THE COMMON MARKET AND UNDER-DEVELOPED COUNTRIES

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In our previous article[1] we dealt with the foundation and evolutionary trends of the European Economic Community (E.E.C.); now we will consider the relationship of the Common Market to the outside world.

It is here that contact is made between the policy of the Common Market (and, for that matter, of any other economic or political grouping) and the interests of the under-developed world which is trying to shake off the yoke of age-old economic dominance. Before evaluating the relation of the E.E.C. with the less-developed regions of the world, let us examine the ties between this community and other industrially developed countries.

The British Problem

The U.K. is the first country that attracts attention in this regard, as this European island has influenced and, in turn, been influenced by the E.E.C. more than has any other country. Since the very beginning, the U.K. has been against the establishment of the Common Market because the latter's customs barriers created difficulties in the way of British exports to the Continent. Furthermore, as proved by experience, the economic unity of the six European countries increased the productivity of the E.E.C., thus decreasing the competitive power of British exports in other world markets, especially as the competitive power of the Common Mrket was increasing at a rate incomparable with that of any one of the member countries. Besides, as one of the ultimate aims of the E.E.C. is to create political unity, this imperils British influence in the Continent.

As early as the year 1956, England realized that the Common Market was in the process of being formed and tried to prevent this. With a view

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1. «The Foundation and Evolution of the European Economic Community», Tahqiqat é Eqtesadi, Nos. 9 and 10.

to maintaining its ties with Europe, England suggested that a «free trade zone » be founded within the framework of the Organization for European Economic Cooperation. This plan differed from that of the Common Market in the following respects:

The free trade zone would not represent a customs union. Hence, despite the fact that customs quotas and duties shall not be eliminated within this zone, no single customs tariff shall be made for its boundaries and each country will enjoy full freedom and sovereignty in its trade policy. But even at this level, England was of the view that freedom of trade within the zone should apply only to industrial and not agricultural products. In fact, the U.K. was reluctant to give up its protective agricultural policy but wished to secure its required foodstuffs from the Commonwealth countries at world prices.

Finally, England was of the view that non-European countries should not be included in the free trade zone. This was because the U.K. was unwilling to accept freely the products of the former African colonies of France and Belgium and give up the « Imperial Preference »[1], for in many instances the products of these countries were able to compete with those of the Commonwealth countries. Should this happen and deprive the U.K. of its right of preferential treatment in the purchase of Commonwealth raw materials and agricultural products, England would be in danger of gradually losing its markets in these countries to the German and French industries.

In view of the above, the U.K. proposed that the Common Market ensure the present volume of exports of the Commonwealth countries to Europe, especially to England. The reasons why the general points of this plan, which was never carried into effect, were mentioned at all, is that the British still cling to their former attitude towards the Common Market. The discussions about this free trade zone which, according to the British plan, was to include almost all countries of Western Europe, took a very long time and finally its first stage met with failure in December 1958.

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1. «Imperial Preference» is a preference given by the United Kingdom to the purchase of agricultural products and raw materials from the commonwealth countries (an average of 10 percent over world prices). Against this preferential treatment she preserves the principal markets for her industrial products.

The U.K., in accordance with its previous plan, created the limited free trade zone (EFTA), in order to face the Common Market with greater power. This zone covers England, Sweden, Norway, Denmark, Switzerland, Austria and Portugal. But if the creation of the Common Market was the answer to a pre-existing economic reality, EFTA was more of an artificial phenomenon, made up of countries scattered all over Europe, with no real economic cohesion between them.

In August 1961 England applied to join the Common Market, but its main intention was to see that it was cut off neither from Europe nor from the group of Commonwealth nations. It was this contradictory state of affairs which made it difficult for England to join the E.E.C. The discussions that took place in 1962 and 1963 showed that the member countries of the Common Market were prepared to concede little to the U.K. in regard to agricultural problems and their relationship with the Commonwealth. In fact, the E.E.C. was seeking England's submission. In these discussions, France held the most uncompromising attitude and opposed England's adherence to the Common Market, as this would endanger the Franco-German alliance which ensured the predominance of these two countries over the Common Market. It should be pointed out that some member-countries of the Common Market are apprehensive of the superiority of France and Germany. This is evidenced by the failure in the discussions held in 1962 between the foreign ministers of the six countries in regard to their political unity, when Belgium and the Netherlands made their agreement in this respect conditional upon England's entry into the Common Market.

