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Transition to a New World Economic Order

Part II: Strategies

Peter Calkins*

Research on the transition to a new world economic order has already produced rich empirical results which help to validate sixteen specific research hypotheses for socialist and capitalist, underdeveloped and developed contexts, as well as the world economy as a whole. This multi-disciplinary literature on the NWO also maps out appropriate strategies that nations could follow to reach the goals of international efficiency, equity, equilibrium and positive evolution. Because of remaining lacunae and occasional disagreement, further research on the natural environment, economic motivation, social structures, political institutions, unifying values, and modeling techniques must be pursued. In addition to academic research, agricultural economists can play a fundamental social role in promoting a universal paradigm of transitions to a better NWO that integrates a whole series of innovative social and economic policies and institutions.

Part I of this review article (Calkins) demonstrated that individuals, governments, and communities (including the international community) have a choice between accepting the current world order and consciously promoting a better one. We have seen that creating a New World Order (NWO) requires being familiar with the evolving world economic system and the paradigm of transition. It also requires that a critical mass of people sharing that vision work in concert toward compatible ends. This is all the more difficult in that each of the contexts we have inventoried is particular, has a unique role to play, and must be guided in a distinct fashion to get back on the "turnpike" from divergent starting points. The first section of the present article - empirical results - informs this transition process by synthesizing the research of representative authors on the research issues raised in Part I.

The middle section summarises, prioritises and inter-relates a list of concrete policies, measures and principles that private, governmental and third-sector actors may apply to the problems of environmental destruction, economic disequilibria, social injustice, institutional vacuum and missing values presented in Part I. The wide range of authors from several disciplines do not always agree in the details of a given policy change. But taken together, their recommendations suggest possible strategies for consciously modulating this critical juncture in human history.

Agricultural economists have a major role to play in researching unresolved real world and analytical issues (section 3). The last section argues that they could also act as extension agents to translate the new vocabulary of transition into the simple, changeless terms with which farmers, administrators, and citizens from whatever culture are familiar: improvement, choice, compassion, conservation, voluntarism, respect, community development, etc.

1. Empirical Results

The socio-economic policy issues enumerated at the end of Part I (Calkins) have led researchers from a wide range of disciplines to formulate and validate researchable hypotheses. Testing such hypotheses sheds light on the critical transition questions affecting the socialist developed, socialist underdeveloped, capitalist underdeveloped, capitalist developed, and world economies. The following paragraphs present the sometimes divergent empirical results for sixteen of the most important of those hypotheses.

1.1 Socialist Developed Countries

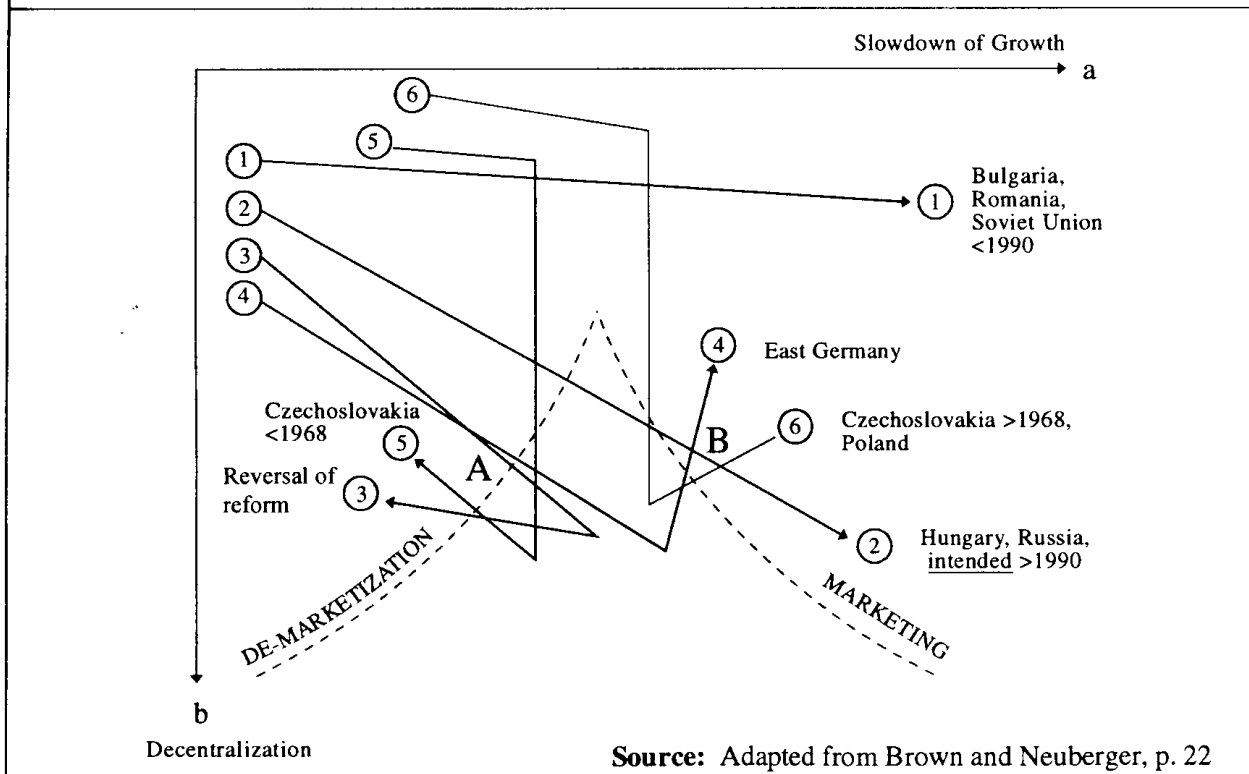
1: The sequence of economic policies followed by Russia has been successful and can serve as a model of transition to a New World Order for the former communist countries of Eastern Europe in general.

Some authors reject this hypothesis because Soviet reforms are unrepresentative even of *past* socialist transitions (Brown and Neuberger). Using transformation theory, they explain why over the past thirty years Russia's evolution has diverged from the partial reforms in Bulgaria, radical reforms in Hungary, re-centralisation cum marketisation in East Germany, delayed decentralisation and reversal: demarketisation in Czechoslovakia and delayed marketisation in Poland.

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Figure 1: Transformation Theory and Six Transition Trajectories

