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FORUM

Nothing New from New Delhi

by Dietrich Kebschull, Hamburg

For two months, industrial nations and developing countries met at the Second World Trade Conference at New Delhi. Much happened in world economy during this period: Great Britain, the former great colonial power, was forced to take new profound saving measures in order to prevent a second devaluation within a short time; the world monetary system reeled; the gold market was splitted into a free market and a market for transactions of the central banks; and finally the United States had to abandon its internal gold backing. However, almost nothing happened in New Delhi!

Moderate Expectations

True, none of the participants had gone with exorbitant expectations to the conference, which officially was to aim at increasing the developing countries' part in world trade, this way intending to create one of the most important prerequisites to an improvement of the economic and social situation in these countries. For, many years' experiences called for pessimism. All too often development conferences had proven merely as stages for the declamation of extreme standpoints. Compromises often failed. Only seldom could final communiqués, charters or declarations gloss over the fact that once again all endeavours were in vain.

The developing countries' extreme demands for UNCTAD II, published in the Algiers Charter, made experts of economic and political circumstances in the industrial countries already early feel pessimistic about the outcome of the conference. Successes in the economic sphere were bound to be moderate. And the fact that some countries obviously intended to demerit the meeting at New Delhi to a political theatre was an additional obstacle during the negotiations.

Superfluous Political Spectacle

The spectacular discussions about the reading of the declaration of the South African Republic could only be followed with discomfort. Up to now, at development conferences developing nations and East-bloc countries almost never failed to bring the Western states into the bad repute of exploiters —be it with the aim to pull neutral states on their side, be it in order to awaken feelings of guilt in the industrial nations—thus intending to strengthen their own position in the negotiations. The success, however, was mostly a general deterioration of the negotiation climate. The case of South Africa evidently offered a good opportunity for demonstrations of this kind—but unfortunately a superfluous one. For, there is little doubt that hardly any Western government advocates the South African policy. The comprehensible demonstration of political attitudes would have been justified in the UN general meeting, at a trade conference, however, it was misplaced.

Inflexibility of the Conference ...

The political skirmishing in the opening statements caused merely a considerable delay in the course of the conference. Finally there remained hardly any time yet for the negotiations proper. More concentration on its actual tasks from the very beginning would have been more sensible. But one could hardly help thinking that UNCTAD intends to set such narrow limits. It obviously aims at aggrandising its sphere of power and competence by including those tasks, that today are attended to by GATT or FAO. Already now the conference has become a rather monstrous affair. A further extension would make it merely a huge rigid dummy—without any chance for flexible work or even resolutions.

New Delhi has shown very clearly that conferences of this size are not suited for the finding of real decisions. And the sarcastical statement of an African delegate, that UNCTAD be the abbreviation for "under no circumstances take a decision" seems to prove this. On the one hand, the great plenum tempts to form blocs of groups, which only harmonise in their antipathy against other groups, but by no means in their aims. On the other hand, thus the overstatement of demands and the holding of extreme positions is favoured.

... and Consequently Few Resolutions

So, as far as the important questions are concerned, only the schedule for further negotiations could be agreed on. But it will hardly be possible—e.g. in the field of raw material agreements—to keep even this route. At best the cocoa and sugar agreements have certain chances to be dealt with in the next future. But their final approval will take much time, too. This is also true of the

passing of a general preference system. Here the interests of potential donors and recepients are still differing widely.

One of the most difficult problems emerged when fixing the capital aid transfers to developing countries. Hitherto the former demand for a transfer of 1 per cent of the national income could not be fulfilled. The developing countries are no longer willing to accept the 1 per cent of aid as measured against the net national product—as up to now usual in the industrial nations—, but demand the gross national product as a basis. Moreover, they will no longer credit the transfers from private business as aid. Particularly the European industrial nations demonstrated their good will. But the ability of making farther-reaching concessions is hampered by the own economic difficulties of most countries. But if one sums up the demands of the developing countries, the present development aid would have to be trebled. It does not require much knowledge to consider this demand as completely unrealistic.

Re-examine the Hitherto Practiced Strategy

After all, the conference has contributed to drag the difficulties of the developing countries, which are growing to catastrophic dimensions, into the light of day. The industrial nations will have to apprehend that their hitherto applied practice of giving credits ignores the realities, as long as the economic growth in the developing countries advances more slowly than is supposed in the more or less well-grounded development plans. Interest payments to a growing extent turn out as additional burdens, which hamper the beginning development process. If the present tendencies continue, credit repayments will soon be nothing else than wishful thinking. India's repayment inability will not be long in coming. This ought to be a reason for a fundamental scrutiny of the hitherto existing strategy. This ought not to be restricted merely to a facilitation of trade and higher aid transfers, but ought to include above all a training in exports, which up to now has been neglected.

About some basic problems of the New Delhi conference our correspondent Gerhard Maurer had the opportunity to speak with the second man of UNCTAD, Sidney Dell.

UNCTAD Advocates Better Assessment of Aid

Interview with Sidney Dell, Director of the New York Office of UNCTAD

QUESTION: At the first session of the United Nations Conference on Trade and Development in Geneva in 1964 the demands of the developing nations were rather unarticulated. At the second Conference these demands were based on much statistical evidence. As a result of these research efforts, would you call the demands of the developing countries scientifically justified?

ANSWER: We do have a much clearer picture of the needs and resources of the developing countries now than we had at the first conference. The UNCTAD Secretariat has conducted a very extensive examination of the trade and development problems of about 30 individual developing countries, which account for over 85 per cent of the gross national product of the developing countries as a whole. We have examined past performance. We have made estimates of trade prospects. And we have estimated the requirements for domestic savings and foreign exchange that would make it possible to achieve a higher rate of growth than now prevails in these countries.

It emerges from these analytical studies that the efforts of developing countries to promote a higher rate of growth will come up against severe obstacles resulting from restrictions maintained by the developed countries on imports from developing countries. It is, of course, the responsibility of developing countries to make goods available for export at competitive prices. It is the task of the international community, however, to remove the restrictions and to create market opportunities that would enable them to earn their way in international trade. If market expansion is denied to them they will need more aid in order to obtain the foreign exchange that they require for financing essential imports.

QUESTION: You referred to "higher rates of growth". What goal is the base of your calculations?

ANSWER: For each individual country we have set a growth rate which in our judgment, and on the basis of all the information that we had available seems to be a feasible rate of growth for that country.

QUESTION: Isn't "feasible" a non-scientific value judgment?

ANSWER: I quite agree that any such judgment is to some extent qualitative, although that by no means implies that it is unscientific. It is true that there are no precise standards available for telling whether a particular rate of growth is feasible or not. We have sought, however, to assess feasibility in as objective a manner as possible, in the light of countries' domestic savings potential, productive potential and absorbing capacity for external resources. We have not taken a particular rate of growth as being "desirable", but have examined what the feasible rate of growth for each individual country might be. In the case of Brazil for example we