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Roumania: Latest member of IMF and IBRD

Intereconomics

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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.