

Mayer, Otto G.

Article

On the search for understanding

Intereconomics

Suggested Citation: Mayer, Otto G. (1977) : On the search for understanding, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 12, Iss. 3/4, pp. 57-58, <http://dx.doi.org/10.1007/BF02928693>

This Version is available at:

<http://hdl.handle.net/10419/139450>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

On the Search for Understanding

After several years of thorough discussions there is hardly any agreement on the level of additional assistance to be provided to the developing countries. World Bank President, Robert McNamara, believes the reason for this abstinence is obvious: "The discussions have focussed far too much on details rather than on fundamentals." Indispensable would be "a basic understanding" among the parties as to: the nature and magnitude of the problem; the action required to address it; the relative responsibilities of the parties for taking such actions; the costs and benefits to each of doing so. In order to reach this "understanding" McNamara made his well-known proposal to appoint a high-level, but deliberately unofficial commission under the chairmanship of the former Federal Chancellor Willy Brandt.

McNamara's recommendation did not remain uncriticised. Thus for instance the Co-president of the North-South Dialogue in Paris, the Venezuelan Peres Guerrero, expressed his apprehension that McNamara's proposal is nothing else than a stratagem. Before once again an international commission is appointed the industrial nations should meet the developing countries half-way.

It may indeed be asked what such a commission could bring about additionally. For it is not the case that the discussions of the development problem have so far not produced anything; progress has by all means been achieved in the sense of a "basic understanding". Thus the Chairman of OECD's Development Assistance Committee, Maurice J. Williams, rightly pointed out in a speech the existence of a growing understanding that it is not possible to conceive of a stable global order which does not facilitate equality of opportunity among member nations and equitable access to decent standards of life for all their people: "In order to achieve equality of opportunity, there is agreement that greater stability must be built into the international economic system, and that the vulnerability of nations and people must be reduced"; *inter alia* by longer term structural changes in the world economy.

At least since the Pearson-Report the magnitude of this problem can hardly be overlooked. McNamara himself misses no opportunity to comment on the serious problems that urgently await solution. Only recently the dimensions of the international problems have once again been pointed out very distinctly by the RIO- (Reshaping the International Order) Report to the Club of Rome.

There are general agreements also on many fields of action: for example, that the transfer of real resources to developing countries must be expanded; on the importance of stabilising export earnings; on special forms of assistance for the poorest countries; on the need for more comprehensive programmes for food production and world food reserves; on the necessity of effective methods for transferring management skills and technology; on a special and differential treatment of developing countries in world trade negotiations; on the need to facilitate structural adjustments in patterns of production, employment and trade relationships; on the need to find solutions for the debt problem of the developing countries, etc., etc. For some measures, e.g. the transfer of resources, even quantitatively fixed and concerted target figures have been existing for years. But the general consensus between the parties involved has in most fields not been put

into life by the industrial nations, which failed to comply with their own promises because of financial and internal political reasons. At first sight Peres Guerrero's apprehension that McNamara's proposal is just another stratagem seems justified to a certain extent.

McNamara's statement gathers, however, more momentum if it is realised that recently the discussion in general obtained a new dimension. According to the formulation of the already mentioned RIO-Report, what is at stake is that "both the rich and the poor worlds have pressing, unparalleled problems. . . . What both worlds must come to grips with is basically a sick system which cannot be healed by expeditious economic first aid. Marginal changes will not be sufficient. What is required are fundamental institutional reforms, based upon recognition of a common interest and mutual concern in an increasingly interdependent world."

If we proceed from here the question immediately arises about ideas on the institutional and legal norms of such reforms, i.e. the question about the distribution of responsibilities between the parties involved for obtaining the generally agreed fundamental aims and the resulting costs and benefits. As established by the Economic Advisory Council in the German Federal Ministry for Economic Affairs in an expert opinion on "Problems of a New World Economic Order" the solution in particular of two overlapping problems is at stake: First it has to be solved to what extent regulating mechanisms may serve to obviate separate political decisions on an international level and, second, how the complicated and strained relations between the states' claim to sovereignty and their links with the world economy can be eased. In this respect a basic understanding and therefore a consensus is indeed lacking.

Regarding for instance the first problem the German Advisory Council advocates — formulated in simplifying brevity — the point of view that the inefficiency of the present order of the international economy must not be conducive to replacing the free market principle by the principle of centralised international decisions. A further development of the free market economy and its adaptation to the present economic and political conditions, not its abandonment, would be required. Without a doubt, controls of economic power (e.g. that of the multinationals) and manifold measures for the protection of the economically weak as well as the employment of part of the GNP for politically determined redistribution objectives would appertain to this process. In contrast, the RIO-Report, for another example, considering the present shortcomings, does not arrive at the conclusion that these should be eliminated in order to guarantee a smooth functioning but proclaims a far-reaching substitution of market forces by a global planning and management system. The more or less inevitable consequence is, according to this report, a complex structure of international institutions and organisations with international procedures for bringing about and enforcing decisions that finally are to replace the territorial sovereignty of individual states by a functional sovereignty (jurisdiction over determined uses rather than geographical space) and thus ease the strained relations between national claims to sovereignty and international integration.

The Advisory Council on the other hand in this context is of the opinion that owing to the extraordinary complexity of the problems and the differing attitudes assumed towards tensions between the sovereignty of the states and the international economic links, a comprehensive global solution would be impossible. What matters would be a pragmatic search in certain sectors for differential solutions which are distinguished by a high degree of voluntariness, by a consensus on a limitation of sovereignty rights.

This disagreement on fundamental problems that seems to be not only the familiar disharmony between pragmatism and concrete utopia — and to this extent McNamara's thesis is to be agreed to — should be an essential reason for the fact that hitherto hardly any agreement could be reached on many "details". It remains to be seen whether a new commission will be able to eliminate this dissension.

Otto G. Mayer