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1 INTRODUCTION¹

The new world order which has emerged since the end of state socialism in East Central Europe and the former Soviet Union has been hailed by its defenders as a triumph for liberal democracy (Fukuyama, 1992). The frequent equation of 'liberal and democratic' with 'the market' in the former state socialist countries is clearly inaccurate. Moreover, the liberal and democratic credentials of the new world order in the West and the South, particularly in international institutions such as the G7 meetings of the leading industrial countries, in the Bretton Woods institutions, and in the new-found peace-keeping role of the UN, are open to challenge. Quite apart from the struggle of the new world order to establish its legitimacy as 'liberal and democratic', it has at least two other critical weak points: a tendency towards increased social inequality, and increasing environmental degradation (Anderson 1992: 363).

An alternative to the emerging world order involving major institutional change cannot easily be constructed so soon after the fall of state socialism; in fact, some authors argue that capitalist liberal democracy is the end point of major systemic development of society (Fukuyama 1992).

However, it certainly is possible to begin to think of a world order which is more liberal and democratic and which has less inequality than is currently the case, and with less environmental damage. This article concentrates on the dimensions of economic inequality within the emerging new world order and the extent to which dynamic processes of change are likely to improve inequalities. In order to do this, a minimal subset of issues must enter into the analysis: economics, ethics and relations of domination.

Typically, economists feel more comfortable dealing with positive and normative issues than with relations of domination or with power. A standard dictionary definition of domination is to have commanding influence over, or to have commanding power. Power in turn is defined as the ability to do

or to act. In the economics literature, a more subtle definition of economic power turns on the capacity to alter incentives so that action in the interests of a powerful individual or entity is undertaken freely (on this see Bardhan 1991). Orthodox neoclassical economics mainly looks at market power - the capacity to charge prices above competitive prices. Classical Marxism defines economic power arising from property relations: the power (or lack of) that people enjoy over their labour power or over the means of production (see Cohen 1986: 13). Bardhan (1991) explores some recent extensions of these traditional formulations to the exercise of economic power within bargaining games, economic organizations and capitalist authority relations.

There is a sense in which property relations form the basis of economic power at the micro level described in the previous paragraph. However, property relations also form the basis of economic power at the macro economy-wide level, or more broadly, at the systemic level. North (1990, Ch. 6) argues from a neoclassical perspective that political decision-making specifies and enforces property rights and individual contracts, whilst the political structure is also influenced by the structure of economic interests. This contrasts with the classical Marxian view, eloquently expounded and summarized by Cohen (1986), in which the level of development of productive power (means of production and labour power, including skills and productive knowledge) determines the nature of the economic structure (relations of economic power over labour power and means of production or property relations), and economic structure explains the nature of the superstructure (the legal and political relations of society).

In this article, I will draw on the concept of economic power applied at the micro and macro level in several of the above senses, particularly monopoly power, and within the economic structure and its associated economic organizations, capitalist authority relations and property relations. Given the short time span of the analysis, I make no attempt to

¹ I am grateful to Barbara Einhorn, Mike Faber, Hans Singer and Gordon White for comments on an earlier version of this article. I thank them all but implicate none.

discriminate between the competing neoclassical (North) and Marxian (Cohen) views on the directions of causality in determining the role of property relations.

In Section 2 a framework for analysis of international inequality drawing on Roemer's theory of exploitation is set out (Roemer 1982, 1986, 1988). In Section 3, some of the changes affecting international inequality and economic power in the post-war period are described and analysed. These are examined from the perspective of income distribution; poverty; growth and convergence; natural resources; human resources and productive knowledge; institutions; accumulation, distribution and exploitation; markets; status exploitation and gender. Some implications of the identified trends for the 1990s for economic inequality are drawn out in Section 4.

2 EXPLOITATION AND THE NEW WORLD ORDER

Conceptually, the sources of international inequality for a given set of property relations, or with different property relations, can be broken down into those components arising from different endowments of productive assets, from relationships of status and privilege, from differential needs, or from institutional differences. In the context of Roemer's general theory of exploitation, the international inequalities which arise in such circumstances can be judged to be exploitative when one group or class of agents gains at the expense of another (see Roemer 1982, 1988 and Evans 1989).

