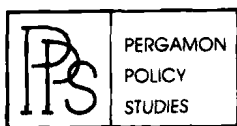


Western Europe and the New International Economic Order Representative Samples of European Perspectives

Edited by
Ervin Laszlo
Joel Kurtzman



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ON THE NEW INTERNATIONAL
ECONOMIC ORDER

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Preface to the UNITAR-CEESTEM NIEO Library

A NOTE BY THE PROJECT DIRECTOR

The present volume is one in a series of 17 books which jointly make up the UNITAR-CEESTEM NIEO Library. While each volume covers a specific aspect of the issues which comprise the New International Economic Order and can be read independently of the others, it seems useful to provide a brief introduction which outlines the scope of the entire undertaking and puts this volume in its proper context.

In the winter of 1976-77, UNITAR (the United Nations Institute for Training and Research) initiated, jointly with CEESTEM (The Centro de Estudios Economicos y Sociales del Tercer Mundo, Mexico), a series of inquiries into problems and opportunities associated with the establishment of the New International Economic Order (NIEO). Both institutions agreed that the NIEO constitutes one of the highest priority items on the international agenda, and that independent, objective and scholarly investigation of its objectives, obstacles, opportunities, and indicated strategies may be of great value both to the decision-makers directly concerned with the negotiation of the issues, and to the international community at large. The UNITAR-CEESTEM NIEO Library is a result of the research that was undertaken by the central professional staffs of the institutes, and by their jointly formed international network of collaborators and consultants.

What are some of the reasons behind this assessment of the importance of the NIEO in contemporary economic and world affairs? Although most people know that the world economy is encountering serious difficulties on both national and international levels, few people outside a small circle of experts realize the seriousness of the problems and the

breadth of their scope. Contrary to some current perceptions, the NIEO is neither a passing pressure of the poor countries on the rich, nor merely a demand for more aid and assistance. It is a process which has deep historical precedents, and an undisputed historical significance.

We need not go back further than the end of World War II to find an entire array of historical events which set the stage for the later emergence of the call for the NIEO. While these events arose from their own historical antecedents, they themselves produced the setting for the breakdown of the post-war economic system, and the widening gap between rich and poor nations.

The first and perhaps most decisive event was liberation of the oppressed peoples of Africa and Asia, in the great wave of decolonization that swept the world in the years following World War II. The newly independent states were said to be sovereign and equal to all other states, old and new, large and small. Their admittance to the U.N. underscored this. However, the fresh political and juridical status of the new countries was far from matched by their actual economic conditions. The majority felt that their de jure political colonization ended only to be replaced by a de facto economic colonization.

The historical process which gave the majority of the world's population the status of citizens of sovereign and equal states, but left them at the same time in a situation of economic underdevelopment and dependence, triggered the "revolution of rising expectations." Desires for rapid economic growth led Third World governments into ambitious plans and programs of national development. Most of the plans envisaged a quick repetition of the industrial growth processes of the developed world, following a path already long trodden by the countries of Latin America. When the unintended side-effects of traditional patterns of industrialization became evident -- uncontrolled growth of cities, relative neglect of rural areas and agriculture, threats to the environment, and the increasing stratification of people in modern and traditional sectors, often with serious damage to social structure and cohesion -- many of the original development strategies underwent modification. The goal of rapid economic growth was not surrendered, however. Quantitative growth targets were formally included in the official development strategies of the First and Second U.N. Development Decades (for the 1960s and the 1970s, respectively).

