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Mineral oil: Britain goes it alone

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COMMENTS

Spain

A Difficult Heritage

Four decades of the Franco-régime estranged the Spanish nation from politics and deprived the people of its political judgement. For years the régime as well as the opposition are exploiting this argument — the former in order to stop any political action, the latter to justify radical eruptions. The late Caudillo banned all parties and ideologies from the State, and for three years even the Falange has been not allowed to call itself a political party anymore. A year ago, on the other hand, Franco permitted political associations — the *asociaciones políticas* — but without the rights and duties belonging to a legislative as known in democracies. But Spain's young industrial society, used by now to economic responsibility, is strongly demanding political responsibility as well.

Now that Juan Carlos de Borbón y Borbón, Franco's designated heir as Chief of State has taken over, many are afraid of a political vacuum and wonder if the King will be able to deal with the opposing forces of the far right and the far left. But so far his deeds as acting Chief of State seem to augur well. During the Sahara-crisis he made a well publicised visit to the Spanish Sahara. He carried off his morale-building tour of inspection very successfully, endearing himself to the Spanish army and the press. And the key to stability is the army which has largely remained apolitical. And another dextorous move was Juan Carlos' decision to grant the different Spanish nationalities and regions at least some of the rights they are demanding.

At present, the right-of-center moderates, the centrist Christian Democrats and even the Socialists seem to be prepared to give the King a chance provided he grants a general amnesty, legalises political parties, stimulates the economy and makes efforts to join the EC. If he fails, if he cannot overcome the probable obstruction of the far right and the far left, his country could follow its unfortunate neighbour Portugal into violence and anarchy. hg

World Economy

Six in a Castle

Giscard d'Estaing invited and the elect came. In the Castle of Rambouillet near Paris the heads of state and government of the industrial nations — the USA, France, Great Britain, Japan, Italy and the Federal Republic of Germany — arrived. Although France had conceived this summit in-

tending the "Six" to give the signal for starting the creation of a new world economic order, this seems to have been a too highly pitched expectation. Concrete measures or new ideas were not anticipated and did not come about.

No wonder that all of them want the reduction of unemployment in view of the 15 million unemployed in the western industrial countries, but further stimulating measures for the national economies are considered unnecessary at present. After the Scylla of unemployment nobody wants to be caught by the tentacles of the Charybdis of higher inflation. The fear of inflation made them also warn of further oil price increases. On the other hand, however, the USA's and France's differing views on the relations with the OPEC-cartel could not be settled, and Great Britain seems to stick to its intention of playing its role outside the EC-delegation at the oncoming Paris Conference.

But this does not mean that this summit was useless. Its advantage was not so much the compromise formula stating that in the medium term a system of "stable but adjustable" exchange rates is to be aimed at, but the fact that all of them agreed — of course with the exception of Great Britain — that a recourse to protectionist measures for the support of the individual economies should be avoided. A development of world trade free from stronger protectionism and further restrictions is urgently required to establish confidence in a worldwide recovery. Small wonder that no importance was attached to the stirring up of new uneasiness through new ideas about the creation of a new world economic order. ogm

Mineral Oil

Britain Goes It Alone

Leader writers and cartoonists had one of their fruitful hours. Witticisms about "Wilson as a future OPEC boss" or "the British in burnuses" made their interminable rounds. The reason for such highbrowism was the British refusal to entrust the defence of British interests in the ministerial conference convened to Paris by 27 industrialized nations, oil-producing states, and developing countries, where it is intended to negotiate about supplies and prices of energy and international commodities, to the joint delegation of the European Communities.

Whether the UK will profit from this behaviour remains to be seen. For, the British, whose interests in this matter seem to draw them more strongly to the side of the OPEC than to that of

the EC, could, in truth, become enlightened supporters of high prices only after they themselves cannot just cover their own requirements but export a sizeable surplus to the world's markets. However, before some economically important quantities of North Sea crude can be lifted, another number of years will have to pass, and in view of the high lifting costs it is questionable whether exports of North Sea oil will ever become profitable.

As to their intentions within the EC, the British have demonstrated more than clearly that when there should be conflicts between interests of their own and those of the EC, they will act steadfastly as selfish gamblers. Those who have broadcast warnings before the British plebiscite on EC membership, that the British would make it impossible to achieve further progress towards political unification, see their predictions justified. There remains, however, the question whether Europe would be better off in this respect without the UK, because other EC members, notably France, have never hesitated in comparable situations to push their national interests through and against the joint ones of the Community. ch

Federal Republic – Iran

Closer Cooperation

Relations between Bonn and Teheran are close, but the Shah wishes to draw them even more closely, as came out during the brief intermediate stay of Chancellor Schmidt on his return trip from China to Bonn. There are even a number of fields where the wishes of the Shah seem to be going too far for the politicians in Bonn.

The Iran has a high interest in close nuclear cooperation with the Federal Republic of Germany. The Federal Government is reticent to become over-active prematurely there. The fundamental decisions are not to be made before 1976. One of the major reasons for this reluctance may be sought, very probably, in Washington's negative reaction on the Brazilian-German nuclear agreement. One of the other Iranian desires, on the other hand, could be met with to its satisfaction: On the Caspian shore, German aid will contribute to the build-up of a "German-oriented" Technical University to be laid out for 5,000 students initially. Citizens of the Federal Republic will be the experts teaching the students. This will be an eminently sensible form of development aid because, at present, there are several thousands of Iranians studying and being trained in German and other countries' universities and polytechnics. But few of them return home because salaries and other conditions of life are frequently more

attractive abroad than in Iran. The big problem for the Federal Republic in this case will be to find suitable German experts for the Iranian project.

Last but not least, the Iran requests the conclusion of an agreement on preferential trade treatment with the EC. The Federal Government is absolutely in favour of this desire. But there will still be some obstacles to be overcome within the EC, especially when building up the organisation for such an arrangement. The Federal Republic, though being an important member of the EC, is only one of its nine members. kw

China

The German Chancellor in Peking

Helmut Schmidt has been the first head of any German Government who ever visited China. Admittedly, this visit did not produce yet an official dialogue, but yet, the change of opinions, suggestions and suggestive questions forms a good beginning. Should Tseng Hsiao-ping accept Helmut Schmidt's invitation this would be an initial step toward such a dialogue. Above and beyond that, Air Traffic and Shipping Agreements have already been made in Peking, which augur well as a first beginning of further improvements in Sino-German communications.

In view of the Soviet-Chinese tensions for Helmut Schmidt the difficult problem existed neither to fall foul of the Soviet-German policy of détente nor to jeopardize the intentions of future cooperation between the Federal Republic and China. But as a pragmatist he did what probably was the only thing to be done in the present juncture: describing with abundant clarity his own position and trying to dismantle mutual prejudices. It can hardly surprise that the Peking talks did not result in much substantial success apart from the two treaties. Because China had been excluded for far too long a period from the exchange of diplomatic opinions these talks could not possibly produce a directly measurable political or economic success.

It would however be a grave fault to undervalue the agreements that the two partners did conclude. *Lufthansa*, e.g., can now establish very likely regular flights to Japan via Peking, a very attractive connexion for businessmen. Without this air traffic arrangement it would have been impossible to open up such a comfortable "communication way" which may also help to improve economic relations between the Federal Republic and China — and this by itself can already be described as a respectable success of mutual talks. iwe