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THE EEC and THE THIRD WORLD

edited by
K. B. LALL
H. S. CHOPRA

under the auspices of
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THE EEC AND THE THIRD WORLD

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PREFACE

This work consists of the revised versions of the papers presented at a 3-day national seminar on "EEC and the Third World with Special Reference to India" organized by the West European Studies Division of the Centre for American and West European Studies of School of International Studies, Jawaharlal Nehru University, New Delhi, from 24 to 26 March 1979.

The seminar was comprehensive in its sweep and multi-disciplinary in its approach. It aroused considerable interest in the Ministries concerned in the Union Government as well as in academic circles. The EEC Commission was represented by Dr Wolfgang Ernst, a former Deputy Director-General and now a Special Adviser. Dr. Wolfram Engels, Scientific Director of Gesellschaft und Unternehmen, Frankfurt, then fresh from his Peking visit, also participated in the first four sessions of the seminar. Indian participants included academics from the Jawaharlal Nehru University, the Punjab University, the Delhi School of Economics, Faculty of Management Studies and the Department of History (Europe) of the University of Delhi, the Indian Institute of Foreign Trade, the Indian Institute for Defence Studies and Analyses, and the Birla Institute of Technology and Science. Senior officials from the Ministry of External Affairs and the Ministry of Commerce and Civil Supplies of the Government of India also contributed papers and participated in the discussions.

II

The EEC as institutionalized at present is the realization of the idea of European unity in the form of a transnational system and presents a unique structure as well as a new reality in the world power spectrum. It does not resemble any of the classical forms of State system or known formations of

international or multinational organization. Nor can it be described as a supranational system, for its member states have not surrendered their sovereignty. Indeed it is a community of states which have of their own will joined together to create under the Treaty of Rome a transnational entity possessed of certain attributes of autonomous growth and which are united in their determination to achieve specific goals. Since it is impractical for the member states to attain these goals through their exclusive national endeavours, they have embarked on a joint enterprise to augment their economic strength and increase their political influence at the global level.

Undoubtedly, of all the essays in multinational cooperation, the EEC has been the most successful in institutional/organizational development, as also in the pursuit of goals and execution of programmes. During the 1970s, its economic cohesion was strengthened through the institution of the European Monetary System, and its political hue was deepened through the organization of direct elections to the European Parliament. In the process of overcoming persisting difficulties and of meeting new challenges there emerged the European Council, composed of Heads of State/Government as a potentially powerful instrument to harmonize diverging policies and differentiated approaches of the member states in their international relations. Thanks to these developments, a "community point of view" has become increasingly perceptible and this tends to influence the course of thinking and activity on global issues at the international level.

Under the stress of politico-economic circumstances a community of nations in Western Europe has, perhaps for the first time in world history, succeeded in introducing some elements of trade-unionism in the interplay of international politics. This endeavour has had more success than similar exercises in other parts of the world. Why this has been so, despite long, traditional, deep-seated mutual rivalries among the member states of the EEC, calls for research and requires explanation. In the wake of the havoc caused by Second World War the European Powers saw the need to pull together to revivify their European identity, which seemed to be in jeopardy because of the shifting centre of gravity of world power either outside of Europe (to the USA) or to the periphery of Europe (the

USSR). Following the rapid liquidation of their imperial systems and colonial structures, they had been reduced in their power and potential to medium rank. They, therefore, felt that it was only by pooling their resources and by ensuring meaningful cooperation among themselves that they could regain their former position and face up to the challenges arising not only from hegemony of the Super Powers but also from a possible tendency of the Third World to arraign itself against their erstwhile colonizers. The economic supremacy which Western Europe had enjoyed over the rest of the world had been gravely shaken by the Second World War. It was thought that economic integration could help the West European Powers to rebuild for themselves a position of strength and influence in the world economy.

III

After more than two decades of this endeavour, the EEC has now evolved itself into an ensemble of advanced European states. Indeed it is beginning to be accepted as an independent entity in some respects. As a collectivity, it ensures its common interests with those of its member states. The policies of the EEC are formed through continuous interaction between the national interests of its member states. The limits of its operations are determined by the extent to which its organs and processes succeed in persuading member states to subordinate their respective concerns to the common good. Herein lies the strength, as also the weakness, of this new entity.

Often it is argued that the EEC, unlike its member states, is free from the hangover of colonial rule and is also without a military apparatus. Perhaps there is some strength in this line of thinking; for during the mid 1970s, in the face of the energy crisis, while some statesmen across the Atlantic considered the use of force possible in the last resort, the West European leaders, especially those of the nations that had been worst hit, played cool, and preferred to rely on diplomacy and *detente* for crisis management. However, their diplomacy has so far failed to break the stalemate in the dialogue between the North and the South. While most of their leading represen-

tatives are known to prefer constructive cooperation to confrontation with the Third World they have yet to accept that only policies designed to accelerate its socio-economic progress provide a dependable key to the solution of economic and political difficulties that confront them at home.

