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AMC: New justification for protection

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COMMENTS

UNIDO

Coordination of Development Aid

For years already the industrial nations have been striving to assist the developing countries in the rehabilitation of their economies. They are doing this by expanding their trade with young nations, by promoting industrial projects and by general financial aid. The results of these well-meant, but frequently rather carelessly prepared endeavours occasionally seem quite grotesque: Bagdad for instance got a modern railway station although a railway-line did not exist, Mossul a sugar-factory, lacking, however, any supply of sugar-beets. In Nineveh a university for 20,000 students was built—but professors were not available. And, finally, the new state-theater in Istanbul proved to be of little value as no actors and artists could be found.

Such examples of development aid without any coordination are sufficiently known.

The United Nations Industrial Development Organisation (UNIDO) intends to change this situation. Its Athens business meeting in December, lasting for three weeks, will try to straighten out development aid in the industrial sphere. This new attempt to work out a worldwide programme for the industrialisation of the developing countries is deserving of our consideration and support. The UNIDO-Conference at which all UN members as well as the competent bodies of OECD, UN and the International Bank for Reconstruction and Development (World Bank) should attend, might form the prologue to an effective coordination of development aid—provided that this new attempt does not get stuck in declamatory speeches and wordy confrontations.

It should be realised that the limited aid measures of the industrial donor countries can only then be applied most usefully, if they are coordinated sensibly and adjusted to the economic and social conditions of the receiving countries. re.

AMC

New Justification for Protection

The 70th Meeting of the American Mining Congress (AMC) took place in Denver in mid-September and once more seized the opportunity to emphasise its disapproval of international commodity agreements. In the opinion of the Congress, such agreements between governments, which might amount to a certain control of producers, are contrary to the principle of non-involvement and are not in the interests of the US economy.

In rejecting state intervention, however, the Congress is less than logical. It is simultaneously demanding the introduction in the USA of "flexible quantitative import restrictions or temporary levies on imports which could be applied when required to maintain an orderly and remunerative market". In addition, there are on AMC's list of desiderata, tariffs for those products into which the respective metals and minerals are processed.

The basis for these demands really appears somewhat strange; the assurance that these 'restraints' "would have a stabilising effect on trade and investment policies of foreign industries and governments" is not convincing. The unfortunate experiment with the split copper market ought to have shown sufficiently clearly that relative price stability on a partial market has little to do with stabilising the overall market.

To reject international commodity agreements, whilst justifying protection for a significant sector of the American economy because of its 'stabilising effect', could easily strain too far the confidence of developing countries, which rely to a great extent upon exports of these raw materials. Robert Hendricks, President of the Canadian company, Cominco Ltd., went as far as to say at the AMC Congress: "The very word 'protection' implies that the protected industry is inefficient and cannot stand up to open competition." sto.

Latin American Integration

Common Market Further Off?

The Conference at Asuncion (held from Aug. 28 to Sep. 1, 1967) was unable to breathe any fresh life into the plan to form a Common Market for all Latin America by 1985. But however disappointed one may be about the lack of progress in these negotiations, it should not be forgotten that there are considerable obstacles in the way of the planned integration; it will take time and, above all, patience for the partners to overcome these obstacles.

The Latin America Free Trade Association (ALALC), which has been in existence for 5 years, is still not as integrated as the two years older Central American Common Market (MCCA). During the planned transitional period, it has been possible to achieve a large degree of harmonisation in the external tariffs of MCCA members (Costa Rica, Guatemala, Honduras, El Salvador, Nicaragua), whereas the ALALC countries