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Japan: Anxious shipbuilders

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COMMENTS

Berlin

German Import Fair 1968

From September 26th until October 6th the sixth import fair will be held in Berlin under the title "Partners of Progress". Apart from government exhibitors from the developing countries, private producers and exporters are this year going to be particularly strongly represented. From Hong-Kong alone 40 firms are expected, from the Far East 100 and from South America 60. These strong contingents of private enterprises from the developing countries are proof of their having realised the need for efforts on their part to increase their exports. They are anxious to establish contacts with potential trading partners, to get to know their special wishes, to hear their suggestions and, if possible, to do business.

These endeavours should be supported by positive measures. For it is not enough to encourage exports from developing countries by such means as preferential tariffs and raw-material agreements. Equally important is to arouse the interest of the individual firms in a developing country and make them want to export their products to industrial countries. One effective way of helping them is to discover new products that are suitable for industrial countries and to exhibit these products. A next step would be to get German trading partners with efficient marketing organisations to open up markets for such imports. If by such means firms in the developing countries can be made to intensify their efforts in the export market and if German trading partners can be persuaded to increase their imports from these countries, then the "Partners for Progress" Fair will indeed assume growing importance as vital link between developing and industrial countries. sc.

Iran

Praiseworthy Reform Programme

On January 26, 1963, the reform programme of the Shah was submitted to the people of Iran in a referendum and adopted. This made it possible to take the first steps towards a reform of the country's economic and social structure. The main features of the programme are: land-reform, education, equal rights and the vote for women, the sale of state-owned factories to private enterprise, participation of the workers in the profits of industry as well as the creation of two special corps—one charged with agricultural development and the other with health. The most prominent feature is without a doubt the land-reform, which provides for the sharing out of crown-land and the creation of cooperatives. The

authority concerned with the land-reform has bought up the land and has resold it to its erstwhile tenants. In this way some 69,000 villages have since 1963 come into possession of roughly 3 million rural families, and by the time the programme has been completed there should be at least 150,000 cooperatives assisting farmers and tenants in introducing modern methods of cultivation.

Iran is predominantly a farming country, and it is not intended to change this overnight. One is well aware of the fact that industrialisation must be preceded by a thorough retraining of the population. To prepare the ground for ultimate industrialisation a special organisation has therefore been set up, charged with education, health and development. Apart from this, former land-owners who receive compensation from the Government are given the possibility of participating in industrialisation schemes or in mechanised farming enterprises.

In view of the highly conservative attitude of the people these are immense tasks. The plan has some defects, but is on the whole exemplary. It is the fruit of mature consideration. The existing problems are being tackled from all sides. Above all, one has avoided to repeat the old error of plunging too eagerly into industrialisation, thereby neglecting agriculture and leaving out of account the mentality of the people and its educational level. rd.

Japan

Anxious Shipbuilders

The old German saying of "trees not growing into the heavens" applies also to the Japanese ship-building industry. Up to now admired by all and sundry, Japanese shipyards are beginning to look into the future with some anxiety. They are still ahead of their strongest rivals, Sweden, the Federal Republic and Great Britain, but there are clouds on the horizon which can hardly be overlooked.

In comparison with its rivals Japan is a late-comer in shipbuilding—a country that came on the scene as exporter of ocean-going merchant vessels after the second world war only. When, after losing the war, Japan was again permitted by the victors to build ships, the Japanese began in 1947 to re-build with state-assistance their own merchant fleet. Then a series of international events such as Korea and the Suez-crisis gave a boost to Japanese shipbuilders who by then were already in a position to accept many orders for which the European capacity was insufficient. In 1967 Japanese shipyards exported ships to

the value of almost £ 368 million sterling and the current year's sales are unlikely to be much below that figure. The continued rise in the consumption of mineral oil, the constantly increasing importance of bulk carriers, the container-transporters, the trawlers and factory-ships needed by the fishing industry seem to make all anxieties about new orders unnecessary.