More formally, Roemer's theory of exploitation is based on the theory of co-operative games in which the core of a game is specified for a distribution of income for which no agent in an economy is exploited. The situation in which no agent is exploited is referred to as a hypothetically feasible alternative to the initial situation, or a counterfactual situation. A coalition of agents is said to be exploited if, under appropriately defined rules of withdrawal to the counterfactual, their initial position is worse than that which can be obtained under the hypothetically feasible alternative situation. The game-theoretical definition is designed to capture exploitation when arms-length transactions are present. Nevertheless, it is also required that the exploiting coalition be in a position of dominance over the exploited coalition to rule out some perverse cases, for example when an 'exploiting' coalition is a group of socially sup-

ported children or invalids (see Roemer 1986, p104). Dominance also enters the picture at the point when consideration is given to the ways in which a particular set of property relations are maintained by an exploiting class, and when labour process and status (gender) issues are introduced.

Roemer's theory of exploitation is useful because particular forms of exploitation such as feudal and capitalist exploitation are special cases of the general theory. Thus, in the context of classical Marxism, capitalist exploitation arises in a closed economy when there is a labour market and unequal ownership of alienable assets. The counterfactual against which this inequality is compared is one in which each agent receives his/her per capita share of profit as well as their wage income. In this case, the ethical proposition is that workers are entitled to the product of their labour. In an open economy situation, unequal national endowments of physical capital are considered, and the counterfactual is a situation in which each nation is endowed with the same stock of capital per worker. The initial situation is referred to as one of Unequal Exchange.

Other counterfactuals are possible, each with their own ethical justification and feasibility. In the present context, income distribution in the world economy, viewed from a national rather than an individual perspective, might be judged from the perspective of the New International Economic Order (NIEO) called for in the 1970s involving a reduction in the disparities between rich and poor countries and the recognition of the sovereign rights of nations. From an individual perspective within nations, distribution might be viewed from the perspective of the theory of justice developed by Rawls (1971), in which judgments are made on the basis of the most deprived members of society in terms of the availability of primary goods. These include rights, liberties and opportunities, income and wealth, and the social basis of self-respect (on this, see Rawls 1971, Section 11 and Sen 1981). Aggregated across nations, the position of the most deprived persons could be looked at from a world perspective; the reduction in national disparities as called for in the NIEO only captures part of the problem of the improvement in the availability of primary goods to individuals in the world economy.

The application of a Rawlsian perspective on the provision of primary goods to individuals does not give a clear counterfactual against which world

income distribution can be judged as does the Marxian case. For present purposes, the primary focus will be on the actual distribution of income. Roughly speaking, the working assumption of this article is that the actual distribution of income in the world economy is far more unequal than that which would be required even by a loosely defined Rawlsian counterfactual, and that the NIEO ideal of reduced national disparities represents an improvement on the Rawlsian criterion, in spite of its abstraction from national disparities. By implication, substantial non-marginal changes would be required in the world economy to satisfy the Rawlsian counterfactual.

In the Marxian example above, world income inequalities were driven by the unequal national endowments of productive capital. In the real world, there are other important determinants of income and income inequalities which can usefully be borne in mind when approaching the empirical determinants of disparities. Some of the relevant endowments or attributes of a nation will include:

- Productive Power] - reproducible capital
-] - natural resources
-] - labour power, including
-] skills and productive
-] knowledge

- Economic Structure] - relations of economic
-] power over labour
-] power and means of
-] production (property
-] relations).

- Markets and Institutions] - market and non-market
-] forms of domination
-] including monopoly
-] power
-] - subsistence or institution
-] ally given wage if any
-] - institutional arrange-
-] ments governing
-] property rights and the
-] distribution of the fruits
-] of scale economies or
-] other externalities

- Needs and gender status] - differential needs
-] - relations of status and
-] dominance between

-] men and women which
-] govern gender relations
-] in the household, in
-] markets and in asset
-] holding.

In a dynamic context, it is the changes in these stock variables and attributes over time which govern the growth of income and its distribution. In the next section, a rough sketch of income distribution and growth in the world economy in the post-war period will be given with an interpretation in terms of some of the underlying determinants of initial endowments, and of changing endowments, described above. Wherever possible, the implications for economic power will be drawn out.