However, the mid-term review of the achievement of the Second Development Decade's goals showed mixed results. The greatest disappointment came in the area of agricultural production and official development aid. On the average the U.N. official development aid targets have not even been half achieved. At the same time service charges on past loans

began to put enormous pressures on developing countries' balance of payment, and world poverty showed no signs of diminishing. There was insufficient progress in commodity trade and inadequate access to the markets of developed countries, particularly for agricultural products; tariffs have escalated, especially for semi-processed and processed products, and new tariff and nontariff restrictions were introduced by many developed countries on a number of items, including textiles and leather goods. The plight of the least developed, island and land-locked developing countries gave rise to additional concern. While some progress was achieved, for example, through the introduction of a generalized system of preferences by the developed countries, and the proposals of the Tokyo Declaration concerning multilateral trade negotiations, the negative developments weighed more heavily in the balance and created widespread dissatisfaction in the developing world.

Another set of factors came into play as well. This was the sudden and unexpected rise of Third World economic and political power. The Middle East oil embargo of 1972-1973, and the subsequent four-fold increase in the price of oil created a world energy crisis. It affected all oil importing nations, developed as well as developing. It also exhibited the dependence of the developed countries on the developing world for several major natural resources, and proved the ability of the Third World to wield economic and political power effectively. The consequences included rises in the price of food, due to the increased cost of chemical fertilizers, and further tensions between producers and consumers of raw materials. The exercise by OPEC and other cartels of Third World economic and political power proved unable to improve the condition of the developing countries as a whole. Despite significantly higher gross resource flows from the oil-exporting to the oil-importing developing countries, the economic plight of the latter worsened due to the higher cost of energy. Developed countries found themselves beset by economic problems of their own, including not only higher oil prices but inflation, unemployment, and unused industrial capacity. Economic rates of growth slowed, while in most countries balance of payment deficits grew. Even where surpluses could still be generated, concerns focused on the domestic economy, and the political will to increase levels of aid and assistance to the Third World faltered.

Compounding the economic difficulties of the developed nations were signs of breakdown in the international monetary system which affected all countries, developed as well as developing. Amidst growing tensions between the United States, Japan and the European Community over matters of trade, the Bretton Woods system collapsed and gave rise to a system of floating exchange rates. The value of the U.S.

dollar began to erode, creating serious difficulties for those countries which, like most of the Third World, held their reserves in dollars. The creation of Special Drawing Rights provided some access to foreign exchange independently of dollar holdings, but such access favored the countries already developed, and the rest remained seriously dissatisfied with the workings of the international monetary system. It became evident that some of the fundamental tenets of the post-war world economy were being called into question, and indeed that some had already collapsed.

The NIEO made its appearance as an international political issue in the context of this series of events. Encouraged by the success of OPEC but fearful of splintering Third World solidarity through the newly won wealth of a few of its countries, Presidents Boumedienne of Algeria and Echeverria of Mexico, among others, called for structural reforms in the international economic system. These initiatives resulted in the adoption of such major U.N. resolutions as those of the Sixth and Seventh Special Session, and the Charter of Economic Rights and Duties of States. These in turn provided the impetus for a long series of declarations, resolutions, position papers and studies on various NIEO issues by the United Nations system and the international community at large.

The coming together of these historical factors was not purely coincidental. The wave of decolonization was the culmination of a long-term historical process of democratization, and the rise of the concept of universal rights for individuals and societies. It led, in turn, to a mounting desire for rapid industrialization by the newly independent countries. This met with *major frustrations*. But as economic interdependence intensified, as trade and markets expanded, and access to energy and raw materials became crucial to the developed world's giant economic machinery, the concentration of economic power itself was modified. It was no longer wielded by a few powerful governments but also fell into the hands of oil exporting nations and transnational corporations.

The historical process which gave birth to a host of independent nation-states placed into sharp relief the inequities of the previous economic system, and provided some of the developing countries with fresh degrees of economic leverage. Since not only do they control the supply of a number of important fuels and raw materials but they also absorb about 25 percent of the developed world's exports, their demands can no longer be ignored. And they insist that a healthy growth in the world economy cannot be brought about within the framework of the existing economic system.

