

Adler, John H.

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The Political Economy of Delinking

by John H. Adler, Washington D. C.*

In recent years much attention has been given to the subject of delinking of developing countries from the world economy. John H. Adler gives an account of the arguments for delinking which is followed by an evaluation of these arguments and a discussion of the policy implications for industrial countries. Finally, an attempt is made to evaluate what contribution the proponents of delinking have made to the understanding of the development process and the normative implications of that knowledge.

The subject of delinking has been described and defined in so many different ways by those who have written and spoken on it, and with so diverse results, that it is difficult indeed to discern and keep track of its core ideas. They clutter up the intellectual landscape with so many observations, assertions and recommendations (which are not necessarily related to observations) that I am not at all certain that I have seen all the pieces and grasped their significance. Therefore, I should point out that the title of the paper limits its scope in one important respect. It is concerned with the *policy*, or normative, aspects of delinking proposals, not with the history of ideas on linking and delinking, which are part of, or related to, the theory and practice of international trade for at least 200 years, and probably longer, if the writings of the predecessors of Adam Smith are properly interpreted¹.

The Case for Delinking

The fundamental questions raised by the proponents of delinking relate to the extent to which a developing country, or a group of developing countries, should engage in international economic intercourse — in the first instance the export and import of goods and services, including the import of capital (through borrowing operations and the acceptance of grants), but there are also delinkers who, in a legitimate extension of their concern with the deleterious effects of international trade and payments operations, would

want to control and limit the flow of technical assistance and technology and of migrants in and out of developing countries.

The effects of international economic intercourse in three respects may be distinguished: the impact on the growth of production and income, on the distribution of income, and, most importantly, on the structure of production and society. The lines of demarcation between the impact in these three areas are unclear and the results are not independent. The rate of growth of production is an important determinant of the structure of production and the structure of production in turn has a direct bearing on the structure of society, including the distribution of income.

But leaving aside the difficulties of blurred distinctions, it is obvious that the objectives of delinking

¹ The paper was written for oral presentation. For that reason, and because of the large number of papers on delinking which appeared in recent years it does not give any specific reference to who said what and where. I refer the interested reader to a Selected Bibliography in English on Delinking and Dependency which appeared as part of an article on "Delinking North and South: Unshackled or Unhinged" by Carlos F. Diaz-Alejandro in: A. Fishlow, C. F. Diaz-Alejandro, R. R. Fajan and R. D. Hansen: Rich and Poor Nations in the World Economy, New York and elsewhere 1978. The outstanding example of advocacy for delinking in Germany is Dieter Senghaas: Weltwirtschaftsordnung und Entwicklungspolitik, Plädoyer für Dissoziation (International economic order and development policy, the case for dissociation), Frankfurt 1977.

* This paper was prepared for presentation at the World Conference of the Society for International Development (SID) which was held in Colombo, Sri Lanka, in August 1979. Since the author was for many years on the staff of the World Bank, it may be desirable to record that the views expressed here are his own and do not necessarily reflect those of the World Bank.

can be readily extended beyond the "simple" economic concepts of growth and income distribution into the area of social organization and human welfare in an "orderly" society and political organization free of exploitation, coercion and regimentation.

Impact on Economic Growth

Many of the delinking proposals do not explicitly concern themselves with the wider societal aspects of a country's evolution but are primarily, or even exclusively, concerned with the impact of international economic intercourse on growth. International trade, it is claimed, stimulates growth of production (and aggregate income) but only for a limited period and a limited part of the economy. Once an economy engages in the production for export of primary commodities, the income elasticities of demand are such as to reduce the rate of growth of export earnings and export production below that obtained for producers of commodities with high income elasticities.

This export earnings pessimism was one of the essential ingredients of the ECLA proposed strategy of import substitution. Its proponent did not recommend a reduction of exports. In view of the obvious comparative advantage of growing coffee in Brazil and Colombia, and sugar in Cuba, Peru and the Dominican Republic, and of mining copper in Chile and tin in Bolivia, not to speak of oil in Venezuela, this would have made little sense. The recommendation for import substitution policies only aimed at a *smaller* flow of international trade than growth policies based on export promotion.

