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# COMMENTS

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EEC — AASM

## Lacking Industrialisation

In wintry-cold Hamburg representatives from the EEC and the associated African countries (AASM) met in January. The available activities' report did little to warm the participants.

In 1968 total import of the Six from the Associates rose by 12 p.c. and exports to them by 14 p.c. In actual figures the import value was \$1.467 bn and that of the export \$1.019 bn. The foreign trade deficit for the Six thus further widened to \$448 mn.

But the trade expansion should not lead to any deceptive interpretation of the, as it were, limited significance of a certain tariffs' and trade policy vis-à-vis the less developed countries towards their economic development. There has been little, if any, change in the insufficient economic growth of the AASM-area and the all too inadequate industrialisation of its insufficiently diversified economies—this in spite of their association. The nil-duties conceded by the EEC-countries for industrial goods proved of little value only because of those countries chiefly exporting commodities. In fact, the total or partial abolition of duties for the import from all developing countries led to export difficulties for them which should not lessen also in the future.

Also price fixings similar to those in the EEC markets for agricultural produce, and higher preferences conceded by the EEC, do not offer a lasting solution of these export problems. What is more necessary than the much discussed global preferences are foremostly measures for EEC aid towards the industrialisation and diversification within AASM. But in spite of the promisingly sounding final communiqué, the EEC has yet to earn the merits of these development policies. kw.

USSR

## Paradise Lost?

The trend of the economy in the Soviet Union is not all one had desired. The development fell short of the set aims because a great many plants were unable to fulfil productivity targets. They expanded, it is true, but they failed to rationalise.

As the system as such cannot be made the culprit of the dilemma, it is the small man, the rank and file worker, who is now—almost with justification—

accused of sluggishness. With some justification, indeed, because he meanwhile fares similar to his colleagues in the West: There is a shortage of workers in the Soviet Union, too. One can afford to change one's job or even feign illness. Non-planned movements of workers, costing the State much money, are no longer a rare occurrence. Even reprimands or other official disciplinary measures bring little results. For, more enforcement and pressure do not cure the evil at the root. The fact is that strong impulses are absent for the scientific and technical progress which today contributes essentially towards the growth of the national product.

The average economic unit deploys, for instance, no more than 1 p.c. of its investments for research and experimental installations. Up to now the main thing merely was the nominal fulfilment of the plan, which proved detrimental to progress. Besides, production was quite often not geared on demand. For this reason it has to be expected that the Soviet Union's trade relations with its traditional partners in Europe will in future be largely orientated on the obtaining of know-how in very many fields, and agreements about scientific and technical co-operation might be the main aim. The project for the building of two plants for the production of large-size tubes and pipes in the Soviet Union based on Russian plans and plans by the German Thyssen concern may be a first example of this sort of new orientation. But will other ventures on this pattern follow in order to realise at long last the paradise of the workers and the peasants? ke.

India

## A New Take-off?

Recently the world learnt that Indian maharajahs shall no longer be state pensioners. This might have a certain psychological effect on the masses of people living in misery and distress, but it is in fact a mere drop in the bucket. The other economic decisions taken by the "old" as well as the "new" Congress in December, 1969, may well have more important repercussions. They both have a more intensive promotion of small industries and a faster, more effectful carrying out of the land reform in common; this time, the Government has been urged to carry out the resolution passed more or less forthwith.

Indira Gandhi has not yielded to the extreme demands of the groups on the political left and instead makes an attempt towards a realistic economic policy. Apart from the endeavours to strive against the economic power to be con-

centrated on a few mighty, the aim is to extend the sphere of state industry also to the field of the consumer goods industry. The resolutions of both Congress parties covering this particular part of the programme meet with criticism by the Federation of Indian Chambers of Commerce and Industry. The Federation says that, as the negative experience of the economy with state-run industries has in the past taught, the desired economic growth will under this new government policy not be enhanced, but rather slowed down. Moreover, similar to the joint ventures of Indian and foreign companies, a "joint sector" with government participation is now intended to be established within private industry, and on this pattern it may well be possible to find a near-enough efficient solution in the interests of the masses reduced to misery. But the answer to the demand of the "old" Congress that by 1975 a minimum standard of living for each Indian family, equal chances for training and business careers, etc., must be laid down, can only be in the words of the poet: I greet the message but lack the belief. hg.

#### *The Biafra Conflict*

### **Swing Low Sweet Charity**

Will Biafra's military defeat now bring in its wake the defeat also of the charitable development aid organisations and even development aid generally? It is true, the feared massacres after the defeat of Biafra did not materialise. But there is acute famine among the people of Biafra, and in spite of it General Gowon has the ambition to master the situation without foreign help, at least without being dependent on charity. He bears ill-will against aid by the churches whose payments in foreign exchange allegedly financed Biafra's purchases of arms. Those willing to help now interpret this attitude of the General as an attempt to starve the Biafran people to death. They will not have it that the decision of the Central Government in Lagos to waive foreign aid for the salvation of the defeated enemies, now again accepted as brethren, reflects nothing else but hurt self-confidence which now revolts against the continued contempt of the young sovereignty shown by the benefactors. Gandhi's words of "hell in liberty rather than a paradise under foreign rule" have become true also in the case of Nigeria, if slightly modified: sacrifice thousands to die of starvation rather than accept aid that is humiliating.

The development aid organisations will have to recognise this kind of national feeling if in the long run they want to cooperate successfully

with the young nations. General Gowon knows full well that Nigeria depends on economic aid from foreign countries for the reconstruction. But he stresses at the same time that he is not willing to subject himself to the sphere of influence of one of the big powers. Economic help from the industrial countries is now more necessary for Nigeria than ever before. It will be accepted as long as it is not tied to political influence and bears no similarity to humbling charity. la.

#### *US Steel Industry*

### **Kennedy Already Forgotten**

Technologically America's steel industry has only a few years ago caught up with its overseas competitors after having invested billions in the steel mills. The fact was that, on the strength of more advantageous natural basic conditions for the production, America could rest on apparent "laurels" without undue fears for its international competitive position. It was not before the development of oxygen furnaces and extrusion presses in Europe that this Sleeping Beauty dream was rudely disturbed.

But mentally America's steel industry has still not found its follow-up of the development abroad. Quite contrary to the much praised American spirit of enterprise, this branch of the country's industry still subscribes to theses of mercantilism. Never has the American steel industry shown any love for the free market economy with its compulsion of competition in efficiency. As long as it profited from world trade with high export proceeds, it showed restraint. But since having seen a gradual loss of world markets to the international competition and the competitors even gaining footholds in the American market, the American steel industry has been approaching official quarters with a view to reversing this "dangerous" and "extremely damaging" development.

Congress and public opinion were alerted to enforce import embargoes. The "voluntary agreement for restraint" on behalf of the steel industries overseas shows that those endeavours resulted in something. This of course lends encouragement to fresh deeds, and it has already led to the absurd banning of the parking of foreign motor cars within the precincts of some steel companies. It remains for Europeans to hope that this richness of ideas, unusual as it is for the steel industry, will not extend to other fields of the economy in a country that, after all, initiated the Kennedy Round. ivj.