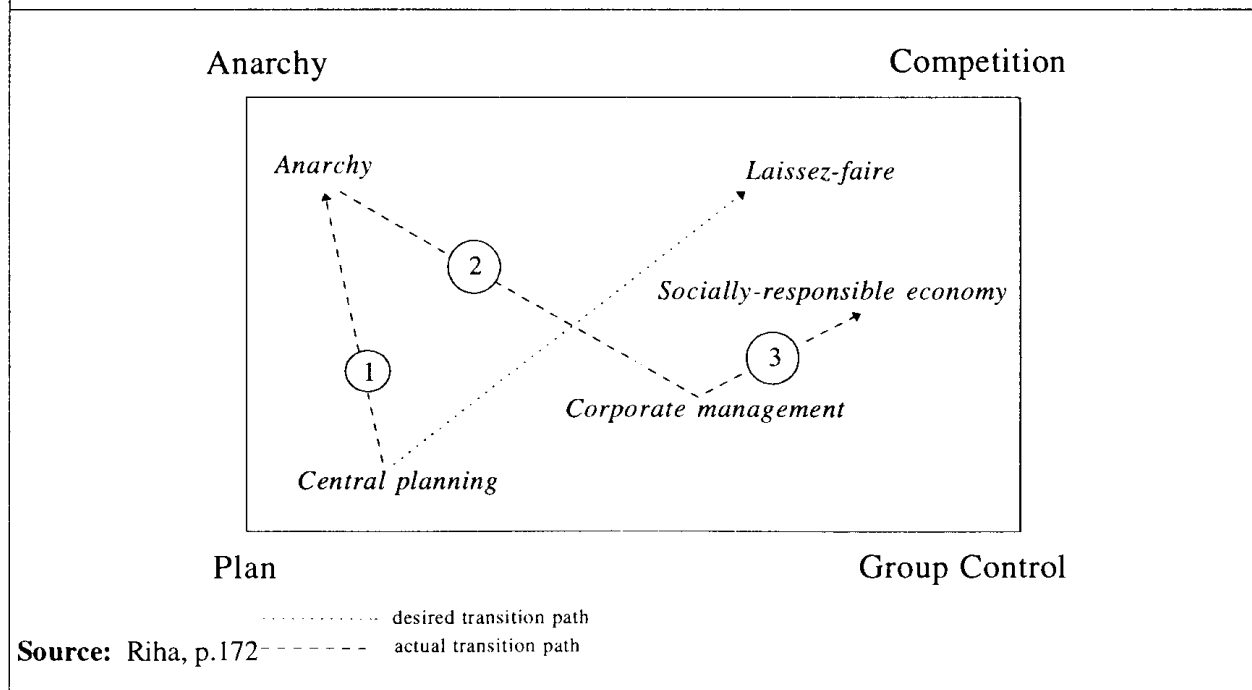


The "cusp catastrophe" model (Fig. 1) shows a bimodal distribution for a Stalinist economy operating under high-entropy conditions and relying on "extensive development" by means of massive infusions of labour and capital inputs. The left-hand hump represents the centrally planned economy based on demarketisation, the right-hand hump the socialist market economy based on marketisation. In this context, decentralised privatisation (axis *b*) is a "bias" factor which tends to weaken the impact of the "normal" factor of sluggish growth (axis *a*) and destroy the compromise outcome between gradual and radical reforms. Transitions do not occur where the control parameters meet at a cusp because the transition is delayed until the bifurcation set is reached.

Against this backdrop, varying degrees of centralised control lead to six hypothetical paths that might be followed in CPEs facing a slowdown in growth. For example, while Bulgaria has continued to follow a straightforward path of partial reforms (path 1), Poland and post-1968 Czechoslovakia underwent delayed decentralisation and marketisation (path 6), involving an eventual "catastrophic" jump to end near path 2, followed by Hungary. Clearly, the former Soviet Union (paths 1 and 2) is neither particularly successful nor representative. It appears at two places

on the figure because its intention since 1990 to emulate Hungary has not materialised. This is largely because the "butterfly factor" of greater tolerance of dissent (*glasnost* and the democratic element of *perestroika*) held the Soviet Union together too long by reducing the feeling of alienation among intellectuals and workers and curbing the power of conservative élites.

Still other economists reject the hypothesis because Russia is equally unlikely to be successful in the foreseeable *future* (Riha). To them, Russia's attempt to pass directly from central planning based on low efficiency and equity to *laissez-faire* based on high efficiency and equity constitutes a nightmarish version of the turnpike theorem (Fig. 2). While Russian planners had hoped to make a one-step, direct transition from central planning to *laissez-faire*; the actual transition path leads more tortuously from central planning to anarchy to corporate management to socially-responsible economy. Moreover, at each stage, planners, surprised to find themselves in a different position than they had anticipated, will continue to aim for unrealisable destinations in the next step. For example, they will target a socially-responsible economy (instead of corporate management) when they unexpectedly reach anarchy. This is because govern-

Figure 2: Intended and Actual Transition Paths for Russia

ments, ill equipped to establish economic and political freedom directly, must pass through a complex multi-stage transition. Blindly importing American-style laissez-faire could generate for a significant minority a distributional outcome permanently worse than central planning. Scarcity of capital and lack of entrepreneurship would further block the direct transition to laissez-faire and send the State into anarchy unless one established a "consensual" order by delegating policy-making to group control outside parliament, what Riha calls a "socially responsible economy." This less ambitious but more realistic outcome would help assure governability, economic performance, and equal access to policy makers.

2: State-farm managers, agro-industrial bureaucrats and corrupt authorities are to blame for the slow institutional change in agriculture and the delayed emergence of rational markets.

This hypothesis cannot be rejected for Hungary (Schenk). Resistance to economic policy transition in that country, which in 1989/90 abandoned central regulation for a market-type regime, is due to three endogenous causes. First, shirking is feasible because firms after 1968 had used their monopoly position in markets or built-in vertical relationships of a highly interactive character to secure their own existence. Next, the supervision of enterprises by the Ministry of

Finance virtually guarantees inefficiency. Governments have been more sensitive to the pressures from and sanctions by resolute parliamentary and public pressure groups. And finally, no one takes on the role of the "visible foot" to kick out mismanaged and unprofitable enterprises, whose continued existence remains virtually sacrosanct.

The hypothesis must be rejected, however, for the Russian agricultural sector, where managers of collective and State farms and agro-industrial bureaucrats are not principally to blame for the slow pace of institutional change (Yanowitch). Because peasant culture and traditions conflict fundamentally with the radical reformer's eagerness for rapid change, such managers have found themselves in the middle. Surprisingly, survey results show that a substantial majority of peasants did not want to see the collective farms eliminated. Indeed, many peasants perceived the new radical path proposed by some reformers as differing little from the revolutionary coercion of the past.

3: The transition to a more market- and private sector-oriented economy has improved the economic, social and reproductive status of women.

Extensive interviews and data analysis in post-1989 Russia lead to the clear rejection of this hypothesis

(Einhorn). Despite rhetoric that a magic wand liberated women from oppressive State socialism in autumn of 1989, policies did little to transform them into active agents enjoying full democratic rights in the new market conditions of Eastern Europe. This is because of the paradox that, when both men and women were autocratically dominated by an all-powerful State, they developed gender-neutral political and economic solidarity. Study courses, poetry readings and clandestine anti-political debates had transformed the socialist home into a haven of resistance to the State.

After economic liberalisation, however, the array of economic rights and positive discrimination which had been put into place by the socialist State have been construed as making women more expensive to employ. For example, laws guaranteeing the right to have one's job held open during maternity and extended childcare leave are being ignored. On the political level as well, the percentage of female members in the parliaments of Eastern Europe has plummeted from around a third to one-tenth or less.

1.2 Socialist Underdeveloped Countries

4: China's strategy of gradual transition to a greater role for markets and absence of formal property rights is directly transferable to the rest of the socialist world.

This hypothesis must be rejected (Weitzman and Xu). Panel and survey data on more than 600 Township and Villages Enterprises (TVEs) reveal no significant relationship between efficiency and private ownership in China. Three features of the Chinese rural economy contradict the standard tenets of property rights theory in other countries: no specific individuals own the TVE, rather it is the Party or the communal government; there is no residual claimant since all dividends are automatically re-invested; and TVE assets are non-sellable, -transferable or -heritable. Despite such vagueness, cooperatives are enormously successful in China. Between 1981 and 1990, industrial output of TVEs grew at an average of 28.1 per cent per year, pushing many State enterprises out of business.

Weitzman and Xu argue that China's particular example of a non-State, non-market-based third way will only work in other Asian socialist countries like Vietnam, but not in Eastern Europe. Cooperative processes can function without legal agreement only if the

culture of the group contains a high value of " λ ", intangible reciprocity. Among East European countries, Russia is the closest to being able to follow the Asian example, lending further support to the rejection of hypothesis 1.

1.3 Capitalist Underdeveloped Countries

5: The export instability faced by LDCs has been due to tariff and non-tariff barriers erected by the North rather than to lack of quality control, R&D investment, and exchangeables at advanced stages of the product life-cycle.

This hypothesis must be rejected for the textile industry (Mullor-Sebastien), thereby challenging a conventional wisdom based on studies which had aggregated over several commodities. The textile study applied product cycle theory to less industrialised and more industrialised LDCs, NICs, DCs that export synthetic fibres, and DCs that export natural fibres. Econometric data from two distinct time periods led to the acceptance of the following specific hypothesis:

Export instability = -f {degree of industrial development (DC), comparative advantage, mature type of product (natural fibres)}.

Successful industrial development is in turn associated with quality control, investment in research and development, access to credit, and other advantages. LDCs should in fact diversify into the export of mature products in which they have a comparative advantage if they wish to reduce export instability. In the long run they may then be able to make transition to growth products. This conclusion confirms the validity of the turnpike theorem as a transition paradigm.

6: The LDCs should follow a socialist transition path based on worker management and total delinking from the world market system.

