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Article

Uganda: Africa for the Africans?

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COMMENTS

Great Britain

A Wage-Price Stop?

The economic policy of the Heath Government scored its first successes in the past year with the revival of economic activity and the restoration of the balance of payments. It cannot be denied however that the employment and prices policy has so far failed. Unemployment is still far too high, and the inflation rates have escalated, so that the fight against inflation has become the most urgent task, the more so as wages will spiral up again in late October and early November.

Heath has therefore set course for a "voluntary" wage and price discipline. To steady the prices and wages, all wage and salary increases are for one year to be limited to £ 2 a week and all price advances to 4 p.c. in twelve months; if prices go up by more than 6 p.c., a certain addition may be made to the wages for each 1 p.c. rise in prices.

It was to be expected that the wages and prices programme of the Government would encounter fierce opposition from industry and trade unions. The voluntary price restraint which Britain's large companies have been practising in the past 15 months is due to expire at the end of October. In view of the currently adverse trend of costs, industrialists are showing no inclination to take on further "voluntary" price limitations. The trade unions on their side are not willing either to commit themselves to an absolute figure before the wage negotiations start or to accept £ 2 as the upper limit for future wage increases. They also took offence at the absence of a limit on dividends from the Government's package. Without limitation of dividends and profits the wage- and salary-earners would have to shoulder the whole burden of fighting the inflation. In this situation Prime Minister Heath may well have to relinquish his liberal approach and seek to accomplish his economic policy aims by a statutory wage, price and dividend stop. bw.

FAO

The International Agrarian Malaise

At its eight European regional conference in Munich the FAO produced a study which contained a detailed analysis of the agricultural policy of the industrial nations and demanded a change in this policy on the ground that growing agrarian protectionism made exports from the LDCs more and more difficult. All the national representatives present at the conference concurred with the FAO findings up to this point.

The FAO's concrete proposals for curbing protectionism, however, encountered a critical reception even though the study postulates no fundamental changes in the system of state-supported farm prices but merely certain realistic adjustments within the system. A world-wide agricultural agreement with an international control authority is, for instance, to help the LDCs to secure improved access to the markets and a definite share of total sales. An agreement of this kind is opposed by the industrial nations because they are afraid that it would involve political pressures without improving the prospects for a trade liberalisation in agricultural produce.

There is indeed an inherent danger in any such agreement that it will entrench the hitherto practised protectionist systems even more firmly unless extensive structural programmes are taken in hand in industrialised and developing countries at the same time. On the other hand, it is often overlooked that diversification programmes in Third World countries cannot be financed if their earnings, i.a. from agricultural exports, do not rise faster than in the past. The proposal of the industrial nations in Munich that the imports from LDCs should be facilitated in proportion to any increase in total demand for agricultural products can hardly be said to go far enough to ensure the requisite growth of export earnings in LDCs. More ambitious plans will have to be drawn up if the international agricultural malaise is to be alleviated. The FAO study provides a useful basis for further reflection. crm.

Uganda

Africa for the Africans?

In these days it is no easy matter to be an Asian in Uganda. In the night of August 8/9 the self-appointed ruler of this East African state, Imin Amin Dada, had a dream: God commanded him to oust the Asians! And so he gave orders for some 50,000 Asians who were British passport-holders to leave the country by November 7 – without their worldly possessions, it need hardly be said. It was the worst kind of black racialism.

His predecessor, Obote, also adhered to the principle of "Africa for the Africans", but he had no desire to do without the support of British administrators and over 50,000 Asian businessmen, technicians, doctors and teachers who remain indispensible for Uganda's proper development for a long time to come. An enquiry by Makarere University at the end 1969 showed that in the Kampala district, for instance, 91.3 p.c. of the wholesale trade was in Asian hands. The Ugandans who are meant to take all this over lack the necessary funds and–what weighs even more heavily–experience. It is not surprising in the circumstances that at the same time one public office is busy expelling as many as possible of the 23,000 Asians with Ugandan passports and officials in others are doing their utmost to keep these same people in the country. Many of them have already received strict orders that they must not leave their places of residence and that they have to stay at work.