The EEC's global perspectives inevitably bear the imprint of the political prejudices and economic orientation of its major member states. Hence its differential policies in regard to the Third World are some times viewed with scepticism. These are often suspected to be neo-colonialist in character, intended to divide the ranks of the countries of the Third World, aggravate their dependence, and undermine rather than foster national self-reliance. For any independent political analyst it becomes difficult to dispel this suspicion because of the frequent manifestations of European hegemonic interests, either by way of economic intervention or supply of military wares. In other words, the process of constructive cooperation between the EEC and the Third World is hampered by the short-sighted activity of certain vested interests rooted in the past. As the more important economic operators in Western Europe come to realize that their future welfare is, at least in part, bound up with overdue modifications in the structure of international economic relations, the EEC's ingenuity and experience may be expected to make a significant contribution to the resolution of the persisting deadlocks in the global negotiations.

IV

In sum, it may be permissible to say that the EEC, being a community of states, is somewhat like a "trade union" of affluent industrial nations, which together deal with other regional groups or nations more effectively, i.e. from a position of strength and influence that none of them could command severally. The Community primarily operates at the international level in the economic sphere. However, as its major Powers are members of NATO, and are among the important suppliers of arms to sensitive areas, it occupies a significant place in the strategic world power system.

The EEC has a deep and abiding interest in the Third

World as an expanding market for its products and technology and as a source of supply for its inputs of labour, energy, and raw materials. In its dealings with the developing countries, it uses economic diplomacy to derive political dividends and employs political influence to consolidate economic gains. In the process, there has evolved a multiplicity of patterns for bilateral relations between the advanced economies and the developing nations, with a bewildering variety in the mix of historical, economic, and political features. The situation is ripe for the EEC to design out of its rich experience a broad framework of development cooperation, enabling its member states to overcome their current difficulties through policies and programmes aimed at accelerating the process of socio-economic change throughout the Third World.

No other entity in the First World is as favourably situated to appreciate the impact of economics on politics or appraise the trade-offs between security and welfare. For this reason, it is the EEC's obligation to sharpen its perceptions, to share them with other industrial nations, and to use the leverage enjoyed by its member states to develop a consensus within the Organization for Economic Cooperation and Development (OECD) in favour of initiatives to spur the global negotiations to successful conclusion.

V

In this task, the Indian experience may be of some value. Of all the developing states it was India which gave the lead, nearly twenty years ago, by setting up a Mission to the EEC. Over the years it has built up mutually beneficial relations with the EEC and all its member states, in a world-wide context and on a non-exclusive basis, but with the aim of developing them progressively to the optimum limit of their respective needs and possibilities. The interaction between India and the member states of the EEC does not bear any tilt stigma and is largely free of the dependency syndrome. They share some values and are disposed to be constructive and concrete. They have the will to try to understand, and to learn from, each other. Their economic structures are complementary in many respects, and there are immense opportunities for their

economic operators and official representatives to join hands to their mutual advantage, as also to further international cooperation and advance over a wider field.

VI

The seminar provided an opportunity to specialists from the EEC, scholars from Indian universities and research institutions and experts from the Press and the Central Ministries to analyse the EEC's institutional framework, to examine the evolution of its relations with other countries and regions, and to exchange ideas on the various aspects of the interaction between the EEC and the Third World in general and between the EEC and India in particular. To all the participants in the seminar the West European Division of the School of International Studies, Jawaharlal Nehru University, owes a debt of gratitude for their contribution to its success and for their readiness in taking the necessary trouble to prepare their papers for inclusion in this book. Of course the views expressed in these papers are of the individual authors concerned, not of the institutions to which they belong.

Special thanks are due to Jawaharlal Nehru University; without its encouragement and financial assistance the seminar would not have been feasible. We also thank Jawaharlal Nehru University for providing financial assistance towards the publication of the book. These activities have persuaded the European Commission to offer to set up at the Jawaharlal Nehru University a Deposit Centre and to co-sponsor with the West European Studies Division a second seminar in November 1980. We hope that as a result new dimensions may be added to Indo-EEC cooperation, to advance mutual benefit, accelerate socio-economic progress in the Third World, and bring about beneficent changes in international economic structures.

31 October 1980

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H.S. CHOPRA

LIST OF ABBREVIATIONS

AAMS	Association of African and Malagasy States
ACP	African, Caribbean, and Pacific
ASEAN	Association of Southeast Asian Nations
CAP	Common Agricultural Policy
CENTO	Central Treaty Organization
CIEC	Conference on International Economic Cooperation
COMECON	Council for Mutual Economic Assistance (also called CMEA)
CSCE	Conference on Security and Cooperation in Europe
EDF	European Development Fund
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EFTA	European Free Trade Area
EURATOM	European Atomic Energy Commission
FRG	Federal Republic of Germany
GATT	General Agreement on Tariffs and Trade
GDR	German Democratic Republic
GNP	Gross National Product
GSP	Generalised System of Preferences
IBRD	International Bank for Reconstruction and Development
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
LDC	Less Developed Countries
MBFR	Mutual Balanced Force Reductions
MNCs	Multinational Corporations
NATO	North Atlantic Treaty Organization
NIEO	New International Economic Order
OAPEC	Organization of Arab Petroleum Exporting Countries
OAU	Organization of African Unity

ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
PLO	Palestine Liberation Organization
PRC	People's Republic of China
SALT	Strategic Arms Limitation Talks
SDR	Special Drawing Rights
SEATO	Southeast Asia Treaty Organization
SIPRI	Stockholm International Peace Research Institute
SUNFED	Special United Nations Fund for Economic Development
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization

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