The first half of this hypothesis, while acceptable in theory, must be rejected in practice. Theoretically, a transition to worker participation is the best alternative to the traditional private enterprise system - and even cooperative enterprises - for growth, employment generation and development in the third world. Unlike cooperative ownership, social ownership's intensive, decentralised and democratic form of solidarity is founded on local communities, cooperatives, factories, and regions, with powerful horizontal and

vertical link-ups (Espinosa). Industrial leasing can be a major pillar of transition strategy. Among other advantages, it allows enterprises to manage a much larger volume of fixed capital than they own to fully utilise all the capabilities of the enterprise; and is highly flexible, taking into account the increased cost of maintaining equipment in the last years of its useful life.

Despite such logical advantages, worker management has not dominated the agricultural sector during real-world socialist transitions (Deere). In a sample of 13 socialist countries, the dominant agricultural form was State farms in Cuba (80 per cent), producer cooperatives in Vietnam (90 per cent), service cooperatives in Yemen (70 per cent), peasant holdings in Tanzania, Ethiopia and Mozambique (92-93 per cent) and co-existing peasant and capitalist farms in Somalia (87 per cent). Nor is there evidence of worker participation in the management of State farms where they do exist.

The strong form of the second half of this hypotheses must also be rejected (Fagen *et al.*). True, the often conflict-ridden revolutionary transition to socialism in the third world is spurred by dissatisfaction and other social problems associated with capitalist dependency. But contrary to Amin, who proposes total delinking from the world capitalist system, autarky is not a development option for the small socialist LDC, which must rely on external resources. Its main option is thus to diversify its dependency, both in terms of export markets and sources of imports and finance.

7: A return to pre-colonial forms of organisation, intra-regional trade, village-based development and religious beliefs is feasible and would relieve dependency on TNCs.

The empirical results from diverse authors confirm all components of this hypothesis. For example, Gakou accepts the *relief of dependency* component by arguing that a return to precolonial forms of organisation, intra-regional trade and village-based lifestyles could prevent the victory of aggressive capitalist production in Africa. Using historical data and Marxian economics, he demonstrates that the independence movements of the 1960s failed to mark a transition away from integration into the world capitalist system. Land, men and women remain over-exploited because capitalism had united traders, middlemen and

big planners into a dominant class which had no interest in sharing their advantages with the urban and peasant masses.

Rau accepts the *feasibility and spiritual* dimensions of this hypothesis by proving that a silent revolution of spontaneous popular organisation based on labor-sharing and other traditional beliefs is already underway in Africa. Africans are rediscovering the elaborate coping mechanisms they perfected historically to survive long-term drought: increased live-stock sales, non-market barter, reduced diet, limited gifts and tributes, reduced work, and increased out-migration. Independent churches have emerged to offer theological support and social projects to restore health, forests, literacy and income. Rau concludes (p. 194) that "the collective consciousness among Africans of the validity of their own social system and knowledge has become the lever for change."

1.4 Capitalist Developed Countries

8: A transition to common-property/community-based equilibrium natural resource use is more efficient and sustainable than the "optimal" planning dictated by private resource ownership and management.

This hypothesis is rejected for the United States (Kim *et al.*) An optimal control model based on pooled cross-section/time-series county data on cotton and sorghum for 1973-80 in the Texas High Plains determined relative water allocation among crops and endogenous switch points to describe the "systematic, episodic transition" to production of crops with sustainable water demand. Two institutional settings were modeled: common-property management and private income maximisation. Private planning gave a superior optimal groundwater equilibrium than common property because it allowed sorghum to leave production much earlier and generated more net present profit. These results are consistent with the theory of commonly-owned resources formulated by Hardin and others, which states that the common property equilibrium is overly present oriented. That they seem to conflict with the theory of reciprocity, as expounded by Sugden and Rawls, is perhaps because the model was limited to the engineering and cost dimensions of the problem.

9: A full economic, social and political union of Europe (or North and South America) into one "nation" represents a better transition path than mere coordination of policies among existing sovereign nation-States.

This hypothesis is rejected for Western Europe (P. Robertson), casting doubt on the common belief that regional unions are a necessary stepping stone to a NWO. First, the hypothesis erroneously assumes the national state is obsolescent. In reality, the most successful current states are national states. They may even be very small, like Taiwan, Singapore, and Hong Kong, showing that there is no advantage to a European mega-state *per se*. Second, the hypothesis implies the possibility of creating a United States of Europe structurally similar to the United States of America. Given the cultural homogeneity of the US, a truer analogy would be a United States of the Americas including such states as Brazil, Ecuador and Mexico and with its capital in Managua; it is far from obvious that such a union would be manageable. Third, the hypothesis assumes that the federalist position is a structurally unique path to peace and progress. In fact, the apparent objective of European federalism is to construct a larger nation-state called Europe, a question not of principle or qualitative nature, but rather of scale.

10: Rapid growth of the social, self-regulating dimension of industrialised economies is a better future path than dominant "liberal-productivist" policies, and can be extended as a model of self-governance to the rest of the world.

Strong evidence can be marshalled to support this hypothesis (Bruyn). For example, case studies of the dairy industry in Switzerland, the Netherlands and the US; pharmaceuticals in the Netherlands, Great Britain and the US; and extensive US statistics reveal that trade associations have solved a host of problems through social governance of markets. In addition, there has been recent, rapid growth of the social dimension of the US business economy, which has become more self-regulating. For example, by the mid-1980s, over 10,000 firms with more than 11 million workers enjoyed Employee Stock Ownership Plans. And there has been a blossoming of value-added partnerships (VAPs) between and within corporations, that jointly share technology and voluntarily set norms to make them much more efficient than vertically integrated giants. Dramatic quantitative data further support a new trend in "ethi-

cal" or "social" investing that belies the current paradigm of neoclassical economics.

The empirical evidence also refutes theoretical criticisms of labor-managed firms by revealing the impact of such efficiency-promoting feelings as corporate loyalty, communalism, fraternity, familism and patriotism. Indeed, the transition toward self-management reduces absenteeism, sickness, tardiness, turnover, pilfering, strikes, plant-closings, labor-market costs, and the need for middle-level management and cumbersome hierarchies. The speed of transition is inversely proportional to the levels of demand at the firm level, required investment, and technical sophistication, as well as the rate of technical change.

11: The Report of the South Commission, by updating the 1974 call for a NIEO, explicitly blueprints transition measures that, if accepted and implemented by the North, would realise the aims of a NWO.

This hypothesis must be rejected, first, for the *original* version of the third world's demands, expressed in 1974 as the NIEO. This is because third world negotiators apparently desired to create societies resembling those of the supposed enemy, in a kind of "mental self-colonisation" (Preiswerk). All the NIEO attempted was to transform the "Present International Economic Disorder" into a "New International Economic Disorder." Despite claims to newness, a surprising number of measures were geared towards an intensification of existing economic relations based on Northern concepts of diffusionism, linear evolutionism, rationalism, idealism, statism, neoclassicism and Keynesianism. Therefore, if the NIEO proposed in 1974 had been implemented, only a slight modification of the international division of labor would have resulted. Raw material and energy-producing countries would have benefitted; inequalities between and within States would have continued to increase, as would dependence of non-industrialised countries on industrialised.

Nor does the hypothesis hold true for the 1990 South Centre Report (Rist). What this recent version of the NIEO has left *unsaid* or deliberately refused to say is probably more important than what it has said. For example, the type of "development" which the Report is advocating will probably increase inequalities within LDCs. The unquestioned premise is to produce more in order to trade more, and to trade more in order to earn more. To become true, the formula presupposes that the world is already what the NIEO

wishes it to be. This "linear evolutionistic" ideology ignores that the development of the centre countries was largely dependent upon the past exploitation of peripheries of a type no longer available. The NIEO is in contradiction with self-centred development because it confuses liberalisation of world trade with liberation from external dependence.

12: Unfortunately for the underdeveloped countries, the people, nations and TNCs of the capitalist developed world lack generosity, benevolence, reciprocity and concern for the down-trodden. They thus behave more along the lines of Adam Smith's Wealth of Nations than his Theory of Moral Sentiments.

