THE EUROPEAN ECONOMIC COMMUNITY AND AFRICA

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In March, 1957, the Foreign Ministers of the six countries* making up the European Coal and Steel Community met in Rome to sign two treaties, one of which instituted the European Economic Community. This treaty has since been ratified by the Parliaments of the six countries, and the European Economic Community came into existence on 1st January, 1958. It is difficult to avoid the maze of technicalities which surround the provisions of the Treaty: what is being set up by the six countries is a customs union and a common market—a new economic framework involving complex changes in customs tariffs, import licensing controls and other so-called barriers to inter-European trade. In essence, the E.E.C. introduces two significant departures from the existing pattern of economic relationships in Western Europe. In the *first* instance, all barriers to trade (like customs tariffs and quantitative trade controls) between the six countries will be abandoned over a period of 12 to 15 years, so that, by the end of this period, the type of free trade which operates within a single country will have been extended on something like a continental dimension. At the same time, all the six countries will unify their tariffs on all goods imported from the outside world. The *rationale* advanced for this aspect of the project is that the abandonment of tariff protection will drive less efficient industries within the E.E.C. area out of business, stimulate more efficient industries, and, at least theoretically, introduce a process of increased specialization and of the location of industries in only those areas of least cost. In these ways the gains from increased trade are expected to be immense. In fact, however, much of European industry remains riddled with cartels and other quasi-monopolistic practices. The widening of the European market may therefore benefit these cartels and so enable them to share the market more effectively among themselves with less interference from outside.

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*France, West Germany, Italy, Belgium, Netherlands and Luxembourg. The absence of Britain in the E.E.C. project is, of course, the result of the sharp conflicts in policies now emerging in European politics. This aspect of the question is not touched upon here.

In the *second* instance, the E.E.C. project contemplates the gradual harmonization of the economic policies of the member states, not merely in the matter of tariffs, but to a considerable degree in the whole field of economic, financial and social policy. This would involve the abolition (between the six countries) of all obstacles to the free movement of labour, capital and other resources, a common managed market for agricultural products, the creation of a new European Investment Bank, and, among a host of other unifying provisions, the establishment of such institutions as a European Assembly, a Council of Ministers and a Court of Justice.

The E.E.C. is therefore very much more than a local free-trade grouping of nations with a common customs wall. It possesses potentialities of becoming more than a permanent economic union—it could very well enable a country like Western Germany, through the extent of its resources and efficiency in production, to shape the relations between the member states and between them and the outside world, so that in the course of time, as no doubt is already partly the case, the E.E.C. will become both the object and the subject of politics.

The viability of a European economic union on the lines visualized by the Rome Treaty must, in the final analysis, be governed by an easy access both to raw materials and to markets upon which the surpluses of European production may be dumped. It is here that the African territories of the member states of the E.E.C. come into their own. The pre-history of the so-called African "association" with the E.E.C. is as old as the post-war idea of a "United Europe". When the Schuman plan for the European Coal and Steel Community was being negotiated some seven years ago, the possibility that the German steel industry might be allowed to share in the exploitation of French North Africa was actively mooted. But France would then have none of it. In 1952, the Council of Europe took up the theme of "Eurafrica" as a possible way of associating Germany with the opening up of the African colonies, but here the United Kingdom (which is a member of the Council of Europe) provided the principal obstacle.

The Rome Treaty envisaged three classes of colonial or semi-colonial territories which—in various ways—are to be "associated" with the E.E.C. The first concerns the "non-European countries and territories having special relationships with Belgium, France, Italy and Holland"—namely, French West

Africa, French Equatorial Africa, French Togoland, French Cameroons, St. Pierre et Miquelon, Comoro Archipelago, Madagascar, French Somaliland, New Caledonia, French settlements in Oceania, the Belgian Congo, Ruanda Urundi, Italian Somaliland, and Dutch New Guinea. The Treaty encompasses a convention valid for the first five years (and renewable after that) on the manner in which these territories are to be incorporated in the E.E.C. Secondly, certain parts of the Treaty are made applicable forthwith to the French possessions of Algeria, Martinique, Guadeloupe, Réunion and French Guiana (the "overseas departments" in which a substantial number of French colonists have settled). The remaining parts of the Treaty will be applied to these territories within two years of the Treaty's coming into force. Finally, the Treaty proposes negotiations with certain other territories—like Morocco, Tunisia, and Libya—on an economic association with the E.E.C. project.

It is to be understood that the Rome Treaty will not be applied *per se* to the first group of territories concerned. The 5-Year Convention excludes such Treaty provisions as the alignment of policies of social insurance, labour legislation, conditions of work, trade union rights, collective bargaining, social security, which apply to the six European countries concerned. What the Convention does is virtually to seal off the colonial territories concerned into an economic preserve of the E.E.C. area. The products of the overseas colonies are to enter the E.E.C. on the same terms as those of the European member states. But against this, the colonial territories would extend tariff concessions to the E.E.C. to the same degree as exists with the separate countries of which they are dependent colonies. The colonies would in the nature of things maintain a high tariff wall on products coming from outside the E.E.C. area.

