

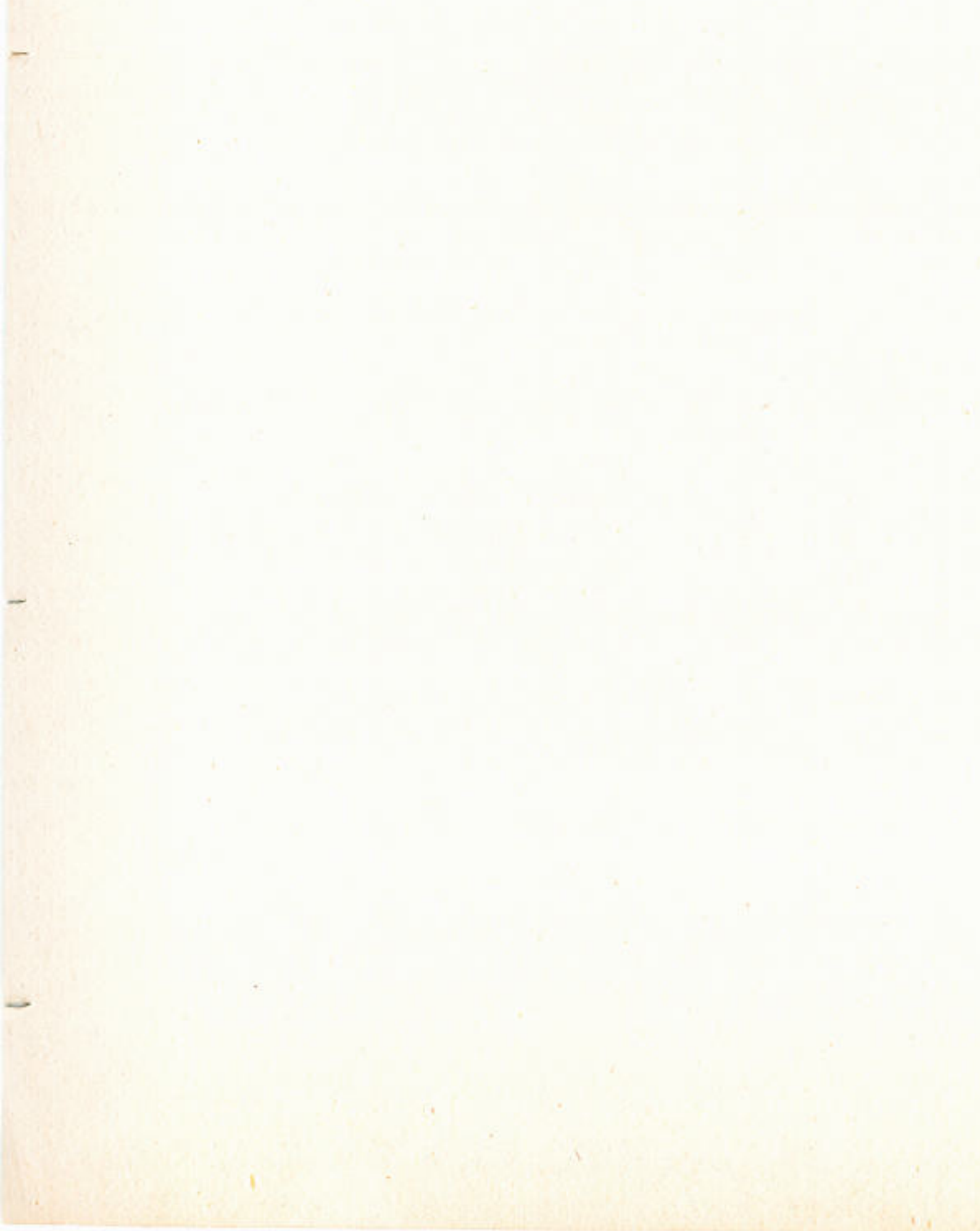
Memo. No. 782

The Impact of  
Licences Loans and Foreign Trade  
on Industrialization

by