Western Europe and the Common Market

Before the break-up of the final negotiations between U.K. and the Common Market, Ireland was the first country to apply for membership of the E.E.C, followed by Denmark in August 1961 and Norway in July 1962, the latter two being members of EFTA and Ireland an associate member. The rest of the members of this alliance could not accept membership of the Common Market for one of the following reasons:

1. Some of them, such as Portugal, had not yet attained the economic level reached by the other members, and naturally could not be accepted.

2. Others, such Austria, Switzerland and Sweden, whose economic growth allowed them to enjoy the privilege, found the Common Market commitments incompatible with their neutrality, as it was quite clear that the Market was more than just an economic alliance.

Ireland, owing to its economic instability and England's opposition, was not able to enter the Common Market. Denmark, however, could not remain indifferent to the Market's « drawing » barrier, as 86 percent of its agricultural produce is exported to the Common Market and the U.K. Hence, according to expert opinions, Denmark's failure to join the European alliance would reduce the volume of its exports, lower its living standard, reduce its foreign exchange returns and cause unemployment. But there were certain problems which prompted Denmark to propose special terms to the Common Market. One of the major problems was the free movement of workers between Sweden, Norway and Denmark, and the latter's reluctance to accept the Market's policy in this respect. The other is that Denmark wanted special guarantees for the export of its agricultural produce, to which the Common Market acceded. Norway, too was faced with identical prohlems and difficulties. Austria, Switzerland and Sweden, however, while following a neutral policy, are determined to maintain their ties with the Common Market, but without yielding to the commitments of the Rome Agreement.

In fact, 57 percent of the total imports of Austria come from the E.E.C. and only 11 percent from EFTA; 49 percent of its total exports go to the E.E.C. member countries and only 11 percent to EFTA. Switzerland is in a similar situation, and a major part of Sweden's trade is with the Market. For the reason mentioned above, these three countries, with a view to maintaining their ties with the Common Market, would like to see it changed into an «Integrated Common Market.» Without having a clear idea of the purport of this plan, it can be concluded that the said countries intend to maintain their neutrality, so that in case a war breaks out they may be ahle to withdraw from the Community; therefore they should be in such an economic condition as to stand on their own feet without any outside commitments. The negotiations held between the said countries and the Common Market made it clear that it was quite difficult to find any ground for agreement.

Finally, when discussions between the U.K. and the Common Market broke up, it became evident that the negotiations of the members of EFTA for membership in the Market could no longer be continued.

As regards other European countries, Greece was the first to be affiliated to the Common Market, although its undeveloped economy did not allow full membership in the E.E.C. . But as one-third of its exports flows into the E.E.C., it joined the « Treaty of Association and Customs Union». After Greece, Turkey signed a similar treaty of association with the Market. However, the main block adhering to the Common Market comprises the 18 newly emerged African nations whose relations with the E.E.C. will be discussed in detail in this article.

The U.S.A. and the E.E.C.

As stated in our previous article, the U.S.A., following the Marshall plan, encouraged the European countries to unite, with the principal aim of counteracting the East. For this reason, America was pleased with the preliminary progress of the Common Market but not so pleased with the French opposition to the U.K.'s entry. However, the economic cohesion of the E.E.C. members and the growth of monopolies in the six countries create certain problems and difficulties for the U.S. economy. The Common Market is gradually looming as a powerful rival in world markets. Hence, America is compelled to resort to new devices in its economic policy. It was on these grounds that the U.S. Congress authorized Kennedy's government to reduce customs duties on a reciprocal basis by up to 50 percent or even 100 percent in certain instances; in its transactions with the E.E.C.. In view of the fact that American tariffs are in general higher than European ones, an equal decrease in the tariffs of the two parties will not result in identical conditions. For this reason, the Common Market asks for a sharper reduction of American customs tariffs.

