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## Development aid: Franco-German Co-operation

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# COMMENTS

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## *Marshall Plan*

### **20 Years After**

Twenty years have passed since George C. Marshall took the initiative, on 5th June, 1947, in a speech at Harvard University, for an aid programme which started up just one year later and which has gone down in Atlantic history as the Marshall Plan.

\$ 13,900 million—\$ 6,000 million less than were appropriated in the 1966/67 fiscal year for the Vietnam war—flowed to Europe between 1948 and 1952, and this was enough to create the incentives for a new economic development. Marshall Plan aid was an important basis for European reconstruction, and in Germany, in particular, it helped to overcome the feeling of hopelessness which made people doubt whether the damage caused by the war ever would be repaired. The success of this reconstruction effort is probably the best thanks the United States could have for assistance given.

What remains after 20 years is the appreciation of that politically far-sighted and humanly unique action, whose value is certainly not diminished because it was also definitely in the interest of those who contributed the funds. Contrary to 1947, however, we no longer have America's engagement, its forward-looking initiative in the political formation of divided Europe. America now seems to show signs of being weary of Europe; this is partly due to its engagements in the Far East, but may as well result from the feeling that the Continent is tired of American aid. At the same time, however, initiative and political activity are threatening to pass increasingly to the Communists, whose influence in Europe was to be effectively restricted not least by the Marshall Plan.

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## *Expo '67*

### **The Supershow on the St. Lawrence**

Expo '67, the world's latest supershow on the St. Lawrence, will not escape the fate of its predecessors. In spite of its marvellously organised harmony, which comes through its overriding theme, "Terre Des Hommes", that runs through the whole exhibition, it seems unable to get away from a vast panorama of national displays. A lot of trouble has been taken in Canada—not only financially—and a great deal of fantasy has gone into everything, particularly the so-called theme-pavilions which, in accordance with the motto chosen, show man in his various guises as moulder of his environment. The 63 participant coun-

tries have also been determined to avoid the self-glorification which usually dominates such events; most of them have shown originality and charm in the shaping of their buildings. But the efforts made to win the favour of visitors and have the satisfaction of a full building have destroyed many of these good intentions.

What has resulted is not a vision of man who—regardless of nationality—forms the future rationally and knows himself to be responsible for our world; it is rather a giant amusement park—a fair with astounding, delightful and rubbishy things to be seen—just like we find on earth. It is not the coming to terms of man with his environment which gives the tone of the exhibition, but national conceits and envies.

So not much more will remain of this International Exhibition—apart from the usual deficit—than a well-earned prestige success for a country which is hungry for prestige and which has found in this exhibition a setting worthy to fête its hundredth anniversary. Were it merely concerned with presenting national characteristics and achievements, no such costly function would be needed—particularly in a country so far from the important centres of population; this could be broadcast better—i.e. more completely, in better doses and much more cheaply—by individual nations via modern mass media.

mre.

## *Development Aid*

### **Franco-German Co-operation**

The talks held in Paris in May between the German Minister for Economic Co-operation, Mr H. J. Wischnewski, and his French colleague, Secretary of State Yvon Bourges, on how their countries could co-operate over development aid, seem to have been successful.

The Minister went to Paris intending to speed co-operation between the two countries in the sphere of development envisaged under the January 1963 Elysée Agreement; during the years of deteriorating Franco-German relations this co-operation was never put into practice. The aim of the government talks, inter alia, was to improve the synchronisation of the two governments' development policy. In the course of the negotiations, it was said that, apart from general principles, it would be desirable to achieve greater practical co-operation than had previously been the case, both on government and private industrial levels. The Germans persistently insisted that the existing imbalance between Federal Germany's contribution to the EEC Development Fund (34 %) and orders to German firms which were financed from this (9.1 %)

must be corrected. However, this imbalance is due not only marginally to a lack of initiative on the part of German industry. Africa—it is the developing nations in Africa which receive the lion's share of the European Development Fund—was and remains a difficult market for German industry. African countries have traditional trade ties with other European industrial nations which date from colonial days—e.g. with France, Belgium, Holland—and it is very difficult for Germany to break in.

