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After the Election: The External Economic Scene

Few elections in recent years have aroused as much interest throughout the world as the ones held in the final quarter of 1972. This is probably because foreign policy issues featured in the elections in the USA, Germany and Japan. And this is also the reason why their outcome has increased importance against the background of the growing entanglement of political and economic elements in foreign relations since 1972 and the consequences this has for our external economic prospects.

Chancellor Brandt and President Nixon, both newly returned to their old posts, could now resume their talks about the relationship of the USA and EEC where they left off in the spring of 1970. The subject is as topical today as it was three years ago, when the Chancellor, still heartened by his great European hour in The Hague, was presented by the President with a list of grievances. From the American point of view these have lost nothing of their former importance.

At the summit in Paris Brandt did not focus on his foreign policy. He pleaded for an alignment of European policies on social welfare and social affairs, and Edward Heath concentrated on regional and structural reforms. They thus left it largely to their French counterpart to "look abroad", and Pompidou turned his chance to good account for France by securing consent to priority for the "Yaoundé policy" and Mediterranean policy. As Mansholt had assured UNCTAD III in Santiago that the EEC summit would give priority consideration to a development policy which would benefit everybody, the EEC heads of government could not afford to default on this promise, but it was certainly not honoured in the way Mansholt intended or the developing countries envisaged.

There will be a Yaoundé III; and the Mediterranean policy will also be continued. But the EEC must reflect how these and other issues with a bearing on its external relations with the USA can be talked over beforehand with Washington, and also how development policies, strategies and regional key-points are to be discussed with the USA,

Japan and, above all, the developing countries themselves. Here is a task to which the government in Bonn must apply itself. It is thought that bipolarism has been left behind, and quite a few observers nowadays expect polycentralism in the political world, with consequent regional developments, to lead to a future equilibrating system. The world may indeed have set out on the road towards it, but can peace be said to have been accomplished and stabilised merely because polycentralism is already considered such a fine and mature concept as to allow regionalistic trade policies to be operated at the present time when they subject Europe to stresses which weaken the defence of the European integration process?

The security of Europe would be in jeopardy if the Americans were to react to the Community's Mediterranean policy by withdrawing their fleet from this sea. There is no gainsaying that security is indispensable for integration! Besides, the USA would not rest content with political withdrawal from the Mediterranean but probably shift the economic centre of gravity to the Pacific. And there will be nothing to prevent Nixon from resuming, and giving persuasive emphasis to, the "Good Neighbour" policy. A strong orientation towards South America would be only too easy to understand. The Mediterranean however should not give an impetus for a revival of trade rivalries between America and Europe in third countries.

The Federal Government will be well advised to oppose such tendencies. A sober assessment of the East-West situation as it is, and not as one wishes it to be, must also incline the Federal Government towards an intensive European policy in order to promote the political consolidation of Europe, protect its economic position on the world scale and make its development policy unassailable — which means, give European solidarity avowals credibility. Such a policy calls for a realistic and yet positive attitude to the projected GATT round which is to be launched in 1973, and also for a resolute follow-up to Mansholt's statement by giving development policy a higher priority in the framework of the European Community of Nine.

Günther Jantzen