Income Distribution

The advocacy of delinking veers away from strictly economic arguments as soon as it emphasizes the impact of international intercourse on the distribution of income. Proponents of delinking policies may well concede the positive effects of external trade and foreign investment on aggregate income growth, but they are concerned about their adverse effects on income distribution because, they charge, the additions to income do not accrue to the lower income groups but to the export-import traders and externally oriented entrepreneurs. In extreme cases, ever so often cited, the "happy" subsistence farmer is impoverished by losing his land and livelihood to the production of export crops and the income distribution becomes skewed further because the impoverishment of part of the lower income group.

The distribution of income is an important economic concept. But the theory on the subject and its normative implications are in an unsatisfactory state of suspended animation. Neo-classical welfare economics still rejects the interpersonal comparability of utility (and of welfare) – and still concentrates on functional shares instead of shares of income groups. In normative economics, the conflict between the dogma of declining marginal utility and its egalitarian consequences on the one hand, and the system of rewards for risk-taking and entrepreneurial and managerial responsibility on the other remains unresolved (and may even have become worse). This intellectually unsatisfactory state of affairs probably has been aggravated by the absence of hard comprehensive data on income distribution by size and the consequential need to rely on samples and impressions.

Structure of Production and Society

The effects of international intercourse on income distribution lead directly to the third objection, the effects of international "entanglement" on the structure of production and of society. These arguments move beyond the charge of a negative economic and personal welfare impact (as measured by per capita income) to the charge that involvement with the developed world has undesirable social and political consequences. Unlike the first two objections, on economic and welfare-economic grounds, they do not lead to the conclusion that they impede growth or even necessarily a desirable distribution of the fruits of growth. They imply growth and expansion and progress but in the wrong direction, away from a society in which material advancement is matched by cultural, spiritual and moral advancement, to a society in which a small group of entrepreneurs and capitalists and their military, religious, technocratic and intellectual henchmen, who ally themselves with their counterparts in the rich countries, capture virtually all of the benefits of technological advancement and leave the majority in poverty or even poorer than before.

The emphasis on the various effects of linking, past, present, and especially future, varies from author to author. But they all have two things in common: one, dissatisfaction with the economic, social and political imperfections of the capitalist economic system and social and political institutions; and two, the assertion that the rich countries derive exorbitant gains from the uneven distribution of income and political power in the developing countries and that therefore they find it in

their interest to maintain the present economic, social and political structure of LDCs and manage to do so, individually, or jointly, with the help of the heavy artillery of capitalism, the transnational corporation.

Economic Arguments Unconvincing

The preceding distinction between the various effects of linking makes it easier to appraise the validity of the arguments for delinking. To start with a summary of my reaction to the conglomeration of analyses and arguments for delinking, I find the economic arguments for delinking, i. e. the effects on growth of international trade, investment and payments, weak and, on balance, unconvincing. I am more impressed, but not really convinced, by the arguments for delinking because of the negative effects of international interaction on the distribution of income. I sympathize however with the accusations that international

intercourse has deleterious effects on the structure of production and society of LDCs though I am not persuaded that these effects are inevitable and that they are inherent in, and beneficial to, the system of international capitalism of the rich countries.

As to the effects of international trade, investment and capital movements on the growth of production and income of LDCs, it must be realized that the arguments advanced for delinking on that basis alone are not easily verifiable. The argument is not that external trade has an adverse effect on growth, but only that after an initial period of expanding exports and unimpeded growth further growth of exports is retarded by the slowing down of the growth of the demand for the primary products which are the chief exports of LDCs. (This is the ECLA thesis on which its delinking strategy of import substitution is based.) This argument does not refute the classical and neo-

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DAS ALLGEMEINE ZOLLPRÄFERENZSYSTEM DER EG (The EC's Generalized System of Tariff Preferences)

For a long time uncertainty had prevailed in science and politics about the actual efficiency of general tariff preferences. The present study establishes a data basis which for the first time permits of a detailed evaluation of the EC's preferential system. In addition the trade stimulating effects of the preferences are being analysed and the ranking of the EC's general system of tariff preferences within the system of preferential trade relations between the industrialized and the developing countries ascertained. (In German.)

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V E R L A G W E L T A R C H I V G M B H - H A M B U R G

classical argument in favor of national specialization, comparative advantage, economies of scale and the consequences of these positive effects (monetization of the economy, internal specialization, creation of some "modern" infrastructure). And it does not invalidate free trade theory even if it is combined with the contention that the major share of the benefits of the trade between rich and poor countries accrue to the former – as long as what is left increases the income of the poor country. But it points with much justification to the limits which the (slow) growth of external demand sets on the rate of growth of the country's output and income. Some versions of the anti-trade argument also stress the risk of fluctuations in export earnings and terms of trade associated with the export production of primary commodities, again on good grounds in logic and fact. The economic history in recent years of Chile and Cuba are good examples of the limits of growth of exports and of the volatility of real export earnings.

