attempted in the case of commodities which do not deteriorate when kept in stock for a long period. Even more difficult is agreement on export and/or production quotas which are needed if supplies are elastic in the long run, for stabilising high prices. All these problems become the more thorny, the less the commodity in question shows homogeneity.

**Uncertainty of Success**

But even if worldwide concentration of supplies could be engineered, it does not do to overrate the possibility of increasing export earnings in this manner. On principle, this is only conceivable in cases in which direct and cross-reference price elasticity towards price rises of a given commodity remains very low and technological chances for substitution are remote. In all other cases, price rises will induce deformations of the demand curve, which means lower exports, which again might cause the original price increase effect to fade away in the end.

Similar reservations must be placed on the expectations of producer countries, which believe that rationalisation gains created by the measures under discussion would largely benefit the producers. The profit distribution pattern which seems to dominate the notions of producer countries, is a highly simplified one which remains valid only under special conditions, which are not those of real, practical life. How potential profits may be distributed depends in detail on empirical conditions and on the path along which rationalisation is approached. In conclusion: recommendations of a general character can hardly be formulated, because of the differences between individual commodities and between the measures for their improvement.

**Investments in Education for Trade**

by Edmund Köhn, Berlin

In spite of its importance for the economy, trade in developing countries has been falling short of the attention it deserves in discussions about development policies. It is all the more necessary, therefore, henceforth to make the very existence, and the increasing use, of trade consulting services part and parcel of development strategy.

Trade in LDCs is bound to grow incessantly. Factors that have been leading to downright trade expansion in the industrial countries ever since the middle of the last century are either already apparent in the LDCs or at least make themselves noticeable there as forces of future influence. For instance, no government will in the long run be able to prevent the increasing urbanisation or the trend towards town-consumers' habits encroaching upon folks in small townships and even villages. A higher level of education, and the resulting progressive division of labour together with improved means of communication and wider sources of information available through media of all kinds, lead to a continuously dwindling degree of self-sufficiency. This, in turn, entails bigger tasks for trade within the national economy.

**Importance of Internal Trade**

There are also other reasons for looking upon a well-functioning trade not only as desirable especially for the LDCs but also as a sheer necessity. After all, higher agricultural production depends on relevant marketing facilities for the goods additionally provided. The same applies to the newly-to-be-established industrial units meant to contribute lastingly to the economic development.

It is largely due to lack of reliable data about internal trade in LDCs that trade as a whole, and particularly domestic trade, has, important though it is, in comparison with other branches of the economy, so far been grossly neglected in deliberations about possibilities for the solution of development problems. In addition there have been basic attitudes and approaches stemming from various influences, that make the experts in donor countries as well as official quarters in the LDCs devote little attention only to matters concerning internal trade; it seems ultimately as though one was to rely on marketing to organise itself as sort of matter-of-course in as far as it would not be taken over by existing enterprises and organisations without additional effort.

It also springs to mind that publications in donor countries on the subject of trade in LDCs do not go beyond the fringe of conventional trade catalogues. Kainzbauer for example mentions in detail
- bridgling of distances,
- regrouping of quantities,
- merchandise regrouping,
- adjusting of time factors,
- extension of credits,
- the functions of contracts, information and consultation.

It is possible to prove without doubt that those functions have been observed by trade enterprises in the LDCs. One is therefore right, in this context, to recognize certain multifarious pointers for possible auxiliary aid measures. The often essential extension of credits by the wholesale and retail trades to their customers makes at least an elementary knowledge of book-keeping a precondition lest bankruptcy of the respective trade establishments be the inevitable consequence. Also, the timely ordering of goods to replenish the range calls for a proven handling of stocks.

When, however, it comes to the considering what measures and means are best suited to make trade in LDCs a more effectful tool for the development of the entire economy, it will become evident that the role of trade, depicted on principle as a passive one in familiar functional catalogues, is to be questioned.

Contrary to the primary and secondary sectors of the economy, the trade, in economical-scientific systematization, appears in the tertiary sphere as organ for the distribution of goods. This, then, ranks trade establishments as mediator between producers and consumers — the verdict on its "productive" performance having changed with the course of time.

In the industrial and highly developed economies the conviction has meanwhile come to the fore that, in the long run, trade cannot be "circumnavigated" and that, to the contrary, trade needs intensified initiatives for making it a more effectful instrument of the economically necessary distribution. Not so, however, in LDCs where trade is still very often seen as "unproductive" and really superfluous or even parasitical.

Supply-orientated Trader

It is obviously not recognized that trade in LDCs can promote the primary and secondary sectors of the economy even more directly than for instance in Europe. This extends far beyond the mere information of producers about the market structure at any given time and on market trends noticed.

Experiences in LDCs have in fact shown that traders, particularly wholesalers, are directly ordering from the domestic small-scale industry. It is necessary to assess the differences, in this aspect, and compared with industrial nations, appropriately and with exactitude. In the industrial countries the trader finds himself — as far as the procurement is concerned — confronted with an excess supply of goods; as a rule the goods of his choice are available in any desired quantity and without undue delivery delay. In the LDCs, however, the trader senses in his marketing area additional selling prospects for a product not hitherto part of his range. Contrary to conditions in the industrial countries he must consequently look for a supplier himself. For this, a glimpse at the pages of a specialised telephone directory or collected catalogues and price-lists only rarely suffices. Unless the trader should intend to take up the production on his own accord, he will have to contact the producer direct. He will draw the producers' attention to the perceived market-supply gap and encourage him to take up, or enlarge, the production of certain goods. The initiative to further, or stimulate, fields of production or manufacture originates from the trader. He it is who injects the impulse and also often takes the entire production risk upon himself. In the same context there is the frequently existing vertical integration which has already become common practice with many wholesalers in LDCs.

In order to make this briefly outlined function of the trade clearly understood, we have categorized these wholesalers in the LDCs as being actively supply-orientated. The reason being that, contrary to the wide-spread thesis of primary, secondary and tertiary sectors of the economy developing in the LDCs in just this sequence, the very activities of traders referred to above lead to vital impulses for the development of the primary and secondary sectors coming specially from the services sector of the economy.

Aid for the Trade

From this realisation logical consequences in respect of intensified aid and support for the domestic trade in LDCs are deducible. There are three distinct basic possibilities for the furthering of trade controlled by locals:
- aid by means, or in connection with material investments (e.g. credits for the obtaining of deep-freezers, letting of rooms in public trade-promotion centres at favourable conditions);