Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

Common agricultural policy: Another case of bankruptcy

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1974) : Common agricultural policy: Another case of bankruptcy, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 09, Iss. 9, pp. 268, http://dx.doi.org/10.1007/BF02929207

This Version is available at:
http://hdl.handle.net/10419/139068

Terms of use:
Documents in EconStor may be saved and copied for your personal and scholarly purposes.
You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.
If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.
International Monetary Policy

Recycling of Arab Funds

Now that the “mini reform” of the world monetary system has been completed, the solution of the problem of the oil states’ high foreign exchange proceeds should be given priority. Most of the surplus Arab funds have so far been placed on the Euro markets. According to first estimates, at least $20 bn of the oil states’ proceeds are said to have already flown into international financial markets where they were again at the disposal of the oil consuming countries. No doubt, this development must be welcomed for it mitigates partly the balance-of-payments difficulties of the consumer countries. However, it cannot be the only answer to the problem of neutralizing the oil states’ foreign exchange surpluses. In that case the international financial crisis would become inevitable indeed. The reason for this is that the banks involved would very soon be no longer in a position to make the enormous sums available which are required for balance-of-payments financing, for they have already now nearly reached the administrative and economic limits of their business.

Another important reason for paving new ways of solution is that the states most affected by the oil crisis, i.e. the poorest developing countries cannot obtain funds from the Euro markets to finance their balance-of-payments deficits, so that this type of “recycling” of oil moneys will primarily favour the industrial states. But in order to help the developing countries as well, it is absolutely necessary to institutionalize, at least partly, the redistribution of the oil states’ foreign exchange surpluses, be it in the form of development banks or within the framework of the IMF.

The solution of this problem must no longer be delayed by the responsible politicians in the hope that everything will come right, for otherwise the break-down of the Bretton Woods system might have been a prelude only.

Association Policy

Agreement in Jamaica

In their negotiations in Kingston, Jamaica, at the end of July the nine member states of the EC and 44 developing countries in Africa, the Caribbean and the Pacific area have made considerable progress towards a new association agreement to replace the Yaoundé and Arusha conventions which are due to expire at the beginning of next year. It looked several times as if the negotiations would fail, either because of divisions on important issues between the Europeans or else because of the unrealistically high de-