agriculture. Wherever domestic problems arose, and notably in recent years, the Community has been used to negotiate self-restraint by importers, or impose straightforward protectionist measures. In this respect too, the EC has followed the trend. Here, as elsewhere, the Community found it difficult to

⁵ Both imports and exports of EC countries have grown since 1958 at rates above those of the US and others. The proportion of intra-EC trade of the total trade of EC countries has roughly doubled since the creation of the Community (from about one-quarter to about one-half).

resist national pressures. Since the Kennedy Round, and in any case in exchanges between different systems, international economic relations have been less and less concerned with the regulation of trade through tariffs and similar measures, and more with the creation of trade through credit, joint ventures, and the like. However, member states of the EC have interpreted the relevant articles of the Treaty of Rome narrowly and reserved to themselves all trade creation policies. Today, while the EC continues to conclude commercial agreements with countries all over the world, its actual importance as an instrument of commercial policy has become very limited indeed.

The story of the second major area of international operations of the EC is somewhat happier; this is the story of aid to development. In one respect at least, it is linked with trade policy. When developed nations considered the introduction of generalized system of tariff preferences (GSP) for developing countries, public and parliamentary debate in most of them aroused all the forces of protectionism. The EC was not only among the first to introduce GSP in 1971, but also included in it more items than most.⁶ In fact, this was an example of the more liberal members dragging the less liberal ones along in a community.

This is also true with respect to the central features of the EC's development policy, the agreements first of Yaounde, more recently of Lome.⁷ (And while, with respect to trade, it was France that had to be dragged along, with respect to development, it was Germany.) The agreements to associate first 19, now, after British entry, 46 countries of the developed world has met with much criticism, notably in the United States. It has been described as an example of regionalism destroying universal rules, even of neo-colonialism of a kind. In fact, the important agreements are neither. They are not neo-colonialist, because they give the associated countries of the ACP group (African-Caribbean-Pacific) an equal say in the Council of Association, and do not produce any factual dependence either. They are not in any negative sense anti-universal,

⁶ In 1976, the EC's GSP system allowed a total of \$4.5 billion of industrial products duty-free into the Common Market.

⁷ The first Yaounde Agreement came into force in 1964, Yaounde II in 1970. The Lome Convention was concluded in 1975 for a period of five years in the first instance.

because it is clear that no one is today in a position to contribute to economic development everywhere to the same extent. A choice has to be made. It is true that there are what are often called historical reasons for the choice of the European Community; but other countries with similar historical ties to members (India, Indonesia) have not been included. The ACP association is a deliberate attempt to concentrate limited resources to the greatest possible effect. It is, in the words of Claude Cheysson, EC Commissioner for Development, "a useful complement to what can be done on the world level".⁸

The Lome Convention has many features which are worth mentioning. The Development Fund is the largest EC fund apart from the one that arises for technical reasons out of the common agricultural policy. But the most important aspect of the Lome agreement is probably the "stabex" scheme designed to guarantee export earnings to developing countries, or at any rate to insure them against considerable fluctuations over the years. This is, to be sure, not a market scheme. It has been, and continues to be, the subject of controversy in Europe; and when similar projects were vented in the context of the North-South Dialogue, the countries of the EC were not united. But as part of the Lome agreement, financial arrangements to counteract fluctuations of commodity prices have been accepted; and this may well contribute to providing an element of minimal stability to many. In our context, the development policy of the Community is important for two reasons. One is that it shows Europe at its best, and closest to its proper interest. The other reason is that it shows what a Community can do above and indeed beyond the attitudes taken by some of its members.

There is the EC's commercial policy, its development policy, and, thirdly, Political Cooperation. This is naturally a much less tangible area of activity, and one in which it is not always easy to keep lofty words and practical actions apart. "Europe must be capable of making its voice heard in world politics, and of rendering the independent contribution which corresponds to its human, spiritual and material capacities, and according to its calling for world openness, progress, peace and cooperation represent its own conceptions in international relations." This

⁸ C. Cheysson: "The Policy of Europe Towards Development", in P. Uri (ed.), *North-South: Developing a New Relationship* (Atlantic Papers 6/1975), p.38.

is the language of the Paris Summit of 1972, the first in which the new members including Britain participated.⁹ Since then, heads of political departments of foreign offices, ambassadors in the capitals of the world, foreign ministers and heads of government of the EC have met on many occasions. In some cases, they have hammered out a joint position. This was notably the case in a number of international conferences, such as the final summit of the CSCE in Helsinki, the Special Session of the United Nations on Development in 1974, or the North-South Dialogue. In many cases, including economic summits of the Seven and ministerial meetings of the IMF and other organizations, no joint position was worked out, but thorough consultations were held.

It is difficult to assess the effect of Political Cooperation at this stage. It has clearly moved some of the member states in their foreign policy by nuances, if not more. It has brought France a little closer to the United States, and Germany to a better understanding of Arab positions, for example. Perhaps its most important effect is one on which Andrew Shonfield laid great stress in his Reith Lectures on Europe: the "habit" of cooperation has been strengthened, so that today each member of the EC would regard it as necessary to consult with the others before major decisions are taken.¹⁰ Relations have become easier, more direct and more relaxed. The sense of community has undoubtedly been strengthened. Yet if one is to draw the balance of this story of Europe's place in the world, it is not very satisfactory. The European Community is probably on balance in black figures, that is to say, it has contributed to improving international conditions here and there, and it has made its members more effective actors on the international scene. At the same time, Europe is a long way away from its manifest destiny. The beautiful ideals of the Paris Summit have not become real; much less is this the case if one speculates about what might be called the European interest. This is a complicated concept, to be sure, even more complicated than that of national interest. Yet I believe that there are a number of points which can be spelt out as being

⁹ Final Communiqué of the conference of heads of state and government, Paris, October 1972.

¹⁰ Cf. A. Shonfield: *Europe—Journey to an Unknown Destination* (London 1973).

in the obvious interest of the members of the EC as such. Let me try to do so:

1. Europe neither includes a superpower nor is it a superpower itself. While most countries of Europe have had their day as superpowers of past centuries or even decades, few, if any, serious politicians today entertain such dreams. In fact Europe consists of small and medium-sized powers. If it ever forms a community, it will have to be based on respect for small powers. This has restrictive consequences: in a world of superpower warfare, Europe will not be able to defend itself. It also has useful consequences: in a world of power dissipation, Europe is more likely to understand, and be appreciated by, other small nations than the superpowers, actual or potential.
2. Small and medium-sized nations cannot rely on a free-floating power game; they need institutions and international organizations. Direct relationships between centres of power always presuppose a degree of self-sufficiency. Small powers are not self-sufficient; they are interdependent with others in almost every aspect of their existence. This means that in the end the only guarantee of their survival is in the creation and observance of rules that bind nations. The countries of Europe may find it difficult to build their own community; but in so far as they have succeeded, such constructions were and are based on equality of all members. Europe has a natural interest in strengthening all other institutions in the field of economic and political relations, such as the International Monetary Fund (IMF) or the General Agreement on Tariffs and Trade (GATT).
3. Europe's geographical position gives it a special interest in terms of security (and this applies to Europe in any sense of the term). Not being able to defend itself, it has to be protected by a superpower. Such need for protection, however, remains coupled with the desire for independence. This is why there is, in Europe, a manifest interest in *détente* both in the specific sense of superpower agreements on disarmament (with mutual and balanced force reductions, MBFR, high on the list), and in the general sense of the creation of a climate that extends the room for manoeuvre for individuals and for countries. This makes for a tense mixture of interests, and will do so for some time despite the changes in world

patterns that are the main subject of these lectures.

4. The countries of Europe vary widely not only in their tradition and culture, but also in their social, economic and political condition. This is clearly true in terms of the great divide of systems; but it is true on either side of the great divide as well. West European societies include the market economy of West Germany, the old *étatisme* of France and the welfare state socialism of Britain as well as Scandinavian brands of social democracy, South European conflicts between traditional ruling groups and their subjects, and other variations. Recent economic developments have moved these countries further apart; the exchange rates tell the story. Indeed, it is conceivable that their internal variations will lead to what is sometimes called the balkanization of Europe, with individual arrangements in the absence of a recognized community of interest, a Bonn-Washington axis, an alliance of Latin socialists and communists, a strengthened Northern union, and Britain in self-imposed isolation. There is another equally likely possibility, and that is that Europe will understand that there are many ways to happiness. Europe will thus provide a model of plurality against the natural inclination of the superpowers to dogmatize their own experience.
5. Europe's colonial past can be and has already been turned to advantage. Perhaps it can be said that the colonial experience of the European nations has now been superseded by an active development policy of the European Community. The agreements of Yaounde and Lome are clearly on the credit side of European integration; they show that combination of understanding of the requirements and even the idiosyncrasies of developing countries with an insistence on economic viability which is most likely to be successful in a difficult period of North-South relations.

One need but formulate this list of points to realize that so far Europe has not lived up to its potential. This is a serious and important fact. There are many people, and even governments, all over the world who feel a need for a non-military superpower along the lines of Europe's best possibilities. It is no accident that the European Commissioners for External Relations and for Development are warmly welcomed when they go abroad to Africa, Asia or Latin America. (Nor is it an accident that they

meet with some scepticism not only in Moscow, but in a different way in Washington as well.) Without wishing to overstate the case, I feel that one can say that the world needs Europe; it needs the policies which would arise from the European interest which I have indicated; but Europe seems incapable of realizing this need. Why should this be so?

There are many reasons, and some at least are bad. The memory of national glory is still strong in Europe. There are those who seek in the European Community a substitute for lost grandeur, and who want it to be a superpower in all respects. For some of those Euro-nationalists at least, the nation remains a viable alternative. They use the EC wherever they find this inevitable, but otherwise pursue their national objectives. This is often pathetic, like France's *force de frappe*, or some of the claims of the extreme left and extreme right in the British House of Commons, but it is nevertheless real.