Worst of all, Amin, who according to his opponents is a paranoiac, has for the time being managed to keep his grip on the country with help of Libyan arms and soldiers sent to him as a fellow Moslem by Ghaddafi, and repel the insurgents who were dispatched by Obote from Tanzania. There is still a hope that the OAU or else the head of some Africa government or other will convert Amin to a more sensible policy. While Amin runs amok, the tormented country serves as an illustration for Talleyrand's observation: "Worse than a crime is a blunder". hg.

Spain

An Outsider in Western Europe

Spaniards must have found it especially difficult to understand why the Norwegians slammed the wide-open door of the Common Market, for they have long been trying to achieve EEC membership. All their diplomatic efforts, however, have been abortive. Advocates of Spanish accession can be found inside the EEC, but there are also zealous antagonists. When the French President, Pompidou, at his latest press conference cautiously recommended Spain's admission, the response was one of reserve and, in some quarters, strict rejection.

Insofar as the reaction to Spain's efforts is indicative of reluctance and not outright rejection, it is prompted by purely economic considerations. The differences in economic structure between Spain and the EEC countries are adduced as the main obstacle to accession. Behind this argument there is also fear of Spanish competition, especially among Italian farmers and European textile and footwear manufacturers. As purely economic considerations are no permanent obstacle to integration, Spain's economic structure need be no impediment to entry into the EEC in the long term. The second obstacle, however, is of an altogether different calibre. Incorporation of an authoritarian system into the Community of European States touches upon its political self-approbation. The concept of a politically united Europe is in a crisis already now. It is certainly no longer universally accepted that economic integration is merely a preliminary stage on the way to a political community.

If Europe still conceives itself to be a Community of States aspiring to political unity, the Spanish governmental system does not fit into the European scenario. If, on the other hand, its aim is no more than the formation of a utilitarian economic association, Spain's accession will prove as advantageous for EEC as that of any other state. ro.

Germany

Last Stabilisation Warning

The Federal Republic's five major research institutes have struck a dramatical note in their regularly recurring experts' opinion in autumn on the economic situation. For 1973 they prognosticate an unbroken rise in prices and point out that—together with an increasing utilisation of resources during the continuing boom—the situation may become even worse. In view of the unsocial consequences of an enhanced inflation and the misdirection of resources, which finally might endanger the order of the free market economy, it would be high time now for stabilisation measures.

Not all the institutes agreed on what to do concretely. Nevertheless all of them pleaded for a comprehensive domestic programme of restriction. There was quite a stir when three of the institutes – HWWA-Institut für Wirtschaftsforschung (The Hamburg Institute for International Economics), Institut für Weltwirtschaft-Kiel (Kiel Institute of World Economics) and Rheinisch-Westphälisches Institut für Wirtschaftsforschung-RWI (Northrhine-Westfalian Institute for Economic Research), Essen, explicitly emphasised that management and labour have to anticipate adverse effects on employment if they don't act in "conformity with the programme". Although with that they said nothing but the disagreeable truth, i.e. that any real stabilisation programme may have negative effects on employment, they provoked the anger of the Federal Government.

The only real dissent between the institutes consisted in the question to what extent and by what measures an external covering of stabilisation would have to be achieved. This problem arises if—due to the missing concord even among the EEC-members—an individual country attempts stabilisation. The three above mentioned institutes believe floating to be the only means suitable, while the other two – Deutsches Institut für Wirtschaftsforschung-DIW (German Institute of Economic Research), Berlin, and Ifo-Institut für Wirtschaftsforschung (Institute for Economic Research), Munich, favour dirigisme.

What the politicians will or will not do, nobody knows. But the vote of the institutes shows that it is high time for stabilisation policy. In future nobody can plead his ignorance as reason for not seeing the magnitude of future risks. hjs.