

REPORTS

Reshaping the international order (RIO)

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In October the third report to the Club of Rome was published under the title *Reshaping the International Order (RIO)*.¹ It was formulated by a group of about twenty experts from developing as well as developed countries, including one from Romania. The initiative to undertake this study of the international order was taken by the Club of Rome Board, especially by its chairman Dr Aurelio Peccei and the study was financed by the Netherlands Ministry of Foreign Affairs at the initiative of the Minister for Development Cooperation, Jan Pronk. The report was presented to the Club of Rome in a meeting at Algiers, hosted by the Algerian Government, 25–28 October 1976.

The nature of this report is rather different from the preceding reports to the Club of Rome, in that it is not based on a sophisticated new model of the world economy or society. It is announced as a "contribution to the dialogue" on a new international order started by the sixth and seventh special sessions of the UN General Assembly which adopted and reconfirmed resolutions on the new international economic order and a plan of action to attain that new order; another official contribution to that dialogue having been the charter of the rights and duties of states as adopted by the ordinary session of 1974.

While the documents just mentioned are political documents the RIO report is a document prepared by experts in international cooperation and in the fields relevant to the international order (to be mentioned below). While it cannot be said to be nonpolitical (which would hardly, if at all, be possible) the report's emphasis is rather on the technical and scientific basis for an international order whose goal is to serve the welfare of the present

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and future world population, and in particular the poor.

The report is in four parts. Part 1 deals with "The need for a new international order and the main problem areas"; part 2 with "The architecture of the new international order; initiating and steering the process of planned change".

Part 3, "Proposals for action", contains the main proposals and recommendations which have emerged from the working groups on the ten main areas. Part 4 contains the working groups' reports—the basis for the plenary meetings' discussions.

Trends and conflicts

In part 1 a survey is given of a number of recent international developments. Four among them play an important part: the widening gap in wellbeing between developed and developing countries, the virtual nonexecution by the developed countries of the development strategy adopted by the 1970 UN General Assembly, and the more-recent problems of pollution and the rise in energy prices.

The main problem areas are identified, to give the following list: the armaments race; the population ex-

plosion; the food shortages; human settlements and other environmental problems; the monetary system's breakdown; trade and aid systems; the growing awareness of future scarcities in the fields of energy and minerals; the development and transfer of technology; the transnational enterprises; the changed situation of the oceans; and the use of outer space.

It is pointed out that many of these new developments, whether technological or social and political, have made for a considerable increase in interdependency over the planet as a whole. Finally the changed attitude of developing countries as a reaction to the stagnating policies of the developed nations is described, from the OPEC initiative to raise oil prices to the presentation of the concepts of a new international economic order, a plan of action, and the charter of economic rights and duties of states.

Universal welfare

Part 2 constitutes a coherent set of concepts and theses needed to derive an optimal world order to attain the goal of maximum welfare of the world's population, present and future. The group defines what it considers to be the main components of welfare. They are summarised as "a life of dignity and well-being for all" and divided into:

- equity;
- the maximum of freedom compatible with the other components;
- democracy and participation;
- solidarity;
- cultural diversity; and
- environmental integrity.

To attain maximum welfare an order will be needed, called an "equitable social order", which many members of the group consider identical to humanistic socialism. The requirements for maximum welfare are sum-

med up under the headings: the satisfaction of basic needs of food, shelter, education, recreation, and participatory development.

The first priority has to be given to the eradication of poverty. The public has an important role to play in the development process, especially in order to stimulate self-reliant forces and to see to it that an equitable distribution of employment and income materialises. The roles to be played by developing countries themselves as well as by the developed market economies and centrally planned nations are discussed. The roles so far played are summarised.

Because of interdependence, a re-interpretation of national sovereignty is needed. An important general principle upon which the new international order has to be based is the principle of "optimum decisions levels". For each of the very large number of decisions which have currently to be taken such an optimal level is the one where external effects are negligible—the external effects of a decision being the effects outside the area for which the decision makers are responsible.

The principle implies that by far the largest number of decisions can best be taken at low levels. This has the additional advantage of allowing participation in many of the decision-making processes. Large numbers of decisions can also be taken at the national and lower levels; and thus a sense is given to national sovereignty in the old meaning.

There are groups of decisions, however, where the optimal level of decision making is higher than the national level. This is the case whenever the technical nature of the problem to be solved is such that a national decision would have clear external effects. National decisions in such cases are likely to neglect the interests of citizens in other countries and, by so doing, also neglect the long-term interests of the nation itself. The

problems in this category are typically the ones which require an international order, in which the proper institutions must exist to solve them.

