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COMMENTS

Developing Countries

Dangerous Centres of Unrest

When 1969 turned into 1970, it was to be expected that the past decade would be subjected by many to proud reviews. Especially the statesmen and politicians of the Third World preened themselves in the light of rapid progress and big successes of their countries.

Yet the proud record of so many successes cannot disguise the fact that cruel wars and internal disorder have frequently held up and are still delaying rapid progress in the developing countries. It proved immensely difficult to still the conflicts in Nigeria, in the Congo, in Angola, in the Yemen, and between India and Pakistan. The success of mediation was rarely of a lasting character. This justified the special appeal to developing countries, addressed to them at the end of the 24th session of the UN General Assembly, to cease all warlike acts and actions. It is to be hoped that this solemn appeal will be followed by deeds, for the dangers of local unrest will be more acute in the Third World during the coming decade than in that which has just ended. This can be seen from the size of the armaments available to less developed countries: in 1950, exports of arms and armaments to Africa and Asia (without Vietnam) were valued at DM 500 mn, but by 1968, they had increased more than sevenfold to DM 3.9 bn. No less explosive may perhaps be the participation of soldiers from Asian countries in the war in Vietnam. Such participation offers sufficient pretexts for further arms exports.

At any rate, it is imperative to reduce the exports of arms and armaments to the Third World, but political and economic interests make it appear already today that such cooperative action is highly unlikely. mk.

China

Waiting for a China Without Mao

A number of things are afoot within the power triangle Moscow-Peking-Washington. The days when the Chinese cultural revolution filled Chinese home and foreign politics with hysterical outbursts are past and gone, and the overheated temperature of anti-American feeling has now a

chance of gradually cooling off. As China fears for its national security, which it believes threatened by the USSR, the chances for Americans having useful talks with the Chinese have never been as favourable as now. The West sees its chances and acts accordingly. The talks between ambassadors of the US and of China, which had been interrupted in January, 1968, have restarted. It is believed that the Chinese People's Republic and Canada will take up diplomatic relations before long. Shortly before the American Vice-President Agnew landed on Formosa, he pointedly stated that it is impossible to ignore "a country with 800 million people".

Moreover, the US, in its endeavour to improve relations with the Chinese People's Republic, has loosened the ties of the 19 years old trade embargo. This does not mean the restoration of normal trade relations between the two countries. Trade is being facilitated in so far as US companies are now allowed to trade with China from abroad, especially from Hong Kong. Up to now, Peking has not shown any reaction to this step, but it will certainly not overlook the interesting possibility of buying airplanes, whose export to China had hitherto been prohibited, because some of their instruments were of US origin, in West European countries.

However, as long as Mao survives, the conflict between the two great powers seems to be unbridgeable. Present-day diplomatic activities must therefore be mainly seen as signalling to China and as trying to occupy a favourable position for future attempts at building friendlier relations with China after Mao has disappeared. hg.

France

Cajoling the Arabs

The French Government, also under Pompidou, places its main bet on the Arab card, though the relationship between Paris and Tel Aviv has perceptibly mellowed, at least in the formal sphere. To see the volteface in France's Middle Eastern policies as a mere whim of the General would be a mistake. The French ties with the Arabs have always been close; the Suez adventure and the war in Algeria must be evaluated as only temporary aberrations from this tradition. There is the decisive fact that France is heavily

dependent for its energy supplies on oil which comes from Arab countries: 47 p.c. from the Middle East and 32 p.c. from North Africa. The Algerians are fully aware of this and have gradually increased the pressures under which they are keeping the French.

But the Middle East spells not only crude oil for France, it also forms a potential market for it with more than 100 mn consumers. France has succeeded in making rapid headway in securing to itself massive slices of the Arab markets, to a large extent helped by its embargo against Israel. During the last two years, the total value of French export deliveries in the countries of the Middle East has roughly doubled and reached an annual average of Fr. 2 bn.

In the scramble for bigger sales of goods and for closer financial links with the Middle East, the French meet with growing British resistance. London, too, competes for Arab good will and, up to now, the City of London has always been the most important banking centre for the Arab world. Age-old rivalries between the British and the French in the Levante are being revived, and the US oil interests in the Middle East are not exactly delighted by French inroads. French diplomacy, during its future manoeuvrings in the Middle East, will not fail to meet growing resistance offered by its old friends in the West, and in no mean proportion. re.

LAFTA

Eternal Hope

LAFTA, the Latin American Free Trade Association, failed to break down completely, during its ninth general assembly, which was held from October to December, 1969, in Caracas, in spite of wide differences of opinion and a deep crisis which had preceded the meeting.

From experiences in the European Common Market, we know how difficult it is to negotiate about integration and to achieve a compromise which takes care equitably of the interests of all the member countries. Yet the Great Three among the members of LAFTA, Brazil, Argentina, and Mexico, have not the slightest justification for praising the Caracas Protocol as a "historic deed". For it was they who enforced the adoption of a basic notion which can only be interpreted as purely nationalistic—that no customs charges ought to be lowered before the economies of member countries themselves were fully integrated, which hardly makes sense economically. For less developed countries in particular, to be asked to integrate newly created industries twice over, is to demand of them to live in much too expensive luxury conditions.

Due to postponing the date, there is now no pressure weighing on LAFTA members to make them accelerate liberalisation. This means: for many years to come, the national industries will be protected against healthy competition emanating from other member countries, and the advantages, economic and other ones, of increased division of labour and a larger market will be going by default. The smaller republics of the "Andean Club", who are highly interested in a larger market, as can easily be understood, advocated more rapid integration at the Caracas conference. They can only hope that there may, in the end, be an overwhelming movement towards creating a Latin American big area market.

kw.

Latin America

No Help, but Self-Help

President Nixon's Latin America strategy has deeply disappointed all expectations raised by it. Instead of making practical proposals, President Nixon and his advisers have thought it sufficient to enounce a few generalisations and well-known principles. To promote the head of the Latin American Division of the State Department from Assistant Secretary to Under Secretary of State is a fine gesture, no more. The Federal Government does not intend to increase the development credits of the US for its southern neighbours. Instead, it is intended to submit the old-established slogan of "Aid by Trade" to a new scrutiny.

It is most likely that the difficulties on the home front and the war in Vietnam prevent the US for undertaking a higher financial engagement in Latin America in the short term. But, on the other hand, it can easily be understood how strong the disappointment must be all over the southern continent that Nixon's programme is so niggardly. Latin American suggestions for improving the economic relations between the two Americas, which were expressed by Chile's foreign minister, Sr. Valdés, and the dramatic report rendered by Nelson Rockefeller on his disastrous summer visit to South America, in spite of its shortcomings, could both have been used as the basis for discussing a new and comprehensive strategy for the seventies. Since the US is not willing to step into the leading part in working out and designing this development strategy, Central and South America are now compelled to help themselves. The calling of a Latin American summit conference could only be welcomed for this purpose. Its aim would have to be agreement on a practicable and practical plan for strengthening Latin American multilateral development initiatives, in which the US would take part but would not be accorded leadership. crm.