Overseas
Development
Institute

The Business of Development

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Ernest Parsons

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Foreword by Lord Aldington

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Overseas Development Institute

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The functions of the Institute are:

1 to provide a centre for the co-ordination of studies on development problems;

2 to direct studies of its own;

3 to be a forum where those directly concerned with development can meet others and discuss their problems and share ideas;

4 to spread the information collected as widely as possible amongst those working on development problems;

5 to keep the urgency of the problems before the public and the responsible authorities.

The Business of Development

An essay by
Donald Tyerman

and a review of UNCTAD II by
Ernest Parsons

with a foreword by
Lord Aldington

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Foreword

Lord Aldington*

The Overseas Development Institute sponsored an international conference at the London Hilton in May 1968 on 'The Outcome of UNCTAD II – Problems and Prospects'. Designed primarily for businessmen, it was attended also by civil servants and academics; and the Brazilian, French, American, and British speakers included representatives of OECD, the 'Group of 77', and the World Bank. Part of the conference was devoted to area group discussions for Africa, Asia, and Latin America, considering such subjects as commodities, manufactures, private investment, and market integration.

In opening the conference, I said it resulted from a bold but important and wise decision. It was bold for two reasons: firstly because to the layman the long drawn out meetings of UNCTAD II appeared to be a bit of a failure; and secondly because the apparent mood of the moment in most countries – in Britain too, alas – is one of introspection, and a certain impatience of the difficulties of others. It was important and wise because, despite its limited results, history will not regard UNCTAD II as being a failure; and in times of introspective self-centredness it is especially important that leaders of public opinion such as the Overseas Development Institute should draw attention to the oneness of the world, and to the interdependence of all who seek to improve the conditions of their countrymen – whatever their nation, their race, their geography, or their prosperity.

UNCTAD is not the only international body interested in this search for better world trade conditions; but it does bring together the developed and the developing countries, to discuss and formulate the conditions for better trade and better development purposes in the world. And whether this is good or bad (I think it good), it brings into world trade discussions the so-called Socialist countries, which the other leading world trade organisation, the GATT, does not.

In accomplishing this, it produces the disadvantages of multi-membership – 133 members – and the extravaganza of UN conferences which normally fill the business and the practical man with horror. UNCTAD II had all the incidents which the business world regards as reasons for passing by on the other side – walk outs, and meetings which lasted months not hours. But this is the world in which we live –

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remote though it may sometimes seem from the earthy, practical, but not always simple, economic purity of the businessman's office. It is also the context for the arguments that will create, or destroy, the conditions of world trade and development that form the vision of Dr. Prebisch and many others.

What was accomplished in New Delhi in February and March 1968 is quite impressive – if one ignores what was hoped for in the years since UNCTAD I. Good intentions were resolved on the percentage of GNP to go to aid, on general tariff preferences to developing countries, on commodity agreements and other things. But one must ask what action will follow, and how soon?

I have long been an admirer of the slogan 'Trade Not Aid', since the only way to pay back or finance loans and investment is through more trade. While financial assistance – or, in the politer phrase, the transfer of resources – is designed to build up economic capacity and efficiency, this will alter the balance of supply and demand in different items and in total. But if the ability of the developing countries to export the goods they produce is vital to their economic growth, the general preference system now advocated for the developed countries will help only if the latter's democratic governments are prepared and able to overcome domestic lobbies. Moreover, the trade of developing countries is not limited to trade with the richer half of the world: it includes trade with other developing countries. I am as little impressed with the results of discussions in New Delhi about better trade arrangements between developing countries as I have been with the practical results of discussions about general preferences in the developed countries, or about commodities.

Dr. Prebisch wanted last autumn to 'see a real policy of development and co-operation, with convergent measures taken both by the developed and the developing countries'. Measures will converge only if the countries are convinced that their interests converge: and it is my belief that businessmen in these countries share converging interests more closely and more practically than politicians or government servants. They also understand better the individual countries in which they work. But they only get to understand the interaction – the interdependence – of world trade and development if, through participation in conferences like this one, they are prepared to seek international solutions to international problems.

