

Jantzen, Günther

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## Regionalisation and Equilibrium?

**A**rgentina's Dr Raul Prebisch executed a tour de force when at the UN conference in Geneva in 1964 he rallied the states of Latin America, Africa, the Middle East and South-east Asia with all their differences in one group pledged to common demands. The developing countries emerged as one entity. But does this combination of states, brought into being by a master's stroke, really stand for the "Third World"? The very term is evocative of thoughts and emotions about social welfare and social policy and memories of the "Third Estate". Why should one not speak as well of a "Fourth World", a term which by analogy would cover the group long known as the "least developed countries"?

In Geneva, in New Delhi and now in Santiago again the discussion hinged on issues concerning the world economy with its imbalances, its divergencies in the distribution of the gains and burdens from the international exchange of goods and services, and the opportunities, technical and financial, for developing it. There was again much talk of lack of solidarity on the part of "the rich" and on the other side suggestions of a ready response combined with appeals to appreciate realities. Intricate global differences were probed once more in an effort to present global solutions for generalised demands. As if the world economy conformed to one great precept capable of starting a world-wide integration process which could abolish the differentials between rich and poor! It may sound harsh but

the truth is that UNCTAD in all its discussions has been fighting shy of the reality of a development which is actually taking place now, namely, the regionalisation of the world economy.

For there can be no mistaking the tendency in the European Community to develop, on the way over the proposed economic and monetary union, into the nucleus of a huge regional unit. This large region, of which the North Cape and the Congo are the outer limits, is already in process of evolvement. The enlargement of the Community, the endeavour to integrate with the residual EFTA countries, the agreements in the Mediterranean area, the Convention of Yaounde and the exclusive association offer to the African and Caribbean states of the Commonwealth leave no longer any doubt that such a development is in an initial stage. Statements and pledges by EEC politicians to the effect that the Community is "outward-looking" and wants a liberal spirit to prevail in international trade and services cannot be regarded as evidence that this development may be cut short. They also do not necessarily disprove it.

It is not only inside the EEC system that tendencies towards regionalisation have gained ground. They can also be traced in the Greater Pacific area where there is again talk of a "Pacific Free Trade Area". The five advanced states bordering on the Pacific—the USA, Canada, Japan, Australia and New Zealand—could form the core of

such a PAFTA zone which in turn would form associations comparable to the EEC system with the LDCs of South-east Asia and Latin America. It is significant that the advocates of the PAFTA concept lay more weight on the equilibrium aspect than on the notion of a bloc-versus-bloc demarcation.

The USA is certainly attuning to the concept of regionalisation. Its relationship with the EEC is characterised by a permanent negotiating situation. The causes for complaint about the agricultural and association policies have not been removed by the agreement on storage of cereals of February 11, 1972, or some other concessions by Brussels. In his remarks in the European Parliament on March 15, 1972, the acting president of the Council of Ministers, Gaston Thorn, drew attention to the difficulties in the way of an understanding on the future economic relations. Nixon's journey to Peking and his proposed visit to Moscow may from the political point of view be assessed as marking the end of bipolarity in world politics; they have also a world-economic aspect — that of determining the position and function of the USA in a counterbalancing system. The "leadership" role thrust on the USA after 1945 is, in its own view, obsolete as far as the world economy is concerned. But will it be any easier to achieve equilibrium in the world economy if the world increasingly splits into large regions? To this question also the Americans can as yet not give an answer.

*Günther Jantzen*