Biased Views

Nevertheless, the arguments for partial delinking (or limited linking) are deficient in two respects. In the first place, they do not compare the results of the initial growth of export production with the alternative scenario of not having engaged in export production (e. g. Chile before the copper boom of the twenties and Cuba before the advent of sugar, or, for that matter, the United States before the development of the wheat belt). Secondly, there is nothing inherent in the limitations on the growth of exports and the national product imposed by the slow growth of demand for primary products which inexorably leads to policies of import substitution (and limited trade). The development of exports with high income elasticities and if possible with high price elasticities, presumably in the manufacturing sector can effectively supplement earnings derived from slow-growing exports of primary commodities. This is exactly what has happened in recent years in a number of countries which have turned to industrial exports as a means of increasing export earnings. These newly industrialized countries (NICs) include a number of countries which for years had pursued import substitution policies (e. g. Brazil, Mexico; Colombia is a somewhat less clear case).

The possibility of increasing export earnings by adding industrial products to the range of export goods does not do away with the problem of incurring the risks of instability and vulnerability which may be considered inevitable – for rich as well as poor countries – with regard to production for exports. No

country, rich or poor, can exercise control over its export markets to the same extent as it can control its internal markets (including its markets for imports). In that sense international trade (and other kinds of international transactions) indeed limits a country's independence of action, or self-reliance as it seems fashionable to call it nowadays. But self-reliance is certainly threatened less by diversification of exports than by limiting exports, or at least limiting the growth of exports, by promoting import substitution.

This is not to say that import substitution has no place in the development of a rational growth strategy. Of course it has – Friedrich List and his followers, including the staff of ECLA, deserve recognition. But I believe that the views of delinkers that protection and import substitution are *generally* preferable to measures designed to expand exports – of commodities with the right demand prospects – are biased by political and philosophical misgivings about the rich countries and their "unjust" policies and their "immoral" attitudes.

Statistical Results

In this connection, I want to refer to some work I have done on a (still unpublished) cross-country study of prime determinants of aggregate growth rates of some 70 developing countries for the period from 1960 to 1976. It came as a surprise to me that the statistical results showed that the volume of growth of the trade of a country was the most important "determinant" of its rate of aggregate growth, more significant than the rate of investment and the growth of its labor force. The growth of trade "explains" more than 60 % of the variations in the growth of output and income. I put quotation marks around "determinant" and "explain" because of some doubt regarding the direction of the causal relationship. But even if the results are not taken at face value, there is no doubt that the countries with rapidly growing exports – for whatever reason – enjoyed high rates of income growth between 1960 and 1976.

There is of course no assurance that the same positive relationship between the availability of foreign exchange and GNP growth will continue in the eighties. As a matter of fact, in view of the expected slower growth of the markets of LDC exports – of all kinds – some modification of the development strategy of LDCs is called for, especially of those countries which in recent years have relied heavily on exports as the major driving force of growth. But unless the observed relation between external trade and GNP

growth is truly fortuitous – contrary to the customary tests of significance – a policy aimed at limiting exports and, one should add, the inflow of foreign capital, is likely to reduce the rate of GNP growth.

Distribution Effect – Doubtful Assertions

Turning now to the second set of objections to external economic relations, i. e. the effects of foreign trade and finance on the distribution of income, we find that the evaluation of the relevant contentions is more difficult, both in logic and in fact. In order to establish the alleged causal connection between international trade and payments and the deterioration of income distribution, it is necessary to introduce some additional assumptions. One involves the emergence, out of an initially egalitarian society, of a group of middlemen-entrepreneurs who proceed to exploit the new opportunities offered by the development of export production and trade. In the case of foreign ownership, a class of employee-henchmen of the foreign owners forms quickly. In either case, presumably because they and their talents are scarce, or because they act in collusion with their peers or their foreign principals, they manage to appropriate for themselves that part of the economic gains of the new production not claimed by foreign owners or traders. Conversely, the owners-producers (of agricultural exports), or the production workers of plantations of export crops do not benefit or, at best, benefit only marginally from the development of export crops, either because too many farmers and tenants compete on the supply side; or because they get caught in the squeeze between rising income but even faster rising costs of “basic needs” which are no longer acquired by subsistence farming but have to be bought in the market; or the bargaining position, or the institutional arrangements, between the landowners and their tenants change as a consequence of the introduction of export crops and leave the tenants worse off.