The Business of Development

Donald Tyerman*

These very general reflections are concerned with the business of development in the poorer countries of the world, whether by public aid or by private investment or by trade arrangements. They do not pretend to be an essay in development economics. Nor do they pretend to enter a verdict on the course and consequences of the second meeting of the United Nations Conference on Trade and Development (UNCTAD) in New Delhi earlier in the year, though that meeting of the richer and poorer countries was the starting theme of the conference of businessmen called together by the Overseas Development Institute at the London Hilton Hotel. Such an account is given by Ernest Parsons later in this booklet.

I cannot claim that this sketch is even a precise, still less a complete, summary of what was said at the ODI conference, though the discussions there have provided both its raw material and its stimulus. It is, I confess, my own selective summing-up, or picking-out, of what seemed to me to be the most important and most fruitful themes that emerged at the conference. All I will try to do is to pass on the gist of what went on.

The process of transferring spare resources from richer places to fructify in poorer ones is the way our world has grown. From the reservoir of Europe, it fertilised the New World. With the resources of the New World now as well, it has flowed to the Third World, the old colonial places and the less developed ones, the receivers at the UNCTAD table. It is not simply an economic process. In the era now of new nations, as in the age of the old empires, the process has profound social, cultural, and political effects. It took a Frenchman to tell the ODI conference that this is a matter of civilisation as well as economics.

Is it economics at all, in this post-imperial present day? Clearly the ODI conference placed economics at the centre of the issues. The process of development, by aid, investment, or trade, will not happen unless, by some calculus of the costs and rewards on one side and of the benefits on the other, it is judged to be economically worthwhile. Some some of the speakers did seem to claim that, however done, it was not immediately worthwhile. There were better things, more economic things, more productive or more profitable things, to be done with the

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money and resources. But even they did not ask to stop it. This was not only for humanitarian or political reasons, not only because of the historic dangers of disorder and division in the world. Behind the simple question – 'Is it worthwhile?' – were two other wider, and deeper, ones.

The first of these is founded on a simple businesslike projection. It cannot be to the disadvantage of the developed countries of the world that the markets of the world should be multiplied and the trade of the world magnified. The future of the world economy thus depends on filling the present development gap. This question simply concerns the economic price to be paid, by whom, and by what particular means, to bring about this proliferation. The second question is the deeper one, which was half-articulately at the core of all the conference's deliberations. If it is true that, by the test of 'the economic purity of the businessman's office' or of the ruling choices of market forces as they are in the world today, development by whatever means is in the short term an uneconomic use of resources, what are we to conclude from this, and do about it?

There were at the ODI conference, as indeed there always are at meetings of UNCTAD, two answers. One is the poorer countries' answer, though many others may share it. It is that the world's economic arrangements, as they have grown up around the richer countries, are rigged or tilted against the poorer ones: that for institutional and technological, not to say political, reasons there is a built-in and growing bias against the flow of materials and goods from the poorer countries, and against the flow of funds and resources from the richer ones; that, while each act of development by aid, investment, or trade has to be justified on economic or businesslike grounds, the over-riding requirement is to get rid of the built-in bias by deliberate contrivance of the terms of transfer and exchange. The business of development, this answer says, is too important to be left to economists.

The second answer, from the richer, developed side of the UNCTAD confrontation, does not accept that there is this built-in bias. It asserts the primacy of economics, and the touchstone of the market. But, looking to the present predicament and future plight of the world's impoverished and spawning majority, as well as to the prospect of much widened world markets, it recognises the necessary expediency of building-in a bias the other way – in the poorer countries' favour. The strongest advocate at the ODI conference of unfettered market forces also called for 'the biggest exercise of charity in history' to feed the exploding populations. The spokesman for the developed countries' pragmatism in face of extravagant or impracticable requests at New Delhi still put their special stress upon the need to 'tilt the balance' towards the poorer countries by trade preferences, by financial help for their balance of payments and, prior to the better diversification of their economies, by commodity agreements. The financial experts saw that the now urgently needed reforms in the world monetary system must comprehend and cater for, not only the crippling imbalances among the developed countries themselves, but also the strangling necessities of the underdeveloped and dependent countries, whose scarcest resource can be foreign exchange.

