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The Impending Summit Meeting of the Ten

by Professor Günther Jantzen, Hamburg *

A summit meeting of the European Ten is planned for the autumn, and it is to take place. Its main subject will be foreign policy. True, scant information was given out on the contents of the talks held between President Pompidou and Federal Chancellor Brandt in Bonn early in July, but even the meagre official statements issued about them gave the impression that the two men are still of the opinion that the subject of a common foreign policy is of importance for their two countries.

When the talks between Herr Brandt and M. Pompidou took place, the reorganisations of their governments were already imminent. It stands to reason that President Pompidou, most likely, was made aware of the fact that the Federal German Minister of Economics and Finance would soon resign. At the same time, Chancellor Brandt must have been confidentially informed of the causes and intentions making for the replacement of Prime Minister Chaban-Delmas by M. Pierre Messmer. Such changes are, of course, not of merely minor importance in the context of a common foreign policy. Professor Schiller's economic liberalism was not very much to the liking of French political experts on currency and economic policies. For this reason, the men round the French President might be well satisfied with the changes in Bonn, which mean that Professor Schiller's uncomfortable leanings towards non-interventionism, favouring an independent economic evolution and European economic convalescence as a spontaneous process of self-cure, will no longer vitiate agreement between Paris and Bonn. But if such agreement materialises, will it also mean progress towards a wider community of policies and interests?

A Political Initiative towards Europe

It is apparently not only the coming Federal election campaign which dampens the Bonn government's enthusiasm for taking another initiative towards Europe and the pertinacity for keeping it up under pressure, as it had shown during the famous conference in The Hague of December 1 and 2, 1969. It seems also evident that Willy Brandt's cabinet is not quite sure of itself whether it has taken the proper course in its currency policy — proper in relation to establishing a European Currency Union. Federal Chancellor Brandt has admitted his own agree-

ment with M. Raymond Barre, up to quite recently a member of the Brussels Commission, that greater flexibility of European currency policy ought not to be completely suppressed — though he added that there was not a chance, at present, to act in this direction.

The London *Economist* was prompted by the lack of certainty in Paris and Bonn, not to deny the usefulness of the planned summit meeting, but to plead for its postponement as a useful expedient. The journal appealed to the Prime Minister Mr. Edward Heath, to produce new proposals about currency policy: "The possible delay in the summit is a result not only of weakness but of conscious recognition by both the French and the Germans that, given time, someone somewhere might have an idea to save Emu (European Monetary Union) from its own inconsistency. This could be the British opportunity, and Mr. Heath's in particular, to give a lead."¹

The Problem of a Currency Policy

Will the conference perhaps be postponed because nobody is willing to talk about currency policy, which has become the main point on any conference agenda, or because negotiating parties are reluctant to deal with other questions of foreign policy and international relations without touching upon this important component of them? Merely to ask this question makes it clear to what extent currency policies may become the key for finding out whether, and in which manner, any common foreign policy will be practicable, which must also include a common development policy. Moreover, there are also other obstacles to be expected when the attempt will be made to divest development policies of their entanglement with national priorities and to make them answerable to joint responsibilities.

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¹ "Saving the Emu from Extinction", in: *The Economist*, July 8, 1972, pp. 13 et seq.

Looking back to 1969, the Brussels Commission had been very optimistic ("one was able to speak of the spirit of The Hague") in interpreting developments within the EEC as follows:² "All this leads us towards political union." It was then argued that the Community, by design and in its essence, was already a political entity but its political character would have to be strengthened through giving its agencies more power, through coordination of the policies of member states, and through a foreign policy which would have "gradually to be lifted to Community level".

A Common Development Policy

From what has become known so far about the draft agenda for the Summit Conference of the Ten, development policy and its wider ramifications had been accorded priority rating. This is fully understandable after the production of a memorandum on "Community Policy of Cooperation with Developing Countries" by the Commission already on July 27, 1971. On February 2, 1972, this was followed by a "Programme for a First Series of Measures". And finally, the experiences of UNCTAD III in Santiago will probably have made it abundantly clear that close cooperation, which goes beyond mere consultation, has become indispensable.