Quite rightly, the Federal Minister is of the opinion that the allocation of development projects financed by the European Development Fund could be better arranged if there were direct co-operation between German and French firms. With this end in mind, it was agreed that a conference should be held in the near future to be attended by representatives of private industry from both countries, where opportunities will be discussed. This type of co-operation also appears urgently necessary in order to avoid useless overlapping and duplication as sometimes happens now with the various projects in Africa. be.

#### *Military Government in Greece*

### **Economic Policy still Unclear**

Very soon after assuming power the Greek military government hastened to assure private industry of its support. It wishes to encourage investment by means of monetary and fiscal measures, but so far these have not been described in detail. Foreign firms are to be given additional incentives. The only concrete step of a politico-economic nature taken hitherto has been the abolition of the right to strike: this is particularly important for the frictionless flow of trade, since it will no longer be necessary to anticipate frequent delays in loading and unloading ships.

However, when in the near future the Greek entrepreneur's propensity to invest is increasing again—they have been too reluctant to do so since the end of last year—this will be not only because of the new government. For several months industry has been playing a waiting game, mainly because it was impossible to predict the composition—and, consequently, the politico-economic atmosphere—of the government expected to take office after the parliamentary elections originally set for 28th May.

Nevertheless, based on statements made thus far by government spokesmen, there is still no guarantee of consistency in economic policy or that these aims will be methodically pursued. It is precisely in those spheres where the democratic government was defeated because of special wishes of interested parties that the military government—which is not dependent upon the votes of the electorate—appears unwilling to take a new line. The tax reforms urgently recommended by OECD—in particular higher income tax—are not to be carried out "for the

time being". On the other hand, the income of the peasant class (still the largest class of the population) is to be raised; the reduction of agricultural subsidies recommended by OECD seems to have been forgotten. Since the current Greek Government is not subject to any parliamentary control, it may hardly be expected to draw up a detailed programme of development which would make it possible to measure the quality of this Government, in economic matters, against the punctual execution of such a plan. rl.

#### *China Trade*

### **Trade Agreements Unnecessary**

Hitherto the proportions and lifetime of foreign trade relations between Western European countries and Communist countries in the East have normally been regulated by trade agreements between the states concerned. However, the development of West Germany's foreign trade with the Chinese People's Republic shows that this type of trade agreement is by no means a *conditio sine qua non* for trade with an Eastern bloc country. Granted, the first peak in Sino-German trade was reached in 1958, on the basis of trade agreement between "German Industry's Eastern Committee" and the "China Council for the Promotion of International Trade", signed in 1957; but after the expiry of this agreement at the end of 1958, the subsequent diminution in the foreign trade volume (which lasted until 1963) was unexpectedly followed by a constant expansion of exports and imports; these reached a peak of ca DM 900 million in 1966. Thus by 1966 West Germany had become the most important Western trading partner of the Celestial Empire, in spite of the fact that—unlike Britain and France—it has no diplomatic representation. If the negotiations now under way between a European consortium under German leadership and the Chinese Government, for the construction of a rolling-mill for sheet-steel, are successful, the volume of foreign trade between West Germany and China should exceed the billion mark in 1967. It is astounding that also the "cultural revolution" has not yet had any restrictive influence upon the development of foreign trade. Until the end of 1966 Peking placed no restrictions upon the placing of contracts but was more inclined to increase them. The reason why West Germany—not Britain or France—is China's favourite trading partner in the West must most likely be sought in the structure of the trade currents. Because of the industrialisation process taking place there, China has urgent need of just those high-quality machines and chemical products which make up the main proportion of Germany's exports. West Germany plays a leading role on the world market, at least in the market for high-quality precision instruments.

In any case, the way this foreign trade has developed is one more indicator of the fact that even in Communist countries political targets cannot always take precedence over economic necessity. ha.