The volume of U.S. trade with the Common Market is quite significant. About two billion dollars worth of goods is annually exported from America to the Common Market, and one billion four hundred million dollars worth from this zone to the U.S.A.. If the ever-increasing need for seizing markets brings the two sides into competition, the volume of trade between America and Europe and the need for expanding the markets will necessitate the reduction of customs tariffs and discussions in order to reach a partial agreement. But the U.S.A. has so far been confronted with difficulties in the case of both agricultural and metallurgical products. In the field of agriculture, as seen from our last article, the Common Market, with a view to fortifying and protecting its agriculture, has placed a "drawing" barrier in the way of foreign producers, thus depriving them of the possibility of competition. For this reason, the export of U.S. agricultural produce to the Common Market is in danger of a continuous decrease. For example, by enforcing the principle of "drawing" in 1962, duties on poultry imported from America by the Common Market countries increased from 4.5 cents per pound (weight) to 12.5 cents, with the resulting sharp decrease in the volume of poultry exports from the U.S.A. to the E.E.C. countries (the figure for the year 1961, amounted to fifty million dollars)[1]. Therefore, discussions were started for reducing the common tariffs on agricultural produce; and wherever agreement was reached, the export of American agricultural produce increased accordingly.

As regards metallurgical products, the imports of the U.S.A. have exceeded its exports: this is because of the high level of wages and taxes and the fact that the manufacture of the said products costs more in the U.S.A. than in Europe. Under the circumstances, American monopolies are seeking a reduction in wages and taxes, in order to attain competitive power by reducing the cost price. As we have seen, intensive competition on the one hand brings pressure to bear on social policy and the level of wages, and on the other, forces American capital out to occupy the European market. The greater the power of the Common Market monopolies, the more extensive will be their competition with their American rivals. Thus efforts for exclusive domination of world markets will receive a greater impetus and help the continuance of neo-colonialism.

Associated African countries and neo-colonialism

As already stated, the E.E.C., in creating a vast geographical area for the monopoly groups and industrialists of the six countries, both in

1. Incidence du Marché Commun sur les exportations agricoles Américaines (Problèmes Économiques, No. 805 le 4 Juin 1963).

regard to markets and investments, is seeking new forms of relationship with former colonies. It intends to spread and perpetuate the joint influence of several European countries over a vast area of the former colonies. The loss of colonies prompts the monopolies to adopt a new policy. The core of this policy is to create such economic and political conditions as to give the newly emerged nations a nominal independence; and so far as possible, not to upset their existing economic and social order, so that these territories may remain producers of raw materials and a sure market for industrial products. The control of subordinate territories by the grouping of industrial countries is not a new idea. The creation in the past of protectorates with international guarantees, followed by trusteeship of the former League of Nations, was an example of this policy, and the present ties between the Common Market (E.E.C.) and the former European colonies in Africa are a new manifestation of this idea. The appearance after the Second World War of the "Commonwealth" countries under British hegemony and the "French Community" with France's leadership, is an example of the efforts made by industrial countries for maintaining the colonial relations in their new shapes.

Industrial powers realize the dangers involved in dealing single-handed with their former colonies and maintaining the past economic structures. Hence, their alliance based on common economic and financial interests would strengthen them vis-a-vis the under-developed nations. According to Michel Massenet, "The Third World, with its growing influence in settling problems, represents a great potential danger. For this reason, the great powers are inclined to adhere once again to the policy of spheres of influence"[1]. It was on the basis of the said policy, and pursuant to the "special relations" that still existed between France, Belgium and Italy on the one side, and the former African colonies on the other, that the 18 newly emerged African countries[2] were associated to the Common Market.

1. Michel Massenet: Tiers Monde (Bulletin series No. 825).

2. These countries include: Mauretania, Senegal, Mali, Ivory Coast, Upper Volta, Togo, Dahomey, Nigeria, Chad, Cameroon, Central African Republic, Gabon, Brazaville Congo, Leopoldville Congo, Ruanda, Burundi, Somaliland and Madagascar.

The treaty of association was concluded on 20th December 1962, after a year of negotiations between the 6 member states of the Common Market and the 18 newly emerged African nations. Throughout these discussions, the European countries played a dominant role and the final form of the five-year agreement (1963 to 1967) was drawn up on the basis of the recommendations of the Holstein Committee.

According to the above agreement, free trade shall be established between the associated countries and the member nations of the Common Market. The latter shall extend to the former their reduced customs duties and expanded quotas. In return, each associated country will treat the exports of all the Common Market countries to Africa equally. This means that the exports of the E.E.C. will in many instances enjoy the exemption system existing between France and several associated countries. Customs duties on other European goods will be reduced by 15 percent a year and any quantitative restrictions in this respect abolished within at most 4 years from the beginning of the enforcement of the agreement. The only exception to this rule is that each associated country can, in special circumstances and according to its need for economic growth and industrialization, or for securing its national budget, lay down similar customs duties or taxes, conditional upon the prior approval of the "association council". This council is made up of the members of the E.E.C. Council and those of the Common Market Committee on the one hand, and the delegates of the governments of the associated countries on the other. Thus, the European "Fathers" can still dictate the course of the foreign trade of the associated members.