3 AN EMPIRICAL SKETCH OF THE WORLD ECONOMY

3.1 Income distribution

The net effect of all of the interaction between all of the endowment characteristics of different countries and economic achievement is summarized in the Appendix, Table 1, for the main regions of the world economy and for four income groups. Table 1A shows for 1980 that, on a country basis, both Africa and Developing Asia had about one tenth of the per capita income of Canada and the US measured on a purchasing power parity basis. However, since 1980, the African share of world income is on a declining trend whilst the Asian share is sharply increasing. Viewed from the perspective of the lowest and highest income receivers in the world economy shown in Table 1B, around 60 per cent of the world's population in 1980 lived in countries with a per capita income of less than 10 per cent of the industrialized countries. However, the share of world income accruing to the poorest countries, after a period of decline up to 1980, shows a marked increase to 1988. This is due mainly to the good growth performance of India and an excellent growth performance of China over the 1980s. The vastly lower productive power of the majority of people in the world economy compared with the industrial countries is reflected in the measured income disparities, as is power as the ability to do or act which, in economic terms, is extremely unequally distributed in the world economy. This point is underlined when the world economy is viewed from a poverty perspective.

3.2 Poverty

In the Developing Asian context, the greatest incidence of poverty is amongst landless rural labourers; in Africa it is both small peasant farmer and urban dweller; in Latin America, poverty is primarily an urban problem (Lipton 1989), (Weeks and Jamal 1993 forthcoming). To quantify the incidence of poverty, two indicators are shown in the Appendix, Table 2. In Tables 2A and 2B, the proportion of impoverished households and the prevalence of overweight pre-school children in the major developing regions of the world economy are shown. Both indicators of poverty have well-known deficiencies, but a very similar picture emerges from both tables. The poverty-line data suggest that for all developing countries in 1985, a little over forty per cent of developing country households receive incomes at or below the estimated regional poverty line-thresholds, whilst a little under 40 per cent of all pre-school children are overweight. The picture for the regional distribution of poverty is roughly similar for both measures. Moreover, both indicators show a declining incidence of poverty up to the mid 1980s for all regions except for Africa; undoubtedly, disaggregation of the poverty-line estimates for Sub-Saharan Africa and the rest would show this region alone accounting for most of the increased incidence of poverty in the 1980s.

The above picture on poverty is very incomplete, with no break-down of the incidence of poverty into differential effects on men and women. Table 2 does not record the failure of many of the industrial economies to deal with poverty in their midst in the 1980s, or the dramatic rise in poverty in the former state socialist economies of eastern Europe and the former Soviet Union (see UN 1992b and Einhorn 1993 forthcoming) for a discussion of some of the implications for poverty of economic breakdown in East Central Europe and the former Soviet Union). Thus, the incidence of poverty suggested by the indicators in Table 2 is likely to be an understatement of world poverty: there are grounds for serious concern over the extent to which the world economy has been able to deliver primary goods to its citizens.

There are two polar opposite routes towards improving the income of the poorest - from static redistribution or from the benefits of growth. In the 1970s, international redistribution was fashionable. This strategy collapsed in the 1980s, namely the attempt to emulate the OPEC strategy by improving the terms of trade for commodities important to

developing countries through the UNCTAD Integrated Commodities Programme (IPC). The IPC policy interventions failed (see Evans (1989, Section 5) and at the terms of trade outcome in the 1980s, documented in UNCTAD 1992: 9, Table 3), shows that the non-fuel prices for primary commodities (excluding fuel), measured in terms of dollars, declined modestly throughout the decade. There were no over-all benefits for developing countries on this account. Redistribution with growth, pressed for by the World Bank in the 1970s as a national strategy for developing countries, was muted by the sea change of economic policy from public to private initiatives which took place at the beginning of the 1980s. It was hoped that policy reform in developing countries, principally through price reform and rolling back the state, would lead to increased private capital flows and increased growth; the favourable outcome only applied very selectively to some of the East Asian Newly Industrializing Countries (NICs) and often not for the reasons put forward by the Bretton Woods institutions (see Evans 1992; Wade 1990 and White (ed.) 1988). In these cases, where growth was accompanied by a rapid expansion of labour intensive exports, there was some redistribution of income to wage earners in the growth process - a limited form of the original strategy of redistribution with growth which had already begun in the 1960s. For most developing countries, the debt crisis meant that, in the aggregate, the decline in private capital flows and increased debt servicing requirements overwhelmed the modest increase in Official Development Assistance (ODA) which took place in the 1980s (see Maddison 1989: 147, Table D-11) and World Development Report (1992, Table 23). Redistribution with growth was not to re-emerge as a major objective from the World Bank till the end of the 1980s (see for example World Bank 1990). If redistributive strategies towards the world's poor have neither been successful nor seriously attempted, what about the prospects that growth will improve the provision of the income component of primary goods in the world economy?

