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COMMENTS

India-Pakistan

Lessons for the Big Powers

The India-Pakistan war was fresh evidence of US impotence in face of the interplay of political forces in the Asiatic region. Although both states have been among the chief recipients of American development aid, the sanguinary conflict in the Indian sub-continent has shown clearly how far the loss of political influence by the USA has gone.

In India the USSR has assumed the role of a powerful friend and ally although the aid rendered by Moscow was only one third of that from the USA. The friendly relations which for many years linked the USA with India as the largest democratically ruled country seem to be as much a matter of the past as the reference to India's neutrality which was heard so often up to the early sixties. But the prestige of the USA has also suffered in Pakistan. True, the first debate in the UN after the accession of the People's Republic of China to the world organisation saw the USA and Pakistan in the same boat. But there was a third passenger — China. Although Pakistan received less than 2 p.c. of all its foreign aid from that country, China has today already more political influence than the USA.

Aware of these facts, Washington cannot derive much consolation from the circumstance that the India-Pakistan war has also highlighted the disunity in the socialist camp. The USA is in more urgent need than ever of a new Asian policy if it wants to continue exerting an influence on developments in the continent. For military commitments will hardly retain any importance when the USA has withdrawn from Vietnam. And the development policy which was conceived as an instrument of foreign policy has clearly demonstrated its ineffectiveness in this field. Fa.

Developing Countries

Action is Overdue

While the preparations for the third UNCTAD Conference are going ahead at full speed and resolutions and recommendations are already being drafted in almost all industrialised and developing countries, the Federal Statistical Office has just presented the final figures on the Federal Republic's foreign trade with developing countries outside Europe for 1970. These figures confirm once more that the demand of the developing countries for further measures to help to improve their trading position is justified. German imports from countries of the Third World in-

creased in 1970 by 4.1 p.c. only to DM 17.7 bn, whereas total imports rose by 11.9 p.c. The composition of imports into the Federal Republic from developing countries showed only slight changes, and these give little cause for optimism. While imports of manufactures expanded by DM 220 mn—25.5 p.c.—compared with the preceding year, those of raw materials advanced by no more than 1.9 p.c. and primary products by 1.6 p.c.

Despite all efforts it has thus not been possible to enlarge the commerce of the developing countries with the Federal Republic and substitute imports of industrial products for imports of raw materials. The countries of the Third World can, and will, use this rightly as an argument for urging more German assistance in promoting their exports. These countries must however likewise accept the suggestion that the desired expansion and structural changes in exports to the Federal Republic will not take place without any efforts on their part. Resolutions and mutual recriminations do not make up for the leeway of the Third World in world trade compared with the industrialised countries. This can only be done by prompt and speedy action by all participating states. For this reason it would be good if the delegates to the third UNCTAD took this warning to heart. mk.

Yugoslavia

Tito and the Powder-Keg

The disintegration of the multinational state of Yugoslavia, which was expected only after Tito had left the scene, seemed to become a reality at the end of last year already. The Balkans, the powder-keg of Europe at the turn of the century, are once again restless. For under Tito, a Croat, a central bureaucracy, controlled almost entirely by Serbs, is still, as in days past, dominating the other constituent republics.

The outward occasion for the student's demonstrations in Zagreb and the purge of the Croat party apparatus was of an economic kind. To make up for the economic differential between the North and the South, the richer Federal countries, such as Slovenia and Croatia, must support the rest of the country with a *development aid* part of which has been unprofitably invested in remotely located "political factories". The foreign currency earnings of the Croat guest workers and tourist trade are flowing into Belgrade where Serb officials dispose of them. Hence the student's protests about discrimination against Croatia on the part of the centralist bureaucracy and the renaissance of the suspicions held of old in

the other republics about a Serb claim to hegemony at the expense of the industrialised North. But behind the struggle about Croatia there lurks the old conflict between stalinist conservatives and reformers. Tito's new adversaries are apparently the reformist elements whom he encouraged in former times, and his new friends seem to be the stalinists who have been deprived of their power — Tito's *old comrades*.

Just before the old year ended Tito did exactly what the students had demanded: he caused the foreign exchange earnings to be distributed more equitably among the constituent republics. At the same time however he ordered stricter party controls and restrictions on the freedom of the press. In the long run however the present-day Yugoslavia cannot be saved by any *old comrades* but only by an economic and social reform which has long been overdue — if such a rescue operation is still possible at all after Tito. hg.

Banking

Dont Care Overdraft

The names of some British banks reflect the expansion of British trade around the globe in the 19th century. The Chartered Bank and the Hong-kong & Shanghai Banking Corporation recall the 'great days' of business in the Far East when Britons were the pace-makers of the race for interesting markets. Other names belong to the past or have, like that of the Bank of London and South America, been included in new names under which larger groups make their appearance, indicating the purpose of mergers, namely, to expand the international sphere of activity beyond the regional field. That is the case with Lloyds & Bolsa International Bank in particular. Some names record Empire and Commonwealth history. When independence came to Ghana in 1957, and to Nigeria and Sierra Leone later, the Bank of British West Africa omitted the attribute 'British' from its name. It merged soon afterwards with the Standard Bank which, when still known as The Standard Bank of South Africa, had confined its activities to Southern and East Africa.

The *decolonisation* is reflected even more clearly by the change from Barclays Bank DCO to Barclays Bank International. The DCO of the large Barclays subsidiary stood for Dominion Colonial Overseas; there were other — unofficial — interpretations: the reading of Dont Care Overdraft was most flattering to the bank's efficiency and service to customers. It is interesting to note that the change of name and structural reorganisation went hand in hand with nationalisation, on the one hand, and amalgamation and expansion, on the other. In Africa old branches have attained

national independence; in Malawi the National Bank of Malawi has been set up jointly with the Standard Bank and the Government. In the USA the business is flourishing under the bank's own name, and in Europe the former DCO has taken over the parent's interests for the purpose of extending its own organisation further. An Empire bank oriented towards Africa and the West Indies, with cross connections with Australia and Canada, has thus developed into a truly international bank — with a European background, to be sure!
Ja.

South America

USA under Pressure

The economic relations between the USA and a number of South American countries have been deteriorating rapidly of late. Peru has expropriated the assets of a US oil combine without compensation. In Chile the American copper companies faced a similar fate. In Bolivia and Ecuador dispossession proceedings are under way, though in these countries there is some prospect of compensation being made. And Venezuela has subjected US and other oil producers and banks to pressure.

The US reaction to all this has been in very low key. The time seems to have gone when the USA reacted, as it did towards Cuba 12 years ago, by immediately breaking off all relations with such countries. Only via the World Bank and the Inter-American Development Bank, which was set up by President Eisenhower chiefly as a means of preventing a degeneration of relations between the USA and the South American countries, has the USA tried to exert some pressure. More far-reaching measures would merely have the consequence of the USA losing all its economic influence in these countries to Europe and Japan and its political influence to communist states.

For the USA it is thus a matter of keeping calm and of enduring and withstanding the onslaught on US property. Foremost among its efforts must be the aim of improving the image of the *Ugly American* in Latin American thinking which provides native politicians for evermore with ammunition for election campaigns based on anti-American propaganda and later leads to corresponding legislation. The countries of South America on their side may yet have to pay dearly for this anti-American policy, for with the seizure of US assets in mind all foreign investors will be more cautious and insist on a higher premium to cover the risk. Such a development cannot suit these countries at all because they are in urgent need of capital to overcome the numerous economic problems in the continent. kw.