The tariff preferences of the treaty of association (based on the treaty of Rome) and the "Economic Development Fund" aid are apparently the greatest privileges enjoyed by the associated countries

The Common Market representatives rely mainly on the fact that the present structure of the economy and foreign trade of the associated countries still needs the preferences which regulated their trade during the colonial period. But these countries soon realised that it is not always possible in practice to benefit by this preferential treatment, since the Common Market members continue their policy of imposing heavy taxes on the consumption of tropical goods, and even the protagonists of the Common Market do not conceal this fact. For example, one of the French members of the Common Market Committee has stated explicitly, "These policies symbolize a sort of colonial concept that cannot indeed be defended. This system, in fact, consists of taking a part of the income of the unfortunate producers in under-developed countries, to be used for building up the budget of the prosperous, industrial countries of Europe. We should not take back with one hand what we have handed out with the other"[1]. For example, the total amount received as taxes on coffee and bananas in 1961 by the European countries exceeded 200 million dollars. One kilogram of coffee costing DM 1.70 in Germany, is offered at DM 5.80 after being subjected to the appropriate tax. On the other hand, as tariff preferences apply essentially to agricultural products and raw materials, they help to maintain the old economic structures and retard the industrialization of the associated countries by preventing diversification of production in these countries. The increase in the income of associated countries from preferential tariffs is virtually neutralized by a continuous fall in the prices of agricultural and raw materials. "The last few years are characterized by a general fall in the prices of tropical raw materials"[2], with the result that, as stated by Mr. Drouin (who is a supporter of the Common Market), the Market's trade with the associated countries has, in its first stage, "proved to be quite disappointing".

But the Economic Development Fund is a kind of Bank whose capital is provided by the six member states of the Common Market. It controls all grants-in-aid to the associated countries, as well as long-term loans, guarantees of loans and private investment.

It also intervenes in stabilizing prices and trade rates as well as examining investments made in the educational and cultural spheres in the

1 and 2. P. Drouin: L'Europe du Marché Commun, Paris, 1963.

said countries. The aim of the Fund is apparently to pave the way for the economic growth of the associated countries through credits and technical assistance. However, the capital of the Fund is too small to meet this end over the vast expanse of the associated countries, and does not exceed 730 million dollars for the new period of association (1963-67); on the other hand, the distribution of credits is of such a nature that it is questionable whether the object is really the economic and industrial growth of the associated countries. For example, the percentage of the Fund's allocations to these countries up to the end of 1963 has been the following:

Construction (roads, bridges, railways, ports)	43.3 percent
Agriculture and livestock raising	18
Vocational education	16
Health	8.6
City Planning and urban development	3.7
Water (wells, deep wells, drainage)	3
Research and surveys	5.4

As shown above, no aid is given for industrialization. The greater part of the Fund's assistance is in the fields which help the expansion of the sales markets of the E.E.C. members and the European industrialists. For instance, the largest figures have been allocated to ports, roads and communications, which are indispensable for ensuring the ever-increasing flow of European goods to the associated African countries. This is no less than a policy of expanding the colonial markets, aiming at the unsparing exploitation of the colonies and under-developed countries, and considered as a vital necessity to the industrial powers. This policy, while seeking to enhance the absorbing power of the markets of dependent countries, avoids the taking of any serious steps towards the growth of industry in these lands; indeed not only avoids but prevents it, lest fresh rivals emerge to face the European industrialists.

In connection with the above, one western economist openly states: "The only way for Europe to continue its existence and welfare is to remain the workshop of the world. Europe has no alternative but to import the raw materials it lacks, against the sale of its industrial products and services. There is no reason why Europe, while pretending to help the third world, should create new rivals for its industries, reduce its exports and increase the deficit in the balance of its trade and payments. This is an effective procedure in bringing the income of poor countries up to the income-level of rich nations, but Europeans are not likely to take a road that may prove suicidal to them"[1]; and the truth of the matter is that the Common Market countries, despite the enticing appearance of the Rome Treaty, do not take such a course. As regards industrial plans and, in general, new investments, the associated countries must submit their projects to a special committee at the E.E.C. for examination and approval, and only when the said committee has approved their projects, can they avail themselves of the aid of the Economic Development Fund. The acceptance of any such plan is at the discretion of the six Common Market states, among which France and Germany, i.e. the greatest industrial powers of the market, play a major part.

