is inelastic.[3] Demand for a number of the major commodities in world trade is quite inelastic. The principal traded commodities are, in order of trade value: petroleum, meat, wheat, fats and vegetable oils, cotton, coffee, copper, wool, sugar, rubber, dairy products, tobacco, rice, corn, tea, cocoa, tin, jute, zinc, lead, bananas, and citrus fruit. The combined annual value of trade in these products is about $35 billion.

There are, however, a few hitches that would cause a number of these products to be dropped from any list of candidates for price-fixing agreements aimed at benefiting underdeveloped countries. Petroleum, accounting for nearly $10 billion of exports, is already subject to international price fixing by private agreements between oil companies and governments of the major petroleum-exporting countries. Meat, wheat, wool, dairy products and corn, amounting to an additional $5 billion, are primarily exported by rich countries, so that price-fixing schemes would hurt poor countries more as consumers than it would benefit them as exporters. Of the remaining sixteen products, six (oils and fats, citrus fruits, tobacco, copper, lead and zinc) are exported in substantial quantities by both rich and poor countries, so that the United States, Canada, Australia, Spain, and South Africa would be major beneficiaries of price-fixing schemes. This difficulty is not necessarily crippling, because these countries could presumably agree to pay their "profits" into a fund for the benefit of developing countries. However, these products present other problems for regulation. Nonferrous metals substitute for each other (and for plastics in some uses), so that the price of each would have to be regulated in light of all others. Vegetable and animal fats and oils also substitute for each other (and for synthetic detergents), so that the problems created by control efforts would be even more complex than for metals. Citrus fruits substitute for other fruits in the consumer budget. Finally, since each of these products, or a close substitute, is produced in a number of the major importing countries, a rise in the world price might lead to substitution of home production for imports, unless importers agreed to maintain home production at preexisting levels.

This leaves 10 major traded commodities for initial consideration under price-fixing schemes aimed at benefiting underdeveloped areas: cotton, coffee, sugar, rubber, rice, tea, cocoa, tin, jute, and bananas. All of these products are primarily exported by poor countries.

Jute and rubber are ruled out from the start, unless other textile fibers and synthetic rubber prices are also controlled. General control of world fiber prices seems out of the question, and while joint control of natural and synthetic rubber prices is theoretically possible, the countries that produce synthetic rubber show no interest in such a program.

And Then There Were Six

Cotton and rice are special cases in that the United States is a major exporter. Even if the United States renounced its potential profits under price-fixing schemes, other difficulties would arise. Raising cotton prices again implies control of other fiber prices, both natural and synthetic. The problem with rice is that underdeveloped countries are the principal importers, so that raising the price simply helps producers in some underdeveloped countries at the expense of consumers in poor countries. Furthermore, such a price rise would simply stimulate production in the importing countries.

The 10 products therefore reduce to six. The following table shows the average value of trade in each for the years 1959–61.

Product	*Value of exports (millions)*
Coffee	$1,878
Tea	616
Cocoa	521
Sugar	1,498
Tin	392
Bananas	334
Total	5,239

Two of these products, coffee and tin, are now organized under international commodity agreements. Tea was marketed under a commodity agreement from

Footnotes at end of article, p. 184.