

Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

ECOSOC: A joint effort

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1969) : ECOSOC: A joint effort, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 04, Iss. 4, pp. 104-105,
<https://doi.org/10.1007/BF02934802>

This Version is available at:

<https://hdl.handle.net/10419/138161>

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COMMENTS

ECA

By Their Own Efforts

A deep impression was made at the Ninth Meeting of the United Nations Economic Commission for Africa, not only by the unanimity and applause when numerous decisions were taken by its members, as a demonstration of African unity, but even more so by the African states themselves carrying out the reconstruction of their own economic UN committee towards greater flexibility. For this purpose, its secretariat and entire organisational structure have been changed.

Up to now, ECA's work mostly consisted of economic and social research work, case studies, etc., of technical and educational aid. Such work, especially education and training programmes, is to be continued, but the main emphasis of ECA's work will in future be placed upon practical economics. Among the structural changes already introduced has been the decision to delegate always members of African governments to represent their nations at the bi-annual ECA conferences. These ministers will be those in charge of planning, economics, finance, and development. A technical sub-committee of experts is to study economic, planning and development problems and will sit once every year. The most significant of the new agencies of ECA will be its Executive Committee, restricted to 16 members.

Naturally, it remains to be seen, whether and to what degree the reorganised ECA will come up to expectations. But this does not detract from the fact that ECA has proved to be the strongest factor for uniting Africa, having promoted considerably its economic progress. ECA's tenth anniversary has been the occasion for reminding Africans of their own strength and abilities, which they must use. Their recent new initiatives give rise to the hope that Africa will be able to prove its ability to stand upon its own legs, and can produce more than verbose proclamations. re.

European Development Aid

Emphasis Has Strongly Shifted

Over the last four-and-a-half years, the EEC Commission has decided to grant development finance from the Second European Development Fund in 288 individual cases. For the five years that will end on May 31, 1969, this fund has been supplied with 730 mn US dollar equivalents (the official unit in use is called the „accounting unit“, and this

is defined as being worth 1 US \$). Up to the end of January last, 581 mn units have been made available for financing development projects.

It is clear that the emphasis upon various types of development aid has strongly shifted within the last decade, and this can be seen clearly by confronting the selection used for distributing the First and the Second Development Funds with each other. From the monies contained in the First Fund, about 25 p.c. were channelled into farming, but from the Second Fund, 45 p.c. of all aid up to now went to agriculture. Conversely, finance covering projects of improving the infrastructure of developing countries dropped from 44 to 38 p.c. of overall aid. Education and schools were financed to the extent of 20 p.c. from the First, but only 10 p.c. from the Second Fund, and public health absorbed 9 p.c. and 5 p.c., respectively. Funds aiding industrialisation, on the other hand, now show a growing trend: the First Fund only used 0.7 p.c. of its monies for this purpose, but this has now risen to 1.3 p.c. of the total. After the opening up of developing areas to modern transport, and after the setting-up of a public health administration and schools and training centres, farming is now attracting the overwhelming bulk of available finance.

In view of the multitudinous problems developing countries are confronted with, the number of 288 aided projects appears small for a period of four-and-a-half years, at first sight. But the fact is that each payment granted is for the improvement of the economic structure of an entire district or province, so that its effects will be deeper and more lasting than appearances seem to indicate. ke.

ECOSOC

A Joint Effort

The Economic and Social Council of the United Nations (ECOSOC) had invited to a round-table discussion important industrialists and bankers, to meet politicians from developing countries in Amsterdam in mid-February. The joint cooperative effort of the experts was directed to the establishment of favourable conditions for massive increases of the capital sums invested in overseas countries privately, for it is these private investments in particular which are believed to play a growing role in laying a broad foundation for opening up backward areas to industrial activities.