Then there is the fact of the complex relationship between Europe and the superpowers. East European countries are under military domination by the unloved Soviet Union. The relationship between the EC and the US is much more intricate, although the fact that for its defence, Europe is ultimately dependent on the United States is of pervasive significance. Ever since the late 1960s, and a fortiori after 15 August 1971, Europe and America have tried to work out a partnership of equals. Prematurely, success was claimed for this attempt by Secretary of State Kissinger in his speech about a new Atlantic Charter on 23 April 1973. In fact, one is not talking about a new charter, but about a precarious balance of mutual dependence, military, economic, and in the defence of human rights and political freedom. For some in Europe, working out such a partnership is made more difficult by an underlying resentment of things American; for others, by a particularly close, indeed a special relationship with the United States. Whatever one may think about its answers, successive French governments have certainly posed a necessary question by giving the European-American relationship high priority. Recognizing the European interest presupposes and implies a new partnership between Europe and America.¹¹

One other reason for Europe's difficulties in recognizing the

¹¹ Of the many studies of this relationship, let me mention but two — K. Kaiser: *Europe and the United States* (Washington 1973); R. Morgan: *The United States and West Germany, 1945–1973* (London 1974).

European interest must be mentioned. It has to do with our analysis of the impact of social changes on international relations. Economic concerns with maintaining the status quo give rise to protectionism rather than openness. Social developments accentuate this attitude. Many people seek today less inclusive social units in which they want to participate; they distrust the nation-state, let alone supranational organizations. The new parochialism certainly does not help Europe on its way to defining its place in the world, and probably makes it more difficult.

The interim balance of our inspection of the regional contribution to international relations is thus riddled with question marks. Even if such a contribution is possible, strong forces militate against it. Memories of national glory, the overweening position of the superpowers and the new parochialism are but three of them. Not only is the one region on which we have focussed threatened in its internal cohesion, it is also hamstrung in its external policies. Can Europe, under these circumstances, be described as a model of regional cooperation? What is the case for—and against—regionalism, taking into account the varied experience of the European Community?

Let me begin to answer these questions by having a look at the nation-state, of which I have spoken so far merely by implication, and by negative implication at that. It is true that in a number of respects the nation-state has become an unsatisfactory political space. In the developed world, people would tend to look in two directions to substantiate this statement. They would probably begin by saying that in many cases the nation-state is too big to offer people any real chance of participation. There is therefore a growing demand for participation in less inclusive units, for community politics, industrial democracy. Important as this is, in our own context the other, and to some extent contradictory direction of development is more relevant. Today, the nation-state can no longer guarantee either security or prosperity. Given a high degree of technological development, military security requires alliances except for the very big; and given a high degree of division of labour, economic prosperity requires rules of exchange which extend far beyond national boundaries. Extreme nationalism under modern conditions is a prescription for poverty and insecurity.

But I must add a point. It has often been claimed that the nation-state is dead; yet this creature has shown extraordinary resilience. In many developing countries, it is not only a symbol and instrument of autonomy, but also a condition of modernization; however absurd the boundaries of nations may be in social terms, they constitute for that very reason entities which cannot rely on traditional ways of defining allegiances. The nation-state provides a framework for generalized citizenship rights which the extended family, the village and the tribe cannot easily give. In the developed countries, nation-states have shown obstinate resistance to supranational institutions. Whether people feel more at home in familiar boundaries, whether traditions of legal and political institutions forbid supranational integration, or whether a general crisis of social identity makes people suspicious of new and to some extent artificial units, nation-states have remained real and important. We have to start our analysis with a paradox: nation-states are both real and lacking; they will be with us, and they will be unable to cope with some of the central issues of peace and prosperity.

Assuming for the moment that it is true that world-wide institutions have failed to provide the framework for peace and security, and that in any case the old world order is under strain, the question arises whether regional alliances of one kind or another can serve this purpose effectively, and moreover, whether they can be regarded as effective stepping-stones to a functioning new world order. In my view, the answer to these questions cannot be simple, but on balance it is probably slightly negative. Regional organization may be necessary; but this is so because we are unable to establish a satisfactory world order rather than because they are building blocks of such an order. Regional organization is second-best and as such not very satisfactory.

Let me begin with its good sides. Undoubtedly, Kothari is right when he points to the need to base inter-national cooperation on "salient linkages" rather than abstract moral principles which carry little weight in practice. He is a realist, and therefore emphasizes political and economic rather than cultural links; but the very fact that there are cultural links, say, between European, or Arab, or groups of African countries makes regional cooperation that much more likely. I suspect that Ko-

thari is much less right when he says that "the need for regional consolidation is real not so much for the world as a whole but for the two-thirds of it that is poor and divided"¹². One can see the point of the demand for more solidarity as a condition of effectiveness in the international scene. But even apart from the fact that regional consolidation is more likely among older nations which have already had their day, it is also more effective in their case. Kothari's Region 5 ("the EEC Region") can, by joining forces, become an effective actor in international affairs, counterbalancing the superpowers and taking a lead in North-South relations. Kothari's Region 8 on the other hand ("English-speaking West Africa") may provide some advantages to its members but is not very likely to become a major force internationally. As such, regional cooperation does not produce power.

This takes me to the first critical comment on regionalism. There is an evident danger that regional cooperation will lead to little less than the rebirth of nations on a slightly larger scale. It is probably stirring a beehive to say that there may be a case for such somewhat larger national units in parts of the developing world; in any case, they would not make much of a difference. The more important lesson from the European experience is that apart from the threat of a reversal to nationalism there is also the threat of a European nationalism. This may take the form of the arrogance of power; it is as likely simply to strengthen social trends which impinge on foreign policy in any case. Europe's protectionism would be even more impregnable than that of its member states, and in this respect at least a kind of Gresham's law is more likely ("In a regional alliance, all follow the most inward-looking") than the opposite. If there is any lesson from the European experience, the danger of the region behaving like a nation, only more so, is not to be overlooked.

But the more serious objection has to do with the meaning of the regional space in economic and political terms. There is one concept — one reality, to be sure — which I have not mentioned so far in this analysis, that of the multinational, or transnational company. These creatures have been the subject of much vituperation, public and private, international and national. Yet the very least that must be said about them is that they have been

¹² R. Kothari: *op. cit.*, p.156.

very effective in exploring relevant spaces for economic expansion. Not surprisingly perhaps, it is a radical economist who states: "The multinational corporation, because of its great power to plan economic activity, represents an important step forward over previous methods of international exchange. It demonstrates the social nature of production on a global scale. As it eliminates the anarchy of the international division of labour, it releases great sources of latent energy."¹³ In Marx's terms, one might well argue that the multinational company is the greatest single force of production emerging in the last decades.

But undoubtedly, Stephen Hymer is right also when he adds that "as it crosses international boundaries, it pulls and tears at the social and political fabric and erodes the cohesiveness of national states".¹⁴ Our relations of production—social and political structures—are unable to contain the new forces of production; or put more simply, we do not know how to cope. There are those who would like to pull the great corporations back to the spaces for which we have political institutions, that is, to break them up and turn them into national corporations again. Like nationalism, this is a prescription for poverty and insecurity. In the European Community, attempts have been made to devise a regional system of transnational economic activity in the form of the European company. A model company act for a European company has been drafted, public accountability, workers' participation and all. But there are no takers; the political space of the European Economic Community is not strictly relevant for economic expansion today. In order to make economic expansion possible, there has to be flexibility in principle by unlimited combinations and permutations of national markets. No line of geographical boundaries makes any sense as a restriction of multinational economic activity, not even the great divide between the superpowers. If we accept that the multinational company is a great and effective force of production, and if we want both to use it and to prevent it from pulling and tearing at the social and political fabric, the

¹³ S. Hymer: "The Multinational Corporation and the Law of Uneven Development", in J. N. Bhagwati (ed.), *Economics and World Order* (New York-London 1972), p.133.

¹⁴ S. Hymer: *op. cit.*, p.133.

only answer is world-wide rules of trade, of monetary relations, and of public accountability.

Thus it may appear as if I am after all a *mondialiste*, seeking universal international institutions wherever possible. To some extent I am; and I shall give some of my reasons in the two remaining lectures. Yet I would not wish to be misunderstood. The need for world-wide rules arises out of the compelling objective both to use and to control the means at our disposal for advancing human welfare everywhere. It is not as such the epitome of what is desirable. In fact I have much sympathy with the notion that "small is beautiful", or more precisely perhaps, that we should not construct a world which is too distant and too technical to allow people to participate in it or even understand it. My *mondialisme* is strictly limited to those areas in which universal institutions are a necessary condition of peace and prosperity. Apart from these, there are social problems, in the solution of which nations, states and counties within them, local communities, organizations and places of work have an important part to play. It is in this context that my attitude to regional integration can be expressed as well. Throughout, I believe, the presumption should be in favour of smaller units: as much decentralization as possible, as much centralization as necessary. What can be done locally, should be done locally. What cannot be done locally, should be tried in the next biggest unit first, say, nationally. What cannot be done nationally, should be tried regionally; there clearly is a case for regional cooperation. But we are likely to find that some important issues cannot be resolved on this level, or even by cooperation between regions. If we want to advance people's life chances, it is no good being romantic about this fact: we need world-wide rules and institutions.

LECTURE IV

FROM UNBALANCED DEVELOPMENT TO INTER- NATIONAL CLASS STRUGGLE?

The fact that there are many millions of people in several parts of the world who live below the poverty line (however it is constructed) is morally unbearable, economically unnecessary, and politically explosive. Yet there are powerful factors at work to prevent change, both within poor societies and among the rich. When the world order which we now call old was first created, lack of awareness was one of these factors. One of the early aid-giving agencies of the United Nations, UNRRA, was concerned with the millions of refugees wandering all over Europe and the Mediterranean world, and with relief for East European countries. The first coherent international development plan was the Marshall Plan of 1947; it served the reconstruction of the economies of war-destroyed Western Europe. Even the World Bank was, and is, called the International Bank for Reconstruction and Development and spent most of its funds in the early years in Europe and Japan.¹ At that time, the countries which we now call developing countries or ldc's, were only gradually emerging from colonial rule to independence. By 1960, this process was well under way. The International Development Agency was created within the World Bank system; the United Nations announced the first Development Decade. But in the years to come, another concern overlaid the interest in development in the developed world, the conflict between two ways of getting rich (as I have called it), between East and West. There were beginnings of a greater awareness of poverty in the world; but much energy was absorbed by defence, by fending off war from Berlin to Cuba, or carrying on war from Czechoslovakia to Vietnam.

