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# COMMENTS

*International Chamber of Commerce*

## **Playing Marbles**

The resolutions passed at the 23rd World Congress of the International Chamber of Commerce stressed the call for freedom of trade between all nations and international steps for environment protection. Similar to former years, the delegates, faced, as it were, with the historical Viennese background, abstained from making spectacular decisions and conformed to the ritual of previous Congresses. It has always been part of the ritual at such assemblies to urge, time and again, the aspects of freedom for world trade and international money movements. Short of a miracle, of which there was however no sign in Vienna, this will remain so also in the future.

The delegates kept in line with up-to-date trends during their discussions about environment protection. But the aim in mind was not the protection of the human race from smog and pollution through chemical residue but rather the international harmonisation of protective measures in order to call a halt to cases of hidden protectionism, hidden as a result of different standards for the conception of environment protection. In fact, the delegates did the reckoning without the host. For, companies particularly are out to prevent international agreements on environment protection bearing in mind, as they do, their own interests, even though quite altruistically pointing to the aspect of securing competitiveness. The Vienna resolutions for environment protection therefore were passed under wrong presumptions, and the fear must thus remain that the good intentions shown in Vienna will not reach further than the protocol stage. mk.

*Monetary Policy*

## **US versus Europe**

With unholy regularity, due to the persistent balance of payments deficit in the USA, Europe is infested with a growing flood of dollars. The result of this flood is that the European countries' monetary autonomy becomes impaired as long as there are influences at work, moneywise and economically, from the economic giant, USA, running inconsistently with the requirements of European economic policy. The new monetary crisis in Europe, and in the Federal Republic in May in particular, is the most recent outcome of this coherence.

It is understandable that the American monetary and economic authorities orientate themselves primarily on their internal requirements for the economy and give the balance of payments situa-

tion secondary consideration only. They should nevertheless not lose the international repercussions of their policy out of sight.

Since May, however, it has become less certain that they are willing to shoulder this responsibility towards the international monetary system. Publicly, the US Government displays an approach of "benign neglect". According to this, the dollar is supposed to be the steadfast focus of the international monetary system and all other currencies would have to gear themselves onto the dollar. The other countries should in its view counter imbalances with devaluations or revaluations of their rates of exchange.

This isolationist attitude of the USA fails to appreciate, however, that exchange manipulations stemming from the weakness of the dollar frequently run counter to the internal and external economic interests of the other countries. It can therefore only be a question of time until the European countries, in spite of still existing differences, will commonly defend themselves against the inflow of dollars. Who, after all, will in the long-run be prepared to face the music of consequences of the economic policy of another country? Should the US-Government not decide to abandon its attitude referred to earlier on and take steps to improve the balance of payments, not only would the "steadfast" position of the dollar in the long-term be jeopardised. Dangers would then also arise for the complex and sensitive framework of the international monetary system. ogm.

*Federal Republic of Germany*

## **U Thant is No Berliner**

UN-experts will in future not attend conferences and seminars of the German Foundation for Development Countries (Deutsche Stiftung für Entwicklungsländer) held in West-Berlin. The Federal Republic has thus once more had the experience of the wide reach of Moscow's arm. Because this ban means that U Thant has abandoned his previous attitude towards West-Berlin which was identical to that of the Western powers and, instead, fallen in line with the thesis of the Eastern bloc which considers the presence of the FRG in West-Berlin unlawful, even if this presence is merely in the shape of a Bonn-financed foundation for the benefit of developing countries. Thus, one could say that U Thant is, contrary to the spirit of the famous Kennedy words, no longer a Berliner.

The political disappointment felt by the Federal Government about this decision of the General

Secretary of the United Nations goes deep. This is quite understandable in view of the fact that in the past Bonn had nearly always succeeded in having its own way with the UN about the German problem: whereas the FRG was permitted to become a member of several suborganisations and grew to be even something like a paragon particularly in questions about development policy, membership applications of East-Berlin were invariably turned down.

Seen from the point of view of development policy there are nevertheless no consequences arising from U Thant's decision. The foundation's actual work will hardly suffer from organised meetings not being held in West-Berlin in future but, instead, taking place in Western Germany proper or being discontinued altogether. The over-all development programme pursued by Minister Eppler will not be effected at all by the ban. For this reason the Federal Government acted wisely in playing-down the entire incident. Bonn should, however, draw one lesson from the whole "affair": as long as the Berlin problem remains unsolved, similar incidents will hardly be avoidable. crm.

#### *Pakistan*

### **To Itself the Greatest Enemy**

The experiment of religion as the guiding idea in a 20th-century country, consisting, as it does, of two entirely different groups of people, must be regarded as having foundered. There were many imponderabilia in the wake of the process towards democratisation of Pakistan inaugurated by the December elections. But when the secession of the Eastern part threatened, the military set an abrupt end to these tendencies. Extremely negative effects, foremostly for the economy, are the outcome.

Economic activities in East Pakistan, having been paralysed for quite some time as the result of political uncertainties, have now come to a complete halt. Even in West Pakistan with its large dependence on the import of commodities and replacements, industry now only works at half-pace. Because of non-delivery of goods on order, there is the danger of West Pakistan losing export markets so painstakingly conquered previously. Foreign exchange reserves have dwindled to a lamentable minimum and new investments from within and without are being postponed to the distant future. Added to all this, there is the ailing Pakistan currency. The fourth Five-Year plan for 1970/71 to 1975/76, fairly optimistically set-up originally, now lacks any basis. The intention was, for the first time, to devote the largest portion of the moneys to the rehabilitation of East Pakistan, but the present situation points, with military diligence,

at an economic knock-out of the impoverished Eastern part of the country.

The military intervention by West Pakistani troops, comparable only to genocide, will also not encourage foreign aid donors especially in view of the fact that the critical limit of Pakistan's foreign indebtedness has long been surpassed. Over and above everything else one will hardly expect understanding abroad for the military government having rejected offers of humanitarian help for the victims of the civil war in Bengal. divo.

#### *China*

### **The New Mao-Look**

Much as the Chinese table-tennis offensive staggered world opinion, it still should have caused no amazement for the Nixon administration. At the year's beginning Nixon already stated that to draw China into constructive relationship with the world in general would be the great task of the present decade. The United States, he indicated, were ready for a dialogue with Peking. On March 15, Nixon lifted the ban on journeys to China by US-citizens, and 24 hours after Chu-en-Lai's reception of his table-tennis team he took the thread up by a gesture of good will. The embargo on non-strategic goods was lifted and Americans are now in the position to trade with China on about the same basis as they trade with the Soviet Union.

The flexibility of China's foreign policy has given cause for much speculation. In spite of all denials it is generally assumed that, more than anything else, both powers think in terms of their relations with the third superpower, the Soviet Union. The Soviets have already shown serious irritation and might indicate during the SALT-talks how they are thinking of responding.

But all the while, the euphoric Western reaction of wide circles engaged in foreign trade remains astonishing. Besides the Americans this applies even to the smart Japanese businessmen. Their export for instance to South Korea and Formosa is substantially larger than it is to China. All the same four of the five big Japanese steel companies have yielded to Chu-en-Lai's extortionist demand to loosen their close relations with these markets if intending to trade with China. And, after all, in comparison, China has little to offer as a trading partner. Of course China should be recognised and become a member of the United Nations because normal relations and trade would contribute towards bringing China into the world community. All the same, nobody should be unduly hoodwinked by the prospect of "supplying oil for the lamps of China". To the contrary, China has the shorter pull and Mao, the great pragmatist, should be aware of this. hg.