Some authors accept the hypothesis. For example, despite earnest LDC appeals to the moral sensitivity of the industrial powers, "there is no thermodynamic law that will convert the hot air of sympathy into the cold cash of aid grants; nor will the piety of the affluent materialise into risk-bearing loans and industrial investments for the destitute." (Goldstein, p. 344). Similarly, "rarely does a sense of real compassion and/or moral fervor emerge from the documents and diaries of high officials." (Melvyn Leffler cited in Chomsky, p. 140).

Yet the work of other authors rejects this hypothesis by distinguishing the inherent decency, generosity and spirit of reciprocity of the civilian population in developed capitalist countries from the often regrettable attitudes of such officials. The large number of people who contribute anonymously to such organisations as international relief, blood transfusions, medical research gifts, clubs, and trade unions where there is no compulsion to join clearly demonstrate that Smithian sympathy does exist and could be given much freer expression if the institutional structure of the North were to be changed (Sugden).

1.5 World Economy as a Whole

13: The New Right economic interests of the current world order will not survive the 50-year Kondratieff cycle of debt, environmental disaster, First World poverty, technological side-effects, militant fundamentalism and dissolution of the Soviet Union.

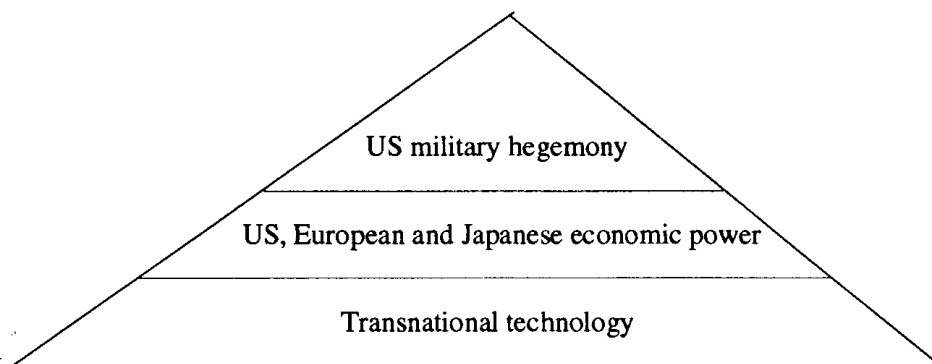
This hypothesis is accepted by world-cycle theorists. They argue that a 50-year Kondratieff cycle tallies more closely with the current crisis than the trickle-down theory, monetarism and supply-side economics, all of which assume that the crisis is short-run, of

recent origin, and resolvable by government fiscal and administrative policies (Weber). As a part of this cycle, both the New Right and all capitalist interests are doomed, because militant antisystem elements will gradually force a transition from a capitalist world economy to a socialist world economy (Wallerstein).

Other authors arrive at a less extreme form of the same conclusion (Marchak). During the second half of the 1980s, the pursuit of the New Right agenda had led to increasing indebtedness of the third world. With the subsequent collapse of the Soviet Union the organised chaos of the New Right was revealed as the caricature of capitalism it really was. Nor was the New Right prepared for the environmental disasters, growing poverty in the First World, and militant fundamentalism it had spawned. By the early 1990s, the power and influence of the New Right had waned but no ideology, movement or leadership has emerged to guide the restructured, larger territorial units into a NWO.

14: A New World Order based on multilevel dependence and complex military, economic and technological institutions, including the GATT, will displace competing unipolar, bipolar, tripolar and multipolar orders based on the State.

Critical comparison of five commonly-proposed NWOs leads to the acceptance of this hypothesis (Nye). The first, a return to bipolarity as a result of a counter-coup in the Soviet Union, is virtually impossible. The second, true multipolarity, is also improbable because Russia is too weak, China too under-developed, Europe too disunified, and Japan too bereft of military force and ideology to equal the US. A third scenario involving three economic blocs (US, Europe and Japan) is unstable because global technology trends will make firms from each bloc seek more than one-third of the market, small states will seek the protection of a global system, and grave security concerns will persist. Unipolar American hegemony, the fourth scenario, is absurd both because the world economy has been bipolar since the 1970s, and because of complex patterns of transnational interdependence. Instead, a fifth NWO of "multilevel interdependence" will dominate. It will take the form of a three-tiered layer cake with a different character to each layer. The topmost, military layer will indeed feature US hegemony. The middle, economic layer will be tripolar, and the lowest, technological layer will be truly transnational:



Within this overall structure, an application of optimal control theory to a reduced econometric model of the world economy points to the specific possibility of policy coordination among the capitalist developed, third world and OPEC economies (Marquez and Pauly). Although most economic analysts have ignored such policy coordination, it could generate positive externalities because the North has excess capacity and is demand driven, while the South is supply-constrained. The optimal control paths for oil prices, government expenditures, interest rates, and resource transfers to LDCs are consistent with non-inflationary recovery of the world economy, as well as the optimal stabilisation policy responses in industrial economies.

Thus, a NWO based on cooperation among nations could give positive gains to the third world by shifting economic power toward them while benefiting the other regions of the world. The North will, however have to unilaterally cede some of its bargaining power for this positive-sum game to be realised. The cooperative policy path consistent with sustained recovery of the world economy shows nominal oil prices increasing, declining, increasing again, and finally leveling off over time. Optimal real government expenditures in DCs average 1 per cent growth per year, while nominal capital transfers to the South grow at average of 10 per cent. Interest rates should fall. These last three instruments exhibit virtually no deviations from commonly desired values. It is thus feasible to achieve relatively high growth rates for developed, OPEC, and non-OPEC developing countries.

Taken together, these empirical findings suggest the consistency of the New World Order with public choice theory, which seeks to reconcile the aspirations of individuals and nation-states through a set of property rights and international agreements. Such an order would require adhesion to specific institutions like the GATT as well as to more general suprana-

tional organs of democratic government, based on the three branches of government in countries like the US. The main difference between the NWO and previous structures would be the increasingly voluntary nature of this adhesion.

15: Delinking from the world economy will improve the well-being of women and children.

This hypothesis cannot be rejected (Ward). Regression analysis demonstrates that the economic status of women is significantly reduced by foreign investment, increasing trade dependency, a shrinking labor force, the weakness of the State, and males' share of tertiary education. Moreover, North-South and male-female issues are structurally related through foreign investment, trade dependency and the exportation of Western and patriarchal definitions of women's proper place. These results support the classic work of Esther Boserup to the effect that pre-colonial structures were more egalitarian, implying that the NWO will not only involve a transition away from global involvement; it will in part be a revival of traditional cultures' ways of recognizing women's roles.

16: A fundamental religious awakening of the international system and of the national mentality could enlarge the freedom of workers, consumers and savers to apply the economic teachings of the world's religions in their social and environmental choices.

Empirical research leads to strong confirmation of this hypothesis. First, studies by the New Economics Foundation on the relevance of the economic teachings of Buddhism, Christianity, Hinduism, Islam and Judaism to the "new economics" show that religion can help channel people's selfish sides into the common good, prevent selfishness from damaging the interests of (especially weak) people, and energise altruistic desires and capacities (J. Robertson). Religion could thus not only reintegrate men, women, children and older people into the economy, it could

also be a force for redistributing world capital toward poor individuals and regions.

Moreover, there is evidence that such a spiritual awakening is *already* underway: "Socially engaged spirituality is not entirely a modern phenomenon, but today it is beginning to take new and promising forms, as can be seen in the indigenous-peoples movements, liberation theology, engaged Buddhism and so on. A spiritual awakening is fundamental to a peaceful new world order " (Asoka Banadarage in Klare, p. 39).

Finally, regression analysis on data from 150 countries confirms Adam Smith's hypothesized positive relationship between religion and development (Glahe and Vorhies). Indeed, the level of development is more strongly determined by religion (especially if it fosters private property) than by political liberty, regardless of whether the economy is capitalist, mixed or socialist. Often, religion and political liberty go hand-in-hand (although the Pearson correlation of .2 is not high enough to suggest multicollinearity).

2. Recommended Transition Strategies to a New World Order

The empirical answers to the above research hypotheses suggest strategies that could allow each type of economy to reduce environmental, economic, social, institutional and moral constraints restricting its tran-

sition to a NWO. The following sections treat policies to remove each of these constraints in various types of economy.