It is thus clear that the only plans approved will be those which are compatible with the interests of the large industries of Europe. This will aggravate the problems of the newly emerged African countries in their basic industrialization programs. This in turn will further the apparent opposition so far shown by European industrialists to the creation of metallurgical and chemical industries in the said territories[2]. According to the aforesaid statistics, the experience of the last few years shows that the Common Market's special committee has approved only those plans submitted by the associated countries for which the greater part of the funds have been allocated to construction of roads and means of communications and to subsidiary investments. Consequently, (1) the old economic structures of these countries, vestiges of the colonial period, remain intact. (2) These

1. Henry Peyret: La Conférence Mondiale sur le Commerce et le développement (Problèmes Economiques, No. 848, 31 Mars 1964).

2. Meynard et Préjean, Marché Commun et Néo-Colonialisme en Afrique, 1962, Paris.

countries remain producers of raw materials and agricultural products, as well as the needy buyers of the manufactured goods of the West. (3) Investments are made only within limits that will further the interests of foreign monopolies.

In this connection, with regard to the newly emerged nations and the former French colonies in Africa, Mr. Demeys depicts the situation in the following words: "The rural masses are still fatalistic, unemployment is as acute as before; no enthusiasm exists among the men and women for the building of their national economy, there is no sign of even simple technical advances such as modern farming and the harmonizing of agriculture and livestock raising; the elite of the urban intelligentsia, who have sought independence as a panacea, talk about the neo-colonialism which accompanies such independence; the new governments, with a few exceptions, are following in the footsteps of the colonial administrations they so violently criticized; bureaucratic corruption sometimes attains dreadful proportions; the ministers and government officials spend a greater part of their time in gatherings set up in the capitals of foreign countries, and rarely attend to any specific economic problems of their own country. The so-called French aid to the under-developed countries still follows a course beneficial only to the foreign enterprises in Africa, but of little effect in speeding up economic growth[1].

The newly emerged countries, with a view to implementing their programs for economic and industrial development, should avail themselves of stable markets and guaranteed prices, so that the instability of markets and price fluctuations may not hinder their economic and social growth. From the standpoint of stabilizing and expanding the export markets of the associated countries, the creation of the Common Market at the beginning promised a rosy future, as their sales markets would be extended over the vast expanse of the six countries; and although the tariff preferences were detrimental to other under-developed countries in their trade with the

1. L. Demeys: L'Indépendance des pays africains favorise-t-elle leur développement; Économie et Humanisme, No. 135, Septembre–Octobre 1961.

Common Market, they could have been profitable to the associated countries; however, the anticipated results with regard to exports did not materialize because:

1. As already stated, the heavy consumer taxes imposed on the major products of these countries in Europe in most instances neutralized the effect of tariff preferences and opening of markets.

2. The terms of trade constantly change to the detriment of non-industrial countries, including the African countries associated with the Common Market. In this connection, Holstein, the most prominent E.E.C. personality, has said: "All the financial aid extended to the developing countries by Western nations has failed to compensate for the losses sustained by reduction in the price of raw materials in the world markets.

3. Technological progress and invention of substitute materials create new difficulties for the associated and other under-developed countries in marketing their raw materials. In support of this statement, it is to be pointed out that during the 7 years, 1953 to 1960, the volume of exports from non-industrial countries to those inside the Common Market fell from 41 percent to 31 percent[1].

The imports of the associated countries from the Common Market are in no better condition, and the former's import structure is quite plainly incompatible with their economic growth. We know that in all former colonies, as well as under-developed countries, the percentage of consumer goods imported from industrial countries is very high. These goods are mostly used by the upper income group of the community, and the price of such goods in the markets of the said countries is the same as in those of the advanced ones. These industrial products absorb the monetary power of those whose higher income enables them to have savings. This reduces the level of national savings and consequently the possibility of investment. In other words, an increase in the inflow of European consumer goods into these countries retards the accumulation of savings and reduces the capacity for

1. J.P. Meynard et A. Préjean, Marché Commun et Néo-Colonialisme en Afrique, 1962,aPris.

investment. However, expansion of the national industry necessitates the encouragement of savings and investments in productive fields, and this calls for a wise and calculated protective policy. Obviously, adherence to the European Common Market, whose production of consumer goods has reached a high level, does not make it possible to adopt such a policy. Although mention has been made of the possibility of such protection in the treaty of association, how can a country which, from the standpoint of its exports, is fully associated with the Common Market, and whose economic development plans are to be sanctioned by this same market, follow an independent policy in creating and protecting its national industries?

