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UN Maritime Law Conference: Marine resources in focus

Intereconomics


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Italy

Malaise of the System

Has Italy become ungovernable? Political and criminal acts of violence, disorder and indiscipline loom large, and there is hardly a public service left which works as it ought to. In its daily life the country has to grapple with an apparently irresistible inflation. In his statement in the Chamber Premier Rumor drew a sombre picture. In protracted negotiations the coalition partners have agreed on necessary economic measures but not arrived at a clarification of the political fundamentals. The welcome news from Washington that the considerable gold reserves of the central bank have been upvalued to four times their previous value, which enables Italy to draw on fresh foreign loans and make sure of vital imports for a few more months, offers only a respite. The crisis has only been adjourned; its causes are inherent in the system. Since the war Italy has been governed by the same parties, chiefly the Democrazia Cristiana— with or without coalition partners. Even a four-party coalition, like the Centro-Sinistra, which was supposed to bring a change of direction, did not in fact give the power to new men but only led to a reshuffling of power positions. The system is ailing because there is no democratic alternative. The deep distrust among the population has induced the trade unions to assert themselves more and more and to attempt a policy of their own. Their embarrassing agitation reflects the popular will for action; the people will no longer be put off with empty promises. The emergency programme drawn up by the new government however demands sacrifices, and these will be accepted the less readily the less confidence there is in their success. It is to be hoped for that the present immobility of the system will be overcome—perhaps with the help of the trade unions—so that it becomes possible to embark on an economic policy which provides a way out of the misery.

FRG

Changes in Development Policy?

The German development aid is on the horns of a dilemma. For years efforts have been made to explain to the German people that development aid is a necessity, not only on humanitarian grounds but, especially, on account of the economic and political self-interest of the Federal Republic. Looking back on this discussion today, it is particularly interesting that it was pointed out time and again, especially by official circles, that defects and difficulties in one's own country are no excuse for giving no or little development aid. This line of argument seems to have been dropped in view of the upsurge of oil prices, the burden this imposes also on the balance of payments of the Federal Republic, internal stability problems and, in particular, domestic political considerations. The matter came to a head when the 1975 budget was drawn up and ended with the resignation of Minister Erhard Eppler who was in charge of German development policy. In this post Eppler would not and could not agree to the cuts in the 1975 budget and the finance plans for development aid for the following four years which the Minister of Finance had proposed with backing from the Federal Chancellor. His reasons were in line with the arguments outlined above: Firstly, a constructive relationship with the developing countries was more important than ever and could certainly not be brought about by cuts in aid. Secondly, the Federal Republic would be the first country to violate EC decisions on the subject. Schmidt however feels today that "near is the shirt but nearer still the skin". Cuts in public spending are always popular in one's own country, and the reputation of the Government and the prospects of the Government parties at the 1976 elections depend decisively on its image of thrift. The new Minister in charge of development policy is Egon Bahr, the previous Government's principal theoretician and negotiator for ostpolitik. So far the budget cuts are data to him. A man full of ideas like Bahr may however become an embarrassment for the pragmatising Schmidt.

UN Maritime Law Conference

Marine Resources in Focus

The UN Maritime Law Conference opened in Caracas on June 20 in the presence of representatives from 130 states. By the end of August they are to find a solution for the problems of the utilisation of the seas. UN Secretary General Waldheim pleaded for a "new balance" in international accords. This balance was to provide the states with a maritime law which enabled them to put the treasures of the seas to use and yet safeguard the interests of all of them. The conference must be successful, he said; old conflicts on land must not be replaced by new ones on the seas. It is clear that the conference is pressed for time and must yield results. Important raw materials like iron, manganese, copper and other metals and also petroleum can be found on and below the bottom of the sea. Oceanographic and geophysical prospecting and computations are still in an initial stage but the available data are already giving an inkling of the great economic
significance of these deposits. The importance of the seas as a source of food and for transport is however better known than these opportunities for turning the seas to economic use. Besides, the pollution of the seas is a problem in need of a global solution which is closely linked to the problem of the seas as a source of food. In the circumstances the conference will presumably have to answer two crucial questions: Up to what distance from the coast is the utilisation of the bottom of the sea to be reserved for the states bordering on the sea? And who is entitled to exploit the resources underneath the open seas?

The essentially practical economic aspects of these two complexes will probably give rise to more clashes between developing and industrialised countries as was already observed during the preparatory work, for many developing countries have vast off-shore areas and marine sedimentation basins. Clearly there are limits to the use of the treasures of the seas; by the end of August maritime law is to be developed to a point where the possibility of destructive competition between the states is ruled out for the future. In the light of the results of previous UN conferences one can but feel sceptical about the outcome.

Africa

Confederation on the Far Horizon

This year's summit conference of the Organisation of African Unity (OAU) in Mogadishu, the capital of Somalia, showed no sign of fresh impulses towards a political community. The majority of member states still seem to have little liking for the idea of ceding their hard won sovereignty to a central pan-African Government. The poorer countries are also afraid of domination by the economically stronger ones, and the francophones are deeply suspicious of the anglophones.

The 41 member states are however agreed on the demand for an independent continent, ruled by black people, south of the Sahara. Following the latest developments in Portugal and its African territories the white minority governments in South Africa and Rhodesia are now left as the main targets for attack. The hope for black governments in Angola and Mozambique raises new possibilities for economic and military pressures since South Africa would forfeit two important buffer states on its northern border.

In the long run however the fight against "white imperialism" will serve less and less well as the political raison d'être of the OAU. It should be its main purpose to give political and economic backing to the member states afflicted by droughts, inflation and disastrous trade balances, the more so as not much help can be expected from outside. Progress in the negotiations with the EC, for instance, is tardy. And the break with Israel which many states performed reluctantly under Arab pressure has not paid; after all the fine words about "Afro-Arab solidarity" the African countries have not received any more or cheaper oil than others. It is to be hoped that this experience will open the eyes of the OAU states to the fact that they have one great and so far unused chance — to move beyond national-state concepts and resolve on self-aid through closer cooperation.

COMECON

Anniversary Meeting

The 28th meeting of the COMECON Council in Sofia which marked the 25th anniversary of the organisation ended after four days with the signing of a joint communiqué. The participants have not built any qualitatively new elements into their economic cooperation. Aside from passing joint schemes for specific action on the pressing problem of energy supplies, there were only the customary vacuous formulations although the main item on the agenda was the economic integration of the COMECON states. While the Soviets however wanted to speed up the economic integration through an amendment to the COMECON statutes which threatened to curb the independence of the member states, the Rumanian leaders insisted on the principles of national autonomy which rule out any interference with economic cooperation between the members. The resolution on the role of the COMECON in the intensification and perfection of the cooperation and the development of socialist economic integration which has been adopted should therefore be regarded as no more than a compromise.

The central topic were energy questions. The socialist countries want to open up Soviet natural gas deposits and take part in laying a gas pipeline to the western border of the USSR and an electricity trunk line to the interior of Hungary. Other decisions concern the establishment of a common system for the production of electric power and the design of a grid and joint work to hasten the production of nuclear energy. In the past the socialist countries have felt little inclination for technical, financial and material participation in Soviet projects, which would tie them too closely to the big brother, but faced with a chronic foreign currency stringency, they have now that raw materials and energy are everywhere scarcer and dearer have had to go the road to Siberia. All said and done, this will be Moscow's trump card at future integration talks.