Developing countries are constantly clamouring for the injection of private investment capital into

their economies, but this call upon the industrialised nations has hitherto found a feeble response. Total development aid, as granted during 1967, amounted to about US \$ 11,300 mn, of which only \$ 4,300 mn originated in the private sectors of the donor countries' economies, and of this sub-total, again only about 55 p.c. represented direct investments. Yet there is no lack of highly attractive opportunities for investing in developing countries. But a favourable outlook regarding future profits is often clouded over by political and legal insecurity, obstacles and risks in the way of profit transfer and currency exchange rates, and private investors are thus hampered in arriving at positive decisions. Almost the only thing the UN Economic and Social Council can do in this field is the frequently repeated warning against such influences actively barring the influx of foreign capital from private sources. It is mainly up to the developing nations themselves to dismantle such obstacles, whilst credit reinsurance, guarantee against losses, and tax remission granted by the industrialised nations can only act as supplementary aid. The experts' meeting in Amsterdam might be considered a success already if the necessary warnings derived from experience could be written clearly into the official proceedings, for all the politicians of the Third World to read. jk.

The Philippines

Impressive Successes

When President Marcos of the Philippines delivered his Report on the State of the Nation early in 1969, economic problems preempted a large part of its text. During the fiscal year of 1968, the Philippines' GNP increased by 6 p.c. The rice and corn (maize) harvests were above average, and total farming production, with a growth of 7 p.c., overshot the forward estimates. Results for the calendar year of 1968 are even more impressive. Estimated at constant prices of 1955, the GNP, during 1968 (calendar year), grew by 6.3 p.c., reaching Pesos 17,600 mn. By far the biggest rate of progress was achieved by farming, whose output grew by 8.9 p.c. to a total of P. 4,800 mn. Through the development of a "miracle rice" by the International Rice Institute at Los Baños, the Philippines were for the first time placed in the position to achieve a surplus of exports over imports of about US \$ 7,000 mn, after having had to import big quantities of rice.

The government was also highly successful with its infrastructural programme. Over the last three years, the government of the Nacionalista Party was able to build more roads than during the 65 years since the turn of the last century. Similar achievements have been recorded by agricultural irrigation projects, school construction, piped drinking water supplies in the capital city of Manila, etc.

It seems that the government has also found the right approach to social tensions with its programme of „Neo-Filipinismo“. It is true that "street parliaments" are responsible for a few acts of violence, some wildcat strikes, and demonstrations also in the Philippines, but it is generally believed that the masses are more interested in genuine communication and not in the display of brute force for its own sake. Student actions, which have hitherto been held within civilised limits, are being treated as demonstrations of their critical opinion by citizens making justified complaints, and are being taken seriously. hg.

EEC

Preferences of Doubtful Value

The Commission of the European Communities has worked out a system of general tariff preferences for the export of finished and semi-finished products by developing countries, and has submitted it to the Council of Ministers. The draft is one of the end products of pressures exerted by the developing countries upon the industrialised nations during the Second World Trade Conference at New Delhi. However, it is highly doubtful whether developing countries will genuinely profit from the success of their demand. For it is a fact that existing regional preference systems, for example those favouring the African states which are associated with the EEC, have resulted in only slender benefits for the countries so favoured.

Moreover, it must be considered that the level of economic development between developing countries is usually different. But a system of general tariff preferences favours all of them in equal measure, both those whose competitiveness has already been established, and those who have to fight for becoming competitive in the European Common Market. Whether the planned establishment of upper limits for the imports of certain manufactured goods of individual countries will prove efficient in protecting the interests of the latter may well be doubted. For, in the last analysis, it is demand by the user which will determine how much of the imports—especially of industrial goods—can be sold, no matter whether they have their origin in one of the developing countries. This is the reason why Brussels should ask itself, whether a policy of the "open door" for the imports of farm produce from all the world would not have met the requirements of developing countries in a better way. At any rate, it would be foolish self-deception to believe that preferences alone constitute a policy of development aid in themselves. Since preferences will make competition even keener than it has been, those countries without competitive strength will certainly need more and not less aid than hitherto.

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