2.1 Environmental Conservation

The third world should research and develop appropriate low-waste technologies and sensitise their leaders that growth is possible without wholesale exploitation of the resource base (Devlin and Yap). The pursuit of low-waste ("clean") technologies can be a win-win strategy (development plus environmental protection) through re-use, recycling, materials substitution and enhanced product durability. For specific third world regions under rain forest, policies reducing deforestation rents could enable the recording and preservation of species and folk knowledge (Brazee and Southgate). Debt relief promises a stronger impact than establishing ecosystem reserves.

2.2 Economic Efficiency, Equity and Stability

Decentralisation, marketisation, and privatisation are effective strategies of reducing economic entropy in *centrally planned economies* (Brown and Neuberger) However, there is substantial disagreement as to the phasing of such reform. The World Bank, for example, advocates a "big bang" package but recognises that some reforms will take longer than others (Table 1).

Table 1: The Big Bang Policy of Transition for Eastern Europe		
Macroeconomy	Stabilise (years 0-4)	Maintain stability (years 1-10)
<i>Markets</i>		
Prices	Liberalise most prices	Liberalise some necessities, incl. housing
Trade	Remove quantitative restrictions	Adjust tariffs to modest level
Distribution	Privatise/demonopolise	Develop
Labor market	Deregulate hiring/firing	Liberalise wage bargaining
Financial market	Restructure & develop	Liberalise and privatise
<i>Ownership</i>		
Small enterprises	Develop & privatise	
Large enterprises	Evaluate	Restructure and privatise
Foreign investment	Revise regulations	
<i>Government</i>		
Legal reforms	Property, commerce, taxes	Other areas
Institutions	<- Reform legal and regulatory institutions and fiscal administration ->	
Social safety net	Meet emergencies	Institutionalise

Source: Root, p. 560.

Because the world economy is an interrelated system, the industrial countries of the West could support this transition process by opening their markets to the transition countries; provide debt relief and access to new capital for massive restructuring; and supply capital, technology, and entrepreneurial skills through direct investment, licensing, and business arrangements to make those economies competitive (Root).

Several Soviet economists, however, disagree with such radical shock therapy (Yanowitch). Reacting strongly against "Bolshevik style contradictory movements," they promote a strategy which combines generally tight monetary policy with selective State support for investment in critical sectors explicitly inspired by Roosevelt's programs in the 1930s. They favor the creation of a supranational bank among new Eastern European republics prepared to remain in the "rouble zone," the establishment of parity prices for agricultural producers to ensure an adequate food supply, and the creation of a network of investment banks to reverse the decline in investment activity in recent years. They promote a gradualist approach to agricultural reform rooted in the freedom of peasants to choose their own model of farm organisation and a clear-cut state-guided investment policy.

For the *LDCs*, the transition strategy to a *NWO* could be based on a pithy list of seven "commandments" (Galbraith, 1993):

1. Recognise the primary role in early economic life of agriculture and the peasant. Developed states in the past strongly favoured farmers and still do.
2. Effect a land reform for economic progress and political democracy.
3. Foster universal education. No literate population on this planet is poor, and no illiterate one is not poor.
4. Keep the role of the State within limits of honest and effective administrative talent. Socialism especially exhausts this scarce resource.
5. Provide a firm fiscal context.
6. Reduce the military's claim upon scarce resources, and minimise the devastating effect of international or internal conflict between or within the countries of the South.
7. Write down or off debt unwisely incurred in the past. In earlier times Britain, Canada, France and US resorted to abrupt default when they could not pay. "When foolish banks have made foolish loans to then-foolish governments, repayment should not be expected" (p. 239).

Several complementary strategies could be added to these seven commandments (Kreinin and Finger). First, *LDCs* could press for tariff cuts for as many of their own exportables as possible. By offering reciprocal concessions rather than remaining strictly on the receiving end, the *LDCs* stand to reap a considerable welfare gain on the import side. Next, regional integration could enhance economic coordination. Buffer stocks could be linked though a common financial fund so that when the prices of some commodities went down, others would go up to stabilise export incomes. If the fund were an investment fund rather than a buffer stock fund, and operated to promote both diversification and expansion of *LDC* production, it might promote both stabilisation and export earnings. In addition, the *LDCs* could strongly consider floating exchange rates. They could welcome *TNCs* to satisfy their demand for greater access to the financial markets and technology of West. At home, they could strive to simultaneously provide political stability, social mobility, and economic incentives.

In *capitalist, developed countries*, a complete transition strategy could build a new self-regulating social structure of horizontal trade associations within a federative structure (Bruyn). The first pillar of this structure would be a "legislative" branch with egalitarian voting and sources of income. Next, a "judicial" branch could be built around fair membership and expulsion policies and sanctions to preserve free competition. Third, norms with respect to quality, safety, price control and output by all members and between all levels must be set. Still other measures could monitor whether vertical integration acted in the public interest and resolved conflicts by inter-associational committees and other means. Finally, a series of indices of community building could be used to evaluate and encourage self-organised firms: attendance, frequency of meetings, use of newsletters, number of common interests, ratio of staff to membership, and the existence of conflict resolution committees. In addition, a State agency could provide information and encouragement of self-management, comparative research, and policies for interest-rate, tax and contract preferences to self-managed firms. Government could provide vouchers to the unem-

ployed that they could cash in at training centers of companies that needed employees.

To extend these principles overseas, an Agency for International Development of Associations could set norms and give financial incentives to TNCs (Bruyn). Strategies for national governments to regulate their TNCs could entail such norms as non-interference in internal affairs, the tailoring of corporate activities to national development objectives, disclosure of transactions to national government and the public, the right of the host country to nationalise and exercise jurisdiction, and the containment of negative practices (Heininger).

For the *world economy* as a whole, a redistributive "global contract," in which the long-term interests of the global community would be elevated above those of current wealth and power holders, could be based on the theory of reciprocity (Runge). To promote international equity, one could increase the supply of fertilisers at reasonable prices; progressively eliminate unfair competition; create buffer stocks; maintain natural raw materials markets when competitive synthetic products are available; equalise the terms of trade, with compensatory financing schemes to fill the gap in the development of such terms over the short run; and integrate international aid with both political and economic concerns. The best way to help the developing countries may be to cut back on food aid and agricultural assistance, and introduce policies to effect a more equitable world distribution of income consonant with the ethical distributive emphasis felt by many in the DCs.

In this context, an expansionary fiscal policy should be followed in the North because it reduces the necessary capital transfers to the South (Marquez and Pauly). Strengthening the South's intangible bargaining power could also increase LDC growth by more than 1 per cent per year. Real oil prices should remain constant, government purchases should grow at .9 per cent/year and capital transfers to the South should rise at 10 per cent/year.

Some authors do not agree with this prescription (J. Robertson). Favoring limited autarky, they recommend a reduction in the total volume of international trade, a 20 per cent import tax imposed by all countries on all products and a uniform international tax on international currency exchanges (of, say, 1 per cent). Proceeds from these two taxes, equalling 3-4 per cent of total world income, would go to a special fund for

LDC development. Complementary measures would include a world currency controlled by a new World Monetary Authority evolved out of the IMF and a Bank for International Settlements; a UN Code of Conduct for TNCs; the transformation of the GATT into a true International Trade Organisation (ITO), as first proposed in 1944; and a redesigned corporate economy functioning through simplified and standardised regulations for all corporations ranging from TNCs to churches to local governments to charities.

Worldwide transition strategies could go even farther, involving nothing less than an alternative paradigm based on the promotion of free time (Lipietz). This paradigm would see the transformation of work relations, the systematic choice of ecological technology; an increase in feminism and anti-racism to reduce the hierarchy in wage scales; new forms of social solidarity at the national level; and a rejection of the monetary approach in favor of subsidies to self-organised activities with an agreed social utility. In contrast to the proponents of a minimum social income, this paradigm proposes that governments increase the minimum wage and cut the workweek because people who work less are apt to be more productive per hour, and a higher percentage of workers in the population would stimulate demand growth particularly for less resource-depleting goods and services. The free time liberated by these measures would be devoted to the necessary job training. Such a regime of accumulation focusing on the growth of leisure would be much less subject to international constraints than a regime based on consumption.

