

SOCIETAL CONSEQUENCES AND CONDITIONS OF A FREE TRADE REGIME

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by

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Introduction

The present paper deals with one of the various complex interfaces between the international system and domestic structures. It considers first, within sections 1 to 3, the changes in the world economy and in international trade including the change of the trade theory^a paradigm. Afterwards, within sections 4 to 6 the paper describes the consequences of these changes for the open economies and industrial societies focusing on Western Europe. Finally (section 7), it returns to the international theatre, trying to draw some conclusions from the change of domestic structures.

1. The new zero-sum world

The world economy has always contained certain zero-sum aspects. Trade balances and current accounts should globally add up to zero (though they tend to be rather negative in recent times: approx. minus 90 billion US \$ in 1982). Hence the surplusses one country can achieve have to be the deficits of another. The same is true for terms of trade-gains. Besides these rather simple zero-sum aspects which might be nonetheless very painful for the countries concerned there are other less trivial ones: in times of global zero growth in production as well as exports, one country can increase its share in both only when others shrink as it was the case more often than not in the last 10 years. Table 1 shows that both, world exports and world commodity output, hardly increased between 73 and 75 as well as between 79 and 82.

Table 1: Volume of world exports and world commodity output (1963 = 100)

Year	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Exports	231	239	232	258	269	284	300	305	304	300
Output	180	185	183	196	205	214	222	224	226	223

Source: GATT: International Trade 82/83.

During this time relevant sub-groups of the world economy even played negative-sum games: the oil importing countries, industrialized as well as



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