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After a UN Conference of Trouble

The curtain has been dropped over the spectacle play UNCTAD IV, which had been performed in Nairobi. Its actors have returned to their home countries, and they now try — each dependent on his point of view and on the part he played in this drama — to sell the laboured compromises which were achieved to their own nations. However, no matter how one judges these compromises, there always remains the suspicion that the quarrel was about details, before the, possibly provoking, question was raised whether the fundamental opposition between basic conceptions — LDCs versus western industrialized nations as antagonists — had been justified above all doubt. It is true that the latter were accused both during and after the conference that they, in contrast to the former, had not brought with them any concepts. Yet this charge was true only in regard to the "details". In the final analysis, both groups of nations — LDCs as well as western industrialized countries — appear to base their policies on the joint concept of integrating the LDCs in the (so-called) world economy more firmly. The subject of the dispute is, more or less, "only" the manner of this integration and the method of a "just" distribution of the gains from it.

Taking this as a point of departure, at least two questions will arise. The first one refers to the view of western industrialized countries that, in order to integrate the LDCs in world trade, mainly the methods of a free market ought to be used. It is, however, usual in the majority of cases to define the notion of world economy in a very narrow sense, viz. as the totality of the exchange relations between the industrially developed western countries, sometimes taking in, but sometimes not taking in, also the LDCs. Adding to this totality also the eastern socialist countries, mainly the members of COMECON and the People's Republic of China, would lead immediately to an absurdity if one wanted to describe the world economy, thus defined, as one dominated by free market forces. Apart from exchange relations that are, on principle but not always in practice, determined by market forces, there is a wide range of interventionist and *dirigiste* forms of international cooperation. Furthermore, taking into account that over 70 p.c. of world trade (mainly substitutive products) moves between western industrialized countries, it becomes permissible to ask why the

modest share of exchanges (mainly of complementary goods) between LDCs and western industrialized countries must, under any conditions and always, be subject to the rules of the market.

Whilst industrialized countries may be able to adduce rational and eminently practical economic and political reasons for their attitude, LDCs are faced with the fundamental second question whether they really ought to treat these exchanges as, basically, so important as they do. Just from the point of view of a long-term economic development, which requires strengthening their economic power on a wide front, and under the aspect of self-reliance, or at least collective self-reliance, which they desire, it is highly doubtful for LDCs whether the focal points of discussion — particularly also within UNCTAD — should be sought with such determination in Trade and not in Development: for, even if it should become possible to raise and stabilize the prices of commodities and thereby, perhaps, to improve the terms of trade for some, or even for many, LDCs, and even if their manufactured products were given easier access to the markets for manufactured goods in industrialized countries, the basic problem of unequal economic structures in world trade would probably not disappear.

The indicated change in attitudes would not mean that foreign trading ought to be given up or restricted — on the contrary. But it would lead to a stronger re-orientation of foreign trade, so that it could serve internal development requirements and, above all, more cooperation between LDCs themselves. Especially in order to serve development policies, there is no reason whatsoever why LDCs should direct far more than half their foreign trade to industrialized countries, intending to expand it further, instead of strengthening trade and building up economic cooperation with each other. After all, there would not be such structural asymmetry as in exchanges with industrialized countries; specialization would take place on the same level; within the framework of such relations, adequate technologies could be more easily developed, etc.; and developments in this direction would probably lead, automatically and in due course, to qualitatively and quantitatively different dimensions of world trade.

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