¹ Even in 1964, one-third of the disbursements of the World Bank went to industrialized countries.

The end of these wars and *détente* have gradually changed this concern. I have argued that the East-West conflict is in fact receding in importance, and that North-South relations are emerging as the dominant theme of international relations. But as this happens, the question with which I began gains added urgency: Why is it that despite a heightened awareness of the problem of development it seems impossible to remove even the most flagrant inequities of the world society? I shall try to throw some light on this question, but as I do so, we shall not find much light in a gloomy scene of poverty and discrimination.

Let me begin with some economic facts and, for a moment at least, take the standard indices of development for granted. In fact, I shall not merely take them for granted, but look at the way in which one of these indices is made up, so that the prevailing notion of economic development becomes apparent. Hollis Chenery and Moyses Syrquin, using World Bank data and no doubt a World Bank approach, regard per capita GNP as the main index of development, and trace the transition from a mean income of under \$100 to a mean income of over \$1 000.² Their data allow 10 statements about conditions and corollaries of development: (1) In terms of investment, transition means a gradual reduction of capital inflow with an accompanying increase in savings and re-investment. (2) In this process, both government and tax revenue will grow steadily. (3) There will be a steady rise in education expenditure and a rapid increase in the school enrolment ratio. (4) The structure of domestic demand will show a steady proportional decrease in private consumption, including food, and an increase in government consumption. (5) The structure of production will be characterized by a rapid decline in the primary share and a steady increase in the industrial share, with the service share growing somewhat in the later stages. (6) The structure of trade will show an increase in exports, with manufactured and service exports progressively replacing primary exports, whereas imports will remain stable. (7) In the allocation of labour, the primary share will decrease slowly at first and extremely rapidly in later stages, whereas the shares

² Cf. H. Chenery and M. Syrquin: *Patterns of Development 1950-1970* (Washington-London 1975). The ten "basic processes" or "structural characteristics" can be found on p.6 sqq.

of industry and services will both increase steadily. (8) There will be rapid urbanization. (9) The demographic transition will show a steady decline in the birth-rate throughout, coupled with a rapidly declining death-rate in the early stages. (10) The relative advantage of the highest 20 per cent of incomes will increase for some time until gradually the old differentials are re-established.

These statements map the road which developing countries have to take if they are to reach the goal of economic development. Chenery and Syrquin realize that cross-section data do not necessarily describe time-series. Moreover, there are important differences between large countries and various kinds of small countries (primary-oriented, manufacture-oriented, balanced). But the external and internal obstacles on the road to development are known—and so is the fact that very few countries have been able to overcome them so far. By the standards of Chenery and Syrquin, there were 14 larger developed countries in 1950; another nine had graduated by 1970.³ The gap between these and the poor countries is enormous. If one compares income per capita as between the richest and the poorest 10 per cent of the world population (in 1970), the differential is 13 : 1: \$85 per head per year for the poorest tenth, \$1 100 for the richest tenth.⁴

Nor is there any chance at all of “closing the gap” in the foreseeable future, indeed within the next half century or so. Even if the process of transition takes place, the ldc’s will not only not catch up with the lucky 23 of the club of the rich, but they are likely to be even further away from them in absolute terms, though there may be a slight improvement in relative terms. Robert Gardner has put it succinctly, if with frightening precision: “If countries at the level of \$3 000 per capita income per year, grow at 2 per cent—which is a very modest growth rate ...—and if countries at \$200 a year per capita grow at 6 per cent—which would be a rather ambitious objective—it is obvious that [the former] grow at \$60 per capita per year and the poor countries at \$12 per capita per year. So the absolute growth rate, the absolute gap, seems destined to grow in

³ H. Chenery and M. Syrquin: *op. cit.*, p.23. The list does not include a number of smaller countries.

⁴ Cf. J. Tinbergen (Co-ordinator): *Reshaping the International Order* (London 1977), p.87.

the foreseeable future and for the remainder of this century.”⁵ Even the most optimistic scenario of Jan Tinbergen’s report would only reduce the differential between developed and developing countries from 13:1 in 1970 to 13:4 by 2012; the more likely scenario would leave it at 13:2, or even 13:1.3.⁶ Developing countries have in fact experienced a period of considerable growth in GNP since the early 1960s, the average of which is not far from 5 per cent. But given a population condition of high birth-rates and declining death-rates, this has for the most part resulted in a much more modest increase in GNP per capita, and in some cases in no increase at all. The additional fact that in the early phases of development income inequalities tend to increase—that development benefits a small elite rather than the mass of the people—justifies the statement that a large number of people have in fact become poorer.

This of course is not true in all developing countries. In considering these general figures, one must be aware of the fact that there is not only a Third World, but a Fourth World as well. Much of what I have said, does not hold for a number of countries which may be called threshold countries, because they have reached the threshold of full development. They include some of the OPEC countries with their absurdly high average per capita GNP. (In these terms, the United Arab Emirates and Kuwait are of course leading the world league today.) They include above all some countries which have made headway by half a dozen or more of Chenery’s and Syrquin’s criteria. Some are quite small, like Singapore; some middle-sized, like South Korea; some quite large, like Brazil; Latin America, East and South East Asia, and the shores of the Mediterranean are the regions from which the next 10 members of the club of the rich are most likely to come.

This then is the picture from which we shall start: In terms of economic development, there is a First World of rich countries which, even if they do badly, are going to remain on top of any league of economic performance unless catastrophe descends on them from outside. Then there is the Second World of fairly rich communist countries which will have some way to go before

⁵ R. Gardner: “New Proposals for Development”, in P. Uri: *op. cit.*, p.20.

⁶ J. Tinbergen: *op. cit.*, pp.93–96.

they "catch up" with the First World, though they are very much better off than the 1dc's and are likely to remain so, because if anything their productive forces are greater than their economic and political system allows at present. About 20 per cent of the world's population live in the First, and 10 per cent in the Second World. The size of the Third World is much harder to estimate, if we include in it all those who are likely to reach the magic threshold of 1 000 (1965) dollars by the end of the 1980s; a good guess might put it at 10 per cent of the total world population.⁷ This leaves about 60 per cent of all people, or at any rate the major part of them, in the Fourth World of countries which, even if they grow, will not make the club of the rich for a long time, indeed, for whom basic human needs are in jeopardy.

But then, what are we talking about? Are we talking about basic human needs or American-type patterns of affluence? What sort of concept of development is it that underlies the statistical tables of the World Bank and of economic literature in general? Are we taking one, Western, standard for granted and forgetting about the needs of people in a more fundamental, more genuinely humanistic sense? These questions have been asked, not by Western intellectuals who speak from the secure vantage point of affluence, but in the developing world itself. I speak about them with diffidence; it is not for the members of the club to preach austerity to those who are out. But some of the issues raised in the debate about development are of critical importance for a future world order, and I can therefore not leave them out of consideration.

The first step of this debate is relatively simple; it has been raised by economists of the World Bank themselves. Essentially it consists in the answer to the question: If the gap between the rich and the poor cannot be closed in the foreseeable future, what should we concentrate on in our development policies? Various answers, some rather technical, have been given to this question; but in recent years there is an increasing tendency to concentrate on what is called a human-needs approach rather than rely on the benefits of industrialization sooner or later

⁷ The percentage figures are based on estimates about countries. The main imprecision of estimates of this kind lies in the fact that one would wish to consider not merely countries, but regions and groups within them.

trickling down to all. This is not dissimilar from what happened in the developed world itself, say, around 1900 when Rowntree's index of property and Booth's materials on the *London Life and Poor* made people aware that the advantages of capitalism were by no means obvious to all. If we talk about the right to a minimum wage, to adequate food and shelter, to protection from sickness and the accidents of life, but also the right to an education and even to a job, we are defining something that may by itself, be out of the reach of many developing countries today, but is a viable objective for the foreseeable future. Basic human needs define the floor on which everybody should stand and stand upright. In discussing remedies, I shall argue that this is the way to turn, and that development policy should be about such basic rights in the first instance.

The next step of the development debate is more complicated, and you may find what I have to say about it rather Western, but I shall still say it loud and clear. I have mentioned the case of Germany in one of my earlier lectures and said that where modernization occurred late and happened rapidly, the human price of the process was high. Today, one is bound to conclude that the countries which have gone some way along the road of transition are also the ones in which human rights are least respected, democracy is trodden on, and every additional per capita dollar is paid for by the life or liberty of many individuals. Brazil is no democracy nor is Iran, South Korea is no democracy nor is Algeria; there are reports of torture and arrest without warrant or trial from these countries as from many others. Indeed, there are times when in some despair one feels that India's return to democracy and civil liberties was possible among other things because her economic predicament is so hopeless. The picture is not entirely bleak. Greece, Spain and Portugal have recently shed the yoke of tyranny and returned to *habeas corpus* and basic political rights without abandoning the objective of economic progress. But such examples are few, and one of the most pressing, but also oppressive questions of the contemporary world is: Can we combine economic development with respect for the fundamental rights of man, and notably the inviolability of the human individual? And let me be clear and add that this is not a question of capitalism or even democracy Western-style. I find it quite conceivable that capitalism is not an effective

method of progress in the new countries, and I can even see (though not condone) the limits of democracy. But the question of human rights is more fundamental, and it is totally indispensable. Again, I shall argue that it is one of the building blocks of a new world order.