So, starting oppositely, there seemed almost to be a meeting of minds at the conference between the arguments on behalf of rich and of poor countries on the need for 'tilting the balance' of the world's commercial and financial arrangements towards the recipients and debtors with their infant economies. If anything was accepted at the conference it was, apparently, that the economic system presently works, on the whole, against the developing countries. There seemed to be the shadowy heads of an agreement between them on the terms and the conditions of the business of development. I say 'seemed to be' because, from what I heard at the conference, I also concluded that, for practical purposes, the agreement is still largely illusory. Words still go well beyond deeds, on both sides of these transactions. Indeed, listening to the lucid, sometimes eloquent, addresses by the eminent men from Europe and Latin America, to the pointed comments of the experienced businessmen and public servants who took active part in the conference, and to the discussions of the groups on the problems of Asia, Africa, and South America, I was deeply impressed all the time by the primacy, not of economics, but of politics.

It is not the recipe, or the rationale, for an effective development policy that is lacking in the richer countries. It is the political will to do it that is lacking, both severally and collectively. It is not knowledge of the several alternative means of making fruitful use of foreign aid and, especially perhaps, of private investments that is lacking in the poorer countries. It is either the capacity to do it or the political readiness to will the means as well as the end. Perhaps the most important contribution of the ODI conference was not, after all, the critical account of all the central issues of the business of development. Perhaps it was the piecemeal exposure, from the floor and from the platform, of all the practical, and political, obstacles.

Certainly the few insistent themes that ran through the discussions underlined this. There was the search all the time for the best technical and commercial means of transferring resources to the benefit of both donors and recipients, and of making private investment profitable to both; and the recognition that this was a two-way process requiring the acceptance, on both sides, of rights and duties and the need for assurances. There was the stress all the time on the need for ways of practical partnership and mutual involvement between the two to maximise joint rewards and minimise risks. There was, from the first speech to the last, the call for a continuing dialogue between the givers and receivers, both locally on the ground and internationally, in place of the procedure by confrontation, ultimatum, and concession which has been UNCTAD's nearly fatal handicap. There was the recognition that until there is this common will for common action, in each country as well as at UNCTAD, by the poor as well as the rich, the dialogue will tend to stay a dialogue of the deaf.

It is no special dose of original sin that stands in the way. The business of development is only one international concern that risks being deadlocked by the claims of national sovereignty, as natural and demanding in new countries as in old, and as necessary to transcend in a wider interest. What is involved in the business of development is outside participation in the exploitation of indigenous resources and activities by voluntary and even-handed arrangements, for a mutual benefit. It is the wider interest and the mutual benefit that have first to be proved, and then applied, by a common consent. Nobody at the ODI conference as opposed aid and investment for development. The scepticism was practical or political. On the one hand, it concerned opportunities, the ways and means, efficiency, productivity, profit and loss, as well as security. On the other, it concerned prices, the price to be paid by the poorer partner, in debt and interest, in dependence on shifting markets. The one feared being put at too much risk, the other being put in pawn.

Nobody was disposed to accept the simple view attributed to Mr Enoch Powell: that the two grounds given for development aid – charity and self-interest – are first of all contradictory and, secondly, untenable, since the charity does not help and the self-interest is fictitious. The plea for organising massively beforehand the world's trade in food in order to meet the famines of the 70s was indeed called 'the biggest exercise in charity'. But it was presented as an act of necessity, economic as well as humane, not to say political. The filling of the development gap, and the nursing and then the articulation of the new markets of tomorrow in the Third World, were regarded, even by the most sceptical businessmen, as necessary acts of self-interest in a competitive world. The question at the end of the conference was not 'Is it worthwhile?' It was 'How can it best be made worthwhile, for everybody?'

This was in fact the central strand, the unfolding argument, of the remarkable series of speeches from the conference's guests, all of them expert and articulate in either international economics or international business, and several of them veterans of UNCTAD itself. Lord Aldington's realistic call for everybody to make the economic and businesslike best of the world as it is, UNCTAD and all, opens this pamphlet.

