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Ethiopia: Downfall of the lion

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However, it must be doubted that meetings like this one can do much to fill practical economics with new life, for it is neither the main difficulty, nowadays, for theoretical economists to analyse the causes and forms of inflation nor to develop models and tools for fighting it. In the struggle between opposing political and economic vested interests, inflation with its disastrous effects on employment and economic growth has become a contest of power, which inevitably poses for the responsible politicians the question what is politically possible.

Therefore, it is of poor benefit that economic research has made available a multitude of policy tools which, depending on the actual situation in different countries, might be applied in varying combinations, as long as governments dare not use these instruments without flinching. It is the sad truth that inflation cannot be fought without sacrifices, which threatens the governments in power with electoral defeat. And this risk, which is the ultimate obstacle to applying an efficient stabilisation policy, cannot be lifted from the shoulders of the politician by economic research workers.

Ethiopia

Downfall of the Lion

After almost half a century of an absolute rule the Ethiopian emperor Haile Selassie, the Conquering Lion of Judah, was dethroned by the Armed Forces Coordinating Committee. His power taken away by the military for weeks already, the final cause for his downfall was his refusal to place the billions of dollars deposited abroad by himself and his family at the disposal of his country. His departure from the political scene resembled that of an arrested criminal and the population called him a thief and demanded his head.

Haile Selassie, who was in the public eye for the first time in 1935, when Italy attacked his country and when he made a remarkable speech in the League of Nations, after World War II achieved much for the decolonisation and unification of Africa. He was a tireless fighter for the independence of the African countries and an advocate of the thesis that every inch of Africa should be liberated from white minority rule.

As much as he distinguished himself on the international stage, in his own country he ruled like an absolute monarch of the Middle Ages. He obstructed any attempts at reforms and did not undertake anything against the people's exploitation by the large landowners, the omnipresent corruption and particularly by the highest government

quarters. During the last famine in Ethiopia he prevented quick aid for fear that the country's image abroad might be impaired. For all these reasons Ethiopia with its minimum of infrastructure and industry, with an illiteracy rate of 95 p.c. and a per-capita income of less than DM 200 belongs at present to the poorest countries in the world. The military have entered a very difficult heritage indeed.

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Europe

A New Start for the Community

For many years Western Europe lived in a "fine weather" community. The worldwide boom and the steady growth of GNP had veiled the true picture. Since 1973, however, conditions have changed dramatically and a period of bad weather has finally arrived. When the oil crisis broke out, the EC member states seemed to have forgotten all about their "Community" and stuck to the device of *saute qui peut*. And the wars in the Mediterranean area simultaneously unveiled Western Europe's political weakness.

Now, however, things seem to begin improving. It all started with the German Chancellor's visits to Rome and Paris. With its loan to Italy Bonn proved its will to cooperate and to stand by the weaker members of the Community. And the meeting between President Giscard d'Estaing and Chancellor Schmidt indicated that at least two of Europe's leading politicians have recognised the need for a trustful cooperation in order to solve common problems.

Then followed the informal meeting of the EC heads of Government and the conferences of the Ministers of Finance and of Foreign Affairs. Meetings at the highest level are useful for at least they should enable the leading men to understand each other's domestic political problems and should help to create a greater mutual understanding and perhaps consensus.

The Ministers *inter alia* discussed the problem of stability without recession, balance-of-payments matters, particularly the recycling of the oil-billions, a common energy policy and a common trade policy concept vis-à-vis Eastern Europe, since from the end of the year on there will be no bilateral trade agreements between Eastern and Western states anymore.

Although all these new trends and efforts do not give occasion for exaggerated euphoria, a moderate optimism about the Community's future is quite justified because so far it was only in times of need that the European nations were able to act in unison.

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