This leads me to the third and most philosophical question about economic growth in the developing world: the question of whether development Western-style is desirable at all or not. The question is agitating quite a few intellectuals in the developing world. (And it is not irrelevant to add that some Western intellectuals have begun to question the orthodoxies of modernization in quite similar ways.) Let me take Rajni Kothari's careful and intelligent attempt to trace *Footsteps Into the Future* as an example, because I believe that it reflects the search for a peculiar identity which is widespread in Asia and Africa, and to some extent in Latin America as well.⁸

Kothari confronts East and West in a way which has nothing to do with the East-West conflict; it is indeed much closer to the South-North conflict. The West, he says, has "developed a peculiar world view and philosophy of life known as 'modernity'".⁹ This world view emphasizes science and rationality; but as it comes to apply these principles it loses sight of their original objective and turns into a blind technology of progress, movement for movement's sake, an empty striving for "freedom from want and scarcity and from unpredictability".¹⁰ The Eastern world view is by contrast more philosophical; it emphasizes man's relationships with man and nature which the Western view destroys. "Impressed by the perennial flow of time and the fact that a particular era or social form was inevitably transient, the Oriental thinkers saw folly in man's search for a better and still better life in society."¹¹ But the Western view prevailed, or seemed to prevail. Not only did it conquer its prodigal son, communism, or at any rate re-unite with him ("both capitalism and communism have been increasingly modified by a common middle-class elite to converge into the model of a bureaucratic state ..."¹²), but "on

⁸ R. Kothari: *op. cit.*

⁹ R. Kothari: *op. cit.*, p.25.

¹⁰ R. Kothari: *op. cit.*, p.25.

¹¹ R. Kothari: *op. cit.*, p.26.

¹² R. Kothari: *op. cit.*, p.33.

the whole, the great civilizations of the East succumbed to the onslaught of the West".¹³ For the developing world, this has meant that "the impact of modernization has resulted in growing disparities, a pervasive dualism in cultural and economic levels, and expropriation of the benefits of modernization by a small upper-middle class".¹⁴ Kothari argues that it is important to try and reverse this process, and that this is also possible. Centralization can be countered by regionalization, industrial development by concentration on the agricultural sector, but above all the analytical approach of the West by an "integral view of man, society and nature".¹⁵ The underlying concentration of power in such an approach "at once emphasizes man's capacity to intervene in the social process and obliges him to build ethical and institutional safeguards so that such intervention does not result in unrestrained expansionism and self-indulgence".¹⁶ Ethical restraint is dictated by the four guiding values of the process of social development, of which sight must never be lost: autonomy, justice, non-violence, and participation.

The importance of this intellectual *tour de force* is that it is not merely intellectual. Practitioners may not agree with all that Kothari and others like him have to say, but some of them at least conjure up similar experiences and hopes; and it may be no accident that they have caught the imagination of many inside and outside the developing world. President Nyerere of Tanzania stands for an austere and incorrupt indigenous socialism which prefers gradual change growing out of agricultural development to rapid GNP growth. President Gaddafi of Libya wishes to stand for the seemingly impossible attempt to combine economic success by any standard with the maintenance of traditional, in his case Muslim values and patterns of society. Behind individual leaders of relatively small countries, there looms myth and reality of the two largest developing countries. India has chosen to abandon not only the assault on human dignity implicit in population control by force, but also the blind industrialization of its early years;

¹³ R. Kothari: *op. cit.*, p.23.

¹⁴ R. Kothari: *op. cit.*, p.55.

¹⁵ R. Kothari: *op. cit.*, p.46.

¹⁶ R. Kothari: *op. cit.*, p.45.

Prime Minister Desai represents a more cautious, and above all more Indian, village-based approach to development. And China has been said to do many things, the more so the less one knows about the country, including the effective conquest of hunger and perhaps the satisfaction of basic human needs in the context of social values of solidarity and cohesion.

Such examples require more extensive analysis than I can give them here. I am bound to say, however, that I am less impressed by their real face than by some of the ideas behind them. The combination of modern riches and traditional values is costly. We do not know how many millions have died or are held in camps in China, though it clearly is a society which affronts human dignity by pervasive control and organization: and we do know that Libya has become an advocate of violence and brutality outside its own borders, and to some extent, inside them as well. India and Tanzania, on the other hand, leave too many economic questions unresolved, including questions of basic human needs, although no one can fail to respect the dignity and honesty which is so characteristic of these countries.

I have called Kothari intelligent, indeed wise, and the reason was that he is in fact not simply contrasting two views. He not only criticizes the occidental world view but says: "We must all come to terms with the West, the crucible of modern scientific achievements without which an overcrowded planet cannot survive."¹⁷ In other words, he is not advocating an alternative view which is simply the antithesis of the Western experience of modernization, but he is exploring a synthesis which combines the enormous advances in life chances attained by economic growth with the individual strength and satisfaction given by a more social, indeed, more humane set of values. The statement which I find crucial in his analysis is this: "Whereas social justice *entails* a high rate of growth of GNP, such growth does not *ensure* justice."¹⁸ What we have to look for is both economic development and socio-cultural autonomy. Whether this can be done may be an open question; as an objective, it is clearly both plausible and convincing.

There is one other reason why it is important to insist on both economic opportunity and socio-cultural cohesion, and

¹⁷ R. Kothari: *op. cit.*, p.36.

¹⁸ R. Kothari: *op. cit.*, p.69.

that takes us back to the main line of our argument. Arthur Lewis, in countering a familiar claim, made a shocking, though clearly correct statement: "It is fashionable to believe that the prosperity of the industrial countries rests on their exploitation of the underdeveloped. Actually, if you add all the exports from Asia, Africa and Latin America together, the total comes only to $3\frac{1}{2}$ per cent of the national incomes of industrial countries. If Asia, Africa and Latin America were all to sink under the sea, it would make a negligible difference to the present and future prosperity of Europe and North America."¹⁹ For the time being, it may well be that the rich can live without the poor, although I shall argue that to the extent to which this is so, it cannot last. But there is an argument on the part of some representatives of developing countries which insists on their autonomy to such an extent that it sounds as if they in turn do not need the developed world and should go it alone, for moral if not for economic reasons. I believe that this argument, while understandable as an expression of genuine pride, is fallacious, indeed, dangerous. Interdependence is a fact, and will become more so. Opting out of an interdependent world is not a sign of autonomy, but to some extent of cowardice, of the inability to cope with complex conditions. The question is not whether we can live without each other which we cannot, at any rate not for long, the question is how we can live together while mutually respecting our autonomy, our right to be different, as well as the rules which help all of us along the road to general citizenship and the prospect, if not the reality of prosperity.

These are optimistic words about a condition of which I must now show that it gives little reason for optimism, and may be on the way to becoming desperate. I have talked about some of the obstacles in the way of recognition of the need for a balanced process of development. There was the obstacle of awareness, and the obstacle of genuine interest; both have been removed. There is the obstacle of economic disparity; and we need much imagination and new approaches to overcome it. The old notion of development aid may have been helpful to enable the new governments of new countries to establish themselves; it may have contributed to the formation of semblings of an indigenous middle class; but its effects on

¹⁹ W. A. Lewis: *Some Aspects of Economic Development* (Accra 1969), p.15sq.

human needs are, if not minimal, then highly lacking, and the relationship between developing and developed countries which it establishes is fraught with problems. I am not arguing against an increase in the percentage of the GNP of rich countries which should be spent on aid to 1 or even 1.5 per cent; but I doubt whether by itself this increase has any important effect on the problem at issue. For the developed countries it is conscience money, and for the developing countries it is a double headache in that it makes them dependent again and promotes inequality within them. However, the deepest and most serious obstacle to a balanced process of world development is neither political in the sense of awareness and concern nor economic in any limited sense; it is social and has to do with the rigid structures of the world society (if such exists at this point). President Nyerere has put the point, which I want to make, as early as 1961 when he said: "Karl Marx felt there was an inevitable clash between the rich of one society and the poor of that society. In that, I believe, Karl Marx was right. But today it is the international scene which is going to have a greater impact on the lives of individuals ... And when you look at the international scene, you must admit that the world is divided between the 'Haves' and the 'Have-nots' ... And don't forget the rich countries of today may be found on both sides of the division between 'Capitalist' and 'Socialist' countries."²⁰ The last point was apposite at the time of the Cold War and is probably generally accepted today. But the main thesis is not. We are passing through a period—so Nyerere argues—in which the class struggle which we have experienced within advanced societies over the last century or so is replicated on the international level. There are those who control access to wealth and those who are excluded from it (to use somewhat more Marxian terms than Nyerere did); and the signs are that their conflict will end in violent upheavals.

The thesis is of such enormous importance that I want to spend the remainder of this lecture examining it. For it is also by no means obviously true, and we will reach a rather more tentative though, not a less gloomy conclusion.

The class struggle in Marx's sense has two main conditions. One is that two social groups are inextricably linked with each other in one context in which one side cannot lose and the

➤ Quoted by A. A. Mazrui, in J. N. Bhagwati (ed.): *op. cit.*, p.288.

other cannot win. The other is that they represent underlying forces of which one becomes more and more rigid and unable to adapt, whereas the other has the future on its side and is eventually bound to explode the whole system and remove the privileged from their place. In fact, the history of the societies to which Marx's theories primarily applied, have turned out to be more complicated than he anticipated, especially with respect to the expected final explosion. Ruling classes and dominant patterns of social structure showed themselves remarkably adaptable. The "have-nots", on the other hand, have in due course found quite a comfortable place in their societies; for them, the thesis of progressive immiserization has become an intellectual phantasy of no relevance. Thus, the revolution was not necessary in most places; there was no inexorable law of historical development that led one side to disappear in the abyss of history and the other to conquer its peaks on the wings of the world spirit. But emphasis on the resolution of conflict rather than its explosion pre-empted the results of our analysis as we look at the application of this model to the international scene.

The first question to raise concerns the extent to which One World in fact exists today. Undoubtedly, the rich and the poor of the modern world are linked in numerous ways; but what about the point made by Arthur Lewis that the rich can live without the poor, difficult though the poor may find it to survive without the rich? There are those of course who doubt that this is true today. The thesis that the wealth of the rich is based on the systematic exploitation of the "external proletariat" of the poor has become the stock-in-trade of Marxist analysis of international affairs. I submit, however, that there is much less to this thesis than many believe. Undoubtedly, the availability of cheap resources has made a difference to industrial development in the West. But in its early phases at least, that is, in the beginning of transition, these resources were found within and not outside. Later, considerable differences between the dependence of countries on their colonies developed. Britain was more dependent than France, France more than Germany, Germany more than Japan, Japan more than the United States — and the latter three did not need an external proletariat to exploit at all. Moreover, there was not a lot to exploit in the colonies in any case. While I find

Peter Bauer's conclusions too self-satisfied to be acceptable, his facts are undoubtedly right when he points out that the colonial masters not only provided the beginnings of an infrastructure in their dependencies, but also discovered the resources which would not have been exploited without them: tea in India, rubber in Malaya, and so on.²¹ The dependence of raw material producers was, for the rich of today, a convenience and not a necessity.