Then there was a striking plea for the fast social changes in both developed and developing countries to be dovetailed in development policies, with a proper respect to the cultural as well as the economic dividends – or disadvantages – of the transformations that are taking place in both halves of the world; this was the reminder that it is not just a question, crucially, of wealth and welfare but of civilisation as well. There was the stout claim, on their behalf, that the poorer countries, whether banded together at UNCTAD or singly, are coming to see the business of development in the wider world perspective, not just in their own: with the appeal that, for psychological as well as historical reasons, the dialogue must start with the richer ones. There was the frank, though sweetly reasonable, statement of the difficulties of doing good business in underdeveloped countries with sensitive governments. There was the quiet, impressively expert account of the rôle of money and of pricing policies as instruments of peaceful change in the split world. There was, from the developed countries' stance, a measured statement of how far the richer ones were prepared to go even before New Delhi, to encourage development trade and aid – provided always there was reciprocity by the receivers and, decisively, the continuing political will by the donors to put their intentions into practice. Finally, there was the dramatic perspective given to the discussions by the last platform speaker, looking into the near prospect of the 1970s, with the rich nations getting richer, under the influence of the technological revolution, and the poor nations getting poorer, under the influence of the population explosion. What was good for one group, he recognised, might not seem to be good for the other. But the weapon to combat poverty was trade, and there was a good economic case, akin to the old infant industries argument, for giving special commercial opportunities to infant countries.

There were some significantly different slants in the succession of arguments. It was not only that some were pursuaded that, from the investor's view, there were better things to do just now with their money than the risky, less rewarding business of development, while others were convinced that all our business in the future depends on developing the underdeveloped world. There was also a crucial argument about agricultural reform. One speaker explained lapidarily how agricultural reform, producing more food by fewer workers – the old historic road to economic growth – will produce a workless landless incubus, unless small labour-intensive industries can be set up, supplying the goods and the equipment for the better-off farmers as well as the increased purchasing power for the farmers' produce. Another speaker saw, in narrower perspective, the insistence of local governments on setting up labour-intensive industries simply as a political and vote-catching obstacle to the capital investment plans of private investors.

I do not want to suggest that, even in principle, there was complete consensus at the conference.

There was not. All the many-sided contentions, social and political as well as economic and businesslike, were deployed, from the floor or the platform – except the extremer assertions of the poorer countries whose few spokesmen were deliberately restrained and statesmanlike. This does not alter the conclusion, which every participant must have shared, that the burden of the conference was 'How can we best make the business of development work in a worthwhile way?' Much beyond most present-day public opinion in most developed countries, it was a vote for development, by aid, by trade, or by investment. The working groups, away from the platform, on the regional problems of Asia, Africa, and Latin America, were concerned with how best private investment can make itself acceptable to the less developed countries, and how the less developed countries can best make themselves acceptable to private investment; with the pursuit of a mutuality of interest between the investor or the donor and the developing country; with the need to provide more open markets for the materials and manufacturers of the developing countries as they develop; with the rôle of financial institutions in finding and financing development projects; and the central significance of agriculture. If development is not worthwhile now, it must be made so.

I see this ODI conference as a heartening beginning to the proper study of the business of development in concert with businessmen. It should be a continuing process. This is an economic issue. It is a business issue, too. It stands or falls, no doubt, by these tests. In a real sense, the business of development is precisely the economic business of making best use of scarce resources. But it is far more than that. It is a necessary choice of national and international policy. We have to face what somebody at the conference called the 'blackmail of facts'. But then, in a sense, every change or reform in our own country, from the Industrial Revolution and before, has come through the blackmail of facts, by the marching together of principle and necessity. If we and our richer friends give no assistance for the poorer countries for rational development, then it will be irrational. The poorer countries will still pursue development by every means of their own and of others. There is the shadow ahead of poverty and famine. This is, as André Philip told us at the conference, a crisis of cultures as well as of livelihoods. The business of development has to be part of our next rôle in the world, not only because it can and should be good business, but also because we cannot contract out of the world we live, and get our living, in. What we need to do, in the developed and underdeveloped countries alike, is to learn how to do it – together.

A Review of UNCTAD II

Ernest Parsons*

In many ways, the most significant impact of the UNCTAD Conference had occurred even *before* it began. I refer primarily to the fact that an agreement in principle on the introduction of generalised and non-reciprocal tariff preferences for certain developing country exports had been arrived at in the OECD at the end of last year; but I would also add that the imminence of New Delhi had speeded up the conclusion of an agreement to replenish the soft lending resources of the International Development Association and had almost certainly influenced some developed countries to make more ambitious announcements about their own bilateral aid programmes.

From this point of view, indeed, New Delhi may simply be regarded as a ratification of what was already more or less known, with the developed countries taking the general line that they would like to hear the views of the '77' on various general propositions before going away and working out the details among themselves.

