

The Extended European Community and the Less Developed Countries in Asia A Comment

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I have been asked to give some comments on Dr. **Terfloth's** article "The Extended European Community and the Less Developed Countries in Asia". It is not quite obvious to me that this is an invitation to a meaningful dialogue since the distance between his views and mine is considerable, even a discontinuity. This is not necessarily because there is a factual disagreement of any significance. Rather, it is a difference in perspective, in "social cosmology" to use a high sounding term. For instance, what I would refer to as "exploitation" Dr. Terfloth might possibly call "cooperation" or even "development" and the reference might be to the same empirical phenomena. The difference would, *inter alia*, be located in an entirely different view of the effects of certain patterns instituted by the European Community, the EC.

With this difference in perspective each sentence invites a response; this comment is therefore focussing on twelve of the more conspicuous controversies:

(1) Let me just, as a Norwegian, mention shortly that this ranking official in the EC does not have the slightest doubt about the referendum in Norway when he foresees four new EC members as of 1 January, 1973. He may be right, but why not at least pretend some respect for a referendum — in other words for an effort to introduce an element of more basic democracy in matters concerning the European Community?

(2) Great Britain has traditional ties east of Suez. Very true. These ties were characterized by one thing: vertical division of labor; raw materials one way, manufactured goods the other; obedience and imitation one way, decisions and technology the other; tremendous spin-off effects and profits to Great Britain, the simplest processes "East of Suez", impoverishment, profits to a small anglophile elite, an increasing gap. Dr. Terfloth knows all this as well as anybody else. Hence one question: where is that basic difference between then and now, that 'totally new economic relation' that gives reason to assume that the effects will be different, that the gap will be reduced, that there will be **development**, not only some average economic growth because some urban elites benefit from it? I do not find it anywhere in his article, nor anywhere else in EC publications for that matter. That the intentions are better than they were may satisfy a moralist but not one concerned with the facts of this world. That the new agreements are entered into voluntarily is (a) no real answer for they may still be with no benefit to the masses in the less developed countries, and (b) only partly true for there are so few options available to the less developed countries.

(3) A reference is made to the Norwegian development project in Asia. By far the most important one is the assistance given to the development of fisheries in Kerala, India. There is no denial that this project led to the introduction of certain technology, a mechanization, to industrial fishing. But it has also led to increased inequality in the villages where it was launched, to a "blue revolution" very similar to the "green revolution". I would even call it a classical example of how even the best intentions can lead astray because technology itself brings with it social consequences that do not benefit the masses that need the resources, only the elites that profit from them.

(4) There is some mention of the "interests" of the Asian Commonwealth countries. I do not know which method Dr. Terfloth uses to assess the interests of these countries. For instance, is it in the interest of the countries to export jute and cotton to the EC countries in return for capital goods, as Dr. Terfloth's superior, Prof. Dahrendorf suggested in New Delhi in March, 1971, in a public lecture? Or, is that the old vertical division of labor once more? What about the famous export of textiles from India, probably among the most sophisticated in the world today, to Germany? Or, the umbrellas from Pakistan? Let me immediately add my view of "interest": it is not in the interest of any country to be exploited, and vertical division of labor is exploitation even if it is well paid. The moment the EC really opens for manufactured goods genuinely produced in Asian countries something new has happened — but this is still not in sight. That the general preferential tariff system is interesting for multinational corporations, many of them with headquarters in the EC countries, is another matter.

(5) The EC is heading for a real Asian policy. Does that mean that there is already a real African policy? Look at the miserable results of the agreements with the African associated countries, affecting some 70 million people: I challenge Dr. Terfloth to prove to me that these years, 14 of them, have led to any significant, improvement for the overwhelming majority of these people. The economic growth, measured in the outdated way the EC does (change in Gross National Product per capita) shows stagnation. The **Eigenhandelsquote** is extremely low. Even the trade does not expand much. The trade composition is as raw-material-dominated as it was. But it is coordinated, there is a policy — no doubt about that.