3.3 Growth and convergence

The growth performance of the world economy by major region since 1950 is set out in the Appendix, Table 3, based on Maddison (1989). He characterizes the period 1950-1973 as the Golden Age; apart from Asia, there is a marked down-turn in the growth of GDP per capita in the period 1973-1987 compared with the period 1950-1973. For the Golden Age

period, there is evidence of divergence of the growth rates of per capita GDP for developing countries as a whole compared with the OECD countries, but for convergence between the industrial countries. Thus, a statistical analysis of Maddison's data by Baumol (1986), for the extended period 1879 to 1979, shows a convergence of productivity per work-hour within a group of 16 industrial countries. Baumol obtains similar results for the industrial and for the centrally planned economies for the period 1950-1980 based on data for 72 countries using data taken from the Penn World Table, a comprehensive data set for the study of income distribution in the world economy (see Summers and Heston 1991). However, for developing countries, Baumol finds that there has been divergence, a result which is replicated in Dowrick (1992) for the period 1960-1988 based on a sample of 113 countries from the Penn World Table described above. Whereas poor countries are found to have had the benefits of technological catch-up deriving from the ability of less advanced economies to learn from the industrial economies, this does not necessarily lead to a capacity to close the gap in per capita incomes. Dowrick finds that the latter capacity is strongly influenced by increases in the share of the population in the workforce and the investment share of GDP. The poorest countries in Dowrick's sample had a declining share of employment in total population as well as a weak investment performance, a result which was in strong contrast to the Asian NICs in the sample. For the latter, the catch-up effect was hardly present, but the employment and capital deepening effects were strong. Thus, with the exception of the NICs, there has been divergence in the growth performance of the developed and developing countries and an increased per capita income gap.

3.4 Natural resources

In the fastest growing countries in the post-war period, good initial endowments of natural resources have been much less important than other endowments. In fact, a case can be made suggesting that a rich endowment of natural resources, particularly mineral resources, can lower long-run growth prospects when economic policy is dominated by the short-run management problems created by booms and busts which disrupt other sectors in the economy. This phenomenon is sometimes called the Dutch Disease after natural gas finds in the 1960s in the Netherlands induced a boom which triggered deindustrialization. Given the failure of 1970s at-

tempts to redistribute OPEC oil revenues to the least developed countries, it would seem that both on redistributive and long-run growth grounds, the presence of ample natural resources can be as much a hindrance as a help for the removal of poverty. In fact it might be said that the unequal distribution of economic power which can arise from the uneven distribution of natural resources within the world economy, particularly mineral resources, may clash with the ethically driven aim to improve the distribution of primary goods.

3.5 Human resources and productive knowledge

Compared with the list of endowments which are likely to be important in influencing distributional outcomes, Dowrick's analysis directly measures only potential for technological catch-up and the role of the accumulation of capital; undoubtedly, technological catch up also requires the accumulation of human capital as well.

In Table 4A, it can be seen there is a much stronger rate of accumulation of human capital, here measured by the average years of formal education, in the Developing Asian sample compared with either Latin American countries or the industrialized countries. Table 4 B shows the gross enrolment ratios at different levels of schooling, an indicator of the accumulation of human capital. Compared with both the Developing Asian and Latin American experience, the accumulation of human capital through education is particularly weak in Africa. This evidence is consistent with the widely-held belief that an important part of the favourable Developing Asian experience, first Taiwan and Korea, and later China, is built upon the good initial endowments and the rapid accumulation of human capital as well as physical capital.

