

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

Article — Digitized Version

Comments

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1971) : Comments, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 06, Iss. 12, pp. 362-363, <https://doi.org/10.1007/BF02926307>

This Version is available at:

<https://hdl.handle.net/10419/138559>

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

China

A Historic Event

Two recent events deserve to be labelled as "historic" — the admission of the People's Republic of China to the United Nations and Great Britain's decision to join the European Communities. Both of them will cause profound changes in the interplay of political forces in the world and are pointers to new developments.

But whereas the economic and political consequences of the British decision may be forecast in basic outline, the repercussions from China's future official appearance on the stage of world politics can only be a matter of more or less well-founded guesswork. For nobody can at present say in which way China will change its stance now that it adopts a new role. It is a matter of hope rather than conjecture that its policy will be marked by retreat from the isolation which was forced on it in the past. Such an attitude would remove many of the dangers liable to arise because states in an isolated position easily misjudge situations and opponents, and evoke brutal or uncontrolled actions and reactions. The opportunities for political solutions of conflicts would improve in consequence. That indeed is the crucial positive element of the New York decisions. China will probably be better informed in future and react with more self-assurance and, hence, with more realism, while the other states will likewise be able to understand and appraise China better. Whether this hope is deceptive may soon become evident. In this context China's present and future role in the current conflict between Pakistan and India and in regard to the threatening military clash between them will deserve careful observation and study. ogm.

EEC

"Sweet Wine of Human Kindness"

The Council of Ministers of the European Communities sat until the early hours of October 19, 1971, to discuss trade relations with Algeria and the treatment of Algerian wine. It had to deal with the question in what relationship Algeria really stands to the EEC. Neither the Commission nor the Governments of the Six, it appears, know the answer; otherwise the Ministers would hardly have had to discuss the matter until two o'clock in the morning.

As a matter of fact Algeria has been a *noli me tangere*, ever since the country became independent, and it was only by a wangle that the Algerian question got political clearance by the EEC year after year. When the Treaties of Rome were concluded, Algeria was part of the French Republic and therefore received the same treatment as all parts of France. The independence on July 3, 1962, however set an end to this situation under constitutional and international law: Algeria became de jure a *third country*, all the more since it evidently did not care for EEC association under Article 238.

De facto however matters remained unchanged: Algeria asked the EEC to leave its status unaltered, and the Europeans agreed. It was assumed that this would be a temporary extension only to give the Algerians an opportunity to prepare for a new contractual relationship with the EEC adapted to changed political conditions. But this is not what happened. Observers of the Brussels scene are therefore wondering how long this peculiar policy is to continue and at what stage the ambiguous absence of a treaty arrangement will give way either to treatment of Algeria like any other sovereign *third* state or establishment of a free trade zone. The European Communities are known to be usually very keen on getting treaties signed and sealed. However, in its attitude towards Algeria the Algerian "sweet wine of human kindness" of Thiers—who sometimes said to his diplomats: "Not too much zeal, Gentlemen!"—seems to dominate. Ja.

Denmark

Protectionism à l'Américain

The first wave of general excitement about the new US-protectionism had hardly subsided among the West European Governments when Denmark introduced a new complication into international trade. With a majority of no more than two votes the Danish Parliament, taking its cue from the USA, adopted a 10 p.c. import levy to gain a measure of short-term relief in a precarious balance of payments situation. This special duty affects about 55 p.c. of all Danish imports and is to be reduced step by step so that by April 1, 1973, it will be in line with the EEC tariffs.

What matters from the point of view of the national economy is that the Krag Government should use the rather short breathing space gained by the special duty as soon as possible for devising a programme to bring lasting relief

to the balance of payments. Such plans for fighting inflation and supporting sectors which have to compete abroad as have been presented are still too vague to allow already an assessment of their efficacy in this respect. The main problems stemming from the Danish action, which contravenes EFTA and GATT rules, however arise on the international plane. The export industries of the neighbouring Nordic countries in particular will be hurt severely by this arbitrary handicap to their exports to Denmark. The repercussions will also be felt distinctly by some industries in the Federal Republic. Although the states which were worst hit have shown remarkable understanding for the *tour de force* of Denmark's trade policy, one cannot ignore the danger arising from yet another instance of recourse to protectionism, however convenient such action looks under economic policy aspects. The only positive effect one can hope for is that this danger will now be perceived everywhere. If that happens, the Danish solo passage may yet give an effective impetus to a faster reorganisation of the international currency system and thus remove the grounds for more national protectionism. ju.

USA

Foreign Aid Cut-Off

The decision of the US Senate to stop the foreign aid allocations of \$2.9 bn for 1972 has evoked a lively discussion in the world. At a first glance the Senate's decision seems to be rash. Not only does it put at risk many of the specialised agencies of the UNO which depend on the \$140 mn from this source to continue their work, but it hits the developing countries at a time when they are already suffering greatly from the international "trade-and-money war".

It has often been overlooked however that the US Senate is not apparently in principle opposed to giving foreign aid but objects only to the present mix-up of development aid and military support. While military aid accounted for about 65 p.c. of all foreign aid between 1952 and 1960, it has been declining in the sixties; but in 1968 it still absorbed \$600 mn out of a foreign aid total of \$3.1 bn.

It should be welcomed if as a result of the Senate decision military aid is segregated from foreign aid; for the two have nothing to do with each other. President Nixon seemed to realise this when he took direct military aid for South Vietnam and Israel out of the foreign aid package. One can only hope that Washington will not now engage in a protracted and fruitless discussion

of the wisdom or folly of foreign aid, but as soon as possible resolve to carry on with it in a new form. Vexacious delay in devising a new concept would do even more harm to US credibility, especially among the countries of the Third World. It is a matter of the gravest doubt whether the Nixon Administration can afford to take this risk. crm.

Germany

The Nobel Peace Prize

Rarely has the award of a Nobel Prize had such a galvanising effect on all political fronts at home and abroad as the bestowal of the Nobel Peace Prize on Federal Chancellor Willy Brandt. Rarely also has a Nobel Prize been conferred in circumstances which make the award in itself a political factor. It was the first time in half a century that the prize was bestowed on the leader of a Government in office.

Furthermore, Brandt is the first German to receive the Peace Prize since its award to Carl von Ossietzky in 1935 when he was in a concentration camp. Brandt's resistance to national socialism, his unswerving vindication in exile of "the other Germany", his steadfast defence of the rights of West Berlin, his services to the Common Market and his initiatives towards a genuine *détente* between East and West have been recognised with approbation throughout the world.

The timing of the award may be open to question as his Government has only reached half-time. The treaties with Russia and Poland have yet to be ratified, the dialogue with the German Democratic Republic must still be brought to a successful conclusion. In the eyes of the world the award of the Peace Prize certainly signifies firm support for Brandt's eastern policy. But the suggestions of his most wilful opponents that the Storting Committee in Oslo wanted to tread on the corns of the opposition inside the Federal Republic or had found Brandt worthy of the award because he was "half a Norwegian" are grotesque indeed. Given its strict yardsticks and the quality of other candidates the Nobel Committee certainly did not choose an easy way out. But the Prize is not Brandt's alone. In giving its reasons for the award the Committee explained that Brandt had "on behalf of the German people" extended the hand of reconciliation to old enemies and thus made "a substantial contribution to improving the opportunities for a beneficial development, not only in Europe, but in the world". The award is thus a mark of approbation also for Germany, and that should not be forgotten. hg.