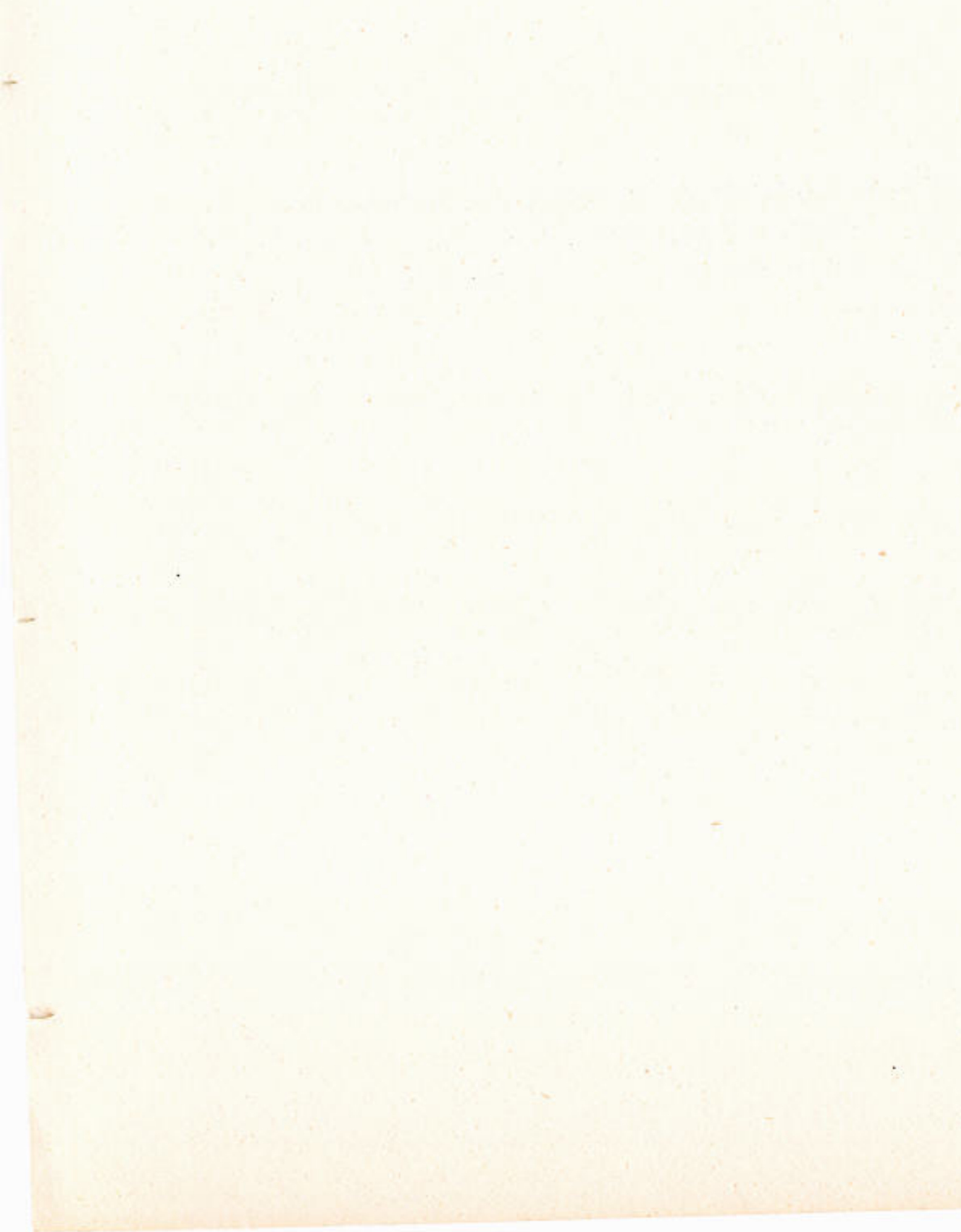
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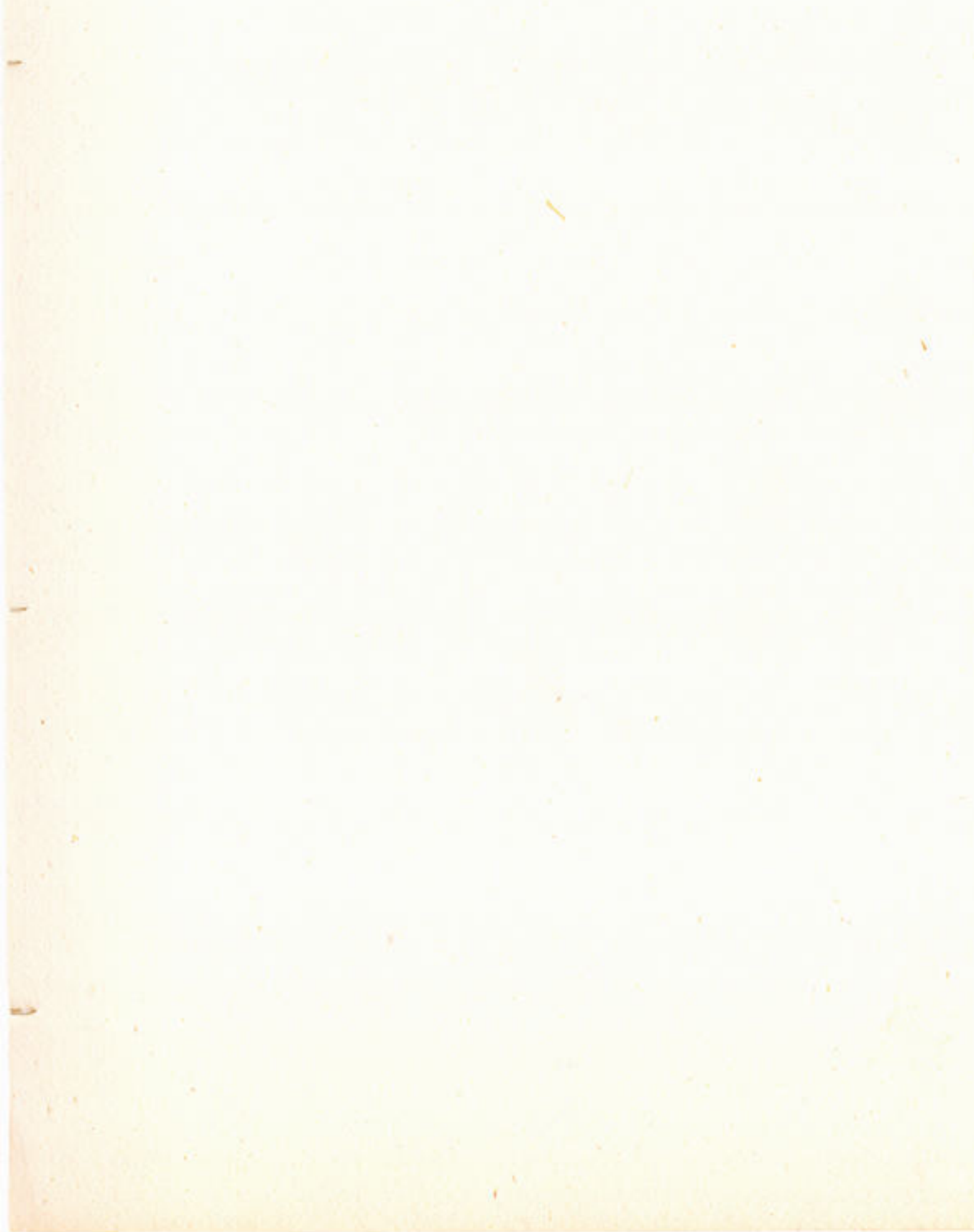


