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Europe: EBIC looks after the multinationals

Intereconomics

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COMMENTS

Pollution Control

Conflicts between Rich and Poor

The Stockholm conference on the environment was overshadowed by the antagonism between rich and poor which, as one was recently reminded at Santiago, is only too familiar a feature of international economic relations. The industrial nations urged that all producing countries should operate production and consumption processes which conserve the environment. The LDCs, on the other hand, would have liked nothing better than to put the blame for all pollution past and present on the rich nations alone and ask for compensation.

No country can reasonably resist the request of the industrial nations, for unless their demand is fulfilled it is impossible to ensure an adequate quality of life for the inhabitants of our earth. As it can easily be proved that the LDCs are causing quite a bit of pollution themselves, the question arises whether compensation payments by the industrial states to LDCs are justified. Compensation claims by LDCs cannot solely be based on such pollution as has occurred and is still occurring, and which must undoubtedly be attributed to a large extent to the industrial nations because they own most of the industrial capacity. If production is to proceed with due regard to the conservation of the environment, a price will have to be paid for it through loss of economic growth. Losses of growth however are bound to hurt the countries of the Third World incomparably harder than the industrial nations. For this reason the LDCs should not be denied compensation in return for subjecting their own production to the self-restraint implied in an environmental policy. ro.

Europe

EBIC Looks After the Multinationals

Not only the American but the European banks have the financing problems of their international enterprises at heart. The six European banks which have combined forces in the EBIC Group, the European Banks International Company SA, — Amsterdam-Rotterdam Bank (Netherlands), Deutsche Bank (Germany), Midland Bank (UK), Société Générale des Banques (Belgium), Creditanstalt-Bankverein (Austria), and Société Générale (France) — are demonstrating their interest in a specific way by introducing the "Ebicredit". By this means the EBIC banks enable the parents of international enterprises to borrow money

directly from the local branch of an EBIC member for use by their subsidiaries in anyone of the countries of the EBIC group.

Credit lines are opened by the local EBIC branches for the parent while payment is made by the EBIC partner banks direct to the subsidiaries abroad in national currency. The credits carry local rates of interest. The institute offering the credit gives a guarantee to the partner bank which pays it out. In this way international corporations can obtain investment credits as well as loans to provide working capital of between DM 0.5 and 10 mn. The special advantage of this arrangement is that it avoids complications and saves time.

That the "Ebicredit" will be popular with international corporations seems certain. The figures of direct investment integration in Europe certainly suggest it. The proportional share of the rising total of British direct investment abroad which has gone to the EEC has increased from 7.4 p.c. (£ 218 mn) in 1960 to 12.0 p.c. (£ 733 mn) in 1969. The German international enterprises have raised their share of direct investments in Europe from 38.5 p.c. (DM 1.5 bn) in 1961 to 56.9 p.c. (DM 12.0 bn) in 1970. In view of the banking potential supporting the group — sum total of balance-sheets DM 140 bn, 9000 branches, 150000 employees — it may be expected that the international corporations will soon prove the popularity of this new credit facility by making active use of it. rmb.

The Socialist International

No Attractions for LDCs

At no time since its reestablishment in 1951 has the Socialist International been in a position to give the course of contemporary history a new direction. During its 12th congress in Vienna at the end of June it looked at times as if the Socialist International was no longer even aware of contemporary history. The only relief came from Federal Chancellor Brandt's trenchant speech on the global tasks of the future and the proposal of the leader of the Labour Party, Harold Wilson, to evolve a socialist strategy for the Third World and to deal with the problem of industrial development and protection of the environment in separate commissions. It is due to these two that the International did not confine itself to electing a chairman and deputy chairmen and airing the European Social Democrats' own problems.