When the General Assembly, in December, 1977 called for another Special Session in 1980 to assess progress in the establishment of the NIEO, it took a decisive step in bringing

the North-South debate to the Organization, where it belongs. It created an ongoing forum for discussions and negotiation in the interim through the Committee of the Whole, which during 1978 managed to define its role and function despite earlier disagreements. Together with the work of the bodies charged with the preparation of the International Development Strategy for the Third United Nations Development Decade, the Organization created the fora for substantive progress in the area of restructuring the economic relations of developed and developing countries. Faced with mounting pressures on national economics in all parts of the world, the international community now finds itself facing a watershed decision: to make use of these fora, or to continue to use mainly bilateral and sectoral corrective measures to mitigate tensions while entrusting the resolution of problems to the mechanisms of the free market.

This decision is intimately linked to an entire array of basic questions. Among them:

The question of cost and benefit. Who will have to bear the burden of instituting NIEO and will the results be worth the sacrifices? Will benefits really accrue to the poor people to help fulfill their basic needs and will developing countries be made truly more self-reliant -- or will the main beneficiaries be the already rich elites? Will the developed countries also benefit from NIEO (a positive-sum game) or will it mainly mean the redistribution of the current stock of wealth from them to the developing countries (a zero-sum game)?

The question of legitimacy. Is the free market the basic mechanism of world trade and the best vehicle of development, or is it merely a convenient fiction to cover up the current unjust manipulations of the major economic groups?

The question of morality. Do the rich countries perceive that they have a moral obligation to help the poor, and especially the poorest? Does this responsibility extend to those countries who had no historical part in the creation of poverty in the third world?

The question of political feasibility. How strongly will different organized groups in society support or oppose governmental policies aimed at the achievement of the NIEO -- and how much solidarity exists in these domains internationally, among the groups of developing and the developed countries themselves?

It is unrealistic to expect that real progress will be made on specific NIEO issues (such as official development aid, technical assistance, debt renegotiation, removal of tariff barriers, technical co-operation among developing countries, the link between SDRs and development, voting power in the World Bank and IMF, transfers of technology, regulation of transnational corporations, a system of consultations on industrialization, and restructuring the economic and social

sectors of the United Nations) so long as the basic issues are not resolved and a consensus does not emerge concerning them. NIEO can be achieved if, and only if, it is perceived that its benefits are universal and can reach all segments of the world's population (especially the neediest); if it is held that its costs do not exceed its benefits; if its regulatory mechanisms are seen to be legitimate; if some real sense of moral responsibility exists among members of the human community; and if sufficient political support is available nationally as well as internationally for the indicated measures. If one or more of these preconditions are not met, the NIEO will not be achieved; Member States will continue to practice the existing, predominantly piecemeal, ad hoc and mainly bilateral modes of adjusting to stresses and reaching compromises.

The basic purpose of the UNITAR-CEESTEM NIEO Library is to provide an independent and objective assessment of these issues, and to report its findings in time for the historic events of 1980: the Special Session of the General Assembly devoted to the assessment of progress toward the NIEO, and the immediately following regular session, during which the International Development Strategy for the 1980s and beyond (the U.N.'s Third Development Decade) is to be debated and adopted. It would be clearly an enormous waste of time and effort to enter into these negotiations without forming a clear idea of the issues that bear on their success. But reporting on them is not a simple matter of using insight and intuition; it requires painstaking and organized empirical research. The requirement is to identify the forces that operate for or against the NIEO in all parts of the world. Intuitive answers concerning its cost and benefits, legitimacy, morality, and political feasibility occur to all persons knowledgeable in these areas, but such answers tend to vary and are thus not sufficiently reliable. Expert research on the current obstacles and opportunities associated with the NIEO in the different regions of the world, and with respect to the diverse sectors of the world economy, needs to be conducted. The results of such research may shed some much needed light on the chances of success in establishing a new international economic order generally, and on the types of objectives and modes of negotiations that, in the positive case, could lead to it specifically. For although it is unlikely that a dominant consensus already exists in the world concerning the cost and benefit, legitimacy, morality, and political feasibility of the NIEO (if it did exist, the international community would probably not be experiencing the sense of frustration it has today), the precise estimation of costs versus benefits, legitimacy versus illegitimacy, morality versus indifference, and political feasibility versus futility by different societal groups could reveal highly differentiated potential for achiev-

