

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

Article — Digitized Version

Common market: Expensive community

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1975) : Common market: Expensive community, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 10, Iss. 11, pp. 332-, <https://doi.org/10.1007/BF02929314>

This Version is available at:

<https://hdl.handle.net/10419/139285>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

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.

COMMENTS

Maritime Law

The Case of Iceland — A Precedent?

In order to justify its decision of October 15 to allow no more foreign fishing-vessels within a 200-mile radius, Iceland's Government employed economic as well as ecological arguments. In view of the island's lack of natural resources the 200,000 inhabitants are indeed heavily dependent on imports and thus on foreign exchange earnings. 80 p.c. of the latter, however, originate from fishery and every fourth Icelander derives his income from fishing or related industries, which in the other countries affected by Iceland's step play a rather marginal role from the overall economic point of view. Moreover, it must be admitted that Iceland is right in that deep-sea fishery in its present form will sooner or later exhaust the supply of fish.

This, however, does not mean that the arbitrary extension of Iceland's fishing limits should be accepted by the international community. For, if Iceland gets through with its ignoring international law, it must be feared that imitators will follow suit, not only in the field of fishery. The utilisation of the resources of the seas — among them mineral oil and ores — involves massive economic interests. Other countries, among them the USA, strive for the establishment of a 200-mile economic zone which gives them the exclusive right to exploit all maritime resources. Iceland's example could provide them with an excuse to proceed on their own without waiting for the results of next year's international conference on the law of the sea. If Iceland does not meet with strong and successful resistance, a total anarchy in maritime law is very likely to come about in the near future. ch.

Common Market

Expensive Community

Once again the EC and particularly the agricultural market have slithered into one of those troughs which after such peaks like the Hague and Paris summits of 1969 and 1972, evidently seem to be unavoidable.

What is at stake in these differences of opinion? The EC Commission had originally submitted a draft budget for 1976, providing in comparison with 1975 for an increase of roughly 29 p.c. or about 8 bn units of account. Federal Chancellor Schmidt who spoke of an "enormous misdirection of resources" was by no means alone in his criticism and the Commission's proposal was generally con-

sidered to be excessive. The German proposal to strike off 970 mn units was however not accepted, but 590 mn units were eventually cut. The German efforts to reduce the costs of the farm programme by 390 mn units proved unsuccessful, much to the annoyance of the Federal Chancellor who justly regards the whole system with its surpluses which are subsequently sold at a loss as "half-witted".

The unanimous rejection of the German proposal, to cut the expenditure for the farm programme had been expected in Bonn; it had been put forward merely as a warning signal, pointing to the need for speedy reforms. The debate ended with the unanimous adoption of a compromise proposal, providing that, pending final adoptions of the budget in December, every possibility of making additional cuts and introducing improvements in the Community's policies is studied. Moreover, the Commission's spending is in future to come under closer scrutiny. Whether this scrutiny is to be exercised by an accounts committee as Prime Minister Wilson would have it or a savings commissioner as Chancellor Schmidt would prefer, remains to be seen.

It is possible, however, to regard the matter of cost from a higher point of view — a view that should not be ignored. Opposition on principle to any increase in the EC budget would prevent any further progress of the Community; it would hit especially hard the sectors which have already been affected and which, when all is said and done, give the Community its true meaning. hg.

China

Foreign Trade Concentrated on West

China is in the last year of its fourth Five-Year Plan and the Chinese think that during the present year they must lay the foundation for the success of the next Five-Year Plan. It is of the greatest importance to China to get its industrial production, in fact its entire national economy, into gear if country wants to modernize from top to bottom its industry, agriculture, defence as well as its scientific and technological research before this century has run its course.

That the Chinese are energetically pursuing this aim, is evident from the steadily increasing number of contacts they have with the West. The German Minister of Economics Friderichs thinks he has discerned a reversal of Chinese trade policy which, according to him, is now surprisingly pointing in the direction of Europe. He believes that the Chi-