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## EC-LDCs: Solidarity — Doomed to failure

Intereconomics

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What then should be the reaction of the other EC states to the ultimatum-like demands from London? If they show themselves willing to make concessions in the present situation, they must expect that other member states may in future also make an issue of terms agreed upon earlier when there has been a change of government. Such a state of permanent revocability would create uncertainties which would seem to make it impossible to continue the process of European integration. If the Continental members of the EC, adopting the opposite course, refuse to negotiate under a withdrawal threat, the British threat of resignation may become bitter reality. The question is whether a reduced membership is not the lesser evil when the alternative is a Community of nine deprived of the last vestiges of credibility and the ability to develop further. ch.

### *Portugal*

## **Approaching a Moment of Decision**

Portugal will remain the poorhouse of Europe for quite some time to come as it began the intensive development of its industry as little as 20 years ago. That Portugal in these circumstances continues to accept the burdens of the fight for its African territories cannot be comprehended except in the light of its traditions and present foreign policy commitments. It was in Lisbon that the colonial age dawned in the 15th century. But while other colonial empires have broken up, little Portugal has succeeded in keeping a substantial part of its former possessions intact — by tenacity but also by choosing the right allies, England for many centuries in the past and now the USA.

Angola and Mozambique, like the Azores, are strategic pledges in the hands of a dependable ally who is becoming indispensable for NATO. As long as Portugal retains its African possessions, Southern Africa remains a bastion against Soviet naval domination of the Indian Ocean and the communist guerillas who are controlled by the USSR. Though in General Spínola's view the war against the guerillas cannot be won, it presumably cannot be lost either while Portugal is willing to carry on the fight.

Now a coup d'état of the army has overthrown the Caetano régime. If General Spínola would be now installed as head of the government, he might have a fair chance of realising his ideas of a new policy in Africa. But there remains the problem how the extremely conservative Portuguese establishment will react. Now a choice seems to be presented between an entirely new policy towards the African territories, which would be less embarrassing for Portugal's democratic allies, and stubborn pertinacity, which

would be preferred in the Union of South Africa and by many Portuguese living in Africa. It also involves a decision whether 46 p.c. of the budget are still to be spent on military operations in future or whether preference should be given to advancing the development of the mother country. hg.

### *EC — LDCs*

## **Solidarity — Doomed to Failure**

The European Community, or at least its Commission, should no longer be exposed to the charge that it only cares for regional development aid — for the well-being of the associates and associables, especially the former French colonies. In a statement to the EC Council of Ministers the Commission proposed at the end of March that a world-wide Solidarity Fund be set up "to neutralize the consequences of price increases for the developing countries hit most severely".

The Commission envisages that about 25 LDCs, the economic position of which seems to be in special peril, should benefit from Fund allocations. Not only have they long been handicapped by extremely low per-capita incomes and chronic balance of payments deficits but more lately they have in addition felt the effects of reduced capital inflows and declining export proceeds. According to calculations by the Commission and the World Bank mainly countries in Central America, South-East Asia and tropical Africa are hit most severely by price increases connected with the oil price movements because they are without adequate resources of their own. The request to help them is thus not a new variant of development aid but merely a way of compensating for additional expenditure.

Regionalisation is also to be ruled out on the donor side. All the prosperous nations are invited to contribute: industrialised countries and oil states with big revenues are to put \$ 3 bn into the Fund. The Commission has given some thought to the distribution of the burden: because of higher export proceeds the EC and the USA are to provide \$ 500 mn each and the other industrial nations together another \$ 500 mn. The oil sheikhs may pay in the other \$ 1.5 bn; after all, \$ 1 bn has already been offered by Iran.

It is, however, too much to hope that the states invited to show such solidarity will conform with the "EC guidelines" as the Commission's proposal, having failed to command a majority in the Council of Ministers itself, seems from the outset doomed to failure. All that Foreign Minister Scheel who is currently presiding over the EC Council of Ministers was able to do was to read out a benevolent statement at the UN special conference on raw materials and development. zz.