ing a dominant consensus in the future. Today's chaotic welter of opinions and pressures concerning the NIEO need not remain such, but could crystallize into a decisive mood favoring or opposing it. To those who object to such analysis on the grounds that economic theory, rather than wide-ranging socio-political considerations, must serve to decide the fate of NIEO, we may reply that economic theory, while relevant, is in itself over-generous: it can often prove both sides of conflicting positions. Since both sides in a dispute can marshal some variety of economic theory in their defence, and no common criteria exist for assessing the relative merits of all theories, economic rationality as conveyed by economic theories becomes marginal in the negotiating process. We need to go one step deeper, inquiring into the reasons particular theories are summoned to defend particular points of view, as well as measuring the intensity of commitment to these viewpoints and the negotiating power of the parties subscribing to them.

Thus the focus of the UNITAR-CEESTEM Library is not a given economic theory, but the perceptions and opinions underlying the positions taken by diverse actors. The configuration and strength of these perceptions and opinions will ultimately determine whether negotiations in the area of the NIEO can be successful, and if so, which strategies will have optimum chances of success.

The Library contains volumes arranged in three different series. There is, first of all, a series of overview studies. These provide background, context, and basic reference data. They include a volume defining and classifying the principal objectives of the NIEO as agreed or debated in the United Nations and other major international fora; a volume giving an overview and assessment of alternative viewpoints on the NIEO espoused by various nongovernmental groups and researchers and different parts of the world; a third defining the most critical obstacles confronting the establishment of the NIEO; a fourth dealing with the specific problems of food and agriculture as they are debated in the framework of the United Nations. A fifth volume suggests the basic strategies which appear indicated and appropriate to accelerate progress toward the NIEO; and a final volume communicates the results of the associated UNITAR-CEESTEM International Opinion Survey of Decision-Makers and Experts on the crucial questions of the NIEO.

The second series contains geographic studies. Volumes in this series review the positions and postures of national governments and the attitudes of business, labor, the public media, and the opinion of the population at large in various nations and regions of the world. Individual volumes focus on the United States and Canada, on Western Europe, on Eastern Europe including the Soviet Union, on Asia including Australia, on Latin America, and on Africa and the Middle East.

The third series of the NIEO Library is devoted to functional studies. Here experts give their views and assessments of such issues as the possible and the desirable structure of the world economy; of the patterns and problems of international trade and industrial development; of international financial matters, and of the associated political and institutional, as well as social and cultural problems and opportunities.

Among them, the seventeen volumes of the Library cover practically all the principal issues encountered in efforts to establish a New International Economic Order, through in-depth discussion by independent investigators, coming from different societies in different parts of the world.

The UNITAR-CEESTEM NIEO Library offers wide-ranging analyses, and sometimes divergent viewpoints, on a broad range of topics. It does not offer simplistic solutions, nor advocate one viewpoint indiscriminately over others. It seeks to illuminate the range and complexity of the issues, provide clarification of individual items, and to lend a sense of the vastness and significance of the NIEO as a whole.

It is the hope of all of us, researchers, and consultants of the UNITAR-CEESTEM project on the NIEO, that our results, published as the NIEO Library, may render some service to the decisionmaker and negotiator who must cope with the problems of the international economic order, as well as to the student of international economic and world affairs, interested in further research on these topics. It is our view that the NIEO is a historically necessary, and humanly and politically appropriate attempt to create a world order that is sustainable for generations, equitable for all, and capable of meeting the most urgent needs and demands of the peoples and nations of the world community.