Lipietz' paradigm further advocates limiting third world debt service to 10 per cent of export earnings; the universal use of special drawing rights to support a development model alternative to export-oriented productivism; the elimination of protectionist policies [in this it disagrees with J. Robertson] because they inhibit the spread of new processes and products which may be ecologically sound or enjoy greater economies of scale; the introduction of social clauses into the ground rules of the free trade system; and the establishment of an Agency for the Protection of the Common Heritage of Humanity to study and assess issues, take them to the International Court of Justice, and step in with WHO and FAO in disasters. The agency's budget would be derived from a quasi-tax on fuels.

There has already been progress in international forums in discussing and reaching agreement on such

fundamental components of a new world order. For example, the Uruguay Round has ended with clearer rules for the conduct of international commerce, especially for agricultural products, and the Rio Conference has espoused and sought agreement on various equality and environmental issues, including increased resources for South countries, forest protection, biodiversity, climatic change and gender issues.

2.3 Social Justice

For Africa, a heavily-socialist transition strategy could delink development from the demands of transnationalisation (Gakou). To do so, a detailed program based upon agricultural self-sufficiency and the dismantling of economic and political borders could re-establish pre-colonial intra-African trade patterns. Entrepreneurs could be called upon to pursue selective agriculture-based industrialisation, paid by full labor content, while producing agricultural and industrial goods for primarily domestic markets. The village could once again become the basic cell for rural organisation, but with no undue over-romanticising of traditional village structures. For example, small and scattered villages of insufficient size could be amalgamated, and land could be transferred from large landlords to village communities. One could organise a union of rural cooperatives, with one profit-inspired multi-purpose cooperative per village, whose profits would be put into an interest-earning account for eventual public works in the village. Marginalised urban craft sectors could be grouped together along parallel lines. It would be left to popular alliances to minutely coordinate budgets, investment, income distribution, wages and prices to assure economic equity among all social strata. This would free central bodies to solve unemployment, prices, and wage-setting through a process of trial, error and intuition reminiscent of transformation theory.

Outsiders could assume several positive roles in this African transition (Rau). But they would first have to acquire accurate knowledge of African society and open their own political and economic systems to it. The challenge for Northern citizens is to catch up with African thinking and actions based on social and racial equality, human dignity, popular democracy and economic sharing.

2.4 Legal and Institutional Structure

For *Eastern Europe*, a strategy of group control could help governments relieve themselves of decisional and implementational burdens, except for internal security, defense and foreign affairs; enhance the role of technological expertise and depersonalised leadership; and give a place to those frustrated by both central planning and *laissez-faire* (Riha). The very real danger of corporatism in stage 2 of the transition (Figure 2) could be compensated by referenda, proportional representation, subsidies for citizen groups and political parties, ombudsman systems, election to work councils, public disclosure laws, decentralised administration, protection of personal data, and profit-sharing arrangements. A constitution could be put into place during stage 3 to introduce greater economic predictability, stability and enforcement. It could be based upon the principles of competition, monetary stability, private ownership of the means of production, free access to markets and freedom of contract, re-establishment of a hard budget constraint through unlimited liability for debts, and constancy of economic policy.

Third world countries could make an institutional transition to socialism by electing peasant committees to represent each class segment in the countryside, including middle and rich peasantry, maintain relatively autonomy from the party and make demands based on local conditions (Deere). This is because at the micro level, socialisation of agrarian capitalist enterprises is easier than the socialisation of individual peasant producers.

A series of interrelated recommendations could guide the institutional future of *Europe* (P. Robertson). For example, a European parliament could be made up of representatives from national parliaments, each of whom would vote according to conscience but have the right to form blocs. All legislation would have to be approved by the majority, but if a particular piece of legislation undermined vital national interest, it would not be obligatory for the country concerned. The EC budget would be open to all to scrutinise and would be financed by equitable quotas as an agreed proportion of national GDP. A European cabinet, responsible to the European Parliament, would sign trade and membership agreements on behalf of the European Union and propose amendments. It would be composed of members each having cabinet status in their domestic government in order to better coordinate policies. Portfolios would be distributed under

a rotating President. A European Court would serve mainly to guarantee maintenance of human rights and expel those States in violation.

Similarly, for the *world economy* as a whole, a detailed, radical strategy of institutional transition could integrate measures at all levels (J. Robertson). Instead of a minimum wage or a reduced workweek, a Basic Income Payment could allow people to become less dependent on paid employment and increase their bargaining power without unions. This would mean that necessary hard labor would become relatively better paid, and voluntary urges could be fulfilled in a context of income security. Third sector community, voluntary and self-help groups such as Oxfam, Christian Aid, and Compassion in World Farming could also be supported. Agricultural research and programs to increase rights to land and credit could target women and children as centrally important agents of development. A new enabling role for TNCs could entail shifting taxes away from "shadow" (money incomes, value-added, profits, capital gains, capital transfers) to "substance" (a Henry-George type land tax set at, say, 25 - 100 per cent of annual rental; a tax on natural environment value, and international taxes on the extraction of global resources; energy creation, and pollution). No one would receive tax allowances or tax exemptions. Echoing Islamic economic principles, the conversion of current interest-bearing debts on a prioritised basis could promote the transition to an interest-free economy.

2.5 Unifying Values

To bridge the chasm in operating premises that presently turns dialogue between North and South into a shouting match, discussions could emphasise the common principles ascribed to by both: that global economic security and prosperity are necessary to averting human degradation and violent conflict in a world increasingly seen as a global common; the large gap in income and wealth can only be narrowed by faster growth in South; the North must transfer both capital and technology on commercial and non-commercial terms; and Northern markets should become more open and accessible (Mistry).

As part of this effort, a global summit could modernise cooperation and promote humanitarian aid as a tool of positive diplomacy. "Altruism is the key to universal peace. It is the only option in today's planetary debacle. It is a matter of life and death for humanity.... We need to cultivate a universal responsibility for one

another and for the planet we share, based on good heart and awareness." (the Dalai Lama, as quoted in Vance)

Some believe that OPEC already represents a breakthrough in both collective self-reliance and the replacement of neo-colonial economic structures, symbolising the feasibility of long-term co-operation between LDCs (Abdulai). OPEC strives to accord development aid without regard to race, region, ideology or religious beliefs. It places the development of human resources on center stage and accords a high priority to education and public health, modernised peasant agriculture, infrastructure, credit and extension, and improving the lot of the urban poor.

2.6 Coordination of the Above Strategies

Despite their apparent appropriateness, the strategies listed above cannot be implemented as such without first planning the sequence, priority weighting and potential complementarities among them. This is because the world order is a constantly evolving system whose temporal, financial and political components constrain the implementation of even the best individual strategies.

Sequence

Failure may attend even the most appropriate steps if they are put in place in the wrong order. For example, some observers argue that Gorbachev should have reformed the economy *before* renegotiating the terms of interpublic relations and finally pursuing mass democratisation. This would have institutionalised new interest group politics before releasing broader democratisation. In fact, Gorbachev probably went backwards in his transition strategy! Since it is no longer possible to reverse the sequence, the following strategy of transition "might make the best of a bad situation" (Migranyan):

- (a) Acknowledge and facilitate the autonomy of the republics even where leaders may attempt to override democratic institutions.
- (b) Block conservatives and reactionaries at the top.
- (c) Prevent extreme radicalism from unleashing a civil war.

Timing

Should one proceed rapidly or gradually? In East Europe, one should probably hasten to follow six specific steps over the following two to three years (Laski):

1. Establish private property rights (through private, authentic cooperative firms; sale of state assets; and removal of all restrictions on the sale and size of private farms).
2. Subject state-owned enterprises to a "hard budget" constraint.
3. Promote competition by anti-monopoly policies.
4. Establish capital and labour markets.
5. Create business banks independent of the central bank.
6. Introduce comprehensive budget and tax reforms.