The somewhat strange make-up of these scenarios notwithstanding, there is no question in my mind that they have existed in the past in one form or another and that they exist today in many parts of the world. The only problems which I have with them is the difficulty of establishing a *special* relationship between uneven income distribution (among production workers and landlords and traders) and export production. Why should the dormant entrepreneurial and exploitative instincts which result in an undesirable stratification of income (and of society) be awakened only by international transactions, or by the interference or intervention of foreign investors? What

about the organizers of *internal* trade in Nigeria who were hailed as models of entrepreneurial prowess 30 years ago, when enterprise was not considered, and used as, a pejorative term? What about the remnants of the caste system in India which obviously had something to do with income distribution long before India was opened up to colonial exploitation? What has been the impact on income distribution of foreign trade and investment in India with a small export/GNP ratio, compared with, say, Malaysia and Sri Lanka, countries with much higher GNP shares of their export sectors? Why is the income distribution of Singapore with its virtually complete involvement in the world economy so much more even than that of its neighbours?

Great Differences between Countries

The preceding list of questions, which has grown uncomfortably long, has been drawn up to show how doubtful and tenuous the delinkers' assertions are that external involvements are the *chief* cause, or at least one of the chief causes, of the undesirably skewed distribution of income in LDCs, and that severing or reducing external economic relations would improve the distribution of income.

The questions serve two other purposes of exposition. In the first place, they demonstrate the great differences in the importance of external economic relations for the various economies and the diversity of their pattern of income distribution. The impression that emerges from the sample of countries and what we think we know about their income distribution is that there is no *prima facie* correlation between the size of the external sector and the distribution of income. But this conclusion may be challenged by the advocates of delinking on income distribution grounds as irrelevant, and rightly so. What matters is not the effect of international transactions on income distribution in one country as compared with another, but the differences in the distribution of income in the same country with or without international transactions, a moot comparison which can at best be approximated by comparing the distribution of income before and after the country entered, or was forced to enter, into economic contact with the rest of the world. That implies, however, some knowledge and understanding of all the other social, political, cultural and economic forces which have shaped the distribution of income. Needless to say these “all other factors” differ widely from country to country – they are the different facets of a country's national character and it would indeed be an inadmissible *tour de force* to subsume them into an all-

other-things-being-equal clause, or assume them away altogether.

No General Conclusion Possible

The recognition of these differences inevitably leads to one conclusion: it is virtually impossible to arrive at a *general* theory and *general* policy conclusion with regard to the impact of international linking – and delinking – on the distribution of income (and, one must add, on the speed and direction of economic and social advancement). The most that can be said is that foreign trade and payments, and the entire institutional and organizational structure that goes with them is *one* of the factors bearing on income distribution. There is no reason to assume that foreign trade and foreign investment *per se* improve or worsen income distribution: comparative advantage and high returns of foreign investment are derived from low wages in the export sector and low prices paid to the producer of export commodities (e. g. cocoa in Ghana, Nigeria, Brazil); but they also come from productivity gains (associated with rising real wages) in manufacturing industries (e. g. Singapore, Korea, Taiwan, Brazil).

But while showing concern about the income distribution effects of foreign trade and investment, one must not lose sight of the many other determinants of the distribution of income. Economic theory has really very little to say about the distribution of income by size and it is not certain, at least in my mind, how relevant economic theory is when it comes to the functional distribution of income – in any country. Sociologists, political scientists, social anthropologists, social psychologists and historians of any description have presumably much more to say about the really important determinants of the distribution of income than economists. Their observations may also throw more light on the interaction of the various factors shaping the distribution of income and the relative importance which the economic structure plays in this interaction.

Political and Social Aspects

There is only a step from the claim that international activities are the main cause of deteriorating income distribution to the broader indictment that international trade and payments lead to an undesirable structure of production which perpetuates the need for cheap manual labor, and leads to distortions in the direction of investment. It also causes, it is claimed, a growing skewness in the distribution of income and above all, in the distribution of political power, in favor of an entrepreneurial class which with the help of military and professional hangers-on exploits the economically

and politically weak. Moreover, any attempt to change the system is condemned to failure because the power of the domestic exploiters is reinforced by the economic and financial power and the political influence of foreign traders – the purchasers of exports and the suppliers of imports –, foreign investors who control the production and sale of export commodities, and most recently (and in the more distant past) of international bankers who at will turn on, and off, the spigots of finance.