I am sure that it has already been said often enough that this was not at all the way that the '77' saw matters. They were looking for juridical commitments – including, in most cases, a rather firm timetable for implementation of the various trade and financing measures – which developed countries were not generally prepared to accept. They were by no means prepared to leave details for subsequent settlements among the developed countries but wanted themselves – perhaps not unnaturally – to be fully part of the decision-making process. They wanted, in short, to negotiate point-by-point, using as a starting-point the so-called Algiers Charter.

Now, any negotiation involves a process of give and take, and the developed nations were not slow to point out that the Algiers Charter is basically a list of unilateral requests. It was true that there was some attempt to counterbalance these requests for assistance in various forms by pointing out the primary responsibility of the less developed countries for their own development and the need for adequate economic policies on their part. But this was looked upon by the '77' as a defensive move, and there was little serious attempt to spell out the nature of any general commitment by them as a group. It is worth

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adding, however, that in two fields – those of regional integration efforts and of the means for dealing with the world food problem – it was possible to arrive at agreed texts which presented a reasonably balanced view of the respective contributions which should be made by the two sides.

The generally defensive positions of the developed countries did them less than justice. It is, after all, a major step forward that the principle of discrimination – of tilting the economic balance – in favour of the developing countries as a group has now been adopted in the trade as well as in the aid field. There is a willingness to seek a general derogation from the most favoured nation rule and to absorb present or proposed selective preference arrangements into a general scheme. Given the problems of 'burden sharing' among the donor countries raised by these preferences, it was hardly surprising that they were unwilling to debate publicly in New Delhi a series of difficult issues which will require detailed, patient negotiation, particularly among themselves. These cover, as is well known, primarily the question of product coverage and the possible inclusion on a case-by-case basis of some processed agricultural products; the depth of the tariff cuts to be made; the difficult question of reverse perferences; and the arrangements for escape clauses and special safeguards.

In the aid field, it should be underlined that the donor countries have for years – since long before the First UNCTAD – been engaged in the OECD's Development Assistance Committee in a continuous exercise to criticise in detail one another's aid performance and to establish standards to which individual Members should conform. The point was therefore made to the '77' that they should perhaps emulate this example by making efforts to criticise one another in the same intensive way that we do in the DAC and in the OECD in general.

This is not merely a debating point. The kind of economic disciplines which could result from a collective *prise de conscience* among a group of developing countries might in some ways be more valuable than disciplines imposed from outside, however much professional wisdom they may contain. The best example here is that of CIAP (the Inter-American Committee of the Alliance for Progress) which regularly conducts systematic reviews of the economic programmes and policies of its Latin American member countries. Leaving the political aspects of the Alliance for Progress on one side, there can be no question that it has already contributed enormously to the building up of a Latin American view of the kinds of economic policies at which the countries concerned should be aiming, backed up by an impressive array of regional institutions – notably a powerful regional bank. One would hope that the moves towards regional co-operation in other areas (e.g. East and West Africa, the Maghreb, South-East Asia), which are one of the most hopeful current aspects of the development picture, could eventually lead in a similar direction.

I should say, also, that on the question of private investment in developing countries, our position tended to be unduly defensive. Led by the East European group, there was a chorus of criticism of the impact of such investment in the host countries, with specific emphasis on the substantial backflow of private interest and dividends to the investors; in fact, the UNCTAD Secretariat has been asked to undertake a study on this subject, among many others. The position of the Western countries was, unfortunately, not fully spelled out, other than in general references to the advantages which private investment can bring in transferring not only financial resources but also in know-how and entrepreneurship.

It is frankly because of the lack of a clear view of the potentialities of private investment that we in OECD are now undertaking a very intensive examination of what can be done to associate such investment more closely with the general development effort; we are examining, for example, how necessary it is to have specific guarantees and other incentives, how to more effectively link official aid (bilateral and multilateral) with private funds, and how to define more precisely the respective rights and responsibilities of private investors and the countries which receive them. We have to get away from the image that we are unrepentant 19th century capitalists and give private capital the same image in the developing countries that it already has in our more evolved economies.