The starting point of any discussion on a "Community Policy of Cooperation with Developing Countries" must always be the memorandum of July 27, 1971.³ This document is based on the insight that the desire of the European Communities to increase their own influence in the field of international relations is hamstrung by the lack of finance and authority in the field of development policy. The memorandum is imbued by disappointment that all the efforts of the Commission in aid of strengthening the Communities' influence have so far met with insufficient responses. To put it — perhaps somewhat too — bluntly, the Commission's memorandum acknowledges the Commission's own weakness. The tools at the disposal of the Communities, it is stated, are limited, and in the field of tariffs and import quotas, not much remained which could be offered the LDCs after the preferential system of the EEC in favour of LDCs has become operative. The document continues: other chances of action are "not only limited because the Treaty provides finance expressly only for helping AASM (African Associated States) and the OCG (Overseas Countries Group)" and also because the

European Communities have "not been invested with other tools of action". What the Commission is saying makes it clear that it can view the national development policies and forms of assistance of member states as European aid only to a very limited extent, as the Commission has no possibility for influencing the activities of member states. "They (the member states) offer multilateral aid only to a comparatively restricted degree, reserving the lion's share of their development finance for bilateral aid 'with strings', which tends to support commercial and economic interests of their own in varying proportions."

The Need for Cooperation

The Commission's proposals were explained later, in greater detail, in its programme of February 2, 1972. They advocate a policy of co-operation, based on mutual political agreement among member states and with the Community, without marking as an objective a unified policy of full agreement. The Commission also suggested to finance the Communities' development activities more liberally, to enable them to act as a "donor" agency. In spite of the moderation of the Commission's proposals, which were far from wanting to abolish the multifarious parallelism of aid, they gave rise to controversy about the principle how much should be given to Brussels, and what should be denied the Commission. In West Germany, this question was contested between Herr Walter Leisler Kiep, the CDU's spokesman on development policy, who, in 1971, had produced a plan for Europeanising development policy in stages, and the Federal Minister for Economic Cooperation.⁴ During the controversy between the government coalition and the opposition, the speaker of the Federal Ministry of Finance and Economics, Herr Everling, pointed out that the transfer of political responsibilities to the Communities must not be pursued in isolated compartments. In the last analysis, it will depend on the progress achieved by the Economic and Currency Union how far the Community countries can advance on the road towards Europeanisation of their policy of cooperation.⁵

The Commission's memorandum reflected the endeavour to represent both the policy of Association and development policy towards third-party countries as one unified whole. It was one of the obvious intentions of the Commission to use its memorandum to still the discussion about

² European Commission, Third Overall Report on the Activities of the Communities — 1969. Brussels-Luxembourg, 1970, p. 22.

³ Commission of the European Communities; Document SEC (71) 2700 of 27 July, 1971: Memorandum on a Community Policy of Cooperation with LDCs.

⁴ Georg G u s m a n n, Bonns Parteien streiten um EWG-Entwicklungspolitik (Political Parties in Bonn Quarrelling About Development Policy), in: Handelsblatt, Düsseldorf, March 21, 1972.

⁵ Georg G u s m a n n, Fernziel: Europäische Entwicklungshilfe (The Ultimate Aim is European Development Aid), in: Handelsblatt, April 14, 1972.

whether the European Communities ought to be regional in character or open to the whole wide world. Thus, one reads in the memorandum's introduction of the "infertile quarrel about either regionally limited or worldwide solutions for the problems of development aid." It was tactically unsound of the Commission to mention the problem of regionally limited activities but stating at the same time that it intended to kill any further discussion of it because it favoured an overall and worldwide development policy. What the Commission wanted to avoid was precisely what followed publication of its memorandum.

