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Scandinavia: Alternative to EEC

Intereconomics

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this is unlikely to be achieved. More realistic
would be an increase to somewhere between 11.5
and 12 mn tons. The larger rice crop is to be
attained through better seeds, but artificial fer-
tiliser production is also to be expanded. Most
recently, it has been possible to halt the increase
in rice prices, and, as a result, the people have
more confidence in their government.

Because of the greater stability, Indonesia has
undoubtedly also become more welcoming to
foreign investors. It is above all the Dutch who
have returned. The Netherlands has placed at
Indonesia's disposal a loan to the value of $25 mn
and has concluded with the Indonesian Govern-
ment an agreement for economic cooperation. It
would seem that Indonesia has become more
accommodating towards the Chinese. The In-
donesian economy has been greatly damaged by
the restrictions imposed upon the economic
activities of the Chinese. Foreign investments from
the USA, Western Europe and Japan are con-
centrated in mining, industry, forestry and fishing.
But there is also a very strong foreign interest in
the prospecting for oil.

All this is not enough, however, to overcome the
difficulties that still exist. For 1969 Indonesia re-
quires foreign aid to the tune of $500 mn. To
attract this kind of money should not prove too
difficult in the light of the above-mentioned im-
provements. Nevertheless too much optimism
would be premature.

Scandinavia

Alternative to EEC

The possibilities of expansion in an integrated
area and the practical impossibility of becoming
members of the Common Market have given rise
in Scandinavian countries to attempts to work out
the concept of an integrated Nordic area. The
risks that some economic sectors, branches of
industry and individual enterprises would foresee-
ablely run in making the necessary adjustments
have already led to a state of affairs which some
leading Scandinavian economic experts describe
as a momentary crisis. The individual national
economic interests and the importance of single
economic sectors in the countries concerned are
too varied for a speedy and practicable solution
to be reckoned with. There is not even unanimity
among all the countries concerned about the aim,
which is to improve the economic structures of
Denmark, Norway, Sweden and Finland through
integration to such an extent that entry into the
EEC would no longer present any difficulties. At
least Finland has no hopes of joining the EEC in
the foreseeable future and fears that any con-
certed action on the part of the Scandinavian
countries could jeopardise its trade relations with
the Soviet Union. Seen in the light of Great
Britain's abortive attempts to gain entry into the
European Community, this pessimistic view would
appear very realistic, and the Scandinavian plans
for integration seem in fact nothing but an alter-
native long-term solution, for the other solution
—entry into the Common Market—is, for whatever
reasons, being regarded as unrealistic. Whether
the Nordic Economic Union will turn out to be a
temporary or an alternative solution will in the
last resort depend on the attitude of the EEC-
countries, and in Brussels one would be well ad-
vised to consider whether Europe can afford to
split its economic core into yet more blocs. sch.

Formosa

An Exemplary Developing Country

In the capitals of Asia it is thought to be a fore-
gone conclusion that the Americans will sooner
or later withdraw from Indo-China, and plans are
being prepared for the necessary political and
economic re-adjustments. There is one excep-
tion: The capital of Formosa, Taipeh. Under the
leadership of the more than 80 year-old Generalis-
simo Chiang-Kai-Shek, Formosa with its 13 mn
inhabitants and 600,000 soldiers maintains its
claim to be the legitimate representative of 700 mn
Chinese.

However unreal its political attitude may seem,
Formosa's economic policy is sound and success-
ful. For example its national product increased in
1967 by 12.8 per cent to more than $3.5 billion,
and for 1968 a growth rate of a similar order is
expected. In 1967 the national income rose by
12.5 per cent, and with a per capita income of
$212.5 the island is secure in its place among the
leaders of the developing countries. This state of
affairs is due to the absolute priority given to
agricultural and industrial production, and the
existing blue-prints for further industrial expansion
justify hopes that the impressive rate of growth
will be maintained. Agriculture is exemplary and
so are the agrarian reforms; they might well serve
as example to other developing countries in Africa
and Asia.

In spite of this, agriculture's share of the GNP has
dropped into second place because of the even
more impressive industrial expansion. In the past
year, the combined efforts of the more than 30,000
factories were responsible for a growth rate of
about 18 per cent. This fascinating reality is in
strange contrast to the reminiscences and dreams
of an old man, but they are harmless as long as
they flourish behind the protective screen of the
American Seventh Fleet, which—no less than the
grim realities in Mainland China—prevents their
realisation.