Within the new world order, much weight has been given to the role of Multinational Corporations (MNCs) as a vehicle for the diffusion of productive knowledge from developed to developing countries in the industrial and service sectors. Typically, relatively little thought has been given to the processes whereby the basic stock of skills accumulated through the formal education system could be transformed into productive knowledge. The MNC is usually viewed as a vehicle for packaging capital, technology and access to markets, thereby providing the organizational framework for internalizing

any externalities which might otherwise lead to market imperfections, hindering the production of productive knowledge, particularly in the markets for information and technology. However, even prior to the debt crisis, the role and the effectiveness of the MNC in the dissemination of productive knowledge varied greatly (Best 1990). In the 1980s, MNC investment has been overwhelmingly concentrated in the industrialized countries where the stocks of human capital and productive knowledge have already been accumulated (Julius 1990). Moreover, the institutional framework within which productive knowledge has been accumulated, within which imperfections in markets for information and technology have been overcome, and within which new flexible production methods producing high-quality and differentiated products have developed, has varied considerably in time and space. The Japanese variant of the MNC model is characterized by large vertically-integrated firms around which large numbers of small firms cluster, with close links to state institutions (see Best 1990: Ch. 6). The so-called Third Italy is an example of a small-scale export-oriented industry, where local government has played a decisive facilitating role in the development of services for small scale industry which are typically provided by the head office of MNCs. Significantly for relations of domination at the point of production, both the large-scale and small-scale versions of the new flexible production methods involve both the development of more cooperative relations between workers and between workers and management. In principle, the new methods of flexible production are widely applicable in developing countries, but case-study evidence of this taking place is only just beginning to emerge (see Kaplinsky 1993). However, just as there is institutional diversity in the generation of productive knowledge in the industrialized countries, so it is with developing countries using less advanced technology and organisational practice. For example, in the Korean case, the large business groups or *chaebol* contrast with the smaller firm experience of Taiwan, but in both cases there was a strong involvement of both central state and sector-specific institutions in the development of productive knowledge. However, there is little evidence that Korea has moved seriously into more flexible production methods as a part of the process of improving product quality (see Humphrey 1993). The picture of institutional diversity in the provision of productive knowledge is completed by considering agriculture, where public sector institutions have played a key role in the

development and dissemination of the new hybrid seeds behind the Green Revolution (Lipton 1989). The neo-liberal emphasis on price reform and arms-length transactions, coupled with a rolling back of the state, misses the importance of both institutional diversity and the productive role of the state.

3.6 Institutions

It is difficult to separate out the contribution of the institutional framework for the accumulation of productive knowledge from other factors affecting growth. What is clear from the most rapidly growing East Asian NICs is that the extent of state and MNC involvement in the accumulation of productive knowledge and the extent to which flexible production methods have been introduced in developing countries has varied greatly. No clear case can be made for recommending replication of any particular institutional model in other parts of the developing world, or in the former state socialist economies in transition (see White 1988) and Wade (1990). Indeed, the more general point can be made, that the appropriate institutional arrangements and the role of the state in governing the evolution of the labour process, of property rights and the distribution of the benefits of scale economies (regulation of monopolistic or oligopolistic markets) and of externalities remain highly controversial within the new world order. Blind application of free-market economics to the former state socialist economies has undoubtedly intensified their transitional problems with adverse consequences for inequality and poverty. The Chinese and Vietnamese attempts to reform their state socialist economies towards market socialism, or even state capitalism, drawing on other East Asian experience and learning from the negative example of Eastern Europe and the former Soviet Union, are particularly significant in this regard (see White 1993).

An important aspect of national attributes with important social and distributional consequences is the presence or absence of a subsistence or institutionally given wage. This affects developing countries with remaining elements of subsistence wage determination or with minimum wage legislation as much as the industrialized countries within the EC which are in the process of enacting a social charter governing minimum rights of workers in employment. In so far as such measures or wage determining processes tend to raise real wages in the short run, they are likely to lower employment and the accumula-

tion of capital in an open economy context. They also lead to resistance to policies which lower urban real incomes which are often required by the Bretton Woods institutions as a part of policy conditional stabilization and structural adjustment loans (Mosley *et al.* 1991). In an ideal world, the distortionary effects of wage determination which is partly institutionally determined could be offset by across-the-board wage subsidies, possibly administered through a merging of national taxation and social safety net systems. In the case of stabilization and structural adjustment, when the real income cuts required by the adjustment process offend national perspectives on acceptable moral and historical norms, greater consideration could be given to increased sharing of the adjustment costs by the developed countries. In the case of the unification of Germany, very high adjustment costs through social security and other transfers to the former East Germany have been made without the benefit of assistance to industrial transformation which could have been achieved had wage subsidies been linked with a more realistic exchange-rate package at the time of unification. At the national level, it would seem that the new world order has yet to come to terms with the clash between demands for a social element in wage determination and the efficiency consequences of such policies.