The group thinks that these problems exist in some ten areas relevant to the welfare of the world population, present and future. Working groups have been formed for each of these ten "bunches of problems" and their analysis is given in the ten annexes constituting part 4. Many of the existing institutions in the United Nations already are performing tasks of the kind mentioned, but an overhaul is needed to raise both the degree of participation and the efficiency in terms of the goals formulated.

The changes needed can only be brought about step by step and require changes in power structure. The latter can be furthered by collective self-reliance (such as the cooperation between developing countries producing the same commodities or between neighbouring countries), and also by "new coalitions". These are coalitions between groups with parallel interests which have not so far been aware of this parallelism. One example is Western consumer unions and developing countries able to supply cheap manufactured consumer goods. They should join in exerting pressure on Western governments to liberalise the imports of such goods.

Part 3 contains proposals for action, subdivided into proposals for the medium and the long term (before 1985, and between 1985 and 2000). We will indicate some of them, as examples, taken from each of the ten problem areas.

Money

In the monetary field the further phasing out of gold and key currencies and their replacement by SDRs is recommended, together with the development of enforceable guidelines for official interventions in exchange markets and for better adjustment policies. First steps at the regional level—such

as the EEC—are suggested. Newly to be created SDRs should be used for internationally agreed objectives (the "link" with IDA financing).²

International taxes

In the field of income redistribution and the financing of development, a substantial increase in financial transfers from rich to poor, especially the poorest, countries (with a per capita income less than \$200) is considered necessary. More automaticity and more influence of developing countries in the transfer mechanism is required; some forms of international taxes are mentioned as examples of automatic financing. The report recommends that a negotiating forum for an orderly settlement of past debts of the poorest nations be set up, and favour multilateral financing.

Food

In the area of food production the authors would like to see a scheme guaranteeing stable food grain prices, high enough to stimulate marginal food producers in developing countries. Further contributions to the Fund for Long-Term Development of Agriculture are required. More fertiliser transfers to and production in developing countries are considered necessary; so are measures against waste of food in rich countries and in transport and storage in poor countries. Large-scale projects to improve irrigation and prevent flood control should be undertaken and financed from international sources.

Trade

The industrialisation of developing countries should be furthered, among other means, by increased processing of their national raw materials and by the expansion of labour-intensive industries, supported by a reduction in trade impediments by industrialised countries. The implementation of an integrated regulation of unstable markets as proposed by UNCTAD is recommended. In matters of trade

policies, obligatory arbitration will be necessary.

Resources

In the field of energy and minerals the formation of producers' associations is considered an effective means to reinforce the power of the weakest party involved. So is national sovereignty over a country's natural resources. At a later stage, natural and intellectual resources should be considered a common heritage of mankind. Intensification of research to make nuclear fusion and solar energy resources available as industrial processes is urgent and requires international cooperation and financing, for instance by a tax on the use of nuclear fission energy.

Technology

The transfer of technology relevant to developing countries should be subsidised by governments of developed countries. A pool of technological information should be created in order to better prepare governments of developing countries for their negotiations with transnational enterprises. High-quality research institutes must be established and expanded in the Third world as one of the means to reduce the brain drain.

Transnationals

On transnational enterprises a minimum of relevant information has to be collected, such as capital used to employ one person, the use made of local capital, the nature of the products made, etc. These enterprises should comply with the priorities set in the host country's development plan. They should also investigate alternative ways to cooperate with local enterprises and authorities. A code of conduct of transnational enterprises with legally enforceable elements is recommended.

Ecology

The ecological dangers involved in further expansion of world production

should be reduced by an intensive search for recycling wastes and by an adaptation of lifestyles. Global resource management should be the directive at national and higher levels.

Armaments

Arms reduction is to be furthered by political and moral pressure on the superpowers, eg a treaty on a comprehensive nuclear test ban and a convention banning chemical weapons. The arms trade urgently needs regulation.

The oceans

In order to arrive at a management of the oceans in the interest of mankind a functional confederation of international organisations responsible for different aspects of the use of the oceans is needed, including the proposed international seabed authority. In addition, integrative machinery is needed in order to coordinate tasks, and to ensure the equitable sharing of the benefits derived from the exploitation of international ocean space.

Parts 3 and 4

Part 3 provides examples of packages for comprehensive negotiation of the seventy-five proposals, concentrating on

- removing gross inequities in the distribution of world income and economic opportunities;
- a more harmonious growth of the global economic system;
- the beginnings of a global (indicative) planning system.

Part 4 consists of the working-group reports.

References

1. *Reshaping the International Order* (New York, Dutton, 1976; Amsterdam, Elsevier [in Dutch]). French (Editions du Seuil) and German (West Deutscher Verlag) editions are in preparation.
2. The International Development Agency, linked to the World Bank, specialises in soft loans to developing countries.