Ervin Laszlo

Introduction

Western Europe is a world in itself. It is some 22 countries as diverse as the mini-states of Andorra, Malta, Monaco, San Marino, and the Vatican; the rich mid-continental states of France and the Federal Republic of Germany; the advanced and more radically oriented Nordic countries; and the warmer and poorer Mediterranean nations. No single volume can do justice to the entire diversity and complexity of that culture, its politics and the economic and social realities of its peoples. Yet, the thinking and behavior of Europe and Europeans will be a critical factor in the development of the new set of worldwide economic relationships and structures that constitute the substance of the New International Economic Order (NIEO).

Europe is not merely individuality and diversity; it is, to some extent, a coherent unity. It has shared policies and commonly agreed relations with the outside world. This facet of Europe is the achievement of the European Economic Community (EEC) and its many organs, statutes, and external trade agreements (e.g., the Lome Convention).

For the non-European world, Western Europe often appears to speak with a single voice. Yet, as this volume will show, the individual positions within that single voice are often at variance and even, at times, in open conflict. Whereas the EEC and the nine countries constituting it, recognize the dire nature of the current world situation with respect to such economic factors as a decline in certain long-term growth prospects, a higher rate of underemployment and inflation, greater monetary instability, more costly energy supplies and more intense protectionist measures, there is no internal agreement on how these problems ought to be solved. The EEC has made its own assessment and presented a set of goals before the Preparatory Committee of the Committee of the Whole in March 1979 with respect to the NIEO and the Third

International Development Strategy. The goals call for an increase in world agriculture and food output; an optimization of raw materials and energy exploitation and use; the promotion of industrialization with a view toward increasing the share of the developing countries in world industrial output; structural alterations of the world employment picture to create the physical and administrative infrastructure in developing countries; creating training programs in developing countries suited to their needs; mobilizing national resources within the framework of monetary budgeting, fiscal policies, and geographical dissimilarities; the elaboration of a development policy with objectives that encourage the well-being of the entire population including youth and women. Other, later EEC documents affirm these goals and call for renewing the 0.7 percent Development Assistance Pledge; adjusting the International Monetary Fund (IMF) to better control international liquidity and promote the use of Special Drawing Rights (SDRs); fostering collective self-reliance; increasing the share of world manufacturing and exports of developing countries; and preserving and protecting the environment and improving the overall quality of life. The mechanisms for achieving these goals revolve around such measures as lowering import restrictions between much of the developing world and the EEC and an increase in financial flows, which are policies that do not preclude any individual efforts made by the nine EEC member states on their own. In spite of the goals of the EEC, the community itself has only limited power to cause European nations to abide by its recommendations. Countries within Western Europe range from the more development-oriented, "like-minded" group (mainly the Nordic countries and the Netherlands) to the more protectionist countries of the mid-continent.

In a volume such as this, the finer shadings of differences must be put aside in favor of the more general and determinant characteristics of the European scene. Even from this perspective, many essential elements will be missing in this volume - a fact that may be somewhat balanced by the clear grasp of those factors that are the subject of a detailed analysis.

The factors analyzed in this volume fall into two broad categories. They are the economic factors on the one hand, and the social, political, and cultural factors on the other. Within each category numerous distinctions are found: The economic issues and policies of Germany are clearly distinct from those of the Nordic countries, and social movements within the middle strata of European societies are not the same as those among their workers and youth groups. But the two overall categories maintain their relevance: European economics, as practiced by the dominant political and business groups, is entirely different from European social movements, and their embodiments in opposition party platforms.

The world at large, whether it is the advanced free-market countries of North America, Japan, or Australia, or the socialist countries of Eastern Europe and Asia, or the many countries that make up the Third World, must keep well in mind the fact that Europeans have a world leadership role (although no longer in a strictly military sense) and that their economic relationships with the developing world are increasing.