The need felt by the associated countries for the loans and credits of industrial countries adds to the economic and political dependence of these countries and tends to pull them farther away from their goal of independent and self-sustained economic growth. In this connection, Mr. Robert Piantier, in the Common Market Magazine, writes: "Long-term loans or credits between the loaning and loan-receiving countries, create dependency relations which are felt by the under-developed countries more keenly and bitterly than even before. The obtaining of credit strongly implies a purchase to be made in the loaning country regardless of whether this has been stipulated in the agreement or not. The repeated emphasis to the effect that these credits have nothing to do with purchases in the loaning country, is mostly a pretence". Therefore the purchasing countries are not free to select the selling party according to the terms and prices of the sale. It often happens that the plans for the economic growth of a developing country are handicapped by the acceptance of credits which offer exceptionally suitable terms but which can be utilized only for a specific purpose.

The young nations of Africa consider themselves in need of foreign aid in order to combat their backwardness. The greater part of this aid is spent to meet the expenses of thousands of costly experts and eminent "Planners", economists and sociologists sent to the under-developed territory from the helping country. The duty of these experts is to draw the attention of the governments of the under-developed countries concerned to the magnitude of their task and the urgent needs of their rural communities. But in the end no remedy is found for their backwardness and nothing happens to make them hopeful of their country's future economy. In any case, how can we expect the association of a group of newly emerged countries with their shaky economy and politics, with a group of powerful industrial countries of Europe, to put an end to the relationship of servitude on the one side and domination on the other? But here the question may arise as to why the 18 African countries have entered into an association with a powerful industrial group whose aim is to ensure the absolute dominance of European monopolies in economic, financial and military affairs. Obviously the former economic ties, as well as political and social weakness, have both contributed to the acceptance of the Common Market's neo-colonialism.

A good many of the newly emerged countries, especially the former French colonies in Africa, have had no choice in the matter. Indeed, the nominal independence has in most cases produced no basic change in the economic, commercial and social structures of the colonial period but has frequently brought to power privileged groups whose interests are more or less tied with those of industrial countries and foreign monopolies.

Furthermore, the existing investment opportunities and various interests of European monopolies in these lands; fear of the closing of European markets which are still the latter's principal customers; the temptation to take advantage of tariff preferences in their competition with the other under-developed countries; and the fact that their governments are looking to foreign aid and loans for feeding their unbalanced budgets, are among the factors that open the way for the association of the newly emerged countries with the European Common Market and help to perpetuate their dependence. For this reason, some of the African countries which are trying to achieve self-sustained growth refrained from adhering to the Common Market. When Guinea was invited to join the Common Market, its President said: "Guinea has always been averse to the colonial nature of the Common

Market; hence, it cannot adhere to the Market."[1].

The Common Market and other under-developed countries

The colonialism inherent in the Common Market is also quite evident in its relationship with other developing countries. According to the U.N. study on the world economy in the year 1962,[2] about 85 percent of Common Market imports from under-developed countries consist of agricultural and tropical products, industrial raw materials, crude oil and other crude products, and raw materials. But of this quantity, 22 percent includes industrial raw materials, the customs duties on which (upon entering the Common Market) are nil. Thus the under-developed countries, with a view to enjoying this privilege, have to give up the materials essential to the growth of their industries. The same policy has been adopted in respect of crude oil which forms the greatest figure of imports of the Common Market countries from the developing oues (31 percent). The tariff on the crude oil exported by these countries is nil: this is intended to encourage the export of this commodity. On the other hand, oil products are subject to customs charges, thus making the refining unprofitable to the oil producing countries.

If industrial raw materials are exempt from customs charges, metallurgical products, on the other hand, are subject to a tariff of 8 percent to 15 percent. In this respect, too, parallel to absorbing the industrial raw materials of the developing countries, the Common Market raises obstacles in the way of their industrial growth[3].

