Book Review: *The Law and Organisation of International Commodity Agreements*

by

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THE LAW AND ORGANISATION OF INTERNATIONAL COMMODITY AGREEMENTS. By Kabir-ur-Rahman Kahn. The Hague: Martinus Nijhoff, 1982. Pp. xxv, 416.

*Reviewed by Stephen Zamora**

Professor Khan has written a comprehensive, detailed description of international commodity agreements, and of the predominant organizations that have been formed to rationalize international trade in basic commodities. International commodity agreements, and the organizations that administer them, have been in existence for many years. They are interesting subjects of study for several reasons. To begin with, the commodities that they cover[1] are often important in world trade, and they are particularly important, and even crucial, to the trade positions of particular countries, especially developing countries. In addition, because of the commodities' importance to large blocs of countries, issues regarding the regulation of commodities are recognized as important subjects within the larger debate on restructuring the world economy to provide greater equity between the traditional industrialized powers and the Third World. Finally, international commodity organizations (or ICOs) are among the earliest examples of the concerted application of rules by

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2. GAFTA 27 and 30, FOSFA 24 and NAEGA 2 are acronyms which refer to the professional groups that devised these standard form contracts for use, *inter alia*, by exporters of grain and soybeans from the United States and Canada. See further, Slabotzky at ch. 3.

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1. Khan concentrates on the principal agreements, starting with the 1864 Paris Sugar Convention, that govern seven basic commodities: cocoa, coffee, olive oil, rubber, sugar, tea, tin and wheat (pp. xi - xii). He also discusses, in less detail, the less formal, and often less successful, arrangements dealing with other commodities, such as iron ore, jute, and numerous others.

governments to deal with specialized economic matters. For this reason, the ICOs have contributed to the establishment of international economic law as a discrete subject matter within international law, and the study of them helps us to draw conclusions about international economic law generally.

There are several alternative approaches to analyzing such a subject. One might stress economic analysis, focusing on the effects that ICOs have had in their respective markets, the costs and benefits of these effects, the requisite economic conditions for effective regulation, and so forth. Or, one could examine ICOs under the discipline of legal realism, looking behind the formal rules and relationships for underlying explanations (whether economic, political or otherwise) that would help us to understand them. Khan has decided to follow a highly "institutional" approach, concentrating primarily on detailed descriptions of the official positions of governments, and on accounts of the formal negotiations and decisions taken within the ICOs.

In the early chapters, he succeeds in placing ICOs within the larger context of efforts by other institutions (the League of Nations, the stillborn International Trade Organization, the U.N. Organization, UNCTAD) to promote international cooperation and regulation of trade in commodities. He then turns to the principal elements of international commodity agreements: the use of international quota systems and of buffer stocks to regulate price and supply: the use of multilateral contracts to regulate trade in wheat; the elements of the U.N. sponsored Integrated Program for Commodities; the formal, institutional arrangements. He is careful to provide constant comparisons between the structures of the agreements and of the organizations that administer them. The institutional focus can also be seen in Khan's selection of research sources: each heavily-footnoted chapter shows a primary reliance on the charters, reports and resolutions of the ICOs themselves and of other international organizations.

There are problems with the approach taken, however. Khan's book allows us to understand ICOs on one level—the official, institutional level—permitting us to make comparisons between institutions and to understand the basic trends in official policies. He could have provided more information and insight, however, into other levels of inquiry that are crucial to an overall understanding of this subject. There is very little economic analysis, and practically no reporting of economic data. The actual effects of ICOs on commodity markets—an important factor used by the Reagan administration to determine U.S. policy for each commodity—is given very little attention. Nor are we introduced to the politics of the subject; we are occasionally given the reasons for a government's position on a given issue, but this is not done sufficiently to allow us to understand the political forces that underlie these institutions. The approach lacks a level of objective, critical analysis that would allow the reader to evaluate the effectiveness of ICOs, or to discern the measures that are needed to make them more effective.

Khan appears to start from the premise that ICOs are desirable, that they should be promoted, and that their present activities should be expanded. This viewpoint is clearly shared by many experts, as shown in the U.N. adoption of the Integrated Program for Commodities. It is easy to be sympathetic to this view, especially if one is concerned about the widening disparity of wealth between richer and poorer countries, the latter tending to be more at the mercy of commodity market fluctuations. Nevertheless, Khan's book might also have addressed the questions raised by those who find fault with government intervention in markets. For these experts—economists such as P.T. Bauer[2] and Theodore W. Schultz[3]—commodity stabilization may carry costs that might outweigh the benefits. Khan does not cite either of them, nor does he attempt to deal with such questions, even though such free market-oriented views are now very much in vogue, both in universities and in some governments' bureaucracies.

In sum, Khan provides a generally clear discussion of the institutional framework within which international commodity trade is regulated at the intergovernmental level. There is a wealth of detail that will make this a useful book for serious research, even if it does not answer all our questions about these organizations.