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Power policy: Outdated security argument

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instance, the leader of the left-wing opposition in Kenya, Oginga Odinga, immediately announced his support of the decision to nationalise.

But what will be the effects of these nationalisation measures upon the economy? Past experience in comparable countries shows that it is not possible to solve by such means the urgent economic problems of developing countries. It should also be obvious that this radically left-wing course will weigh even more heavily upon Tanzania's already tense relations with Western industrial countries. It is, therefore, doubtful whether private investors will still commit themselves in Tanzania in the future, although the President appears to take the discouragement of foreign investors calmly. He stated that Tanzania will take the "Socialist road, even if we are dubbed Communists. One day Tanzania will have a classless society where there will be no exploitation."

It will be interesting to see how and where the "Tanzanian road towards Socialism" will end. dw.

Power Policy

Outdated Security Argument

In discussing power policy, the security of the power supply is one of the most frequently raised arguments. It is widely felt that the Federal Republic's power policy, apart from other problems, is faced with the alternatives of a safe, but unfortunately expensive, supply of domestic coal, or of a cheap, but uncertain, supply of crude oil from abroad.

This view is based mainly on the idea that the Federal Republic obtains its crude oil chiefly from the Middle East, from countries where several factors might endanger the continuity of oil supplies. Struggles for political power, social unrest and—not least—the tensions between the Arab States and Israel are quoted as latent risks endangering crude oil deliveries from this area.

Until a few years ago, fears that crude oil deliveries might be interrupted—at least in the short term—were not unwarranted, since in 1960 the Federal Republic still imported about 80% of its crude oil from the Middle East. Since then, however, the position has altered considerably. Over the last six years, the Continent of Africa has gradually assumed the role of a major supplier of oil to the Federal Republic. In 1963 already one quarter of crude oil imports came from this area, whereas in 1965 the proportion was exactly one half.

Imports from various African states, with Libya in the lead, from Middle Eastern countries and—although of less significance—imports from Venezuela now constitute the raw material basis of the German oil industry. Since this broader regional distribution of supply sources has considerably increased the secu-

rity of our oil supply, it would be better to avoid any too emphatic recourse to the security argument in discussing power policies. sto.

Development Policy

Two Conferences — No Results

From 16th to 20th January of this year two conferences were held—one in Africa and one in South America—dealing with the affairs of developing countries. Industrialists and banking representatives, mainly from industrial countries, met in Addis Ababa at the invitation of the Economic Commission for Africa (ECA). The general theme was the industrialisation of Africa by attracting entrepreneurial initiative from developed nations. The Secretary General of ECA submitted to the representatives of 14 countries of the East and the West investment projects which might have "banking appeal"; during the discussion it became apparent, however, that the development projects submitted were often merely lists of wishes and hopes and that many factors were present to discourage actual investment: On the one hand, risks directly connected with investment, such as the lack of qualified labour and management, distribution problems, transport problems due to a deficient infrastructure; on the other, "indirect" risks, in form of political instability, "inimical" legislation or insufficient health and welfare arrangements.

The second basic issue—foreign trade—was dealt with at the meeting of the GATT Trade and Development Committee in Punta del Este/Uruguay. The idea of this was to give developing countries—particularly Latin American countries—the opportunity, in view of the final Kennedy Round negotiations, to make known their wishes with regard to trade expansion to the almost 100% represented industrialised countries. The young nations wanted more participation in world trade. They complained about the decline in prices of raw materials and demanded that goods, whose exports are interesting them should not be included into the lists of exception of the Kennedy Round. Finally they expressed their anticipation that the tariff walls for these goods would be abolished unilaterally in their favour, and to a larger extent than provided for—and that with one step, not in stages. However, no satisfactory conclusion was reached in Punta del Este either.

In juxtaposition, these two conferences demonstrate the basic dilemma of successful development policy: on the one hand, industrialisation is an essential condition for a propitious foreign trade structure; on the other hand, an improvement of infrastructure, which would lead to increased investment activity both by home and foreign investors, is to a great extent dependent upon funds deriving from improved foreign trade results. ehm.