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Italy: Development aid in Europe

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COMMENTS

Rhodesia

The Fourth Satellite State

An amicable settlement of the conflict between the UK and Rhodesia is growing more and more unlikely. The futile talks in December have certainly not been the last attempt at negotiations, but neither side seems to display a strong interest in making mutual accommodation easier. This means that the Smith government appears to have imposed its own conception of a white Rhodesia upon the world, at least for the time being.

There can be no doubt that the worldwide embargo demanded by the UN General Assembly has hit the Rhodesian economy badly. But even after having been cut off from the outside world, Rhodesia's economy is still far from approaching breaking point.

No matter whether the future state of Rhodesia will be under white or under black domination, it will always depend heavily on South African aid for keeping its economy running, or for revitalising it. Economic pressures which have been exerted over the last two years by the UN have brought Rhodesia even more closely to the side of the Republic than ever before. South Africa is the only developed country on the African continent with a high degree of industrialisation, and it already operates a customs union with the former British protectorates of Lesotho, Botswana, and Swaziland. It now looks as though Rhodesia might become its fourth "satellite state", which depends economically on the South African Republic. The South African government has worked out completely realistic plans for setting up a common market together with the neighbouring states. This common market is to consist, apart from South Africa itself, of the territories already named, but perhaps also of Zambia, Malawi, Mozambique, and Angola. Rhodesia's economic struggles will certainly accelerate the pace of such developments greatly, and from them will eventually be born a powerful economic empire led by South Africa. ri.

Chile

The Fight for Reforms

If a given government wants to sweep away old-engrained weaknesses from its national economy and to reach the targets of its economic policy by quick shortcuts, it must be in an overwhelmingly strong position of power. The traditional instability of home affairs in South American republics makes it difficult for any government to build up such a position, and it is not to be expected either that South Americans will, in time, lose their political volatility. Economic reforms carried out in any developing country inevitably discriminate against one or another stratum of the population. Since all the South American states are developing countries, this makes them by implication, subject to political unrest. This goes far to explain why military juntas have seized the power of government in so many of them.

President Eduardo Frei's cabinet in Chile is one of the rare democratic and stable governments in South America, and for a long time, it was also a relatively strong government, without needing military support. But Chile is a good example for illustrating the fact that economic ailments affecting the community tend to undermine the foundations of a democracy, which it had taken strenuous efforts to set up.

Chile's government is compelled to cut public expenses drastically if it wants to deal successfully with the country's economic ills. The government has taken new and stronger powers to carry on the necessary fight against the steep rise in prices—foodstuffs alone became more expensive by about 20 per cent during 1967—but its steps provoke protests by all parts of the population. The result has been that President Frei's government had to content with much increased difficulties on the home front recently. This causes less than optimal efficiency in the use of the available funds, and it forces other agencies, e.g. the International Monetary Fund, to increase its additional aid, in order to weaken the activities of Frei's political opponents. wü.

Italy

Development Aid in Europe

Italy is one of the few European countries on whose territory there are still areas in need of development aid. It is the aim of the Cassa per il Mezzogiorno to assist in developing the South Italian economy, so as to enable it to draw level with the north and the centre of the country. One of the foremost measures designed to serve the industrialisation of the region was the 1965 Law No. 717. Under this statute, 30 per cent of all manufacturing orders issued by the State must be placed with South Italian industry. This rule seemed to be the more promising as the share of the public sector in industry is very high in Italy—the foremost representatives of State participation in the

economy being ENI and IRI—which made it higly likely that such a mandatory quota would have an assured effect.

However, being eager to plan "big", the planners seem to have overlooked completely some crucial influences, which made subsequent experiences far from encouraging: for in order to enable planned development aid to reach Southern Italy at all, it is essential to make sure that the production plants needed to carry out the production orders that were planned, did, in fact, exist, and that those being in existence were able to operate at costs comparable to the average cost level, so as not to burden the State or the whole national economy with additional expenditure. Italian bureaucracy, which is usually the target of much criticism, might prove itself highly useful in this context, by producing informations and statistical data about the South Italian situation, and by publishing the plans worked out for placing production orders as early as possible. Up to the present day, this never happened, which has meant that Southern Italian businesses which are to be aided are prevented to draw up meaningful cost and price calculations, since they have not been furnished with the essential data about production assignments given to them by the State, whilst other concerns interested in making investments in Southern Italy will rather be repelled than abstracted by the nebulous picture offered by planning. rd.

Development Aid

An Admission of Guilt?

Young nations often blame their former colonial overlords for their own lack of political stability and for their economic weaknesses, whilst the former colonial powers deny strongly the justice of such reproaches. However, former colonial powers will certainly not simply get rid of their responsibilities by denying them. On the other hand, to look for reasons for the granting of development aid in the alleged admission of guilt by former colonialists, though highly popular nowadays as an expression of contemporary anti-colonialism, is of highly questionable logic.

Anti-colonialism, as it moulds present-day African, Asian, and Latin American nations' attitudes, is not a reaction against actual and present oppression. On the contrary, it embodies feelings and thoughts that serve as an umbrella protecting the construction of nation-states in the development areas, under whose cover Western influences of any and every kind can be prevented from infiltrating the new nations. By the same token, anti-colonialism also embodies the young nations' desire to become economically independent and, at the same time, to enjoy the material benefits of Western civilisations to the full. Theoretically, the spokesmen of the developing nations reject aid which is needed for this purpose as an attempt of the neo-colonialists to exert their influence, but in practice, such aid is avidly accepted as proof for the unquiet conscience of former colonial powers, which thereby acknowledge their guilt. But this feeling of guilt, which only enabled developing nations to raise an inconsistent and mercenary anti-colonialism as their battle-cry, was brought about by an unhistorical way of judging events of the past by evaluating them according to moral and legal precepts of the present century—a popular practice which is inadmissible to any genuine historian. Politically, the much-repeated emphasis of the Western world's "guilt" may be higly expedient, but to draw from it justification for demanding development aid is self-contradictory and fallacious in the context of contemporary history. re.

EEC

To Live with the General

After President de Gaulle had held his press conference, the official representatives of France's partners in the EEC made another attempt to ignore the General's renewed refusal to consider the British application for membership in the Common Market. But after the Council of Ministers had sat at Brussels, such tactics became merely farcical. Even sterling devaluation was not sufficient to mellow the General's feelings. He remained as hard as before.

The President has thus trodden once more on the toes of his partners, and he rubbed salt in the wounds which he had caused by publicly praising his foreign minister for his methods of negotiating. The most violent reaction came from the Netherlands. Its representatives have announced that, until further notice they will absent themselves from all EEC talks. The Belgians do continue to take part but only in a purely formal sense, and also Italy is on the search for suitable methods of reprisal. Whereas the EEC has hitherto always been able to circumnavigate an open clash, conflict seems now actually to be in the offing. People believe that one of the most effective pressures capable of compelling the General to assume a more accomodating posture would be a refusal to finance the new agricultural measures of the French. However, it is highly disputable whether de Gaulle would renounce his views for the loss or gain of a few billion French Francs, especially as it would be open to him to retaliate by boycotting the common industrial market. To start economic warfare within the EEC, on the other hand, would do harm to everbody, so that no one in his senses will do anything to provoke its outbreak. The only possible alternative by which the General might be forced to change course could be seen in a true replacement of the EEC by a comprehensive European economic community, including the UK and, if necessary, excluding France. But even the youngest politicians lack the courage to embark on such a project. As long as all the five partners of France feel firmly bound by the Treaties of Rome, and as long as the UK itself accepts the EEC as the point of departure, de Gaulle will have the upper hand in every kind of negotiation. ke.