If this seems to bear out Arthur Lewis's point about dispensability, any dynamic look into the future refutes it quickly. If we assume that the advanced countries need further economic growth for domestic as well as international, and economic as well as social and political reasons; if we assume that there are countries on the threshold of full development which want to get across it; and if we assume that the poor nations of today need economic development to survive, let alone to advance — then any one of these assumptions is enough to warrant the conclusion that whatever interdependence exists today is bound to be strengthened in the next decade. If there is not one world today, there will be one world tomorrow, because the developed countries need large economic spaces to advance, the threshold countries need to stand on the less fortunate and hold on to the privileged, and the poor cannot pull themselves out of the rut by their own hair. The more difficult question is what will happen if we make all three assumptions at the same time (which is not an unlikely prospect), that is, if everyone wants to do better. Here, a depressing scenario emerges which may well describe the battlefield of international relations in the 1980s and beyond.

The developed countries are faced today with a series of obstacles to continued growth. While one can understand the hope that their growth rates should exceed an average of 2 per cent per annum over the next decade, it is by no means certain that it will come true. Among the obstacles are saturated internal and external markets, side effects of technical progress on unemployment, the cost of the welfare state and its reproduction, changing expectations and attitudes, and the obligations, if any, towards the developing world. Of these obstacles, some appear inevitable, whereas others can be removed, at least for

²¹ Cf. P. Bauer: *Dissent on Development. Studies and Debates in Development Economics* (London 1976).

a while. The saturation of markets is more apparent than real; in theory at least there is an enormous world demand for the goods which developed countries produce. Much of this demand is of course in the developing countries of today; in this sense the rich have an interest in letting the poor become sufficiently well-to-do to be able to afford their products. By the same token, however, they have no interest in seeing their own growth potential jeopardized by competition from developing countries, especially if such competition benefits from relatively cheap labour and other comparative advantages. In this respect, the spreading mood of protectionism, of looking inwards and preserving what one has got rather than expose it to threats, supports evident economic interests. Developed countries neither have to nor want to do much to assist the ldc's along the road of transition.

I regard cynicism as an indefensible attitude at any time, and I do not intend to be cynical; but my conclusion from the analysis of the short term interests of the developed world is that there is little to suggest an interest in taking the poor much beyond the \$200 threshold on which the World Bank places much emphasis. At that stage, capital inflow has already been replaced to a considerable extent by re-investment and savings, but exports are still very largely primary exports with imports at a consistently high level. I am not saying that this is necessary for the rich, or even that it benefits them much, but it is not in their interest to go much further, and that means, they will not make efforts to help countries to advance further along this road. In fact, this limited support contained by self-interest describes exactly what the developed countries are doing. Their aid is restricted and creates little competition; their imports are largely imports of primary products, and it costs little to give guarantees against extreme price fluctuations; their exports to ldc's are still rising; and multinational companies link developed and developing countries in such a way that both benefit but the latter do not challenge the former. So far, the countries of the OECD world have not made the slightest real sacrifice at all in the name of development; and it is difficult to see the forces which would bring them to change their attitude.

Growth of the threshold countries is no more helpful for the ldc's than growth of the already rich. The example of the oil crisis of 1973 is sometimes quoted to show the muscle which

the less-developed have. Such an interpretation is, however, more than a little misleading. While it is true that the quintupling of the price of oil within three years has fueled world inflation and aggravated balance of payments problems in some developed countries, the effect on developing countries was much more destructive. There is a direct connection between the great jump ahead of the OPEC countries, and destitution and starvation in India, Bangladesh and a number of African countries. Again, the OPEC countries may have paid some conscience money—little enough in view of the enormous quantities of cash which they have added to the world money markets—but their primary objective was, and is, a kind of *embourgeoisement* on a world scale. They want to be members of the club of the rich, and if anyone has to pay a price it is the countries of the Fourth World. This pattern is repeated in all threshold countries, whether they have oil or not.

It is clear that this process will leave the poor countries of today in an extremely precarious state. Probably, the factors mentioned will take some of them beyond the first two or three markers of transition; but if this scenario is correct, there will be no chance at all of an average growth rate of 6 per cent in the next decade. On the contrary, the immiserization of the poor countries will continue, and it will take on an increasingly unbearable form at least in some areas. The fact that small groups even in these areas are doing relatively well will not conceal the prevalence of extreme poverty. Neither nationally nor internationally will the theory of percolation, according to which wealth gradually trickles through from the top to the bottom, work.

At this point, let me return for a moment to Marx. His theory of revolution had among others one flaw which is demonstrated by much empirical evidence since his day and before. Marx believed that the capitalist system would of necessity lead to the immiserization of the proletariat (which was, as we have seen, wrong), and he also believed that the explosion, the revolution, would occur at the time of greatest poverty and destitution. The moment of extreme need (he would say with a play on words²²) is also the moment of extreme necessity of change. But this is not so. The *lumpenproletariat* is not a very strong revolutionary force, nor are the very poor;

²² It is a play on the German words *Not* for need and *Notwendigkeit* for necessity.

they are more likely to become lethargic than aggressive. Revolutionary change occurs when things begin to look a little better, and when there is hope that if only existing forces of change are released, there will be a major improvement on one's condition. Moreover, such radical changes are not brought about by the massive organizations of the deprived themselves; they require spokesmen and organizers, in other words, leaders. Someone has to define the revolutionary situation for the under-privileged and persuade them that the slight improvements which they have seen can be infinitely extended.

Such experiences can probably be applied to the international scene today. In so far as there is going to be One World, it will clearly be a world of extreme disparities, with few forces at work to reduce and overcome them. But the under-privileged of this world are not very likely to organize themselves effectively. They do not have enough clout to force the privileged to make the necessary concessions. However, the day may come on which the world will have grown together even more. The rich will need the poor to maintain themselves. For one reason or another the condition of the poor will improve somewhat. This is the time at which it is conceivable that someone will set himself up on the international scene as the spokesman of the poor and downtrodden, someone with nuclear weapons perhaps and with a considerable per capita GNP as well as impressive social cohesion. This is the scenario in which the international class struggle might erupt into a world revolution and upset prevailing structures of power and prosperity fundamentally.

This is not likely to happen for some time, however, and it need not happen at all. I have drawn a fairly depressing picture of North-South relations, because I believe that it is necessary to get away from facile statements and empty promises. The world is in a mess, and it is quite likely that the mess will get greater before it is sorted out. But it would be wrong not to add that there are signs of improvement. In some countries, government opinion and perhaps even public opinion are beginning to recognize the problem. While percolation may not work, there are attempts to pull more and more countries onto the raft of the survivors. In some large developing countries, self-help is a viable principle. The European Community has shown some initiatives towards a more rational

relationship. While the North-South Dialogue has yielded little so far, it is carried on and constitutes a reminder of the seriousness of the issues. Most world-wide organizations are today organizations about development; to UNCTAD, UNIDO has recently been added. The World Bank, so often quoted in this lecture, has done a great deal to satisfying human needs, under the vigorous direction of Robert McNamara. The much-scorned multinational companies with their strong sense of survival have found it useful in many places to contribute systematically, if perhaps willy-nilly, to self-reliance and independence.

Marx's prognosis about capitalist countries has turned out to be wrong because these societies showed a greater ability to change without revolution than he credited them with. The class struggle, instead of deteriorating into revolutionary violence, was domesticated and made fruitful for people rather than destroying their livelihood. This is what the international agenda of development is about in the years to come: to persuade all comers that before long there will be one world and no one will be able to shrug off the plight of the other, and to make sure that in time institutions are set up which help us to transform a world of crying injustice into one of fairness and equity by non-violent means. I can put the issue no better than in the words of Jan Tinbergen in his Report to the Club of Rome: "It must be made clear that the Third World is not demanding massive redistribution of the past income and wealth of the rich nations. It is not seeking charity from the prosperous nor equality of income. It is asking for equality of opportunity and insisting on the right to share in future growth. The basic objectives of the emerging 'trade union' of poor nations is to negotiate a 'new deal' with the rich nations on the basis of reasonable demands through the instrument of collective bargaining and participation. In attempting to secure greater equality of opportunity, they are simply insisting on the right to sit as equals around the bargaining tables of the world."²³

²³ J. Tinbergen: *op. cit.*, p.16.

LECTURE V

ELEMENTS OF A NEW WORLD ORDER

The world order which has served us for nearly a third of a century is creaking; here and there, it is beginning to crack. It has served some well, others not so well; but for all it has been much less effective since its silver jubilee around 1970 than before. I have talked about some of the symptoms and causes for this change. It may well be that the process of reform which has already been set in motion in nearly all the great international organizations will succeed. For that to happen, however, it would have to be so radical as to amount to the creation of a new world order by itself. If this does not happen, and some of the old institutions find themselves condemned to irrelevance forever (for most of the time institutions do not die, they fade away to insignificance without cutting jobs or salaries for their servants), then the need for a new world order will be even more evident. Either way, the time has come to consider some of the elements which might usefully enter into this process of reconstruction.

As I begin to do so in this last lecture, there is one question which looms large, because I seem to have taken it for granted for too long: What is a world order? What are international organizations about? Why is it, in other words, that we have to think about a world order at all?

One reason is peace. We cannot eliminate conflict from either human life, or from groups, countries and even regions. In fact, we should not want to eliminate conflict. It is one of the great creative forces of human history, preventing men from going to sleep and letting their affairs slide into barren nothingness. Conflict is creative; it brings out men's best capacities; it is the source of progress. But conflict has to be domesticated in order to develop its true creativity. We need norms, by which

we carry on our disputes, rules of the game and referees and modes of appeal, or else conflicts will destroy the opportunities which they could create. This is why we need government in our societies. This is why we need international organizations.¹ It was of course one of the motives of the founders of the old world order.

