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UNCTAD III Without Surprises

Klaus Kwasniewski, Hamburg

President Allende referred to the world's main problem already in his inaugural address to the third United Nations Conference on Trade and Development (UNCTAD). Before the 3,000 delegates from 141 countries he deplored the developing countries' growing poverty in the face of the industrial nations' increasing abundance. Then he went on to attack the General Agreement on Tariffs and Trade (GATT), which has in his opinion become an instrument of the rich countries because of the industrial nations' majority in this organisation.

The situation is different in UNCTAD, where the LDCs have the majority. But also UNCTAD, as was shown during the Santiago conference—and already before at Geneva in 1964 and New Delhi in 1968—is still suffering from a handicap strongly impairing the LDCs' interests: as an organ of the UN General Assembly it cannot pass resolutions binding under international law. Due to the fact that the LDCs, which dispose of two thirds of the UN votes, could outvote the industrial nations any time, it was decided under the influence of the big powers that UNCTAD should be in the position to give recommendations only. The worth of UNCTAD's recommendations is shown by the fate of the so-called 1 p.c.-clause agreed on at UNCTAD II in New Delhi. According to this clause the industrial nations were to cede 1 p.c. of their GNP as aid to the less developed

countries. In 1970, the Tinbergen-report recommended that official aid should reach 0.7 p.c. of the GNP until 1980. Today aid actually given is still far away from these two aims and declining.

After the deplorable results of this and other UNCTAD recommendations it is therefore not surprising that also in Santiago the confrontation between poor and rich countries characterised the scene. That this confrontation did not develop into the anticipated open battle is only due to the fact that the representatives of the Third World could watch the astounding spectacle of the industrial nations criticising themselves from the very beginning for their unsatisfactory development policy and making concessions towards the LDCs.

In addition there was the somewhat colourless performance of the new UN-member, the People's Republic of China. Although this country could enlist sympathies, it offered only old and partly misunderstood ideas. The Soviet delegation, on the other hand, launched a massive attack against the Western industrial nations, in spite of the fact that the Soviet Union's development aid so far has reached a small fraction only of the Western world's assistance. But it employed such tactics that it found itself in isolation very soon. The representatives of the Third World applauded the Soviet demand for the convening of a world monetary conference, since their dislike of the International

Monetary Fund (IMF) has grown even further after the monetary decisions taken in December 1971 by the Club of Ten. But when the Soviet Union advocated a return to the gold standard, which would above all be to its own and South Africa's advantage, the LDCs' delegates were rather startled.

The emphasis of the LDCs' efforts in Santiago concentrated on wresting from the Western industrial nations an extension of UNCTAD's competence for trade problems and a participation in the development of a new monetary order. Their relative restraint in their attacks against the industrialised countries was partly rewarded by some concessions. But the Santiago conference also revealed that the industrial nations will not allow the LDCs to dictate their demands via UNCTAD. And also GATT and the IMF will continue to exist in their present shape with practically unchanged majority conditions. These majority conditions will change in favour of the LDCs in the course of time — but it is open to question when this day will come. In the meantime developing countries can only entertain hopes that public opinion in industrial countries, above all that of the young generation who believes in the increasing urgency of the LDCs' demands and problems, will bring about a change in the attitude of the industrial countries towards trade and development problems. But hopes alone are of little comfort only.