3.7 Accumulation, distribution and exploitation

In John Roemer's terms, the rapid accumulation of both physical and human capital by developing countries without the hindrance of institutional real wage determination lowers Marxian exploitation. This occurs since workers in rapidly accumulating countries end up with a larger share of world endowments of those productive assets. It also represents an improvement in the distribution of income on the Rawlsian criterion as well. These processes are strikingly exemplified in East Asia, where the rapid accumulation of physical and human capital has taken place in the absence of institutional wage determination. The internal distribution consequences of growth in these countries have been relatively favourable in maintaining or increasing the returns to labour compared with capital. At the lower end of the skill spectrum, the early expansion of labour intensive exports rapidly increased the demand for labour and led to rapidly increasing wages. In so far as these countries have been able to rapidly increase the skilled labour content of their

exports, the return to skill formation has been enhanced.

The other side of the coin of the favourable distributional consequences of the rapid accumulation of physical and human capital in the Far East has been decline in the demand for unskilled labour within the industrialized countries, and increasingly a decline in the demand for skilled labour. The empowerment of workers in the centres of accumulation has left developed country workers relatively disempowered. These trends have adverse distributional consequences for the industrialized countries and underlie much of the increased developed country protectionism in the 1970s and 1980s (see Evans 1991) and Wood 1991). These adverse developed country effects of rapid accumulation in the NICs have tended to dominate debates on policy issues, rather than the favourable consequences for world income distribution which arise.

3.8 Markets

The concept of exploitation used so far applies to arms-length competitive markets in which there is no monopoly power. At the level of the world economy, monopoly power is exerted in two most obvious ways: through producer cartels such as OPEC or the de Beers diamond cartel, and through a wide variety of oligopolistic and monopolistically competitive markets for goods and services. As already discussed, the attempt to harness the first type of monopoly power in the interests of the poor through the UNCTAD IPC failed. Residual arguments for temporary recognition of poor producer monopoly power can be made in the context of structural adjustment and trade policy liberalisation, for example for the producers of tropical beverages who have suffered significant income loss in recent years through the implementation of trade policy reform required or recommended by the Bretton Woods institutions (see Evans *et al.* 1992). However, such arguments cannot be made in the long-run context of an open competitive world economy: in an ideal Rawlsian world, it would be better to address the adverse distributional consequences which arise from limiting the monopoly power of poor country exporters by offsetting direct non-distorting measures to improve their income distribution and access to primary goods.

The case of oligopolistic and monopolistically competitive markets has been studied extensively in the

new strategic trade theory (see Krugman (ed.) 1986). Not only is the theoretical outcome of the exertion of monopoly power highly sensitive to the model's assumptions and parameters, but the empirical case-study material is as yet under-developed. However, there is a sense in which the new strategic trade theory has become very important in the world economy. The central idea is that, when scale economies are present and give rise to a single world producer of a commodity, for example advanced passenger aircraft, trade policy instruments such as tariffs or subsidies can be used in the national interest to capture for a second producing nation some of the world monopoly profits (Airbus vs Boeing). This argument for government intervention in trade policy for a new entrant producer is of potential relevance for developing countries, but in fact it applies in very few cases. However, the argument has been inappropriately captured by the United States to justify their own aggressive bilateral market opening trade policies, thus undermining the principles of GATT (see Bhagwati 1991). The willingness of the US to exert its monopoly power in this way is one of the deeply divisive issues in the current Uruguay trade policy negotiations. It would seem that the rich erect better defences for the maintenance of monopoly power than the poor.

The argument about the distributional outcomes of accumulation and growth in the world economy have proceeded so far on the assumption of no barriers to trade. Amongst the industrial countries, successive rounds of trade policy liberalization in the post-war period have practically eliminated trade barriers for industrial goods. And, through the impact of the debt crisis and structural adjustment, far-reaching trade policy liberalisation in developing countries has been achieved in the 1980s. For the world economy as a whole, the main areas where trade policy liberalisation has yet to occur are in agriculture and services, and in the wide range of tariff and non-tariff barriers which affect developing country exports of manufactures to developed countries. Liberalisation in these areas, plus an important extension of property rights to intellectual property, lie at the heart of the Uruguay Round of GATT negotiations (see Evans and Joekes 1990).

