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## Ghana: Hopes for the cocoa agreement

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# COMMENTS

*France—Germany*

## Ten Years after the Fraternal Kiss

Ten years are a short span in the life of nations. But they are long enough a period of probation for a treaty that at its conclusion was believed to mark a historical change — long enough also for an evaluation of its consistency and future importance. Everything that since 1948, after the foundation of the Federal Republic, had been jointly achieved, the change of the French-German relationship from the guardianship of an occupation power to an alliance rebuilding Western Europe, was sealed with a symbolic fraternal kiss between Charles de Gaulle and Konrad Adenauer in the Elysée-palace on January 23, 1963. For the French this reconciliation with their sworn enemy meant the renunciation of a moral reservation; for the Germans the conclusion of the treaty and the embrace symbolised their recognition as an equal and trustworthy partner.

Ten years after the fraternal kiss the treaty, in spite of many differences regarding West European and Atlantic politics, has stood the test. It has proved to be just that, what it possibly could be under the given conditions: a mutual promise always to give the common cause priority over controversial issues. All governments in Paris and Bonn stuck to this principle in spite of irritating differences in their political views on e.g. the USA, temporarily also on the USSR and a long time on Britain — but also on the EEC, its market order or the arguments about integration and sovereignty.

Essential for the success of the treaty has been its consultation system. This mechanism has the beneficial effect that never an interruption of these regular meetings or a renunciation of the dialogue on all controversial issues occurred. During one of the many crises in the French-German relations even after the conclusion of the treaty, General de Gaulle compared such treaties with easily withering roses and girls. But fortunately this melancholic allusion has proved to be wrong. After this celebration of the treaty's 10th anniversary it must be acknowledged that the reconciliation sealed by the fraternal embrace has indeed proved to be a historical event. hg.

*EEC*

## Mansholt, the European

Sicco L. Mansholt, who vacated the post of President of the European Commission at the end of the past year, was the last one left of the politicians who had taken part in the work of the European Communities from their very first days. At the

beginning of 1958 Mansholt was appointed to the first European Commission headed by Walter Hallstein. For 15 years he has been playing a decisive part in building the new Europe — first as a Vice President and finally, for a little under one year, as President.

The design of the common agricultural policy of which he was the architect cannot but be regarded as defective at this time because it has swallowed up vast sums of money without ensuring really satisfactory incomes for farmers and helping to open up the EEC markets to the rest of the world. It is also true that the attempt to overcome these faults by means of the hotly contested and repeatedly revised Mansholt plan has so far failed to establish a structural policy for agriculture which has a clear and concrete profile.

Mansholt however was not only an agrarian technocrat, though it was as such that he appeared to the public. He himself always conceived his mandate to be a political one. There were times when he, the Dutchman, defied de Gaulle and his followers more resolutely than anybody else in defence of the supranational principle of law of the European Communities. That explains why Mansholt during his term in Brussels had the reputation of being one of the strong men at EEC headquarters — a politician to whom, like Walter Hallstein, the vision of a united Europe meant more than national state interests. The European commitment of his successor, François-Xavier Ortoli of France, is not yet known. As far as can be predicted, however, he does not see himself primarily as a counterforce to the Council of Ministers, let alone the French President, but as the manager of Europe's headquarters. Now that Mansholt has departed and the Community been enlarged, the time of the committed Europeans seems to have passed forever. kw.

*Ghana*

## Hopes for the Cocoa Agreement

In Nkrumah's days the West African state of Ghana made the headlines because of his Pan-african aims. These political aspirations left large economic burdens behind which put a heavy strain on the country's economy. Between 1960 and 1972 Ghana increased its real national income at an annual rate of only 2.5 p.c. while the population rose by 3 p.c. a year, so that the real per-capita income has actually fallen since 1960. The savings rate is down from 16 to 11 p.c. and investment from 22 to 14 p.c. of GNP. The food production in the country is insufficient to cover all needs, and the export trade is stagnant.

