

herent and integrated policy on basic commodities; yet these constitute one of the major concerns of the Third World countries. The picture is already very familiar: Malaysia must export more than twice as much rubber in 1970 as in 1960 in order to pay for the same quantity of imported manufactured goods; Ceylon must export more than one-and-a-half times as much tea in 1970 as in 1960 in return for the same volume of imported goods. This deterioration in exchange terms affects many other countries whose exports consist of temperate foodstuffs, agricultural products and processed minerals, such as cereals, meat, fish, dairy products, wine, oil seeds, tobacco, cotton and wool.

It should be further added that most of the underdeveloped countries depend on the export of one or two basic commodities for their foreign-currency earnings. What did the third UNCTAD contribute to the resolution of this problem? From the opening of the conference, the industrialized countries showed a keen desire to cooperate. Two trends clearly emerged: the German delegation defended the more liberal proposition that provided for measures that would generally favour the entry of basic commodities on the markets of the developed countries (lowering of customs tariffs, elimination of quotas). The French delegation preferred to draw up agreements, commodity by commodity (like the agreements on coffee and sugar) in order to regulate production and stabilize prices. The categorical opposition to each other of the two methods blocked the way to a real solution. After lengthy discussions, the industrialized countries came back to the *status quo* by submitting a text in which they stated that they would abide by Resolution 73, passed on September 18, 1970, by the Trade and Development Board. That text is only a vague declaration of intent, which leaves the way open for each industrialized country to adopt measures, case by case, according to its choice. No meaningful progress was, therefore, made, and there is nothing to indicate that it will be otherwise in the future. According to Mr. Mansholt, the European Economic Community is undergoing change and does not find itself in the best position to develop a clearcut strategy on external problems. The United States has still not brought its balance of payments into balance and, furthermore, this is an election year. Canada even questioned UNCTAD's competence to deal with the problem of basic commodities. In the rich countries' view, all that the underdeveloped countries can do is wait for the day when all the problems of the developed countries

are finally solved, after which they will perhaps be "charitably" invited to partake of the abundance.

Disunity on disarmament

The discussion on the commercial and economic aspects of partial disarmament did not meet with the approval of the powerful countries. Nevertheless, the arguments put forward by the Group of 77 did carry some weight. Worldwide military expenditures had exceeded \$200 billion in 1970 and, if the proportion of world production that they absorb annually at the present time continues, they could total from \$300 billion to \$350 billion (at 1970 prices) by the end of the decade. According to Robert McNamara, President of the World Bank, this sum is 25 times as large as the total amount of all assistance programs and already exceeds the total gross national product (GNP) of all the underdeveloped countries. "What is worse," he stated, "defence expenditures are increasing by 6 per cent a year; this rate of increase in destructive power is greater than the rate of growth of the total world production of goods and services." Hence, an end to the arms race would contribute both to improving international relations and to maintaining world peace and security, thus freeing resources for peaceful purposes, including assistance.

According to some economists (e.g., Barbara Wood, a 10-percent reduction in inflationist-type military expenditures, if transferred to development assistance, would make it possible to meet quickly the proposed target of 0.7 per cent of the GNP for official assistance. An increase in assistance to underdeveloped countries would be the natural consequence of a substantial reduction in military expenditures. This reallocation of resources would bring about an increase in total revenue and in world trade. The motion to this effect, made by the Group of 77, was debated. The draft resolution by the Group was withdrawn in favour of a watered down draft submitted by the president of the conference, which was adopted by 80 countries with nine abstentions (precisely the more powerful countries). China did not take part in the vote "because the problem of disarmament cannot be resolved as long as the United States and the U.S.S.R. continue to increase their armaments in their dispute over world supremacy".

Canada stated that it did not believe that the argument that a reduction in military spending would automatically generate additional funds for development was realistic.