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## Chile: End of an experiment

Intereconomics

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# COMMENTS

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## *Japan*

### **Tanaka's Journey**

Issues of economic as well as of foreign policy were the main concern of the Japanese Premier Tanaka on his latest journey which took him to Washington, Bonn and some other West European capitals, and finally to Moscow. In the foreign political field it was Tanaka's aim to break out of the partial isolation in which Japan has been caught by the American-Chinese rapprochement. This development took the Japanese by surprise and aroused suspicions against the USA, which were fed by the subsequent economic measures of the Nixon Administration concerning US imports from Japan. And so Tanaka was looking for new political friends and trading partners in Europe.

Japan's Premier was trying in particular to make them understand the compelling need of Japanese industry to export a certain amount of goods so as to be able to pay for the primary commodities which his country cannot produce at home because of its dearth of raw materials. Until now the USA has been absorbing 33 p.c. of Japan's exports while the EEC took no more than 12 p.c. The Japanese hope in future to place more of their products in EC states. In return Japan is willing to detract further from its own protectionism and allow more European merchandise to enter.

The Japanese economy is in urgent need of both increased exports and larger imports, for the country is slowly drifting into a stagflation. The Japanese dream of unlimited growth has been shattered by infrastructure problems and faults of the distribution system. With advances of 17.4 p.c. at the wholesale level and 12.9 p.c. in the retail trade in the year to August prices in Japan have risen far more steeply than in other industrialised countries. Attempts to slow the price surge by central-bank and fiscal measures have been of little avail so far. The hope in Japan is now that the inflation can be slightly abated by letting in more foreign goods and giving a fresh impetus to growth by increasing exports. kw.

## *Chile*

### **End of an Experiment**

The sanguinary military coup in Chile marks the end of the attempt to institute socialism by parliamentary means, to combine socialism and democracy. There is no need to repeat here the moral and political condemnation of this coup d'état in almost — unfortunately, only almost — the whole world. The course which Chile has followed in these past three years raises another fundamental

problem. On the right it has been regarded as proof that socialism and democracy are basically incompatible; that military coups and régimes can hardly be said to be constitutional or democratic was conveniently overlooked. On the left the spectres of reaction and imperialism have been raised; they were allegedly resisting all lawful change — revolution was the only remedy.

It is however questionable whether either of these two theories adequately explains the Chilean tragedy. Is the idea of "democracy plus socialism" really utopian? Is revolution truly the only remedy? The Chilean road raises doubts about both these assertions. Given the existing particularly adverse circumstances — lack of a parliamentary majority, heavy dependence of production on foreign countries, a relatively large middle class — Chile's capacity for reform was probably overtaxed in this short time. The Popular Front in consequence lost the support of Parliament. Arbitrary methods of land expropriation and other shocks caused the middle class to withhold its moral support and consent to the changes. The nationalisation of the copper mines and other industries led to stagnation of production, and the inflation escalated because of a mistaken monetary and wages policy.

Not before March of this year however, when despite the ruinous economic situation the Popular Front scored substantial gains in the elections, did Allende commit his crucial mistake: instead of consolidating what had been achieved and taking it easier, he decided to "keep moving and not to yield" according to his Socialist Party's election slogan and to proceed even faster. He should however have seen that now his opponents would not keep to the constitutional rules of the game. The conclusion therefore should be: Faulty or utopian was not the idea but the method. As a democrat Allende felt that he had to follow the road of evolution, but evolution takes time. la.

## *UN*

### **Dispute over the Freedom of the Seas**

Not the least important of the issues at the international conference on maritime law which the UN has convened in Santiago for the spring of 1974 will be that of drawing up universally binding rules for the exploitation of seabed resources outside national territorial waters. Agreement appears to exist already that an international authority is to have competence to deal with the utilisation and distribution of these natural resources. Open is still the question whether all states are to have the same rights on this authority or whether provision is to be made for blocking minorities, perhaps to prevent the LDCs from outvoting the others.