(6) Dr. Terfloth then does admit, fully and completely, in whose interest this type of policy is: in the interest of the EC countries. They are poor in raw materials and depend on processing for their living, and on trade. But what if it were not in the interest of the less developed countries to play the complementary role? Could it, for instance be that trade is developing more for traders than for people in general, and developing more for those who export processed than those who export non-processed goods? And could this be the reason why the EC is so extremely trade oriented? To this the EC may object that so are other countries. But (a) this is often because their representatives abroad are, themselves, strongly wedded to these two sectors of economic activity, and (b) I doubt whether this will last, and not soon be replaced by a policy of self-reliance — a la China and Tanzania to some extent. But the EC will, no doubt, encourage their governments to do almost anything that can increase trade, including the Moscow and Warsaw treaties, the general preferential tariff system and whatever comes next.

(7) Dr. Terfloth then goes on to state that it is in the interest of the Asian countries, at least for the majority of them (maybe he also means majority in them?) to participate in the international division of labor. He should be challenged to show that this is in the interest of the population at large! Personally I feel this is just old-fashioned European politics in a slightly new disguise, and it will lead to highly predictable results: increasing gaps between the EC countries and their "associated countries", increasing gaps within the associated countries, increasing resistance, finally, possibly, even open conflict. **Is there no limit to the European inability to learn, no limit to the faith in the thesis that what is good for the European Community is good for the world?**

(8) Dr. Terfloth then states that Asian countries are rather different. Since it is about the only point of agreement let me elaborate it: they are not only different, there is no such thing as Asia, **Asia is a myth**. There is not in any near future the slightest chance that Asia will speak with one mouth, like the EC countries want to do, like Latin America and even Africa to some extent does. And this must be very attractive to the EC. As long as her associated partners are weak they can be united, like the African associated states or the Carribean countries. But Asian countries are to a large extent strong, like China, India — not to mention Japan (which is in another category). Hence Asia offers ample opportunity for the EC to practise old European **divide et impera** policies, with separate and different agreements with countries or small groups of countries. There will be no homogeneous Asian policy, for the simple reason that such a policy would presuppose more coordination and a more unified stand than the EC might like. If historical circumstances had made a community out of Japan, China and India — some 1500 million people or more than five times the population of the extended EC — then there might have been a Dr. Terfloth somewhere in that mass of power, writing about the impossibility of having a homogeneous Europe policy, and perhaps also about international division of labor. That Terfloth, not the real one, might also have visions of how good it would be for these Europeans to export some timber and fish, a little coal and even some North Sea oil. And the real Dr. Terfloth might perhaps, I hope, have joined me fighting against this economic deal, working for a united economic defense like the EC has relative to the US — to some extent. So, Dr. Terfloth should be challenged to state what he will do to enable the smaller and poorer Asian countries to defend themselves against the overwhelming economic power of the EC.

(9) It should just be pointed out that to lower the tariffs for raw materials only freezes the international division of labor, for the protection given in the EC countries depends on the difference between the tariffs for unprocessed and processed goods. Hence, to lower these tariffs to zero is in the interest of the EC countries unless at the same time tariff (and non-tariff) barriers for processed goods are also reduced, even down to zero.

(10) Dr. Terfloth does not mention that Japan's approach to the general preferential tariff system is more generous than the EC, if "generous" is the word for this system at all. Japan permits an increase in quotas of 10 per cent p.a. where the EC only permits 5 per cent. But the net result of the whole system will probably only be that the gap in the degree of processing will be moved up the ladder so that the exchange will be between sophisticated and semi-manufactured goods. As Dr. Ter-

floth points out himself this favors the more "developed" (in the Western sense) of the less developed countries.

(11) Dr. Terfloth does not really touch the much more important and highly detrimental effect of the Common Agricultural Policy on the relation between the EC and less developed countries: the Common Agricultural Policy makes the EC subsidize export of foodstuffs in competition with the less developed countries themselves.

(12) Dr. Terfloth does mention, however, the needs of the multinational corporations. I have no doubt that they will be well taken care of, and that the international division of labor will be made to reappear as an inter-company division of labor, viz., a division of labor between mother and daughter companies. And all of this will be obtained and secured in the traditional way of rich countries when they can no longer use pure and simple military power: money power. There will be European Development Fund means available but only for the countries willing to find their place in the inter-national or inter-company division of labor.

Dr. Terfloth concludes indicating that he may be somewhat short on realism. In this, I completely agree, but not in the short run. In the short run this is "realistic", meaning profitable. In the long run it will have but one conclusion: increasing conflict, perhaps even violence, when Asians fully understand how little has changed when six old, broken colonial empires come together to make one new, neo-colonial global system.