It is not, of course, surprising that there tended to be major differences *among* the developed countries in the general attitudes they adopted towards development and aid problems. Thus France, with intensive aid and trade relationships with a number of smaller countries in Africa, naturally put emphasis upon those elements with which it is most familiar within that area – notably, the organisation of commodity markets and strong technical assistance action. The United States and Britain, with more widely spread and diffuse interests, tended to stress general financial measures and the appropriate criteria for implementing them – though this position was naturally moderated by the economic difficulties which both countries have been facing. The Scandinavians and the Canadians, less involved in long-standing commercial and political links with developing countries, generally argued on broad humanitarian and moral grounds and favoured fairly bold offers to them. There were also some special cases on the aid side (e.g. Japan, Italy, and Australia) where special economic circumstances inhibited acceptance of general commitments. Thus, while most proposals commanded support from some of the developed countries, few of them drew forth unanimous and enthusiastic applause; this fact certainly contributed to their collectively cautious posture.

The position of the Socialist countries was notably more moderate than at the First UNCTAD Conference. Their basic position remained the same, but they expressed themselves much less polemically. They repeated the thesis that the developed market economy countries bore the responsibility for the present economic backwardness of the poorer nations as a result of past and present exploitation. But there was a notable unwillingness by a number of developing countries to accept this argument as an excuse for rather poor current performance by the Socialist countries in assisting them: their low level of imports of tropical products, the rigidity of their trading arrangements, and the relatively small amounts of financial and technical aid provided by them did not go unnoticed. The Socialist countries supported the introduction of generalised preferences, although with their present system they would mostly have to provide preferential treatment by relaxing administrative and technical obstacles rather than reducing tariff rates. They refused to vote for the recommendations on aid targets, sticking to the very conservative line – like any Western Treasury – that they would support sound projects on a case-by-case basis.

The organisation of the Conference in groups representing the '77' (who also had regional sub-groups), the developed market economies, and the Socialist countries was probably inevitable; but it certainly produced enormous confusion – since each of the main agenda items was dealt with in corresponding groups and sub-groups for that item. But, what is worse, it practically guaranteed that the respective positions on sensitive issues would move further apart. Within the '77', the common position tended to move towards the highest common factor of the various proposals – the auction moved upwards: among the developed countries, on the contrary, the lowest common denominator too often resulted, with countries that were in a position to go further on certain items restraining themselves in order to avoid embarrassing their friends.

A good example was provided by the various draft recommendations on the volume of financial assistance. The '77' draft went beyond what had been in the Algiers Charter: it called for an aid level of 1 % of GNP to be reached by 1970–71 and set a separate target for official aid at 0·8 % of GNP: for aid to operate as a revolving fund with both interest and amortisation on past transactions being ploughed back as new aid; and it proposed the deduction of a number of items from what was to be counted in the aid flow, including about $4 billion of dividend and interest payments on *private* investments. Some quick arithmetic during the Conference showed that the combined effect of these proposals would have meant that the present aid flow (as redefined) would have multiplied by a factor of about 3·5 between 1966 and the early 70s!

The developed countries riposted initially by rejecting *all* the '77' proposals, reaffirming the target as set up in Geneva in 1964 and stating that it was simply to be regarded as an incentive to greater efforts rather than a fixed objective. Naturally enough, deadlock ensued. It became clear in the internal discussions that several developed countries were willing to go along with elements in the '77' draft, especially the simple redefinition in terms of GNP and even, in some cases, the notion of a timetable. Others were not able to do so and others again insisted on additional safeguards which took account of their special difficulties – e.g. those due to a relatively lower level of per capita income (as for Italy and Japan), or (as for Australia) the fact that they are not normally private capital exporters and thus would have to meet their obligations by providing wholly public funds.

In the end, what came out was a recommendation which accepted only the GNP redefinition of the '1%' target with various qualifications, but excluded the notion of a timetable to achieve it or a separate objective for official aid. But this was about as much as could have been expected and may turn out over the years to come to have been of quite considerable significance; it needs only to be pointed out that the achievement of the new target by 1975, for example, would produce a public and private capital flow of around $21 billion, as compared with the current level of about $10–11 billion.

The UNCTAD Secretariat had, in fact, itself put out a study which had estimated the foreign exchange gap resulting from an acceleration of the average growth rate of developing countries to around 6% a year: this gap was put for 1975 at only slightly higher than the $21 billion figure. Of course, this is largely political arithmetic: but it does indicate that the orders of magnitude which are being aimed at in this field have some relationship to reality.