The increased adhesion of the colonial territories concerned to the West European economy, which this system of tariff preferences implies, possesses a strong parallel to Britain's trade relations with the British Empire and Commonwealth. Here the colonial 'open door' to British manufactured exports, against preferences for Colonial produce and raw materials in the United Kingdom market, has remained one of the more crucial techniques in freezing the economies of colonial territories to a set structure, so that, even where some of them have advanced towards political independence, their economies remain heavily colonial in character. And there can be no doubt that much of the industrialization that has taken place in the more independent regions of the Commonwealth has been accompanied by gradual departures away from the system of imperial tariff preferences. The impact of the E.E.C. on the French and Belgian colonies is clear: these colonies will now become the permanent raw material bases for a vaster and stronger industrial complex in Europe, and this alone can, and no doubt will, effectively stifle any indigenous movement in the colonies for a measure of capital accumulation through the diversification and balancing of their economies.

The Convention to the Rome Treaty does not rest there. It provides for what it calls a "Development Fund" for the overseas territories, with a sum of $581,250,000 to be contributed by all of the E.E.C. countries. France and Western Germany are to contribute $200 million each, Belgium and the Netherlands $70 million each, Italy $40 million and Luxembourg $1¼ million. These contributions to the Fund are to be made in annual instalments over five years, and the Fund in turn will be allocated to the overseas territories as follows:

France	—	$511,250,000
Netherlands	—	$35,000,000.
Belgium	—	$30,000,000
Italy	—	$5,000,000

The method of disbursement of the Fund is shrouded in mystery. The Convention declares that "applications for the financing of projects would be made by the responsible authorities of the member countries," and, elsewhere, the Commission of the E.E.C. "would draw up annually the general programme of proposed investments on which the Council of Ministers will make the final decision". The Convention is at least specific on one aspect of the Fund's proposed activities:

> "The measures to expand the volume of trade between member countries and the overseas territories in question will be accompanied by decisions . . . facilitating the participation of enterprises (i.e. commercial firms) in all member countries on projects to be financed by the Development Fund."

There can, however, be little doubt as to the implications of this Fund for the colonial territories. In 1956, the overseas colonial territories of the E.E.C. area accounted for some 12 per cent of the total import trade of the E.E.C. area. Of this, the preponderant import was made up of primary raw materials. Zinc, copper, lead, iron ore, nickel, aluminium, all crucial to the industrial economy of Europe, loom large in the exports of the Belgian Congo, French Equatorial Africa, the French Cameroons, and other French possessions in North Africa. There now emerges on the horizon the serious prospect of a sizable supply of oil from the Sahara. It will necessarily be with the exploitation of these raw materials that the "Development Fund" will be primarily concerned.

There already exists substantial evidence as to the nature of international investment in the under-developed parts of the world. These investment activities have had little to do with true economic development; in most cases, they have merely provided the means of converting the investment-recipient territories into raw material appendages of the investing countries. And this has never been more true than of the economic relationships between France and French Colonial Africa, and between Belgium and the Belgian Congo. French West and Equatorial Africa have, according to official French sources, been receiving annually some $500 million in investments (from France) over the past four years. And yet the per capita income in this area remained no higher than £50 per year, and of this less than 5 per cent was contributed by employment in direct manufacturing industry. French statistics on investment earnings in the colonial areas are studiously ambiguous, but those available on the Belgian Congo are illustrative of the earning power of such colonial investments. In 1955, the Belgian Congo remitted abroad just under 10 per cent of its estimated total national income as a return on foreign investment. It is doubtful whether this level of appropriation of the Congo's national product is rivalled anywhere else in the world. Estimates of the actual return on foreign investment in the Belgian Congo place the figure between 15 to 20 per cent. Over the whole of the post-war period the Congo's remittances of profits, dividends and interest (on foreign investments), running at an annual sum of over 3,250 million Belgian francs, have been about 150 per cent of the actual inflow of new investment funds. Very much as in French West Africa, the bulk of foreign investment in the Congo is directed to the extractive and agricultural industries, which in 1955 contributed to well over half of the national income. There can remain little doubt that the E.E.C.'s "Development Fund" will conform to the existing pattern of colonial investment.

The E.E.C. arrangement provides the first tangible opportunity for West Germany to enter the charmed circle of European colonial powers. German industrial interests have long prepared themselves and are now actively associated in a number of investment ventures for the exploitation of the offered share in the considerable resources of French and Belgian Africa. It is, of course, not easy to explain the almost complete *volte face* in French policy—from one of suspicion of German aims to what now appears to be a ready acceptance of Germany in the colonial spree. There can, however, be little doubt that part of the explanation is found in the deepening crisis in the French balance of payments and in the capital needs required in order fully to exploit the oil resources of the Sahara. By including the French overseas region in the E.E.C., French colonial produce will necessarily find a ready market in the E.E.C. region, since the E.E.C. (by virtue of its unified tariff wall on third countries) will discriminate against similar produce from other parts of the world (for example, from British Colonial Africa). The consequent increase in the foreign exchange earnings of the French overseas territories will certainly alleviate much of the present strains on the French balance of payments. As is indicated above, the bulk of the Fund will be allocated to the French territories, and this would assist somewhat in the availability of resources to exploit the oil deposits of the Sahara.

The E.E.C.'s, and particularly France's, often declared intentions to raise living standards in the colonies will be dismissed as a polite fiction or as no more than another sickening pretence. The purpose of the "Development Fund" will largely be concerned with the creation of what the French term an "infrastructure of transport and communications" required for the more efficient exploitation of colonial resources, particularly metals, oil and minerals. The system of tariff preferences within the colonies will enable France to go a long way towards solving her own balance of payments problems, and in the process the colonies will have become tied to a narrow self-seeking combination of European powers. The monopoly over colonial exports which is already in the hands of the metropolitan countries will so be strengthened by the E.E.C. arrangement that any prospect for balanced economic development in the colonies will now be effectively killed.