Out of the total exports of the economically developing regions to the Common Market, manufactured products (metallurgical products,

1. It may be worth recalling here that African countries which have earnestly tried to change the economic structure of the colonial period and to be spared from neo-colonialism have, thanks to the rivalries and antagonistic economic systems of the great industrial powers, been able to enjoy favourable and unbinding aid from the advanced countries.

2. United Nations: Study of the World Economy, New York, 1962-63.

3. This trade policy is not exclusive to the Common Market, but is also followed by other industrially advanced countries in their trade with the under-developed world.

textiles, rubber, leather and simple mechanical equipments) only constitute 12 percent. In this respect, the above mentioned U.N. study reveals facts which hold good not only for the E.E.C. but for all the industrially advanced communities. "It is today an established fact that the developing countries, with a view to securing their import requirements, are compelled to raise the proportion of their semi-finished and manufactured goods in their total exports... nevertheless, the trade policy of industrial countries is one of factors hindering the expansion of the export of these countries' manufactured goods; for the percentage of customs charges increases in direct ratio to the degree of transformation and manufacture of the said goods. This progression is one of the characteristics of the tariff structure of most of the industrial countries, including the E.E.C... In many major instances, the obstacles confronting the export of the manufactured goods of the developing countries are of a more serious nature; that is to say, not only are the said goods faced with comparatively solid customs barriers, but also; in most cases of great significance to these countries; with quantitative restrictions, which sometimes assume a discriminatory nature. Quantitative restrictions and quotas constitute the greatest obstacle to the textile exports of the developing countries, while these countries mostly enjoy an apparent advantage in regard to the cost price of textiles; and if the markets be opened to them, they can make much of the export of their fabrics"[1].

In addition to the foregoing, several points in the Common Market's relationship with non-associated countries are worthy of consideration:

1. The existence of preferential tariffs and trade facilities in the case of the associated countries creates many restrictions and difficulties for the countries not associated with the Common Market, thus augmenting the losses sustained by these nations from their trade with the advanced world.

2. The protective agricultural system of the Common Market (evaluated in our previous article) will enhance the self-sufficiency of the six Common Market countries, and help to expand their agricultural

1. United Nations: Study on World Economy, New York, 1962-63.

productivity. Thus the developing countries, in exporting their agricultural produce, will face new difficulties, and the trade barrier will deprive them of competitive power. The difference between the low prices of agricultural produce in the under-developed countries and the high prices prevailing in European countries will consequently be absorbed by the Common Market producers. In other words, the price of poverty of a farmer in an under-developed country will accrue as a premium to a well-to-do farmer in an advanced country.

3. The removal of customs barriers inside the Common Market as well as within EFTA will encourage trade between the member states and prove detrimental to the exports of the manufactured goods of other countries. Consequently, the internal trade structure of the Common Market (thus also of EFTA) will, even in the primary stages, hinder the efforts of the developing countries to achieve industrial growth, utilize their raw materials and produce manufactured goods, unless this hindrance is offset by a vast domestic market.

In the face of all the said difficulties, the developing countries will be able to make a firm stand, provided they follow a self-sustained course, and above all, make the maximum use of their own resources and potentialities. The following statement made by Mr. Estrangin, president of the French Federation of Agricultural Institutions, may be considered as an example of the said power of resistance: "The agriculture of France, with its 800,000 tractors and 70,000 combines, is at the mercy of overseas petroleum products... In the event of a slight pause in the export of petroleum, French farmers will be unable to plough their lands and gather the crops". It should be pointed out that the contribution of coal to the production of power in the Common Market is steadily decreasing, and that of oil rapidly increasing. In the year 1950, the use of oil was 10 percent of the total power consumption. This reached 30 percent in 1960 and will exceed 50 percent by 1970. Even now, the E.E.C., EFTA and the U.S.A. are discussing the creation of a vast trade zone. Should this plan be realized, it will provide trade facilities on the two coasts of the

Atlantic Ocean and will reduce customs charges on a reciprocal basis. Though the realization of the said plan would not put an end to the discord and competition existing among monopoly groups and industrial countries, nevertheless it is a call to the under-developed countries to strive towards a greater degree of co-operation and collaboration, independent in the achievement of self-sustained growth, and also to shake off any economic and political dependence.