It is difficult to predict the net beneficiaries of such a complex set of negotiations, and no attempt will be made here. However, a successful conclusion to the Uruguay Round is essential to the idea of a more liberal new world order. In this context, the willingness of the US to use its monopoly power in bilateral

trade negotiations combined with strong protectionist interests being expressed mainly in both the US and the EC, threaten the outcome of the negotiations. The alternative is an accelerating move towards regionalism; if multilateralism were to break-up, it would be difficult to predict whether trade creation within regional blocs will out-weigh trade diversion. It would seem that the very narrow economic interests being expressed in the US and EC threaten the entire Uruguay Round package and could lead to a descent into adverse forms of regionalism. It would seem better to deal directly with any adverse distributional consequences which arise from the Uruguay Round, such as the adverse distributional consequences of NIC growth in the North, than to allow narrow economic power to threaten a more efficient world trading system.

3.9 Status exploitation and gender

A comprehensive analysis of the position of women in the world economy has only recently been attempted (Joekes 1987). The most favourable distribution impact of world trade on women has been through their predominant role in low-wage manufactured export activity, particularly from the East Asian NICs, but from other low-wage exporting areas as well. For women employed in such industries, the choice of highly exploitative wage employment over some less palatable alternative, even when highly exploitative, usually represents a welfare improvement in Rawlsian terms. As such, the role of women in the new manufactured exports from developing countries has greatly contributed to an over-all reduction of inequality in the world economy. For the poorest women in South Asia and Africa, the distributional impacts of changes in the world economy will depend critically on the interaction between technical change in agriculture through new seeds, the liberalisation of world agricultural markets proposed under the Uruguay round, and the potential for expanded demand for employment in the industrial sectors. As producers, women are likely to benefit from the introduction of new seeds and the removal of agricultural subsidies in the developed countries in the Uruguay round. However, the net counteracting effects on women as consumers is less predictable. In Latin America, women's employment suffered with import substituting industrialization. To the extent that Latin America is able to give its industry a stronger export orientation, it is not clear what the impact will be on women's employment.

Focus on some of the distributional changes which have affected women in the world economy does not, however, go to the heart of status exploitation through gender. For the latter to be effected, it would be necessary to start from the differential effects of gender status on access to and the accumulation of productive assets, and to explore the interaction of these effects with the operation of markets, for example the differential skills and pay to (and received by) women in the labour market (for a world economy perspective on the latter, see Standing (1989)). Only then would it be possible to think through the possible consequences of a counterfactual world in which status exploitation was removed.

4 POLICY INTERVENTION AND THE DYNAMICS OF CHANGE

The central thrust of the argument is that the new world order has inherited a world economy which is already performing very poorly over-all in terms of economic equality and in the provision of primary goods, and is likely to continue to perform poorly in the future. Today's political leaders may not be moved by the Rawlsian perspective from which the distributional judgements were made, but this perspective could become more powerful in the context of a more democratic world order. Whilst democratic institutions may develop at the national level only at a slow evolutionary pace, there is striking need for more democratic accountability in the international forums which govern world economic policy and a redirection of economic policies, particularly in the Bretton Woods institutions and at the G7 meetings of the industrial countries, where votes reflect economic power rather than democratic rights. It would seem that the existing levels of poverty in the world economy and the implied lack of provision of primary goods undermine the claims for moral legitimacy of the new order. The overwhelm-

ing majority of people in the world economy, remain disempowered as sellers of their labour power, as owners of productive assets and as citizens without effective democratic rights. The most dynamic East Asian parts of the world economy are highly suggestive of the way forward in distributive terms, but at the expense of transitional divisiveness and disempowerment of unskilled and even skilled workers in the industrial countries.

For other parts of the world, particularly sub-Saharan Africa, extensive transfers will continue to be of paramount importance for economic growth and the provision of primary goods. Moreover, the lack of accumulation in the US and, latterly, the UK, combined with the faltering of the German economy with unification, leaves the continued threat of Japan's surpluses to the Anglo-American political domination of the post-war period and their domination of the economic policy-making processes unresolved. Extension of domination through property rights has also gathered pace, through the reversion of the former European state socialist economies to private property relations, through the proposed extension of intellectual property rights under the Uruguay Round, and through policy conditionality in adjustment assistance to developing countries and the former state socialist countries. The fact that the development of more efficient markets for goods and services is under threat in the Uruguay Round negotiations, and that the institutional framework for capturing significant externalities when property rights fail remains controversial, provide further evidence of the fragility of the new world order. The conclusion is that the new world order lacks both moral legitimacy and democratic institutions to govern the world economy. In this context, the evolving relations of domination and exploitation which reproduce the levels of inequality described may end up producing a new world disorder.