What broad conclusions can be drawn from the New Delhi proceedings? Perhaps the most important is that the UNCTAD recommendations, unsatisfactory as they are in some respects, should be regarded as a starting-point and not the end of a genuine process of negotiation. Further intensive efforts are going to be needed in order to achieve greater precision in commitments of developed countries and a greater sense of responsibility on the part of the poorer nations. And the implications of these efforts are so far-reaching that it would be quite unrealistic to be discouraged by the failure to achieve full and final solutions at New Delhi.

We need also to bear in mind the value of keeping open a continuing, generalised dialogue with developing countries, such as is provided by the UNCTAD machinery. At the same time, there is every reason why we should also go ahead as far as we can with partial solutions – for example, in tackling trade and aid relationships on a regional basis, in seeking solutions to the world food problem, in setting up better models for educational and manpower development, in trying to tidy up the most acute external debt servicing cases.

It would, further, be most unfortunate if the New Delhi discussions, with their heavy emphasis on the plight of the poorer nations, encouraged a general pessimism about development prospects. Such pessimism is usually a reaction from exaggerated optimism about the prospects for achieving quick and painless growth. And it ignores not only the solid – and in many ways remarkable – achievements of the past decade but also the basis which has been laid in many fields – for example, education and training, communications, power, regional co-operation, administrative restructuring – to ensure accelerated growth in the future. The simple message that should be got across to the people of the developed countries is that a reasonable and perfectly feasible extra effort is now required to ensure that the work already put in is not wasted.

Above all, I think it is essential that we should draw the lesson from New Delhi that the whole question of our economic relations with the Third World should be handled on a higher *political* level. It is really not sufficient that we spare occasionally a few moments from our own undoubtedly pressing problems in other areas, domestic and foreign, to look at what might be done – at the margin – to satisfy the demands of developing countries. And it was unfortunate – but not decisive – that the Conference took place in the shadow of major international monetary disturbances.

It is only too easy to make brave speeches about the development problems being the greatest challenge facing humanity, and then to turn straight back to more immediate issues. There is no doubt that the call which is being made for a broader strategy of development and a review of the past successes and failures is largely justified, and should help to provide a sounder conceptual framework for our action than at present exists.

But, in fact, there *are* sufficient instruments already to hand to do a much better job, if we had the political imagination to see the opportunities which exist. I felt that one of the most pungent remarks of the Conference was that of George Woods of the World Bank when he said that the donors were at present getting the worst of both worlds: they were doing enough to irritate their own public opinion and parliaments but not enough to make the development effort a success. Let me add that, so far as public opinion is concerned, the main problem in most countries is not one of hostility but of apathy: and that most governments can act even in the face of opposition from small groups and without the benefit of mass movements in support of assistance for the developing countries. If we need models for effective action, we need only to think of the various movements for a United Europe or the pressure groups of the last century which pioneered welfare improvements.

The real test of the intentions of the developed countries, on which the New Delhi Conference will be seen to have exercised an important influence, will come during the next year or two. The practical decisions to be taken on the implementation of the preferences scheme, on aid (including supplementary financial measures), and on certain commodity problems, will need to be worked out not only in the continuing UNCTAD machinery but also in more specialised bodies like the OECD (and its Development Assistance Committee) and the GATT.

I would say, finally, that so far as the OECD is concerned, the essential requirement is that governments should take such decisions as will enable the developed countries *as a group* to work out suitable compromises; but if these decisions are not given the political weight they deserve we may again be faced with the atmosphere of New Delhi. The situation could then become extremely difficult and even dangerous for world stability.

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This handbook is intended to present the non-expert reader with facts about the direction and composition of the export trade of the less developed countries, the policies of the major developed countries affecting this trade, and the work of the two international institutions primarily concerned with trade policies: the General Agreement on Tariffs and Trade (GATT) and UNCTAD. In describing current and proposed trade policies and institutions, the handbook also comments on some of the main issues raised.

The handbook represents an attempt to select and compile information which is already available from many different sources, some not easily accessible. We hope that the availability of this information in a single publication will be of use to those with an interest in the contribution of trade to development.

The authors are Michael Zammit Cutajar and Alison Franks, research officers of the Overseas Development Institute.

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