Yet, Japanese experts are not all that optimistic, for European shipbuilders, too, having understood the sign of the times, have gone over to section-construction and to the use of computers and have started to build five docks of 500,000 tons. Already Europe has the lead as far as a number of specialised ships are concerned.

There is only one way in which Japanese shipbuilders can hope to maintain their leading position—ever more impressive investments. But, as the burden of interest charges and of repayments of the previously incurred enormous credits becomes ever more onerous, fresh financing is increasingly difficult to arrange. In addition, some caution about creating new building plant would also appear to be indicated in view of the labour situation. Japanese shipbuilding owes its unique success to its low prices which were only possible as long as the industry worked with capital obtained "on tick". It might have been better to show a little less greed and to be content with fewer orders at slightly higher prices. hg.

France

Optimistic Predictions

France suffers from the after-effects of the May-riots which have left industry with a considerable drop in output and the country at large with a tremendous wave of rising prices. The Gaullist Party, although it emerged from the parliamentary elections with a surprisingly unequivocal majority, has not yet regained the confidence of the people. Now the Gaullists want to prove that they really mean to carry out the promised reforms.

But while explaining the government's economic programme to the representatives of the press General de Gaulle treated them once more to a display of his rhetorical talents: the rise in prices is to be halted by reducing the budget deficit from 13 billion francs to 10 billion, while industry is to receive for a period of eight years tax concessions to encourage investments for productive purposes. Optimistic is the prediction that from September 1, 1968, until September 1, 1969, the growth rate in the GNP will be increased from the previously envisaged 3.5 per cent to 7 per cent. The steps taken internally for the rehabilitation of the French economy are supplemented by protective measures against foreign competition—measures which have been approved by the Commission of the European Communities.

It will depend on the attitude of business, employees, consumers and savers whether the de Gaulle-pro-

gramme can lead France out of the crisis. This time the General will not be able to fall back on the miracle-weapon "foreign policy" to strengthen the confidence of the French in his person and plans. The French policy of "détente" has been dealt a severe blow by the Soviet Union's invasion of Czechoslovakia. Now the internal policy has plainly priority and that not only because of the past riots. That General de Gaulle is primarily concerned to demonstrate his government's determination to introduce reforms is clear, not only from the "participation" of employers and workers, but also from the plan to strengthen the autonomy of the universities and of the provinces. The idea of converting the state into an assembly of estates and provinces would seem to have been borrowed from history rather than meet present-day conditions. crm.

USA

Economic Miracles

Richard Nixon, victor at Miami Beach, has not yet won the November-election. His prospects have, however, greatly improved as a result of the events in Czechoslovakia and the quarrels at the Democratic Party Convention. True, the war in Vietnam and the burning social question occupy the foreground of the electoral campaign, but outside the United States the economic policy of a Republican administration is likely to arouse particular interest. In this respect the presidential candidate, Nixon, leaves much to be desired. Admittedly, he constantly demands a "reasonably stabilised" economy, but he only hesitatingly accepts the proposition that one of the most important instruments of a balanced policy of steady economic growth is the budget. Mr Nixon seems to overlook the fact that his undoubtedly popular ideas about restricting the state-sector and about giving free play to private enterprise cannot be reconciled with the requirements of a policy of stability. Besides, how are the urgent tasks in the field of social policy to be tackled without massive intervention by the state?

In the area of foreign trade, Mr Nixon wants America's economic power to exert greater influence. Naturally, with his eyes turned to other countries, he demands a "genuine international economic community". Being the skilled tactician he is, he does not forget, however, to assure the voters that in matters of foreign trade he will stand up for American interests with greater determination. There are to be stronger reactions on the part of the USA to any restrictive trade practices by other countries, but what in this case is to become of Mr Nixon's "genuine international economic community"? Admirable is the ease with which Mr Nixon passes over the balance-of-payments problems and promises the American industry to raise present restrictions on investments abroad. Even a Republican president will not be able to fly in the face of facts and eschew the problems that are waiting to be solved in the fields of economic, social and foreign policy. ogm.