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APPENDIX

Table 1: World Income Distribution

A: Per Cent World Output Received by Countries in Five Regions

Year	Africa	Latin America	Developing Asia	Europe	Canada and US
1960	4.3	7.9	24.9	29.7	33.2
1970	4.2	8.8	27.1	29.3	30.6
1980	4.8	11.1	30.2	26.7	27.2
1988	4.0	8.9	35.6	44.4	27.1
1980 Population Percentage	12.4	9.2	60.8	11.0	6.6
1980 Per capita income, Canada and US=100	9.4	29.3	12.0	58.9	100.0

B: Per Cent of World Output Received by Four Income Tiers

Year	Lowest	Lower Middle	Upper Middle	Industrialized
1960	17.2	9.3	5.5	68.0
1970	15.4	11.0	5.6	68.0
1980	15.7	14.2	7.2	62.9
1988	20.6	12.9	6.1	60.4
1980 Population Percentage	59.0	15.5	6.0	19.5
1980 Per capita income industrialized countries=100	8.2	28.0	37.0	100.0

Note: Income comparisons based on purchasing power parities

Source: Summers and Heston (1991, Table IV)

Table 2A: Incidence of Poverty in Developing Countries

Per Cent of Population Below Poverty Line

Year	Africa	Developing Asia	Latin America	All Developing ^a
1970	46	56	40	52
1985	49	43	36	44

Note a: Excludes China

Source: Tabatabai (1993, p59). Estimates based on region - specific poverty lines

Table 2B: Prevalence of Underweight Preschool Children, Per Cent

Year	Sub-Saharan Africa	Near East/ North Africa	South Asia	South East Asia	China	Middle American/ Carribean	South America	Total
1975	31.4	19.8	67.7	43.6	26.1	19.3	15.7	41.6
1980	28.9	17.2	63.7	39.1	23.8	17.7	9.3	37.8
1985	29.9	15.1	61.1	34.7	21.3	15.2	8.2	36.1
1990	29.9	13.4	58.5	31.3	21.8	15.4	7.7	34.3

Source: UN (1992a, p10, Table 1.2)

Table 3: Growth by Region in the World Economy Per Capita GDP Per Cent p a

	1950-73	1973-87
OECD	3.8	1.9
Developing Asia	2.8	3.6
Latin America	2.5	0.8
Africa	1.6 ^a	-1.1 ^a

Note a: The figures for Africa refer to the periods 1960-79 and 1980-1990, but the conclusions in the text are not substantively influenced by the lack of correspondence with the dates of the other estimates.

Source: Maddison (1989, p35, Table 35) (World Bank (1981, Statistical Annex, Table 1) and UNCTAD (1992, p4, Table 1). The estimated population growth for Africa for 1980-1990 was 3% p.a.

Table 4A: Indicator of the Stock of Human Capital

A: Average years of formal education experience of population aged 15-64

	1950	1980
China	2.13	4.50
India	1.30	2.94
Korea	3.13	7.38
Taiwan	3.40	8.07
4 DEVELOPING ASIAN COUNTRIES	2.50	5.70
Argentina	4.60	7.22
Brazil	1.83	3.94
Chile	4.88	7.57
Columbia	3.61	5.15
Mexico	2.30	4.94
5 LATIN AMERICAN COUNTRIES	3.40	5.70
France	8.18	10.30
Germany	8.51	9.41
Japan	8.12	10.77
UK	9.4	10.66
US	9.46	12.02
5 INDUSTRIALIZED COUNTRIES	8.7	10.60

Source: Maddison (1989, p136, Table C-12)

Table 4B: Gross Enrolment Ratios

Year	Primary			Secondary			Tertiary		
	Africa	Dev Asia	Latin America	Africa	Dev Asia	Latin America	Africa	Dev Asia	Latin America
1960	42	85	73	5	21	15	0.7	2.6	3.0
1980	80	97	105	23	38	45	3.5	5.6	13.5
1987	76	104	108	31	42	54	4.3	7.3	16.9

Source: Colclough with Lewin (1993, p16, Table 1.2)