The economic leaders of Europe - with the exception of the leftist groups in the Nordic countries who are oriented to the Third World - are the product of the postwar European economic "miracle" and remain its staunch defenders. Political and business leaders on the continent tend to be strong believers in the conditions and mechanisms that brought them to positions of wealth and power. These conditions center on the concept of a free market, maintained by keen competition, where those with negotiating skills, connections, and high productivity become the winners. For these groups, the world of the 1970s - and perhaps also the world of the 1980s - is not very different from the 1950s and 1960s, when the economic miracle unfolded. The new epoch is merely more internationalized, and extends the rules of the game to any and all countries that are willing to play and have something to offer. Thus, European economic leaders reason that if there is such a thing as a world economic system, it is one which should not behave radically differently from their domestic economies. If it does, it is flawed and is in need of being corrected.

The economic leadership of the European establishment - with the exceptions noted above - is perfectly willing to reform the world economic system, as long as the reformation still remains within the accepted rules of the game and as long as it does not undermine established European interests. Yet the dominant economic establishment no longer has its own way completely in Europe. The economic miracle has begun to show signs of slowing and the Third World has emerged as an uncomfortably potent force, wielding oil-power today and perhaps other forms of economic power tomorrow. Moreover other nations, which were hardly considered competitive with European know-how and productivity in the past (Europe's main partner and competitor was thought to be only the United States), demonstrated an uncanny ability not only to imitate European products and technology, but to go one better - to actually improve on them. Japan, Hong Kong, Taiwan, Singapore, and, conceivably in the not too distant future, China, challenge Western supremacy on world markets. The European genius for competition has been called into play; the European self-image of world leadership came to motivate the response. Winning at this game of skill, with often ruthless yet imaginative tactics, calls for a mastery of the rules. New

or revised rules smack of unfair bias (or, at best, a kind of "dirigism") and are not acceptable either to mainstream European governments or to Europe's largely internationalized corporate sector.

Economic leadership in Europe is also challenged from within. A whole series of social movements have surfaced which issue in what is now called "new demands." These demands no longer focus on improving the material standard of living in classical economic terms, but center on questions of the quality of life. Some of these are inimical to economic (especially industrial) expansion. The consumer groups, community associations, fringe political parties (sometimes with unexpected public support), the ecological movement (which fights not only for nature but also against a host of new technologies including nuclear), and the support of Third World solidarity are novel expressions on the European scene. These expressions might in time displace in importance previous movements aiming toward welfare societies, which have suffered from disenchantment: They cost a great deal to taxpayers, produce enormous bureaucracies, and tend to be frustrating in actual operation. While the new demands occupy the attention of nonestablishment press and politicians, the disillusionment of the average taxpayer keeps growing. The day of a large-scale tax revolt may not be far off. The situation in middle-Europe is one of a squeeze between high prices and high taxes on the one hand, and insufficiently rising wages coupled with growing unemployment on the other. Only in a handful of European societies the man on the street looks favorably at the prospect of his taxes going to aid non-European countries. Well aware of this mood, governments resist being forced into making unpopular sacrifices, and even temporary concessions. Their political life is at stake, and they are not amenable to suggestions that they take morally justified measures that lack public support.

The "like-minded" group forms something of an exception. Here public opinion, though still less informed and favorable than many leaders and intellectuals would like it to be, is more globally oriented and, except for times of crisis, when traditional solutions promptly acquire favor again, supports concepts of worldwide humanism and equity. Yet even in these countries the cautious policy of taking "realistic" measures (accompanied by protestations of support for more equitable principles) is not absent.

It would be a major mistake to believe, however, that Europe is firmly entrenched in the mid-twentieth century and is intent on nothing more than keeping its position. The wealth of ideas and motivations which made Europe the hub of the Western world for the last two millennia is still present. If it does not enjoy as great a political impact as one might expect, it is because in a democratic system of "one man one

vote," the men of ideas are a small minority. But their ideas can become public property in time and tend to find political expression sooner or later.

