

# REVIEW

by Mohinder Puri\*

*Britain, the EEC and the Third World.* Overseas Development Institute, 1971. 91 pp., £1.

This book presents the proceedings of an international conference sponsored by the ODI and the UK Chapter of the SID. The two-day conference was held at the Royal Society on 26-27 April 1971 and was attended by academics, Members of Parliament, officials from the EEC, and representatives of the private sector and the government.

ODI/SID should be credited for initiating and organising such a conference at a time when the British Government has given practically no serious thought to the likely effects of its joining the EEC on the interests of the less developed countries. In official negotiations interest has been inevitably concentrated on immediate issues concerning the British Government, but the proposed enlargement of the EEC certainly raises some long-term and wider issues of its relationship with the rest of the world, particularly the developing world. The conference was aimed at discussing these issues, which can be placed under the following heads:

- (i) The outlook for the non-associable developing countries and the wider implications for the international economy. The interests of this group of countries in Asia and Latin America were examined in terms of their relations with an enlarged EEC (i.e. the significance of their not being associated), relations with each other, and relations with other developing countries.
- (ii) Considerations relevant to associable developing countries, comprising independent countries in Africa (Commonwealth and other), independent countries in the Caribbean, other Commonwealth sugar exporters, and British dependencies (except Hong Kong and Gibraltar), i.e. those countries not presently associated with the EEC but which are being offered

association with it. Major issues discussed include a clarification of what these countries are being offered, the implications for them seeking and getting/not getting association or not seeking and not getting association, and special problems, e.g. for sugar exporters.

(iii) Considerations relevant to the present associates of the EEC, the Associated African States and Madagascar (AASM), associated countries in the Mediterranean, East African Community countries, and dependencies of EEC members. The advantages and disadvantages of their existing association were discussed in the light of the likely implications of enlargement of the EEC and participation of those LDC's in association arrangements.

The book mainly concentrates (as did the conference) on analysing the effect of an enlargement of the EEC on trade and aid prospects for the developing countries. Charles Van der Varen's paper on the "Enlargement of the EEC and the Community policy in the field of Aid" highlights the regional biases that would come into play if the EEC were to be expanded. The analysis is confined mainly to Africa. It is pointed out that the "Associable" countries at present are worse off than the AASM if aid per capita is used as a measure. It is obvious that political factors would be of primary importance in determining future aid allocations. Van der Varen has shown that the rate of growth of the Community's GNP exceeds the growth of its contribution to the European Development Fund, which is an ominous sign. Similarly the political element would determine whether or not the UK would favour an extension of multilateral aid through the Community channel or prefer to play the bilateral game (p. 60); whether the Commonwealth countries would enter into an "association" agreement; whether the AASM would prefer a Common agreement; and many other issues. As regards channeling of aid, one may suggest at this stage that most of the aid should be distributed through the Regional Development Banks on a multilateral basis, but whether this would be acceptable to the various countries involved is a different question. The paper "does not include specific conclusions but it merely draws attention to various factors" (p. 59), as the author admits. Therefore, although the author has indicated these problems, yet he does not arrive at specific conclusions and leaves them hanging in the air.

Gerhard Schiffler and David Wall deal with the trade issues. Schiffler opines that an enlarged community would in all probability have to increase its association with the developing countries. (Again he seems to have Africa in mind). He argues for "an agreement within the expanded community on a minimum degree of development strategy and co-ordination of development policies on a world-wide scale". (p. 58) Schiffler discusses in some detail arrangements within the community, the central feature of these arrangements being that they have been evolved within the context of a regional framework. These arrangements may be of limited utility to those developing countries likely to enter into association with the EEC in one form or another. The Asian countries of the Commonwealth cannot be incorporated in the form of association that characterises the relation between the EEC and the AASM at present. It is hoped that an implementation of the generalised preference scheme "should, in the normal course of events, go a long way towards dealing with these countries' problems" (p.56) Or will they? After reviewing the community's trade policies, Schiffler, in fact, calls for "new, more effective instruments" in the sphere of trade.

David Wall frankly acknowledges that the net effect of an expanded EEC will be detrimental for the LDCs as a group. Some LDCs may, in the short-run, be better off. Yet the fact that the enlarged EEC will increase the monopolistic and monopsonistic positions of the European countries will inevitably lead to a decrease in the ability of the LDCs to bargain in the international goods and factor markets. This is bound to swamp the effect of the expanded market and the specific and general preferences that a larger EEC has to offer the developing countries. David Wall emphasises that "one of the prime objectives of the Community is to enhance its own economic strength by increasing its self sufficiency".

Tom Soper's report of the conference is an admirable presentation. Anthony Kershaw MP, Parliamentary Undersecretary at the Foreign and Commonwealth Office, has tried to put forward a case to prove that the Community is outward-looking with an impressive aid and investment record towards developing countries. Christopher Trapman's paper on "The EEC's Common Agricultural Policy and Imports from Third Countries" is a very informative paper.

The book presents on the whole a neat and compact treatment of the subject. Yet it is rather alarming

that no attempt has been made so far to measure the relevant magnitudes that are of importance in this context. Indeed, so far, most of the discussion about the effect of British entry into the Common Market has been conducted in qualitative terms and perhaps it is not unfair to say that it has been at a non-professional level. Is it not possible to answer basic and elementary questions with regard to the impact of an enlarged EEC? What would be the actual size of trade expansion/contraction of specific LDCs? What would be the changes in the prices of specific commodities? What are the reasonable estimates and forecasts for private and public capital flows to the LDCs? We simply do not know. The book does not provide concrete factual evidence on any of these issues (except of a tangential nature). Perhaps it is too much to expect from the proceedings of an international conference.

Nevertheless, on the whole, the book makes interesting and useful reading and should add greatly to the development of informed opinion. The approach is both convincing and sympathetic, although the arguments presented need greater substantiation, development and rigour to justify the price of £1.