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rily Reflect the Views of the Institute of Natio  
Planning."





- III. Licences and research work
- IV. Foreign Loans and their paying-off
- V. The contribution of foreign trade to national income
- VI. Final remark.



completely change the face of the country. From this view it must be ensured that the new industries can be satisfied on increasingly higher level, despite the increase of national income in such an extent that growth of population.

It is impossible for a small or even medium-sized country to develop all industries. The scale of industries depends on the size of market, experiences, national resources, political conditions, too. Therefore, from the very beginning an international division of labour is necessary. In the context of this exposition the following questions appear as

- How can a developing country become competitive on the world market ?
- How is it possible to pay off foreign loans ?
- What should be the role of foreign trade ?
- What are the pre-conditions for efficiency of foreign trade ?

The following statements will answer these questions.



ductive powers pushed ahead in such an extent that medium-sized countries will not be in the position or to maintain the full scale of industries. This is the appearance of atomic and electronic industries in place. But also traditional branches as chemical and processing industries become specialized more and more.

Consequently it will be impossible to maintain the full scale of industries in every country. Industrial fields would clash with the following factors:

- The national conditions are different with respect to national resources production.
- The market is not in accordance with the volume of output for every article group. (The market might be too small)
- It is impossible being competitive on a world scale in all fields of production. The technology can not be available and up to date in every country on a world scale.