A similar six-point programme of immediate transition measures would allow the LDCs to begin taking their rightful place in a new world order (the South Centre). These include a reduction of the debt overhang to allow growth at between 2 and 3 per cent year, multilateral arrangements to protect the global environment, and contingency provisions against excessive fluctuations in international interest rates, exchange rates and terms of trade. In the medium run, South-South cooperation is necessary to preserve and manage river basins, coasts, forests, wildlife, offshore oil, and deserts. It should also promote regional development banks, regional cooperation, and the refinancing of export credits for subregional and regional projects. TRIMs (trade-related investment measures) on the agenda of international negotiations should be rejected because they essentially strengthen TNCs and pose a serious threat to LDCs.

Priority Weighting

But sequence and timing are not enough. A developing or transition economy should also consciously weight three basic growth rules: C/N (high culture over nature, i.e. processing), Q/P (good quality for the price), and R/F (synchrony between the real and the financial economy). Using these concepts, a 10-point sequence of measures could structure a sustainable

growth-plus-distribution strategy of development (Galtung):

1. Begin anew after any war or general social change.
2. Reshape some part of the international system.
3. Redistribute production factors to everyone through land reform, health and education, credit, appropriate technology, and management training.
4. Satisfy the basic needs of all as the first production priority.
5. Create production and consumption tools for food, clothes, and housing.
6. Produce goods for inner/outer trade, high on C/N and Q/P.
7. Maintain control not only over production, but over distribution.
8. Continually upgrade production factors, the eco-balance, health and education (for Q/P); financial and real economy synchrony (R/F); and creativity (C/N).
9. Keep development from slipping into mere growth by internalising eco-cycles, the conscious response to challenges, the eradication of misery, negative and positive externalities, an adequate weighting of the future, and the maintenance of solidarity among generations.
10. If you fail, go back to step 1.

The best system is probably a combination of local economy for basic needs (point 4), social-democracy for softly directing national priorities (5) and Japanese-style economy for international markets (6).

Complementarities

Nor can necessary complementarities between the developed and underdeveloped economies and between peace and development be ignored (Goria). For example, the Baker Plan for 5 per cent annual growth in indebted countries was subject to at least 3 per cent growth in the rich countries and annual expansion of world trade volume at at least 5 per cent per year.

Furthermore, détente and disarmament could be used for international cooperation. For instance, the US in 1991-95 could reduce military expenses by \$400 billion, which when combined with similar reductions by other countries could allow international cooperation budgets to triple!

International debt could also be rationalised through a coordinated scheme of measures (Goria): first, maintain debt loads in all but the poorest countries by phasing repayment of the principal over a reasonable period. Next, calculate an approximate interest rate that would vary as the index of prices of the agricultural and other commodities of greatest importance to the debtor country. Third, reduce the return to creditors to a fixed maximum over time, as Mexico's creditors recently agreed to. Fourth, compensate creditors through taxes on rich country citizens for a reasonable portion of the charge borne by them as a consequence of such return reduction. Fifth, set up a clearing house as an adjustment mechanism to balance the variable charges payable by debtors and the fixed return to creditors. Any losses could be charged to international co-operation, just as any surpluses could be released for measures to aid the weakest countries.

Complementarities also exist between current associative policies and the "dissociative and differential" strategies necessary for a truly new international order (Preiswerk). For example, "selective de-linking," first suggested by Carlos Diaz-Alejandro (1978, quoted in Preiswerk) as a more moderate alternative to Amin's delinking, would include diversification of markets for goods and capital, promotion of commercial and financial links among LDCs and with smaller DCs, competitive markets (e.g. Eurocurrency market and common markets), breaking up the components of import packages (finance, technology, equipment, and management), as well as the search for ways to limit spill-over effects in domestic economies.

3. Suggestions for Further Research

Because the study of transitions to the NWO has been (re)discovered only recently, enormous lacunae remain. Further research by type of economy, problem and even analytical technique must be conducted. This final section gives examples of each type of research question.

3.1 Research Questions by Type of Economy

For the *socialist developed economies*, Weitzman and Xu would like to see studies done to measure the λ values¹ of key Eastern European nations. Notably, they believe that Russia may have an intermediate λ value the closest to that of China, and that some of the transition policies which have been used by China could be successfully applied there. One could also extend Brown and Neuberger's transformation analysis to test whether the nascent spirituality in ex-socialist countries constitutes a bias factor that shifts bifurcation positively, while renewed social cooperation is the butterfly factor that fans its first faint sparks.

Brown and Neuberger would also like to see further applications of transformation theory into the terrible period of Cultural Revolution in *China*. They would like to know whether it was a time of pure chaos in the usual sense of the word, or ordered chaos in the sense of chaos theory.

Turning to the *LDCs*, Comelieu calls for research into the establishment for the South nations of a common policy decision-making centre, staffed by economists and other scientists, in order to substantiate and mobilise the general interests of developing country economies.

3.2 Research Questions by Problem with the CWO

Although not mentioned specifically by Kim *et al.* in their work on the *environment*, it would be important for agricultural economists to adapt their optimal control approach to the mining of the natural resources of the entire globe. What concepts of property and optimisation would best manage and preserve those resources? As well, it would be important that researchers collect data to test empirically Brazeel and Southgate's proposed model of ethnobiological management of tropical rain forests.

To promote *economic efficiency and equity*, Bruyn calls for the elaboration of a more universally accepted definition of "services." On the basis of this definition he hopes future economists will test the

¹ The level of intangible reciprocity for a culture or group, ranging from 0 (rugged individualism) to 1.0 (complete reciprocity). See page 366.

hypothesis that human interactions in service industries should play an even more powerful role than the economic factor in consumer markets. If accepted, this hypothesis would give particular scope to non-profit organisations, including religious and humanitarian groups. Meanwhile, Hauser calls for economists to test whether liberalisation is more likely between countries with comparable industrial structures, which theoretically enjoy greater opportunities for intra-industry trade. He also would like to see measures of the effect of potential negative impacts on the overall feasibility of liberalisation.

These research issues give rise to further questions. For example, is basic equality in the distribution of economic opportunities achievable? What are the costs and benefits of redistribution? What is the role of incentives and work ethics? How specifically can one implant altruistic policies in the North? What is the mechanism to coordinate efficiency and equity goals? Is it to continue building on the Rio accord and the GATT?

To redress *social injustices*, Ward feels that researchers should attempt to incorporate both the world economic system and the status of women into their analyses dealing with global inequality and the role of women in development.

To fill the legal and *institutional vacuum*, Szentes recommends that future reports of the South Commission take a clear political stance that would complete the technical and moral treatment that characterises the current report. Researchers should address several specific political issues of the coming decades: Is the major shift in North-North geopolitics good or bad for the South? Should the South take sides? Should the South change its strategy and political alliances now that OECD countries are redirecting aid and other development efforts from LDCs to the emerging market economies of Eastern Europe? What are the implications of continued South-South wars? And does the Persian Gulf war portend other North-South wars?

Horn points to the need for further research into the policies regulating TNCs to answer such questions as: Should a State reimburse a TNC for expropriation? Whose set of national laws does one accept in case of dispute? What is the proper balance between world economic planning and efficient market coordination?

To promote *unifying values*, Sugden feels that further research is needed into the definition of effort (absolute or relative money contributions?), as well as the adjustment of existing econometric studies of charitable giving on the basis of such a definition to permit economists to test the hypotheses suggested by reciprocity theory.

3.3 Research Problems by Analytical Technique

Economists still lack adequate tools to measure and guide the transition to the new world order. For example, Marquez and Pauly note that the results of their optimal control experiments depend heavily upon the structure, period, specification of the welfare function, and assumption of cooperation among nations. Nor do they model capital flows, endogenise exchange rates, or explicitly reflect the myopic behaviour of individuals. Future research could integrate these dimensions, notably a non-cooperative policy design to take account of conflict of interest.

The above list of researchable issues is only suggestive. It goes without saying that the more economists build into their research usable conclusions for NWO transition, the better. Before submitting their next request for a research grant, agricultural economists could examine this list, add to it where necessary and propose projects that would allow them to take fuller part in the challenging search for a better NWO. Perhaps the single major hypothesis which all such researchers could help to validate and operationalise would be a paraphrase of Horn (p. 339): "The fascinating vision of a world-wide community of mankind under one regime of basic values and norms based on economic cooperation, often discussed or dreamed of by philosophers, [can be realised by collectively guiding] economic and political realities and the ongoing international negotiation process."

