

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

Article — Digitized Version

Comments

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1970) : Comments, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 05, Iss. 5, pp. 140-141, <https://doi.org/10.1007/BF02928731>

This Version is available at:

<https://hdl.handle.net/10419/138339>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

COMMENTS

India — Federal Republic of Germany

Too Many Nice Words

He who travels has a tale to tell. The traveller in matters of development aid, German banker Dr Hermann Josef Abs, surely could have had something to tell about his delegation's impressions in India. But he showed the reluctance of modesty. The echo in the Indian press, however, was all the louder. Obviously, it saw in the German visit more than just an exchange of thoughts between German businessmen and Indian officials and economists, more than merely a silver lining for improved future relations. It seems, however, that the results of the visit do not bear out such hopes.

The Indians again voiced their wishes for larger German direct investments, whereas the Germans, more than anything else, were out for a better investment climate. It has to be remembered that not only the Indians have had bad experiences in this field but this is the case with German entrepreneurs, too, willing as they were to run risks. So, the talks were conducted on the old pattern: friendly in tone and yet hard matter-of-fact.

For the developing countries as a whole, and the Indians in particular, such contact talks must now finally be followed by deeds. It can be said that on the German side one would be ready for deeds if only the Indian authorities did away with their distrusting the allegedly "greedy" or "neo-colonial" investors. Development aid in form of direct investments is co-operation! Co-operation which asks for a high degree of mutual trust. It would be well worth the effort by the Indian press to awake more understanding for the German attitude. Merely nice words of welcome and appreciative articles do not suffice. mk.

South-East Asia

A Second Indo-China War?

The surprising coup d'état in Cambodia sets the searchlights on this storm-point of the worldwide confrontation of the super-powers. How was this coup possible, how did it come about? As soon as he had left his country it was possible for a hitherto unknown clique to overthrow Prince Sihanouk who, with all his eccentric brilliance, was a thoroughly sober politician having the broad majority of his people behind him. According to the old slogan "cui bono" and on the

strength of the rapid recognition of the coup-régime by Washington there are ceaseless rumours that CIA had played a hand in the happenings. Should this have been so, it can only be said that this organisation learnt but little from the fatal development in South Vietnam following the murder of Ngo Dinh Diem.

In the short run, however, foremostly the supply strategical advantages for the South Vietnamese and their allies predominate. Due to the careful seesaw-policy of Prince Sihanouk, Cambodia had become a huge supply basis for the Vietkong which, similar to Laos, to some extent had been practically annexed by North Vietnam. The new régime immediately also blocked the port of Sihanoukville so essential for communist supply and reinforcement by sea. Not only food and medical supplies were unloaded there but also weapons and ammunition.

Of much greater consequence than these presumably only short term advantages, however, are the long term rather gloomy aspects likely to be. Years ago one of the shrewdest judges of the problems in Asia, Bernard Fall, who so tragically found his death in Vietnam, predicted that the Vietnam conflict was merely a continuation of the French war in Indo-China. In view of the chances of a multi-nation South-East Asia solution negotiated by the big powers being extremely meagre because of the seemingly insurmountable conflicts of interests, a second Indo-China war appears inevitable. Tragically, events prove Bernard Fall's prophesy correct. Was this worth the coup, presumably brought about from without, with all its short term advantages? hg.

Italy

Rumor or Dictatorship

Italy now has its third Rumor Government. Everybody knows that this is no reason to heave a sigh of relief even though for the moment a political catastrophe has been avoided. But it must remain debatable whether a general election would not have resulted in a clear, if painful, line. For, this Government which cannot be looked upon other than provisional, faces near enough impossible tasks not only because of the political rivalry bound to occur but rather in view of the country's present economic situation. As before, the fashionable tourists' centres on the blue Adriatic and the Riviera create a deceptive and an all too gay impression of prosperity. Behind

this sun-kissed façade there are endless labour disputes followed by continuous wage increases which, in turn, lead to drastically rising prices. This endangers the export which has in recent years decidedly contributed towards economic upswing, and it puts great strain on the balance of trade already showing a deficit. Adding to the misfortune, higher productivity which could have counterbalanced the ill-effects has not been achieved. Industrial production suffered setbacks beyond all expectations. It would be possible only to halt this recession in the event of the Government agreeing on a line for economic policy which, however, is not the case.

An opinion poll among the Italian people revealed that the majority would be willing temporarily to vest all power in one man provided that this one man would energetically work for the country's well-being and carry out the most urgent reforms. Such a reaction by the people is dangerous and one can but hope that this desire will never become reality. But in view of so much misfired democracy, is this reaction altogether incomprehensible? One can, after all, not live on sunshine only. ke.

USSR

Railways still No. 1

In spite of the plans for an extension of the pipeline system in the Soviet Union which have recently become increasingly attractive also for the Federal Republic, according to the latest reports the railways still remain means-of-communication No. 1 well in front of supplementing traditional traffic facilities by more pipelines. The Russians envisage large-scale modernisations, such as railway engines being geared on electricity, diesel and gas-turbine power in order to achieve greater speeds and a more economical use of the railway network. It is at the same time intended to mechanise the loading installations for container traffic as well as an almost 100 p.c. automation of the signalling systems by the deployment of computers.

As pipelines can be used for the transportation of certain bulk goods only and internal waterways not being navigable all the year round because of long periods of ice on rivers and canals, it is the railways whose performance fulfil the pre-conditions necessary for the planned growth of the Soviet economy. The ways and means for the realisation of higher traffic density are merely one example of many for the Soviet conception of how to achieve better performances. So, the planned measures for mechanisation and automation show that also

in the sphere of the railways one is out to save manpower. One must, however, in the first place take into consideration that, in spite of the greater utilisation of technical progress, the capital productivity will be reduced in the wake of more capital investment. But as the growth target of Soviet economic policy has for some considerable time been based on growth per head of the population, one is quite willing to run the risk of lower capital productivity, if only the output per head can be increased. zi.

EEC

Austria ante portas

The decisions taken by the EEC summit conference at The Hague have brought movement into the European integration policy. The negotiations with the neutral EFTA members—Sweden, Switzerland and Austria—about an association have entered a new phase, too. Since the beginning of this year, the contacts between Austria and the EEC have been strengthened particularly. It has to be stated, though, that the Austrians on their part regret that the EEC only thinks in terms of long transitional periods as distinct from immediate full association. The differing points of view stem from the question of how to overcome the dilemma: to let Austria participate in the economic integration without simultaneously impairing its neutrality. This problem arises for Austria to a much greater extent than in the cases of Sweden or Switzerland. Its trade relations with the EEC-countries are relatively far more extensive. Seeing it from this angle, Austria would also be more effected by the pull of political integration of the EEC. But neutrality sets firm limits: a treaty between Austria and the EEC would have to be revokable and must not contain any stipulations rendering Austria subject to decisions by a supra-national authority. It follows that the integration treaty aimed at by Austria can be no more than a minimum treaty.

So far, so good. The EEC's present political reality even promised good practical chances of an immediate full association; a political agreement with supra-national institutions is, after all, for the time being merely wishful thinking. But the aim as such remains and the hope to realise it, too. It follows that the result of Austria in one go becoming fully associated would be that the EEC run the danger of a step by step revocation of the treaty by Austria in the wake of progressing political integration. For this reason it is to be welcomed if association proceeds, as suggested by the EEC, in long-term stages parallel with the political development within EEC. ogm.