Therefore, even advanced small and medium countries are going to tackle international division of labor on increasing scale.







labour. There is in between a...  
It is impossible to construct a national industry  
ly at the end of the twentieth century. A very inst  
model for international division of labour are the  
and general agreements between those socialist coun  
joined the COMECON.

We find the same international division of  
capitalist companies of different countries. Bu  
ments are a part of international competition and  
cases an outcome of rational decision making in na  
international scale.

As a result, every country has to explore  
most advantageous branches of industry to be deve  
place. That depends on national resources, expect  
international market, optimal size of industries  
productivity and skillness possible to develop i  
period, and the competitive conditions. We will c  
approach the national profile of industrializati

3 - The national profile of industria  
appear in two ways: First, the country in quest  
its efforts on only a few branches. The product  
out of development must be imported completely  
Second, the country in question develops indus



culture crude oil and iron ore. That means, metallurgy processing, chemical works, cotton processing, and food should be developed for home market and export. Besides the export of cotton and crude oil the Suez Canal ser tourism will be important for the UAR. This can be th of the countries industry. But in the field of metal industries chemical and electronic industries projec be strongly selected.

It is impossible for a country like the UAR to with all these branches and their specialities. Thus that some kinds of petrol chemical industries can find in accordance with national needs. In the field of met ing and electronics the international division of labo be agreed in wide range, because the variety of produc field is enormous and the appearance of new products i going on . The same is to say with respect of durable national profile of industry suitable for a country ca achieved only under conditions of international cooper This is valid for all countries except the few great po those small countries which are extremely rich of hard so that they would be able to cover the demand of thei without industrialization as far as their social system this.



will not create an effective national economy which basis for national welfare.

The technical revolution calls for an integration, i.e. integrated in international division of labour we are able to combine development with economic integration. Developing countries will push ahead in their development.

Naturally, there must be some environmental conditions. The political power of the relevant countries must be equal in order to ensure a systematical economic and social progress. Another fundamental pre-condition for this approach is the existence of partners for cooperation and international division of labour. Taking this into consideration the most reliable way to solve these problems is the socialist development. The socialist approach guarantees a stable development of economy in a planned manner. This is a good precondition for agreements on mutual support and division of labour.

It follows that the developed socialist countries are the most recommendable partners for these developing countries. They should follow the socialist way. Since socialism has its victory in a half of the world till now the resources of socialist countries are limited and consequently, international division of labour has to be agreed also with capitalist countries far as political conditions allow this.



in a socialist economy the profit  
this part of national income that is available for a  
(investments) and for increase of consumption. Beside  
high productivity is the precondition for export with  
in order to cover import of products not to be produ  
ingly to the national profile of economy. For these pu  
national industry must be kept in line with internati  
logical and economic standards. This is valid with re  
backbone of national industries and especially with r  
export industries. Besides this local industries may  
even upon a lower standard of productivity.

The main precondition for keeping in line with  
standard level is to get the technical know-how.

Usually developing countries are taking licenc  
developed countries. This is no doubt a good approach  
the lack of knowledge in a certain field and for gett  
technologies and prescriptions. But the question arise  
products and for what time licences should be taken ?  
opinion licences should not be taken for eternity rega  
same product. Taking licences should be limited by tim  
the own development of design and technology can cover  
Thus, taking licences is to be considered as a tool fo  
coming backwardness in the certain field. But at the s  
moment own technological experiences will appear in th



be included 5, 8 or 15 years in the future.

After this the technological development will be the delivery of advanced or changed products in order to meet the demands. This is exactly the period for collecting technical experiences in this industry or article group to be able for applying own design and technology. A licence will become outdated by technical revolution typical for a branch. Thus it may happen in future that a licence can be saved for production of one article and, on the other hand, licences are necessary for launching or improvement in an other field. This technical cycle is a serious problem of industrial production. Even advanced countries permanently keep in line with the new discoveries and technical revolution is completely changing the conditions in some fields. Therefore, the developing countries are not in need to make up for the hundred years development of the industry.

They can push ahead speedily by the help of modern technology by getting the technical know-how. Naturally, a period of 10 to 20 years is necessary in every case for training the workers under the new conditions of an industrial society even if the switching-over to an industrial society is achieved. An achievement in productivity will last 30 years, the period is extremely short from historical point of view. The developing countries should be encouraged in going their way to industrialization.