Special Relationship with the Yaounde States

The memorandum emphasises the special relations with the Yaounde states and with the Mediterranean countries; it underlines the "preferential treatment for Black Africa and the Mediterranean area" (cf. *Handelsblatt*, Aug. 5, 1971), and it reinforces earlier notions that EEC policy tends to forming large-scale regional associations from the North Cape to the Zambesi river, making the Mediterranean an inland sea for the future European/Mediterranean/African system. It is true that many reasons may be adduced against setting up such a region, and as many reasons can be used for its massive support. However, the Memorandum avoided any such clear commitment, using vague and evasive formulae as those of a "regionally oriented policy", "historical relationships", "aid for the least-developed countries" — which may be correct as a description of some countries in Black Africa but certainly not of Mediterranean countries.

Criticism was not slow in rearing its head. It originated — no matter who it was who stoked its fires and in what way — from third countries among LDCs. An embittered resolution was tabled by British Commonwealth countries, e.g. India and Nigeria, jointly with the Latin American Bloc, during the final sessions of UNCTAD III in Santiago on May 15, 1972. It should have been foreseen that the movers of this resolution would use the forthcoming entry of the UK into the EEC as a pretext for demanding compensation for the feared loss of tariff preferences in the UK market. The President of the European Commission, Sicco Mansholt, was obliged to return once more from Brussels to Santiago in order to manage the deletion of passages hostile to the EEC from the final resolution. His statement that the European summit conference convened for October would lay the foundations of a future European development policy⁶ may have had the desired anodyne effect. But nobody has been convinced that the attempt to create a common policy of

the Ten for dealing with development problems — which also means: a joint policy towards LDCs — will be successful. The impact of foreign policy will remain as strong as ever.

The Lessons of Santiago

Under the immediate impressions of developments in Santiago, a British observer wrote:⁷ "The subsequent failure of the Six to speak with one voice and to take any sort of worthwhile initiative in Santiago was bitterly criticised last week at the sitting of the European Parliament in Luxembourg. The disarray of the Community and its failure to appear as an outward-looking, progressive and constructive force in world politics, may produce some long-term benefits. It will strengthen those who feel that a common foreign policy — including a common aid policy — is one of the Community's priorities."

What about special interests? Roy Jenkins, as a prominent politician of British Labour, stated on May 14, 1972, that the present policy of the EEC on development aid was a gross misallocation of resources. But Britain, once it is a member, will have the chance to steer the Community away from French colonial links, on an outward-directed course.⁸ Yet President Pompidou very probably sees a fundamental task in maintaining France's relations with the countries of the former Communauté. Whichever were the other reasons for appointing Pierre Messmer Prime Minister, one of them, and not the least of them, was that the man who had hitherto been Minister for Overseas Territories (i.e. those which still are French dependencies) should keep the links with the sovereign but French-speaking states (the "Francophones") alive. When we think of events in Madagascar, where President Tsirirana, a reliable friend of France, was overthrown last May through riots of an unmistakable anti-French bias, Messmer's appointment was certainly not accidental. Madagascar was a signal.

Classification of LDCs

If development policy will be a point on the October agenda, the British will this time have a voice. After what has happened in Santiago, it may be taken for granted that especially the Asian members of the Commonwealth, who are precluded from association with the EEC according to the Yaounde or Arusha models, will exert pressure on Britain to demand the establishment of "development ties" with EEC through favourable trade agreements. Ceylon, Malaysia, India, Singapore, Hong Kong, and others had been until recently beneficiaries of their preferential access

⁷ The Times, London, May 16, 1972.

⁸ "Jenkins Sets Task for Europe", in: The Times, May 15, 1972.