Another reason for world order is prosperity. With modernization, the accompanying division of labour and technical innovations, untold opportunities of prosperity have been opened up. But many of them require acceptance of a new scale of things. By itself, the village, the region, even the nation, can neither produce nor maintain prosperity. There is a wide, probably world-wide interdependence of producers and consumers of resources, goods and services. The founders of the old world order have seen their multiple linkages to some extent, though for them, "the world" was still a rather small world in which many parts figured as resources rather than participants. The economic institutions of the old world order were not truly world-wide; those of the new world order will have to be.

There is a third reason why we need to think about a world order, and that is citizenship. I have used the word to describe what has happened in the First and the Second Worlds, and what may be a part of the process of modernization everywhere. There is a promise inherent in what we have come to call modernity, and the promise is that ultimately all men have the same chance of participation. I have shown also that in the developed world the promise is about to turn sour. It is difficult to draw the line between the opportunities of citizenship and the oppressive equality of actual conditions. Yet this line must be drawn if we do not want to destroy the promise of modernity in the process of realizing it. But on a world-wide scale we have a long way to go before this issue even arises. Here, the realization of citizenship itself is still the overwhelming issue. The world in which we are living is very far from being a world of citizens throughout. As was true on the national level some time ago, the reasons are a complex mixture

¹ Social conflict theory has frequently been applied to international relations. Cf. in particular Ch. con Krockow: *Soziologie des Friedens* (Gütersloh 1962); K. Boulding: *Conflict and Defense* (New York 1962); R. Aron: *Paix et guerre entre les nations* (Paris 1962).

of economic privileges and disadvantages, social restrictions (conscious and semi-conscious) and political dependencies. But a new world order will have to aim at removing these restrictions; it will have to be about universal citizenship as a part of its objective.

One may wonder where I get the temerity from to say that this "has to" be so. The idea of world citizenship is old, and it has been morally persuasive for many of the best minds. When Immanuel Kant wrote his essay on the course of history—cautious and critical as he was, and without a claim to any special relationship with the world spirit—he argued that it was impossible to think of a meaning of human history other than as one that applied to all men and therefore implied world citizenship.² His essay was written *in weltbürgerlicher Absicht*, with cosmopolitan intent. Whatever tactical or practical arguments are advanced, I can see no moral case against universal citizenship. All men are born equal in rank, and there will be no just world before this fundamental equality is expressed in equal citizenship rights for all.

But history is not made by moralists, or by moral precepts. The important point today is that we are close to a condition in which the balance of power makes it a matter of interest to begin to realize world citizenship everywhere. For some, this is an interest to survive; if the rich resist demands for universal citizenship rights this will mean that they jeopardize their physical security in precisely the way in which the whites of South Africa are jeopardizing theirs by refusing citizenship to the majority of people in their country. For others, the interest is one in elementary life chances which are in principle available to all. The poor are not asking for something distant and unrealistic; they are asking for what can be granted without detracting from peace or prosperity in any way. Indeed, the case which I am making is that without world citizenship there cannot be peace or prosperity as we look into the 1980s and beyond. This then is what the new world order is, or must be, about. But how does it come about? What are the elements that are necessary to make it capable of producing peace, prosperity and world citizenship? These are large questions. You will expect me to give some kind of answer to them. And yet I

² I. Kant: "Idee zu einer allgemeinen Geschichte in weltbürgerlicher Absicht" in his *Vermischte Schriften* (various eds.).

hope that you realize also that our answers are invariably pathetically inadequate to the questions we ask. The six elements of a new world order which I propose to discuss in my last lecture are therefore no more than elements, ingredients of a much wider pattern rather than the pattern itself. I shall return to the pattern and to the practicalities of change at the end of this discussion. But the form of the discussion itself may be taken as a testimony to my disbelief in master plans and grand designs in the field of international relations: the new world order will grow in response to strategic decisions in particular areas rather than result from an overall design of the kind that foundered on the realities of power of the post-war world and turned into a part-order of a part of the world.

The first element of a new world order has to do with security. I have paid little attention to this subject, except in so far as economic stability is a condition of security in general terms; yet it is clear that maintaining peace remains one of the three major objectives of international relations. The transition from a military-strategic conflict between East and West to an economic-political conflict between North and South does not mean that security has ceased to be a problem. The old conflict is still with us; less inclusive conflicts have led, and will continue to lead to regional wars which, in an age of interdependence, can always spark off wider and unmanageable military clashes; the North-South conflict itself has within it the potential of disputes which go beyond United Nations debates and the breakdown of dialogue. If we add to this picture the facts—in 1975, more than \$300 billion were spent on armaments in the world, a multiple of what was spent on development; more than 10 per cent of all major raw materials were used for military purposes, and arms accounted for more than 5 per cent of world trade³—the dimension of the problem becomes recognizable.

Yet I will not include general disarmament among the six elements of a new world order which I am proposing here. It certainly sounds right to demand that we “exert strong political and moral pressure on the superpowers through national and international actions to re-direct military expenditures towards development because of the enormous threats posed by such

³ Figures taken from J. Tinbergen: *op. cit.*, p.25 sq.

expenditures to all mankind and in view of the waste they constitute of financial, material and human resources"⁴; and even if one does not put much hope in the effectiveness of such pressure, it should be exerted. Most experts have their doubts about the effectiveness of disarmament measures, let alone disarmament agencies; but they would also agree with Daniel Frei "that there is no alternative to arms control — there is only the hope of a *better* arms control".⁵ The reason why I would not regard this as a cornerstone of the new world order is neither theoretical despair nor resignation to facts of life; it is, rather, that the old world order has produced, in an unplanned and precarious way, a balance of terror which may well be the most effective safeguard against a universal holocaust which there can be under the circumstances. The plain fact is that neither the United States nor the Soviet Union will abandon its capacity to "overkill", that is, to extinguish mankind several times over; but both the United States and the Soviet Union realize the disastrous potential of their weapons and are therefore unlikely to use them unless threatened in their very existence. Since the Nuclear Accidents Agreement of 1971 there have been a series of further agreements between the US and the USSR. We need them, but they are an assumption rather than an issue of the new world order.

The issue is, how proliferation of the overkill capacity can be prevented. Whether this is correct or not, for all practical purposes it makes sense to assume that the nuclear superpowers will not begin a devastating Third World War; but the same assumption cannot be made for others. China and India already have nuclear weapons (as have Britain and France who can, however, be regarded as part of the overall agreement to deter but not to use). Several other countries probably have, or are close to having at least crude nuclear weapons. Enrichment technology is no longer confined to a small club, and reprocessing technology — no less dangerous in terms of abuse for military purposes — is fairly widely available. It is available among others to a number of countries who have not signed the Nuclear Non-Proliferation Treaty (NPT) of 1968 and who are not effectively subject to controls by the International Atomic Energy Authority (IAEA). Even apart from nuclear weapons,

⁴ J. Tinbergen: *op. cit.*, p.168.

⁵ D. Frei: *Sicherheit. Grundfragen der Weltpolitik* (Stuttgart 1977); p.58.

the dangers of nuclear destruction are great, and they are growing all the time. There is no greater threat to the survival of mankind than that of nuclear destruction; there is no greater task in the field of security therefore than attempts to reduce the risk.

The Trilateral Commission has spelt out the criteria of risk reduction in this field: avoidance of proliferation of nuclear weapons through by-products or technologies of nuclear energy production; maintenance of physical security against sabotage and terrorism in nuclear establishments; provision of safe nuclear energy notably by guaranteed waste disposal; maintenance of environmental safety and of reactor safety.⁶ It is less easy to translate these criteria into institutional form. A moratorium on the export of enrichment and processing equipment is unlikely; the extension of the London Suppliers Group to suppliers and recipients is difficult; an extension of the NPT and the range of controls by IAEA makes little sense so long as the present institutions are not universal. In a number of places, and notably in the International Institute of Applied Systems Analysis in Vienna, discussions involving American and Russian experts are far advanced about multinational fuel cycles and international territories for waste disposal. But ultimately the question is: Who has the sanctions to prevent non-proliferation and reduce the risks accompanying nuclear energy use, whether countries have signed the NPT or not? Who can force countries to sign an extended NPT? The answer to these questions is unpleasant. It can be done only by the two superpowers in their spheres of influence, and by both of them together in the rest of the world. If this is unacceptable, the risk that the world will blow itself up within the next half century grows considerably; it is great enough in any case. In this respect I share the grim optimism of Robert Heilbroner's pessimism. The human prospect is not an irrevocable death sentence, ... although the risk of enormous catastrophes exists.⁷ Thus the Soviet Union is doing the right thing in its own sphere of influence; the American President should go much further in putting pressure on his allies; and both should get together with respect to India and Pakistan, Iran and Israel, South Africa,

⁶ Cf. the report by the Trilateral Commission prepared by R. N. Cooper, K. Kaiser, M. Kosaka: *Towards a Renovated International System* (1977).

⁷ R. Heilbroner: *The Human Prospect* (New York 1974); p.138.

Brazil, and whatever other candidates for military nuclear equipment there are.

Physical security affects survival directly; but economic security has no less an indirect effect. The second element of a new world order is economic, and it is again about guarantees by a limited number of powers, however distasteful such an idea may be to all those who have nightmares about the "universal Leviathan"⁸. I have made much of the instabilities of the old economic order which became apparent in 1971 and 1973. Almost simultaneously, three great unanswered questions emerged: in the monetary system, floating revealed disparities without providing solutions to the crucial issues of the generation of international liquidity and the mechanism of adjustment; in trade, two decades of liberalization gave way to an uncertain mixture of free trade, "orderly marketing" and outright protectionism; in aid to development, it became clear that we were still in square one, and that even if simple objectives like making 0.7 per cent of the GNP of developed countries available for aid were realized, this would not touch the core of the problem. None of these questions has been answered since, not in practice, and to some extent not in theory either. As a result, the international economic system (if it deserves this term) fails to engender the confidence that is a necessary condition of its functioning; it is anomic not in the sense of a market governed by a benign invisible hand, but in the sense of a war of all against all in which most find themselves on the losing side.