The picture of the Ghanaian economy disclosed by these figures is not a favourable one. Ghana's structural weakness is its economic dependence on cocoa: two-thirds of all export earnings are derived from the sale of cocoa. Its price, £ 112 a ton in 1960, had risen by 1970 to no more than £ 112, so that the export shipments, even though they had increased from 303,000 to 358,000 long tons, did not yield as much extra income in foreign currencies as was required. Economic policy measures were of no avail against the fall in export earnings. Drastic import restrictions, devaluations and price-fixing by the state were no remedy. The Ghanaian Government was therefore particularly intent on an international cocoa agreement.

For this reason the Ghanaian Government was especially pleased when the Federal Republic of Germany, prompted by the churches and development experts, decided to join the cocoa agreement although German business circles had come out against it. It is being hoped in Ghana that other states will follow suit. Under the aspects of development policy the decision in support of the agreement can be justified only on the ground that the Ghanaian Government will use the time to promote the industrialisation and diversification of the country's economy. The Government in Ghana must gain credibility by such efforts. Otherwise other countries will soon queue to leave the cocoa agreement again. mk.

#### *Roumania*

### **Latest Member of IMF and IBRD**

The Socialist Republic of Roumania has joined the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank) as the first country in Eastern Europe to do so. Roumania's membership became effective on December 15, 1972, when its Finance Minister, Florea Dumutrescu, signed the IMF articles in Washington. Roumania has an IMF quota equivalent to 190 mn Special Drawing Rights (SDRs), and its World Bank subscription is 1,621 capital shares which have a nominal value of \$ 162.1 mn.

In consequence of its political differences with the other CMEA countries in recent years Roumania has failed to obtain from them adequate supplies of investment goods, technical know-how and raw materials for developing its industries at a faster pace. It is for this reason in particular that Roumania now depends on trade with western countries to attain the ambitious targets of the 1971/75 plan for the development of industry and agriculture. In the past however the tight foreign currency position has limited the opportunities for an extension of trade relations.

Roumania's accession to the IMF and the World Bank is in line with its consistent efforts over recent years to expedite industrialisation with western help. The success of these efforts is reflected by the accession to GATT in 1971, the new External Economic Relations Act which was passed in 1971 and the Roumanian State Council's order late in 1972 which allows foreign participation of up to 49 p.c. in Roumanian enterprises. These measures will certainly improve the prospects for Roumanian trade with the West in the next few years. But whether the limits imposed on trade by the present state of development of Roumania's economy can be overcome during the current plan period already because trading conditions are more favourable is doubtful. For Roumania has still not accomplished the transition from a stationary agrarian to an expanding industrial economy. bw.

#### *Latin America*

### **Integration of the La Plata States**

The Foreign Ministers of the Argentine, Bolivia, Brazil, Paraguay and Uruguay have been meeting at Punta del Este for the fifth conference of Foreign Ministers of La Plata States. Their object was to examine the report of the Interstate Coordination Committee (CIC) and discuss the initiatives which the Ministers had been asked to present. Creation of a joint financial institution was discussed in greater detail since the proposal for the establishment of some kind of zonal development bank which was submitted by Uruguay, Paraguay and Bolivia at the previous conference, in Asunción, had encountered considerable opposition in Brazil and Argentine. At Punta del Este it was agreed as a first step to instruct CIC to design a concept for a "Finance Fund for the Development of the La Plata Basin" with a capital, for the time being, of only \$ 20 mn. The discussions once more revealed that opinions on this matter differ. Bolivia demanded that the Fund should be used, in the main, to carry out work for which programmes have been prepared, while Brazil wanted the money to be used for project feasibility studies only. A fiasco was prevented by last-minute concessions.

One cannot but regret that the La Plata group is still making such slow headway with its integration efforts, especially when these are compared with the progress made with the Andean Pact. The deadlock reached in the work for a Latin American Free Trade Association (LAFTA) adds to the importance of reaching several smaller supra-regional accords and institutions to keep the wish for integration alive in Latin America. iwe.