Resistance to Changes in Economic Structure

Obviously not all parts of this perhaps somewhat pointed summary of the bill of particulars of the political and social system of LDCs apply to all countries. But many of the components can be found in so many countries that one has to accept their description by the proponents of delinking. And even if one discounts heavily the accusation of international capitalism that its managers and supporters are ready to come to the defense of a government threatened by internal social and political dissatisfaction, one can readily accept the assertion that in many places the international operations of the economy lend strength and support to the forces which oppose radical, or even gradual, political and social changes.

This does not mean that the international entanglement of a country is the only reason, or even the main reason for resistance to changes in economic structure and to a better distribution of the benefits of growth. It means, however, that many developing countries are prone to maintain or adopt those features of a private, or mixed, enterprise system that are considered undesirable in developed countries as well. They include the concentration of income and wealth in monopolistic, and monopsonistic organizations, the concentration of political power and social prestige among the members of the highest income groups, the allocation of public investment expenditures to provide services which benefit mostly the rich, and so on. It also implies that LDCs are more susceptible to the malaises of market economies than advanced countries: imperfections and unequal bargaining power in markets for final and intermediate goods and even more so for labor; a system of taxation in which the tax burden on the upper classes is reduced by loopholes, incompetent administration, bribery and corruption, etc. Thus the case for delinking is the stronger the more conclusive the indications that the undesirable features of the political and social system are reinforced by the external economic and financial relations of a country.

The case for delinking must however be weighted against the arguments advanced by the majority of economists and social scientists of neo-classical persuasion who for a long time have claimed that a country's involvement in the international economy is likely to have beneficial effects. These include increases in real income and productivity through better resource allocation and economies of scale, the discipline of price and quality competition which foreign competitors impose on producers of exports and goods competing with imports, the access to foreign sources of technological and organizational innovations, and so on. In a broader framework, international intercourse also opens a country to new ideas and introduces new yardsticks to measure accomplishments – the political and cultural demonstration effect of international contact.

Merits and Limitations of Delinking

The discussion of the various objections to the international involvement of developing countries has gone far enough to permit an overall evaluation of their merits and limitations. Out of the constellation of claims of delinkers and counter-claims of "free traders" there emerges the notion of an optimum degree of linking somewhere between the extreme positions of complete delinking in some sort of return-to-nature and do-it-yourself isolation on one side, and of tearing down all impediments of international economic intercourse, including trade, capital, and presumably migration, and hoisting the flag of sovereignty over an international free zone on the other.

It follows from the characterization of the positions at the two ends of the range of possibilities that few countries would find it to their advantage to move close to either end of the range. In all probability, countries that are committed to policies of material advancement and social and cultural progress find it desirable to move somewhere toward the center of the range – on the one hand exploiting the opportunities which international trade and foreign capital offers them, and on the other hand controlling the undesirable economic effects – and the even less desirable social and political side effects – of international intercourse. What determines the exact position which a country chooses at any particular time will depend on a whole variety of factors, social as well as economic. This includes in the first place the resource endowment and the present structure of its economy which reflects of course in turn its economic (and political and social) history. A country which produces oil, or coffee, in large

quantities would obviously not want to delink – though it may want to limit oil exports to the level that maximizes the benefits of the flow of export proceeds over time, or it may want to withhold coffee exports (and reduce coffee production) when the adverse price movements threaten the size of export earnings in the short run. A country where part of the population, or a particular region, is threatened by food shortages (which could not be offset by imports because of physical limitations or transportation, or excessive cost) would be well advised to control the expansion of export crops reducing the area available for internal food production.

A country's attitudes and policies with regard to foreign investment also cannot and should not be unequivocally positive or completely negative. In every instance the advantages of expanding production by means of foreign investments must be weighed against the disadvantages, which frequently may be social as well as economic.