One does not need to be a monetarist to see that to re-establish confidence, effective and plausible monetary management is crucial. Money is both an index and an instrument of economic stability; and this is no less true internationally than nationally. For that reason, it is serious that confidence in international monetary management "has been severely shaken by price inflation throughout the Western world, associated with an uncontrolled expansion of the money supply both owned within issuing states and owned by banks and monetary authorities of other states"⁹ with the result of selfish balance of payments policies and enormous speculative capital movements. This is

⁸ Cf. D. Frei: *op. cit.*, p.35.

⁹ J. Tinbergen: *op. cit.*, p.199.

where the second element of a new world order comes in.

The main requirements of the re-establishment of confidence in the international monetary system are reasonably clear today; the working groups of the IMF have identified them, although ministerial councils have failed to implement them. They are first, the creation of an effective international *numeraire*, or unit of account. With Ndegwa and Triffin one may suspect that "it is now clear that this unit of account will be the SDR"¹⁰, although this fact makes it all the more important to point out that at present less than 10 per cent of the growth of reserves are accounted for by international instruments. Secondly, there will have to be a more stringent set of rules governing processes of adjusting balance of payments surpluses and deficits, and ruling out that balance of payments nationalism which exports problems of both inflation and deflation. Thirdly, and related to this, checks will have to be put on disequilibrating capital movements as a result of the ways in which international reserves are currently administered. All this will, fourthly, make it necessary to have another look at the alleged liberty of floating currencies and the ways in which exchange rate changes can be held to fairly predictable limits.

A series of proposals like this will not by itself benefit directly the developing countries of the world. To be sure, there are both direct and indirect benefits of the extension of SDRs and rules governing exchange rates; but in the first instance, the restoration of monetary confidence by strengthening international arrangements will above all guarantee continued prosperity for those who are already developed. I have argued earlier that there is not much to show for the thesis that the benefits of prosperity must almost automatically "trickle down" to those who do not share them. Clearly, the re-establishment of a monetary system which engenders confidence does not by itself satisfy elementary human needs everywhere or even the needs of economic development. But without such stability, development and the satisfaction of needs will be impossible; if there is any hope at all of a world order which provides citizenship rights for all, it is in marshalling the resources of human life chances that are there for more people. The alternative is a world of equality in squalor.

¹⁰ D. Ndegwa and R. Triffin: "The International Monetary Order", in J. Tinbergen: *op. cit.*, p. 206.

This has a bearing on the way in which the restoration of monetary confidence can be brought about. Ndegwa and Triffin are not the only ones who fear "that worldwide agreements, in this and other respects, remain thwarted by the rule of near-unanimity for amendments to the Articles of Agreement of the [International Monetary] Fund".¹¹ Participation of developing countries, desirable as it is, has not made it easier to reach agreement. There is much to be said therefore for the argument of the 15 leading economists convened by the Brookings Institution some years ago "that for the future the leading industrial powers — the United States, Japan, and the European Community [as well as the other OECD countries — R.D.:] — must either accept joint responsibility for the direction of the international economic system or accept a drift toward a world of restrictionism".¹² Here as elsewhere, regional arrangements are not a very plausible step towards world order. In fact, the value of IMF SDRs is already determined in terms of a weighted basket of the currencies of countries whose exports account for more than 1 per cent of world trade. There were 16 at the outset; they may become 20 or so; but their number circumscribes the group of those who have to take responsibility for a system which without them cannot work. To the extent to which the IMF becomes a UN-type organization it will fail to serve its members and non-members; if one wants to see a stable monetary order, one must accept the responsibility of those who have it in any case; though it is important to expose them to challenges to their narrow self-interest.

For the issues of non-proliferation and monetary stability, there are institutions which, while imperfect, can assist in dealing with the new problems, the IAEA and the IMF. Moreover, it is possible today to give rough indications of where these institutions, or others in their place, will have to look in order to deal with the issues. As I turn to the third element of a new world order I have to start with a confession which you will find disappointing, perhaps even shocking. It seems clear that the position of transnational companies will have to be defined in a new order. At the same time, we are not only lacking the

¹¹ D. Ndegwa and R. Triffin: *op. cit.*, p.209.

¹² Brookings Institution: *Reshaping the International Economic Order* (Washington 1972); p.4.

institutions which might do so—the UN Group of Eminent Men is an admission of impotence rather than an assertion of competence—but we do not even know what could usefully be done. In this respect, I can do no more therefore than expose the problem, discuss one or two proposals for solving it, and leave the big question wide open. Let me say right away, however, that this fact in itself implies an enormous threat for prosperity and independence: either transnational companies are allowed to operate unchecked, in which case they will threaten the freedom and livelihood of many; or they will be destroyed and reduced to national political spaces, in which case the freedom and livelihood of many will be threatened by their absence.

I have indicated the dilemma before. Transnational companies are the most vital force of production of modern economies; but they have outgrown our relations of production. Their potential for growth is considerable even in an unfavourable climate. Yet it is strange to live in a world in which the 100 biggest companies control more wealth than the 100 smallest countries, and in which the 500 largest companies will soon account for one-half of world production and one-quarter of world trade.¹³ How can the world keep the benefits of these nine-headed hydras while checking the obvious and by now well-documented opportunities for abuse?

Most proposals for change suffer from either leaving transnational companies ultimately to their own resources, or declaring war on them, or taking refuge in proposals for yet another international agency. The Report to the Club of Rome by Jan Tinbergen and others has all these weaknesses. It is useful to suggest that transnationals should be induced to give more information and told to comply with national development plans, but this will not make much difference. It is odd to develop a design for the creation of counter-vailing powers to the hands of Third World governments, not only because the proposal that they should harmonize their tax systems is quite unrealistic, but also because engaging transnationals in battle cannot benefit anybody. There is no obvious reason why “public international enterprises” should be preferable to large transnationals which have many public features in any case.

¹³ Figures based on I. Jazairy, P. Kuin and J. Somavia: “Transnational Enterprises”, in J. Tinbergen: *op. cit.*, p.274.

And setting up an "International Authority of Transnational Enterprises" is surely begging the question of what should be done.¹⁴

Tinbergen's Report also mentions a Code of Conduct, "with legally enforceable elements", which "should address such questions as ownership and control, financial flows, local value added and balance of payments, research and development, commercialization of technology, employment and labour, consumer protection, competition and market structure, transfer pricing taxation, accounting standards and disclosure, and refraining from intervening in a host country's political affairs".¹⁵ But how should the Code address these questions? The answer is as urgent as it is hard to come by. Unless the institutions and individuals which have spent so much time and energy on the reconstruction of the world monetary system put their minds to it, we may well find ourselves joined in a perilous battle in which all stand to lose whatever happens.

The fourth element of a new world order which I want to discuss here concerns resources. They are, as can easily be seen, the most important economic link between the Four Worlds, uneven and inequitable as their relative positions may be. Everyone is, from one point of view, a seller or buyer of resources, or both, and therefore interested in advantageous prices. Looking round the world, and more particularly the history of commodity agreements, it would appear that the balance of advantage can be found in stable prices. Everyone is, from another point of view, a producer or consumer of resources, or both. Consumers at least are interested in security of supply; producers may be interested in continuity of market chances. There is possibly a balance of advantages with respect to access as well. These two equations add up to what is likely to be a principle of the New International Economic Order for which so many have been groping since the objective was first announced by the UN in 1974.

One way of defining the principle is to follow the argument advanced by Ian Brownlie in terms of international law.¹⁶

¹⁴ Cf. J. Tinbergen: *op. cit.*, ch.15.

¹⁵ J. Tinbergen: *op. cit.*, p.160.

¹⁶ Quotations in this paragraph are from I. Brownlie's inaugural lecture at the London School of Economics (1978): *Loaves and Fishes. Access to Natural Resources and International Law.*

Brownlie argues that for the "equitable allocation of resources" on an international scale, national law and practice offers no useful analogies, and international law has few applicable precedents. The "individualist principle" characteristic even of the Antarctica regime and ideas for an International Sea-bed Area offers little that is useful. Brownlie then refers, as a new departure, to the pricing system suggested by Jose Figueres, according to which a "development price" for every commodity might be regarded as a minimum wage for (underdeveloped) producers and a development tax for (developed) consumers at the same time.¹⁷ This of course does not by itself involve any guarantee of access to natural resources. If one works on the assumption that inroads on national sovereignty have to be ruled out, such guarantees can be given by the creation of "resource pools" for critical resources, to which producers have to contribute on the basis of an assessment and from which consumers would receive quotas determined by certain principles. "Resource pools would prove at least as successful in prices stabilization as the existing commodity agreements. Moreover, the establishment of a relatively objective price would justify the obligations placed upon producers. Users would find a more tractable supply situation since at present producers may reduce exports in order to force price levels upward."¹⁸ Brownlie realizes that the chances are slight that his proposals are adopted in the near future. I have mentioned them here because they demonstrate that solutions of the double problem of resource prices and access to resources are possible without a giant international agency, and without impositions on national sovereignty. Such solutions have a political cost. They require the admission of restrictions on the principles of free or market economies; these might be acceptable to most. They also require deliberate restrictions of economic growth in developed countries; these will not be acceptable for the time being. But perhaps such changes—sacrifices, if that is the word—point more clearly to what is required in order to regulate North-South conflict than the Poor Law principles which have so far been applied.

¹⁷ The reference is to the working paper on "Some Economic Foundations of Human Rights", presented by J. Figueres to the UN Conference on Human Rights in 1968.

¹⁸ J. Tinbergen: *op. cit.*, p.71.

If and when the negotiations between poor and rich nations about a "new deal" for the underprivileged seriously start, their subjects will be so numerous that they will amount almost to world order talks. One must hope that the Brandt Commission which has started its work in 1977 and promises relevant findings, will help us prepare their agenda. One of the dangers in the situation is that these negotiations will be about the way in which the new order is dealt rather than the deal itself; the fact that already participation and the structure of institutions have become a contentious issue between North and South points to an understandable and yet regrettable departure from issues of substance. It is all the more important that these issues of substance are clearly identified and, what is more, that priorities are seen for what they are. It is true that the trade and monetary systems need to take account of the requirements of both the Third and the Fourth Worlds; it is true that world-wide industrialization has consequences for financial as well as other economic institutions. But once it is accepted that the prime objective of the international new deal must be citizenship for all — or, more modestly, policies which provide conditions for such citizenship — then the primacy of one particular issue emerges with equal clarity. The Tinbergen Report has stated this with justified emphasis: "Development is not a linear process, and the aim of development is not to 'catch up' economically, socially, politically, or culturally ... Nor can mass poverty necessarily be attacked through high growth rates, the advantages of which will eventually 'trickle down' to the masses."¹⁹ What matters is that the satisfaction of basic human needs is attacked directly and as an issue of world citizenship.

