

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

Article — Digitized Version

Comments

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1971) : Comments, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 06, Iss. 7, pp. 198-199

This Version is available at:

<https://hdl.handle.net/10419/173180>

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USA – USSR

Removal of Trade Obstacles

For the USA, too, the times when trading with the East European countries was hampered by embargo-lists seem to have definitely passed into history. A short while ago, the Nixon Administration departed from its previous practice to ban for security reasons the export of strategic goods to these countries in permitting the shipment of equipment needed for the manufacture of light lorries in the factory the Soviet Union plans to erect on the river Kama.

The USA has been obliged to recognise that a rigidly restrictive attitude in regard to exports to Socialist states is from an economic point of view scarcely effective. In point of fact, even shipments of strategically unimportant commodities such as wheat for example benefit a centrally administered country in that it enables it to divert production factors to other purposes. Besides, goods falling under an export embargo are not infrequently supplied by other countries – an experience which the FRG made when it observed the embargo on the export of pipes. There is therefore little point in maintaining such embargoes.

The relaxation by the USA of its embargo-regulations must thus be seen as an attempt to climb on the bandwagon on which other states have for some time been travelling in the direction of a more liberal trade with the East. Unofficially, America has already participated in highly lucrative transactions with the East by allowing American subsidiaries abroad to supply goods on the "forbidden list". After making it easier for American citizens to travel to the Chinese Peoples' Republic and trade with that country, the Nixon Administration seems to think that the time is now politically ripe also for an official relaxation of the embargo-regulations hampering the China-trade.

kw.

India

Growing Indebtedness

For the current financial year, which began on April 1, India has been promised aid by the Federal Republic of Germany to the tune of DM 156.5 mn. As against this, capital repayments during the same period require no less than DM 152 mn. To this must be added interest payments of DM 96.6 mn. India will accordingly pay the Federal Republic DM 92.1 mn net in "development aid". Much the same is likely to happen

in the years to come. Assuming Germany spends DM 270 mn annually on capital aid to India, as it did at the end of 1970, interest and capital repayments will absorb in 1972: DM 288.6 mn, in 1973: DM 305.1 mn, in 1974: DM 304.6 mn and in 1975: DM 300.9 mn.

If these proportions are maintained, India will therefore receive in future no more development aid from the Federal Republic, but will on the contrary have to pay back considerable sums. Still more crushing will be the debts India owes Japan and the Soviet Union. How long this state of affairs can continue is another question. In view of this disastrous situation, German loan terms have become progressively easier. While earlier loans used to be granted at 3 p.c. for 25 years with 7 interest-free years, the terms for loans advanced since 1969 have been for periods of 30 years with 8 interest-free years, whereafter the annual interest was 2.5 p.c. As even these easier conditions are obviously still not easy enough, the Federal Government will once again have to consider the possibility of a moratorium, bearing in mind, of course, that any other new debtors will expect similar concessions divo.

Bengal

Cholera and Rockets

Early in June cholera broke out among the refugees that had been pouring into West-Bengal in vast numbers. Ever since the Western World has been watching day after day on the television screens the latest instalment of this horrific tale of human misery, while the newspapers report every day on yet greater efforts by the FRG, Britain, the World Health Organisation and others to alleviate the plight of these stricken people.

Cheerful news is apt to lull the conscience of the world, though after the events of the last few months it seems thoroughly out of place to speak at all of any public conscience anywhere in the world. For how could the so-called Free World have stood idly by while the population of a country, which exists in a state of permanent misery, was being stricken down by a series of unparalleled catastrophes – first, the immense floods, then the most brutal suppression by the military of a popular uprising and finally the flight of hundreds of thousands of refugees from their distress into an area where an even more pitiful plight was awaiting them: the crisis-bound area of Calcutta—the most crowded and perhaps the poorest city in the world. The people of the free world knew all about these things, and yet they

closed their hearts, eyes and ears; the United Nations, as a rule quick to react, remained silent, explaining its inaction by pointing out that the Government of West Pakistan would not permit any interference. In other words, it was Biafra all over again. But there at least the churches and humanitarian organisations did what they could, whereas in East Pakistan they held their hand, although the impending danger was plain for everyone to see. At present, political considerations clearly take precedence over humanitarian ones.

The present anti-cholera campaign, conducted with so much zest, means no more to many of the refugees than a stay of execution; instead of dying of cholera they will now be allowed to starve to death. For the time being, they still depend for their food almost entirely on what India is able to supply — India which has its hands full to cope with its own poverty and insecurity. The Indian Foreign Minister Singh travelled to Moscow and Western capitals to ask for help, while his Government is trying to see how it can divert from its own meagre budget resources sufficient funds to finance the construction of some "prestige-rockets."

France

The Lost Oil

Boumedienne's decision to nationalise Algeria's oil and gas deposits and expropriate the French majority holdings of the share capital in the companies exploiting them must have been very painful indeed to the French Government. It marks the end of the energy policy that had been initiated by General de Gaulle. The aim of that policy was to cover French oil consumption from the country's own production in order to free France from its dependence on the big oil companies. However, now that it has lost control over the Algerian oil, France depends more than ever on these international oil concerns.

Whether the French Government's call for a boycott on Algerian oil will inflict on Algeria a similarly painful defeat seems doubtful. Such a boycott would only have a chance of success, if the international oil concerns participated in it. But these concerns have in the past frequently felt the unpleasant consequences of French national oil policy when their share in the French market was appreciably reduced to make room for French-produced oil. Besides, France has in the past invariably torpedoed similar attempts by other firms or countries to impose such boycotts. The oil companies can therefore hardly be expected to respond to France's appeal now.

Boumedienne can thus reasonably expect to sell his oil in the international markets again soon. Whether, on the other hand, he was well advised to nationalise the oil firms without satisfactory compensation, is another question. For by his action he has angered France to such an extent that it will now be very difficult to normalise economic relations between Algeria and France. The considerable French aid that has been flowing in Algeria's direction will now decline and this is bound to have an appreciable effect on the country's further development. Boumedienne could certainly have avoided this outcome, if he had handled the situation with a little more skill. crm.

Society for International Development

Small Blemishes

Ten years after its foundation the Society for International Development devoted its 12th world congress from 16th to 19th May to the theme of "Development Targets for the Seventies: Jobs and Justice". Among reasons for this choice of subject were the high rates of unemployment in all developing countries and the proposals for the elimination of unemployment in the second development decade. An attempt was made in more than 15 working groups on the basis of papers by carefully selected experts to scrutinise all aspects of this extensive complex and to draft recommendations for practicable ways of improving the employment situation in the developing countries. These endeavours however did not meet with much success for far too many participants took their bearings from conditions in the industrialised countries and neglected to give consideration to the particular difficulties arising in the Third World. This was in part due to the poor representation of the developing countries. Complaints were also heard that the representatives of the World Bank and the international development banks were monopolising the discussions while participants from outside these institutions were unable to make themselves heard.

The difficulties encountered in giving the term "justice" clear and effectual application for the developing countries made it impossible to achieve tangible results concerning the second discussion complex, the more so as all contributors took the ideas of the industrialised countries as their starting point even though all speakers said that they wanted to avoid making this mistake. The multiplicity of individual opinions expressed on both subjects however gave all participants valuable suggestions for their own work. It is to be hoped that these suggestions will be digested and put into practice. mk.