4. Conclusions

We began Part I by noting that humanity in the past has never been able to predict, much less guide, the creation of the subsequent world order. Having inventoried the problems of the current order, the goals of a new order, the possibility of a positive definition for the term NWO, the great importance of studying transitions, various schools of thought that could be useful in conceptualising world orders, and several dynamic operating frameworks for transition, we have formulated and tested sixteen hypotheses concerning

the institutions and rules under which different societies and economies may cooperate.

While these first steps are essential to consciously guiding the emergence of a better world order, agricultural economists also have a broader and more fundamental role to play in society at large. First, the increasing pressures of population on the earth's natural resources, of the goal of sustainability, and of time itself mean that economists, as specialists in *efficiency*, could sensitise the earth's population to broader measures of social reform. For if their studies continue to determine efficiency by the market alone, they will tend to recommend production according to artificial desires instead of true needs (Galbraith 1967), and to ignore pollution and other negative externalities.

Measures to promote greater socio-economic efficiency could therefore include an auxiliary international language to reduce the acrimony of the currently strident debate between North and South and among cultures. Such language could emphasise the need for a unified terminology within economics and between economics and other disciplines, and the search for unified paradigms of transition and evolution across sciences ranging from physics to theology. The efficiency of humanity's search for a better world order could be further highlighted by more unified structures of belief based on the fundamental teachings of the world's religions and great philosophers (J. Robertson). Implicit confidence in the role of belief as a complement to and criterion for scientific validity could help enhance the efficiency of developing socially-useful scientific knowledge. Belief in such universal values as cooperation, benevolence and reciprocity could provide the necessary spiritual foundation of institutions designed to solve society's economic problems (Khalil).

One example of such an institution would be a supranational federation, which could act as an external conscience to control international access to and use of natural resources.² A redefined and more forceful United Nations is compatible with this need for international institutions, and may lead to the emergence of a true world government. But international understanding will also need to be based on clearer definition of property rights and boundary issues, determination of specific rules for the conduct of commerce and trade, including concessionary trade measures, encouragement of regional groupings in some areas, and agreement on international environ-

mental measures, such as those begun in the Rio Conference, to prevent further decline in the world's natural resources. Policies to redirect resources from war toward the education of all, particularly women as peace-makers, and toward human technical inventions could eliminate the single greatest source of inefficiency: the production and use of arms. On these bases, environmental destruction, nuclear testing, excessive military spending, and other sources of gross inefficiency could be eliminated.

Second, agricultural economists have a role in promoting greater economic *equity* and social justice. All too often, economists' use of Pareto "optimality" (Becker) fails to challenge the pre-existing distribution of wealth in society or transcend marginalist statistical analyses of the apparent conflict with efficiency. To promote true economic justice, it will be necessary not to equalise planetary incomes - which is neither feasible nor desirable - but to abolish the extremes of poverty and wealth between individuals, the rural and urban sectors, and North and South. Toward this goal, agricultural economists could promote the GATT agreements and strive to eliminate other barriers or restrictions, passports could be abolished to promote freer movement to jobs, and the supranational federation mentioned above could see to a more equitable distribution of wealth. At the micro level, each village could, on the model of traditional African savings cooperatives (Gakou), establish a House of Finance to control a central granary, stabilise income, and guarantee a minimum subsistence level to orphans, handicapped, and producers who have had a bad year. A progressive tax system on revenue over and above basic needs could be inaugurated. Voluntary gifts of excess wealth could be channeled into an international fund to redress the gap between North and South. Equitable, low-overhead cooperatives and other decentralised and self-sufficient organizations could be promoted as vehicles of consultation and cooperation uniting capital and labor (Bruyn). If employees received not only their salaries but also a share of the profits, strikes and waste could be dramatically reduced. Tax laws could even encourage owners to bequeath their companies

² This innovative suggestion, as well as the elimination of passports, comes from Nicholas Georgescu-Roegen, in Michael Szenberg, ed., *Eminent Economists: Their Life Philosophies*, Cambridge University Press: Cambridge, p. 155.

to their employes. In addition to these largely economic measures, we have noted for several economic contexts (Einhorn, Ward) the absolute necessity of providing equal rights and economic opportunities to men and women. The abandonment of all forms of prejudice - cultural, racial, geographical, urban-rural, etc. - is another fundamental principle to be invoked if greater justice is to be achieved in rural research and recommendations.

Third, economists can promote greater dynamic *equilibrium*. Our current, Walrasian view of equilibrium is static, for it continues to co-exist with stagflation and a self-perpetuating economic dualism between North and South, East and West. This is in part because world prices constitute a minimalist version of the complete set of ethical values which could underlie international interdependence. Agricultural economists could promote the unity of social science based on the oneness of mankind and its fundamental motivations, while continuing to recognise and even promote the diversity of types of economy. Unity in diversity could be further promoted if economists accepted to work more earnestly with other disciplines to forge a unified vision of human evolution that transcends, for example, the succession of unconnected hot topics that has characterised the history of development economics. Policies based on a unified paradigm of transitions could include the migration of large masses of people from the cities to the country to reduce the slums, misery, congestion, and health costs of the cities. Governments could adopt measures to reduce national and individual debt (Goria), or even transform the concept of debt into that of limited or generalized reciprocity. A universal currency along the lines of the European ECU could harmonise trade. Stock markets (a great cause of bankruptcy and economic disequilibrium which produces nothing tangible) could be eliminated.

Finally, economists could promote economic *evolution* by consciously promoting a unified transition paradigm of which the hallmarks are learning, consultation, cooperation and reciprocity (Runge) as positive forces of complexity against the entropic run-down of human civilisation (Binmore and Samuelson, Holly and Hughes-Hallett). In this dynamic process, the proponents of the NWO paradigm will have a significant role to play in carrying out research, providing information and promoting public discussion of the issues. A process of contagion could rapidly lead to widespread acceptance of the reciprocity paradigm that would generate the critical mass

necessary to transform social awareness and behaviour (Axelrod). The small number of early proponents will be no real obstacle to the spread of the paradigm, for chaos theory suggests that a small group in each village or urban neighborhood could serve as the initial operating locus of the new economic order. Only as the wider goals of society come to incorporate increased appreciation of equity, harmony and co-evolution will the political will emerge to make the necessary changes. Agricultural economists can play a unique and major role in this process as they have the technical skills and professional interest in many of the issues that must be resolved, one way or the other, in the coming years. They could encourage an optimistic view of the next world order based upon the fundamental unity of human values and beliefs noted above.

Because all the paradigms have shown education and reciprocity to be important preconditions for this transformation, governments could target universal education toward the meaningful employment of each individual, and encourage voluntary reciprocity. In case of limited resources, girls should probably receive priority for, as adults, they can be the first educators of the next generation.

Within the discipline of economics, it will also be important to promote the independent investigation of socio-economic truth to avoid the stagnating weight of the ivory tower of establishment economics (Latsheva). For example, agricultural economists could systematically include the reciprocity "input" to permit lower use of other resources (Sugden); account for sympathy in consumption and exchange; and enlarge the values underlying the price vector of international trade to include other values of human interdependence, notably happiness and justice. They could introduce Robiati's efficiency concept of minimum entropy creation for maximum production of necessities, and prescription that GNP be adjusted for the negative environmental effects of some types of income creation (Gore). Pareto optimality, a zero-sum game, could be recast as a positive sum game based upon cooperation and gift.

In summary, the realisation of a truly new world order rests on three preconditions: the enlightened role of unified scientific research; the generation and utilisation of valid, comparable information and paradigms; and the role of belief, religious or moral, in the perfectability of human society. These three bases will help to re-orient the present directions of global de-

velopment and break down the artificial geographical definitions of "North" and "South". Agricultural economists have the professional and moral responsibility to think seriously about these and other measures to promote the transition toward a New World Order. For in the final analysis, it is towards the goal of an all-embracing New World Order - efficient in application, equitable in principle, balanced in impact and dynamic in challenge - that a beleaguered humanity must strive.

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