The ideas current among the motivators of European culture merit close scrutiny, for they may be the nuclei of Europe's social forces in coming years. A continent that could give birth to the ideals of the equality of man in the French revolution, the notion of a social contract, and the concept of a free society dedicated to the maximization of the greatest good for the greatest number, the theory of utopian as well as Marxist socialism (although it also produced national socialism and fascism) could likewise give birth to the necessary concepts of a new world order.

The ideas of leading European intellectuals are well, though not exhaustively, illustrated in this volume. They are remarkable for going unhesitatingly beyond the "givens" of contemporary politics, and bridging the gulf between humanistic ideals and social reality. This is their strength. Cautious realism would never have inspired a French Revolution, a Workers' International, or even the rise of a Hitler, for that matter. It would not have allowed the creation of the European Community, itself a product of a good dose of idealism mixed with political realism.

In the view of European intellectuals like de Rougemont European culture is the cause as well as the solution of the ills of the contemporary world. Europe created the model which the world at large accepted: the model of the modern industrial nation-state. The model spread first to America, and from there to all continents. The prevalence of this model among people whose cultural, social, as well as economic conditions were not suited to it is among the major causes of the ills of the contemporary world; yet the contemporary world hopes to cure these ills through the application of the formal precepts of the model. This will not work. It is up to Europe to come to the rescue. If in the past Europe provided the seeds of this evil, it must now provide the roots of a new solution. It must create another model, more suited to the present world than the Western industrial nation-state. The detailed outlines of such a model remain to be filled in, but its general concept is known. It rests on the abandonment of the nation-state as the dominant societal actor, and on its replacement by economic and social communities of states and peoples, based on common interests, a shared culture, and mutual solidarity.

The new model may well appear utopian. Yet in many ways, in Europe, it is on the way to becoming reality. Despite the rearguard action of the entrenched economic leadership, European societies are moving closer to the ideal of a broad community of diverse yet collaborative people than any other group of states. The spirit of European solidarity and humanism is especially pronounced in the young, who wander

over the continent's highways and byways speaking a dozen or more different tongues but who understand and sympathize with one another.

Where does all this leave the NIEO? In the final analysis one can see two different outcomes of the current NIEO debates in Europe. The first, a plausible scenario, is the possibility that the forces of conservatism will win out and that current economic postures will become firmly entrenched. This will be a victory for the major public and private establishment forces, and it will mean playing the game of international competition with all the tactics permitted by the rules, including the often questionable politics of transnationals abroad and the politics of national protectionism at home. The current economic squeeze will tell on the average European, and he will be far more concerned with his own welfare and job security than with world equity or development.

One should not, however, entirely dismiss an alternative possibility. According to the second scenario, the cultural forces, which are now mobilizing in Europe, will gain economic and political momentum as the presently young generation comes into positions of power. The forces of European ideas, which kept shaping and reshaping the world over the last centuries, will again have a major impact: all of Europe will tend to become more and more "like-minded." The rules of the game, sacrosanct only in the eyes of weakening establishment-oriented actors, could then be modified. Europe could become a leading force in the creation of a more equitable, sustainable, and rational international division of labor, through genuine attempts at readjustments in the domestic economies and far-sighted policies of mutual collaboration with non-European societies. This scenario could have even greater impact on the rest of the world through the European community. If a group of geographically and historically linked people could manage to organize itself into a community of common interest, without undue concern with the absoluteness of their economic, political, or territorial sovereignty, such a demonstration could lead to the creation of similar communities elsewhere, especially in Africa, Asia, the Middle East, and Latin America. It could create more favorable conditions for collective self-reliance and produce the basis for a more equitable and balanced partnership in international and interregional trade and finance between Europe and the developing world.

Today, Europe is both a cause for concern in relation to the NIEO and a source of hope. The continent's self-image of world leadership is challenged in the economic sphere, and it may reassert itself in deeper social and cultural domains. If the tradition of European social and cultural innovation triumphs in the decade of the 1980s, a new economic world order could acquire staunch support in an increasing number