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## Formosa: An exemplary developing country

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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 fertiliser 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 Government an agreement for economic cooperation. It would seem that Indonesia has become more accommodating towards the Chinese. The Indonesian 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 concentrated 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 requires 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 improvements. Nevertheless too much optimism would be premature. rd.

#### *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 foreseeably 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 concerted 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 alternative 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 advised 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 foregone 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 exception: The capital of Formosa, Taipeh. Under the leadership of the more than 80 year-old Generalissimo 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 successful. 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. hg.