The concept of basic or minimum human needs may be somewhat nebulous, but it is clear enough that this involves food, clothes and shelter as well as elementary health care and literacy for all, and employment for as many as possible. Studies of the World Bank have estimated that the realization of this objective would require the sum of \$125 billion (in 1974 prices) over a period of 10 years — a large sum, and yet a small one if measured against arms expenditure, or even the GNP

¹⁹ Cf. J. Grant and M. ul Haq: "Income Redistribution and the International Financing of Development", in J. Tinbergen: *op. cit.*, p.217.

of the rich nations.²⁰ James Grant and Mahbud ul Haq have considered the substantive and institutional implications of such a programme. It would be necessary to change the nature and increase the quantity of the present transfer of resources by way of "aid". "An element of automation must be built into the resource transfer system" which, for the time being, is likely to stop short of "international taxation", but may make use of expended IMF potential and quasi-taxes on resources, pollutants, even transnationals. Spending must concentrate on the poorest countries and be geared to "international assistance to national programmes aimed at satisfying basic human needs".²¹ Such a programme can, to a considerable extent, be channeled through the World Bank system, though this would have to be adapted for the purpose. "More automation in World Bank/IDA financial resources is needed, in any case, to free it increasingly from bilateral pressures and to enable it to play a truly multilateral role in the new economic order."²² This requires universality of membership, a restructuring of voting rights, and an extension of the range of services offered. However, in this way, the satisfaction of basic human needs becomes a manageable problem, and thus a genuine first step towards citizenship rights for all men.

The notion of citizenship connotes among other things certain basic rights which have come to be called human rights. The authors of the Report to the Trilateral Commission would like to include them in their concept of "basic human needs"²³, and if one thinks of the Indian elections of 1977 one might well conclude that they are right. However, I suggest that we keep our terminology clear and distinguish not only between basic needs of physical survival and human rights, but also between human rights in the strictest sense and the liberal and democratic institutions characteristic of the West. Human rights in this essential sense accrue from the inviolability of the person. They rule out police brutality, arbitrary arrest, imprisonment without trial, torture, and related attacks on the integrity and dignity of men. Human rights in this sense include the elementary needs

²⁰ J. Grant and M. ul Haq: *op. cit.*, p.216sq.

²¹ J. Grant and M. ul Haq: *op. cit.*, p.220.

²² R. N. Cooper, K. Kaiser and M. Kosaka: *op. cit.*, p.29.

²³ R. N. Cooper, K. Kaiser and M. Kosaka: *op. cit.*, p.30.

of expression, the right to express a cultural heritage, a religious affiliation, a moral conviction, a political view. There are more sophisticated human rights, such as the right to geographic mobility, or the right to form associations, suffrage and the right to strike. These are all a part of any advanced notion of human rights. But for purposes of this discussion—and of the identification of the sixth basic element of a new world order—I want to concentrate on the two essentials: the right of inviolability (*habeas corpus*), and the right of expression. The Report to the Trilateral Commission says: “In many cases, the support for human rights will have to be balanced against other important goals for world order.”²⁴ I disagree. Support for a democratic form of government, or for a market economy, may have to be balanced against other goals; even the right to form associations and engage in industrial or political struggle, though very close to the basic right of expression, may from time to time have to be balanced in this way—but there is no balance in the name of which elementary human rights can be set aside for one moment. The right to *habeas corpus* and the right of expression are absolute; no regime however much it may be under pressure, no society however poor it may be, has the right to restrict them. I am aware of course that the word “absolute” requires reasoning, and that I am talking about a moral prescription. But then there it is: man cannot have come to his planet to be tortured and held in captivity by man, to be prevented from being himself by others. There is an elementary dignity of human life for which there are no national or cultural boundaries, no economic or social disabilities, no political excuses.

The United Nations have been singularly unsuccessful in defending elementary human rights; for them, the integrity of nations has at all times been more important than the integrity of men. This is perhaps the greatest failure of the world organization, albeit a predictable one. The European Convention of Human Rights has been more successful in its region, and may well serve as a model for others. It shows that there has to be a judicial institution to watch transgressions. But in the last analysis, insistence on human rights is an objective of international relations throughout. Everyone has the duty to speak

²⁴ J. Tinbergen: *op. cit.*, p.43.

up against violations; in this respect silence is as irresponsible as covering up and secrecy.

These then are six strategic elements of a new world order: strengthened arrangements against proliferation of dangerous nuclear technology and materials; the restoration of confidence in the monetary system; machinery for controlling transnational companies without destroying their benefits; guarantees of access to natural resources, coupled with a pricing system to help producers; arrangements to satisfy elementary human needs in the poor countries by way of a development tax; rules and institutions to safeguard human rights everywhere. We have begun this lecture by stipulating three main objectives of a world order: peace, prosperity, and citizenship rights for all. Would these objectives be achieved if the strategic elements were present?

It would not. It is important to see that we have discussed steps in the right direction, but not the attainment of the destination. There is in fact no such thing as a patent solution for the ills of the world. International rules, arrangements and organizations can impose constraints on the actions of countries, companies and individuals; they can assist and at times stimulate developments; but they cannot offer guarantees of success. The world would remain very imperfect even if some or all of the elements we have discussed were implemented. Accepting this limitation, how are they likely to be implemented? There are two extreme approaches to this question. One is that of Tinbergen and his collaborators in the Report to the Club of Rome. They begin by focussing on "the UN system: it may be weak and imperfect yet it remains the only machinery with the potential for constructing a fairer world".²⁵ However, it can do so only if an even grander design is added to it "through the negotiation and adoption by both the rich and poor nations of a *framework treaty* which clearly lays down the ground-rules for international cooperation and the guiding principles to be adopted by nation states in building the new order. It would comprise an umbrella treaty based upon cooperation rather than competition, and would clearly demonstrate that all can benefit from organized change."²⁶ They compare the new

²⁵ J. Tinbergen: *op. cit.*, p.116.

²⁶ J. Tinbergen: *op. cit.*, p.117.

treaty with the Treaty of Rome on which the European Community is based and leave no doubt in the supranational character of their intentions: "All states shall accept the evolution of a world organization with the necessary powers to plan, to make decisions and to enforce them."²⁷

At the other end of the scale of proposals for a "global strategy" we find the highly pragmatic principles advocated by the Report to the Trilateral Commission which, contrary to the Club of Rome, includes many active decision-makers. "There are several important guidelines for making problems more manageable, for facilitating cooperation amidst diversity in the management of interdependence," they say modestly and mention four such principles: "piecemeal functionalism" (separation of issues in order to find durable solutions), "rule-making with decentralization" (only the rules international, their management decentralized), "flexible participation" (variable membership depending on the nature of the problem), "evolutionary change" ("it would not make sense in today's world to freeze any institutional arrangement into a particular pattern or membership").

Neither the systematic nor the pragmatic extreme are fully convincing, although if a choice had to be made I would opt for the pragmatic. The notion that a new world order should be created in one fell swoop is not only unrealistic; it is also based on a naive belief in benevolent government which many have learnt to distrust who have come to see not only totalitarian excesses but also the weaknesses of organized capitalism and the welfare state. There is no reason whatsoever to believe that a world government would do better than the governments of states, and there are many reasons to believe that it would do worse. Its accountability would be a more than technical problem. It would be more likely to fall into the hands of self-interested technocrats than into those of concerned representatives. It would be almost bound to overlook the strength that is in diversity and the humanity that is in difference.

On the other hand, piecemeal functionalism could become too piecemeal, and even too functional. Change in international relations is in part at least a response to changing patterns of power. These changes are happening rapidly at this time. With

²⁷ R. N. Cooper, K. Kaiser and M. Kosaka: *op. cit.*, p.VIII.

the shift from an old to a new conflict the role of both super-powers is reduced, and notably that of the Soviet Union; with increasing obstacles to economic growth, those find their place enhanced whose starting position happens to be relatively favourable; the issue of resources creates new relations of interdependence. Unless a number of major decisions are taken soon, we are heading for growing disparities first, almost an international version of *apartheid*, and vicious confrontation later.

Will these decisions be taken? I have dealt with the United Nations system in these lectures with a degree of mildness. It is too easy to charge the UN with failure simply because many big problems are still with us. In fact, UN institutions and conferences have taken up every single issue which we have discussed in this lecture. New agencies have been created to deal with particular matters, from UNCTAD to UNIDO and from the Group of Eminent Persons to Special Assemblies. All this is not to be underrated. But it underlines the fact that the United Nations Organization is essentially the great talk-shop of the world. Here, issues are presented, views are aired, and conflicts are expressed—but decisions are taken elsewhere. I have mentioned three institutions specifically: the IAEA, the IMF and the World Bank; commodity agreements and legal or para-legal institutions have been alluded to. In so far as international action is required, I would expect progress in the years to come from such specialized institutions, especially if they are not universal, and from arrangements which involve self-balancing economic and political mechanisms, rather than from a deliberate effort of institution-building or a conversion of the United Nations.

But will even this modest programme be realized? I do not know. I would not have given these lectures, were it not for the underlying hope that reason and long-term interest will in the end prevail over emotion and short-term thinking. The world could be a better place if we chose to make it so. But I cannot conclude on a note of unmitigated optimism. The possibility that instead of a new world order we will have world chaos, world civil war and even world self-destruction is by no means small. The nuclear holocaust is, in the views of some, quite likely. An international class struggle seems to me much

more probable than the timely creation of institutions for its regulation. And given the effects of the social changes which have occurred in the developed world, it is far more likely that narrow self-interest will lead us into a world in which everyone beggars his neighbour than that we will find common ground on which to deal with our differences. Mankind usually solves its problems when it is a little too late to solve them sensibly, at five minutes past twelve so to speak. Why should this be any different with respect to the problems of international relations in the 1980s?



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