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Germany: Last stabilisation warning

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circumstances that at the same time one public office is busy expelling as many as possible of the 23,000 Asians with Ugandan passports and officials in others are doing their utmost to keep these same people in the country. Many of them have already received strict orders that they must not leave their places of residence and that they have to stay at work.

Worst of all, Amin, who according to his opponents is a paranoiac, has for the time being managed to keep his grip on the country with help of Libyan arms and soldiers sent to him as a fellow Moslem by Ghaddafi, and repel the insurgents who were dispatched by Obote from Tanzania. There is still a hope that the OAU or else the head of some Africa government or other will convert Amin to a more sensible policy. While Amin runs amok, the tormented country serves as an illustration for Talleyrand's observation: "Worse than a crime is a blunder". hg.

Spain

An Outsider in Western Europe

Spaniards must have found it especially difficult to understand why the Norwegians slammed the wide-open door of the Common Market, for they have long been trying to achieve EEC membership. All their diplomatic efforts, however, have been abortive. Advocates of Spanish accession can be found inside the EEC, but there are also zealous antagonists. When the French President, Pompidou, at his latest press conference cautiously recommended Spain's admission, the response was one of reserve and, in some quarters, strict rejection.

Insofar as the reaction to Spain's efforts is indicative of reluctance and not outright rejection, it is prompted by purely economic considerations. The differences in economic structure between Spain and the EEC countries are adduced as the main obstacle to accession. Behind this argument there is also fear of Spanish competition, especially among Italian farmers and European textile and footwear manufacturers. As purely economic considerations are no permanent obstacle to integration, Spain's economic structure need be no impediment to entry into the EEC in the long term. The second obstacle, however, is of an altogether different calibre. Incorporation of an authoritarian system into the Community of European States touches upon its political self-approbation. The concept of a politically united Europe is in a crisis already now. It is certainly no longer universally accepted that economic integration is merely a preliminary stage on the way to a political community.

If Europe still conceives itself to be a Community of States aspiring to political unity, the Spanish

governmental system does not fit into the European scenario. If, on the other hand, its aim is no more than the formation of a utilitarian economic association, Spain's accession will prove as advantageous for EEC as that of any other state. ro.

Germany

Last Stabilisation Warning

The Federal Republic's five major research institutes have struck a dramatical note in their regularly recurring experts' opinion in autumn on the economic situation. For 1973 they prognosticate an unbroken rise in prices and point out that—together with an increasing utilisation of resources during the continuing boom—the situation may become even worse. In view of the unsocial consequences of an enhanced inflation and the misdirection of resources, which finally might endanger the order of the free market economy, it would be high time now for stabilisation measures.

Not all the institutes agreed on what to do concretely. Nevertheless all of them pleaded for a comprehensive domestic programme of restriction. There was quite a stir when three of the institutes — HWWA-Institut für Wirtschaftsforschung (The Hamburg Institute for International Economics), Institut für Weltwirtschaft-Kiel (Kiel Institute of World Economics) and Rheinisch-Westfälisches Institut für Wirtschaftsforschung-RWI (Northrhine-Westfalian Institute for Economic Research), Essen, explicitly emphasised that management and labour have to anticipate adverse effects on employment if they don't act in "conformity with the programme". Although with that they said nothing but the disagreeable truth, i.e. that any real stabilisation programme may have negative effects on employment, they provoked the anger of the Federal Government.

The only real dissent between the institutes consisted in the question to what extent and by what measures an external covering of stabilisation would have to be achieved. This problem arises if—due to the missing concord even among the EEC-members—an individual country attempts stabilisation. The three above mentioned institutes believe floating to be the only means suitable, while the other two — Deutsches Institut für Wirtschaftsforschung-DIW (German Institute of Economic Research), Berlin, and Ifo-Institut für Wirtschaftsforschung (Institute for Economic Research), Munich, favour dirigisme.

What the politicians will or will not do, nobody knows. But the vote of the institutes shows that it is high time for stabilisation policy. In future nobody can plead his ignorance as reason for not seeing the magnitude of future risks. hjs.