⁶ According to *Frankfurter Allgemeine Zeitung*, May 25, 1972.

to the British market. The disappearance of Commonwealth preferences will only be partly made up for through the system of general preferences for LDCs. It is more important for Asian ex-Commonwealth countries that they had been favoured over and above all third-party countries, whilst they will now be third-party countries in their relations with EEC, and AASM and associated countries from the Mediterranean area will be privileged over and above them.

A problem which cannot be erased from the future agenda will be the classification of LDCs. The "Third World" has become a term in common use, but there is already a fourth world of least-developed countries. There will probably be no difficulty in granting least-developed countries special concessions — Professor Schiller has already announced them in Santiago. But it will be more difficult to answer the question at which stage in its development a given state will cease to enjoy the privileges of a LDC — as through the German tax law on development aid. Are Portugal or Spain still to be classified as LDCs? Are Yugoslavia or Rumania be treated as LDCs and enjoy preferences? This will be a wide field for developing a "Community Policy".

Lastly, but not least, it must not be forgotten that "development policy" is not only tied up with policies on trade and with foreign policy but — for example, in Scandinavia and in the Federal German Republic — has become an object of political quarrels about the desirable structure of society. Practical aid may be subordinated to judgments of political value, which apply to aid in its widest sense, and this may lead to conflicts with legitimate economic interests. It may be that a government refuses guarantees for economic initiatives of private enterprise, if the recipient country is governed in a way, or contains political structures, which are not to the liking of the guarantors.

The Meaning and the Effects of Aid

The problems of a common policy in extending practical aid are, moreover, conspicuous when the changes are examined to which the meaning and the desired effects of aid have become subject in the course of time, and what can properly be called "aid". For seeing these difficulties, we need only to remember the different periods in the history of German development policy. Originally, foreign policy motivation was predominant. Aid for developing countries was thought to be a suitable instrument for enforcing the German claim to exclusive representation among foreign governments. Foreign governments which recognised the German Democratic Republic lost

their claims to aid. After the formation of the new Federal Ministry for Economic Cooperation, Minister Walter Scheel developed the principle that "development policy", which existed in the field of influence between foreign policy, economic policy, and cultural policy, must "be understood as an essential part of overall German policy as a whole". As the immediate threat from the East against the West had become less serious, the Soviet Bloc was being deflected "into other areas and levels" militarily and ideologically, and its main line of advance was towards the world of developing countries. "The contest for winning their favour is already far advanced."⁹ Herr Scheel, and in a more pronounced way his successor, Herr Wischniewski, have guided development policy into close neighbourhood of foreign trade policies.

Herr Erhard Eppler, the third Minister for Economic Cooperation, then introduced a complete turnabout in the Federal Government's fundamental approach. He strengthened the trend towards technological, educational, and social reform aid, and the merger of interests between development policy and foreign trade interests was gradually dismantled. In respect of aid through credits "without strings" and of multilateral assistance, Minister Eppler soon began to propound ideas which his predecessor in office would have refused any hearing. He thus exposed himself to criticism of businessmen who were afraid of a shrinking order flow. This was, of course, also due to changed general circumstances: 1969 was not 1966/67, and boom conditions had replaced the recession. The German balance of payment had long left the area of deficits, and persistent export surpluses had created a novel situation. Development policy was also soon drawn into the whirlpool of DM revaluation and into the great critical debate on policy on social structures, where all development aid and its definition were called in question. A new risk is connected with this new stage of politics: we are in danger of transforming development questions into problems of a home-made European-oriented stage show, where we are tempted to pass marks on good or bad behaviour and to dole out prizes according to the school reports of our "pupils".

If we can draw any lesson from Santiago, it can only be this: that we learn to see problems from outside our own frontiers, with their regional peculiarities, and that we act according to such knowledge. But this is not a prescription for a common European foreign policy, which would encompass development policy.

⁹ Walter Scheel, *Neue Wege deutscher Entwicklungspolitik* (New Roads for German Development Policy); Special Publication of the Federal German Ministry for Economic Cooperation. Bonn, 1966, p. 5.