Trade and aid are two points at which two worlds meet: the relatively affluent world of the industrialised, market economy countries, suffering from recession now, certainly, and with their own pockets of unemployment, underemployment and poverty; and the Third World, with its pockets of affluence, certainly, particularly in the oil exporting nations and in a dozen or so others which are on their way to becoming industrialised, yet with a great impoverished mass of people to whom at present no hope of a better life is offered.

The market economies and the Third World: it is ironic that although the global debate on development often flirts with either one or the other of the principal economic ideologies, socialism and capitalism, the Communist countries come into the real argument only as an ideological gadfly. For the proportions of either trade or aid they are concerned with are so small that they cannot significantly affect the outcome. The poor countries do 5 per cent of their trade with the Communist bloc, 20 per cent with each other, and the remaining 75 per cent with the market economies of the West. The West also contributes about 75 per cent of aid, and the OPEC countries have now far surpassed the Communists for the second place.

Of these two subjects, trade and aid, it is fashionable now to say that trade is more important. For the national self-esteem of the developing countries and for their long-term economic development, that is certainly true. In the fifteen years between 1955 and 1970, the developing countries' share of world trade fell by an amount which was statistically equivalent to 72 million additional jobs. That is how much trade matters.

J. Cole, The Poor of the Earth
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Yet we ought not to under-rate the significance, particularly in the short term, of aid. Perhaps we ought to think of what is called development assistance as first aid. For if we accept that this generation in the Third World cannot be saved from want, and even starvation by a rapid development of modern industry, but must rely on a basic needs strategy concentrated on the rural areas where the vast majority of poorest people live, then aid is crucial. One of the tragedies of the seventies is the rich world’s failure to maintain its good intentions on aid. Just as development experts were learning how to use it more sensibly — by directing it to the poor, through labour-intensive projects in agriculture, irrigation, water supplies, sewerage, rural roads, and everything which will develop the life of the countryside — the amounts have declined.

Partly this is economics. With two recessions in the past decade, the present one deeper and harsher than a post-Keynesian generation had thought possible, the developed countries were bound to feel poor, and to react accordingly. But the difficulty in extracting more aid from the richer countries is also, in part, psychological.

The truth is that the West, and particularly the United States, feels itself driven into a corner. One cause is the rhetorical aggression of the Third World, itself a result of exasperation. America, whose own riches are based on a system of private enterprise, hears itself engulfed in a sea of socialist jargon. It must not make it any easier to bear that some of those mouthing it are Third World elitists whose genuine dedication to any egalitarian philosophy is suspect. Add the threat that many of the developing countries will slip into the diplomatic sphere of influence of the Soviet Union or China — probably not a real threat, but a worry none the less — and you have a recipe for mutual distrust.

Some in the West feel their ideology strongly also. At the United Nations recently, the West German Foreign Minister, Hans-Dietrich Genscher, attributed his country’s remarkable recovery after the Second World War to the decision then taken in favour of a free market economy, and he gave a warning against paralysing the efficiency of the world by ‘dirigistic experiments’. The task of reform in the inter-