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Article — Digitized Version

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Intereconomics

Suggested Citation: Jantzen, Günther (1975) : The international responsibility gap, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 10, Iss. 11, pp. 330-, <https://doi.org/10.1007/BF02929311>

This Version is available at:

<https://hdl.handle.net/10419/139282>

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The International Responsibility Gap

The subject "recession" provides politicians, commentators, economists as well as people who honestly admit to understand nothing of the curious twists and turns of the economy with ample ammunition to fire their salvos in all sorts of directions. According to inclination and temperament, frequently adjusting themselves to their audience or with an eye on some forthcoming important event like local or national elections, all these people pull out all the stops — the optimistic or the pessimistic ones, whichever seems to them appropriate at the time. Vague desires are deftly caught like balls in flight to be smashed back across the net as hard demands where some public — maybe all the world — is waiting to return them with equal force. This simile applies to national disputes as much as to the international scene. As far as the latter is concerned, economic policy invariably enters into the argument. An International Protection and Restriction Association (IPRA) may well develop into a stage manager for such international performances.

In Great Britain, many people feel compelled to voice their opinions on the way to improve the economy in general and the balance of trade and the employment situation in particular. The socialists among these people have for years been unable to think in this connection of anything better than import restrictions. However, the more talk there is of import restrictions, the greater the hurry of the British to stock up with imported goods, lest it may be too late. Whether this ever recurrent haste to buy, though psychologically understandable, is in con-

formity with the market is another matter. On the other hand, it hardly gives the custodians of the balance of payments any solace seeing precious foreign exchange swimming out of the country, but it may fire them with the courage of desperation, the courage they would need to apply the remedy of last resort — restrictions.

The clamour for restrictions has often been heard in the USA. But when employers and trade unions in the steel and motor car industries turned themselves into the stoutest protagonists of stringent import restrictions on goods from the European Community and — what is more significant — found a receptive ear with the Administration, then Brussels reacted sharply, unusually sharply.

The EC Delegate, Paul Luyten, complained to GATT about the efforts observed in the USA to restrict imports of steel, canned ham, shoes and motor cars from the EC. He expressed strong disapproval of the inquiries the authorities had already begun to establish whether the imposition of "countervailing duties" would be justified in the case of European goods suspected of dumping. Brussels went even further in accusing the USA of unfairness; chapter and verse were given for cases of American protectionism as for instance the wilful delay in the customs clearance of suspect articles. The next meeting of the Anti-Dumping Committee of GATT, which was not due until December 1975, has been put forward to October 21 to deal with the American complaints. The notifications had hardly gone out when there appeared hints in quite a number of newspapers to the effect that the

possibility of an Atlantic trade war could not be excluded.

This is hardly a good climate for the prospective multilateral negotiations on expanding world trade. The Americans have evidently been hit in a sensitive spot. They feel they have been treated by Europe in a school-masterly manner. The criticisms of their anti-dumping hearings have irritated them, for, to judge by semi-official utterances, they regard these criticisms as a sort of intervention in their internal affairs. Maybe they are especially sensitive in their great year of remembrance — the year in which they celebrate the 200th anniversary of their independence. The Europeans are certainly no paragons of broad-mindedness either; they should not outmanoeuvre the Americans when it comes to "sinning". But mutual accusations lead nowhere.

If one goes so far in the USA as to tell the Europeans that every single reaction of theirs to decisions at the anti-dumping hearings of the Administration may have bad effects "on the prospects for the last best opportunity to improve the world trading system" (Financial Times, 2. 10. 1975), then the situation is indeed grave; grave also in the political sense! After the debates about "The New Economic Order", after the disputes with aggressive developing countries and the many wise Western speeches in defence of market economy and fair trade, one should have expected more common sense. During a recession, a greater, not a lesser, international sense of responsibility is needed. Whatever else one has or has not learned, this lesson of 1930 is still valid! *Günther Jantzen*