Another factor determining the optimum balance between international involvement and standoffishness is the resilience of a country to the impact of foreign trade and capital. If a country's ways and social structure are firmly set (and accepted by the majority) then it can "endure" a great deal of external involvement and benefit from it without suffering the social and economic distortions which are the main concern of the proponents of delinking. Japan, Korea and Singapore are examples of countries which appear to have derived great (and in the case of Japan, lasting) benefits from opening their economies to the impact of foreign transactions without incurring the cost of a major deterioration of the distribution of income and of negative effects on social stability. Other countries with societies which for historical reasons lack cohesiveness and self-assurance withstand the impact of rapidly expanding involvement in the world economy only with difficulty and endure major distortions in the distribution of income and wealth (e. g. Nigeria), or they go through social, political and cultural convulsions of undetermined duration (e. g. Iran). In the terms of this paper it would seem that a slower process of linking would have served these countries better because of the limitations which their political and social structure has imposed on their absorptive capacity of the potential benefits of international trade and payments.

The juxtaposition in the preceding paragraph of countries with stable social orders and political institutions with countries with institutions which get

distorted and break under the stress brought about by their changing relations to the world economy illustrates extreme differences in the optimum combination of linking and delinking measures. For most other countries the optimum position is likely to be somewhere in between these extremes. As the preceding exposition indicates, the optimum intersection between linking and delinking depends largely on the constellation of domestic circumstances which differ from country to country. If, as the more ardent proponents of delinking charge, the linking of an economy benefits mostly a small group of entrepreneurs – exploiters and their military and professional-intellectual henchmen – while it leads to the immiseration of a large proportion of the low income groups, and if linking results in a growing concentration of political power, then less linking would be better because it would enhance the welfare of society. If on the other hand international intercourse is restricted mainly or exclusively for the benefit of a minority (of bribery-prone officials, or producers who would suffer from the competition of imports or foreign-owned investments), an opening-up of the economy is called for.

Concentration of Political Power

But exactly at what point and by what means the beneficial and detrimental consequences of more or less linking and delinking are to be reconciled depends entirely on the social and political preferences of a country. To suggest hard and fast *general* rules would be a futile attempt to match the benign self-righteousness of the proponents of free trade rules (which were developed for partner countries with more or less even economic and political strength) as well as the newer shrill voices of the more uncompromising advocates of delinking.

It may be objected at this point that the suggested “solution” of the problem of devising the “right” degree of exposure of a country to the world economy is unrealistic. It overlooks the fact that concentration of political power and the structure of social institutions (e. g. the dependence of the poor on the rich and their subservience to them) are such as to make the very notion of an optimum policy which brings maximum benefits to society as a *whole* an unrealistic and unobtainable objective. The constellation of political power and social organization in most developing countries militates against such a policy. There is obviously much truth in such a contention. But if in line with a generally optimistic conviction that the march of progress is inexorable it is assumed that the political

regimes in LDCs are bound to move toward systems in which the benefits of advancement are more equitably shared, then it follows from the preceding assessment of linking and delinking policies that shifts in policies on external economic relations toward *more* involvement are likely to be just as frequent as movements away from “liberal” trade and payments policies.

Exchange of Ideas Necessary

The last topic of this paper, an assessment of the contribution of the advocates of delinking to the evolution of the “economics of development” can be dealt with in short order. If the main argument of this paper is accepted, i. e. that the delinking proposals must be taken into account in the formulation of international economic policies of LDCs if they are to aim at attaining a social or welfare optimum, then the proponents of delinking have made a significant contribution to the political economy of development. They have introduced into the ongoing discussion a useful counterweight to the policy recommendations of the mainstream neo-classical economists who have advocated a greater involvement of LDCs into the world economy without reservation and frowned upon restrictions as uneconomic, anti-welfare aberrations.

Unfortunately, very few attempts have been made to evaluate the various delinking proposals of recent years in the light of those mainstream theories. The advocates of trade liberalization in the rich countries to permit LDCs, especially the NICs, to increase their exports and the proponents of the New International Economic Order who want to increase the export earnings of LDCs by assured higher prices do not give the impression that they ever heard of delinking proposals. The main reason for this studied or genuine ignorance is that most of delinking proposals are presented in extreme terms, extolling the virtues of splendid (though austere) isolation and berating the vices of international intercourse. This makes the development of a dialogue virtually impossible although in the real world in which the developing countries operate, a mixture of international economic relations and of controls limiting their impact on the economy is the universal rule. The exchange of ideas designed to convince the internationalists of the drawbacks of unlimited international intercourse and the delinkers of the benefits of international exchange is obviously called for. If such an exchange can be gotten under way the rules governing the international economic relations of individual countries could be put on a more rational basis than they are now.