

Holthus, Manfred

Article — Digitized Version

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Intereconomics

*Suggested Citation:* Holthus, Manfred (1975) : The magic formula: Agreed programmes, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 10, Iss. 9, pp. 262-, <https://doi.org/10.1007/BF02929280>

This Version is available at:

<https://hdl.handle.net/10419/139251>

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# The Magic Formula: Agreed Programmes

For years there was close infighting over every word of the declaration, in order to transform the last act — the solemn signing of the pact — into a spectacular summit meeting of heads of states and governments. But when the great moment arrived, nobody felt any great thrill at the CSCE because the "World Recession" had successfully upstaged it.

Pre-planned and accidentally-arranged talks about anti-cyclical economic programmes, immediately prior to, or after, the Conference, attracted more attention than all the proclamations about the subjects on the CSCE agenda, whose general trend had been known before. Helmut Schmidt, the Federal German Chancellor, became the key personality of this new round of talks. Already about a year ago, he had attempted, in agreement with President Giscard d'Estaing, to promote joint measures of EC members on cyclical economic policies.

In the meantime, however, almost without noticing it, the world had arrived in a deep trough of the business cycle, and in most western industrialized states unemployment figures have been boosted to quite unfamiliar heights. The Federal Chancellor was fully justified in his demand for a supreme effort to protect the social system of Western democracies against being battered to pieces by the economic crisis. He used the favourable moment to discuss with the most important political and economic partners of the Federal Republic his views on these points.

The result of these talks was unexpectedly favourable. Not only the French President — with whom it proved possible to

agree on a timetable for new, jointly-arranged anti-cyclical measures — but Prime Minister Harold Wilson and President Ford also proved to be similarly inclined. By staging a special talk between them outside the boundaries of CSCE they fixed future rounds of negotiations on monetary and economic problems.

Schmidt's intentions to form a kind of crisis management that transcends the EC framework have thus resulted in a first stage of success. Of special importance was the reaction of President Ford. He showed understanding for the fact that a successful fight against recession in the US will transmit decisive impulses to the economies of all the other industrialized countries, and he promised to "integrate" Europe's wishes with his future economic considerations. In addition, it was agreed to remain in constant consultation. This is the first chance to drag the US from its past isolationism on anti-cyclical policies, to some extent, whereas Americans have so far not been keen to agree their economic policies with the EC in advance. Whether the new agreement will, in fact, result in an increase in the exchange of goods with the US, may at least be considered to be doubtful. Up to now, there has been hardly any harmony — which would be needed — between the obvious economic liberalism of the President and the protectionist urges of Congress. Therefore, it did not surprise many that, hard on the heels of the professions of agreement in Helsinki, a rude note from Brussels was received in Washington that protested against the USA's anti-dumping measures.

Nor is everything as it should be in the EC itself. Before he departed for Helsinki, Harold Wilson had emphasized to reporters of the American news magazine *Time* that he could not look on idly while the numbers of unemployed in Britain were swelling inexorably — though the UK, as an important trading nation, was in principle against physical controls of its imports. Obviously, he is prepared to yield to the trade unions' pressure. This means that also Europeans are polluting the economic climate, possibly killing in the end incentives for companies to invest.

Among those EC partners that had not taken part in the talks of the "Big Four", only the Benelux-countries and Denmark are economically fit to harmonize their anti-cyclical policies with the others, and their first comments were correspondingly favourable. But when the "Big Four", inebriated by their full agreement in Helsinki, forgot their smaller partners and invited only Japan to take part in future negotiations, the "Small Four" were not amused. Whether anti-cyclical programmes can be jointly agreed in such an atmosphere remains to be seen.

Giscard d'Estaing and Schmidt have agreed on a new pump-priming for the end of August. The experiment of 1974 proved itself to a certain extent: The Federal Republic succeeded in remaining near the bottom of price inflation rates, and France managed surprisingly quickly to reduce its adverse balance of trade and to return to the currency "snake". If Schmidt and Giscard d'Estaing were similarly successful this time, they would bring home a lot.

*Manfred Holthus*