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Streamlining Development Aid?

Now that a new Minister has taken over the West German Ministry for Development Aid also the "wind of change" seems to be blowing more strongly. The indications are that the new administration definitely intends to take an exact inventory and—even more important—to weigh up its past achievements and, on the basis of these, make deductions affecting its future policies. After ten years of development aid a thorough cost-benefit analysis, such as today is required everywhere to evaluate economic measures, has become an urgent necessity. Only the Ministry itself can carry out such an analysis effectively. However, in order to achieve really useful results it is essential in such an analysis that officials should be willing to examine the facts with absolute honesty and without prejudice, to refrain from any sort of whitewashing and to admit openly whatever mistakes may have been made. At the end of this procedure it will certainly be possible to report not only many deficiencies, for instance, insufficient concentration of funds or various mistakes in the choice of projects and personnel, but also some real plus points: proof of the fact that German development aid has by no means been so lacking in concept nor has it been implemented with as little thought as has often been asserted.

For example, the Ministry has always held the fundamentally correct view that development aid should be given mainly in accordance with the requirements of recipient countries and less because of the political interests of donor countries. It may also become apparent, when this inventory is taken, that many principles of development aid which have been brought up as innovations have long been discussed and practised in connection with German development aid. The priority given to agricultural development and President Johnson's recently announced strategy of "help for self-help" are also old principles of German development policy, as is the pious wish for increased multilateralisation leading to concentration of development aid.

This appraisal of Germany's concept of development hitherto must, in the first place, become the foundation for formulating a rationally based policy for the future. If it is possible to give concrete evidence of the advantages and disadvantages of certain types of aid on the basis of past experience, it will be possible to develop more purposefully the instruments of aid policy with a view to their optimum employment. It is sure to turn out that certain types of aid have been neglected in the past or were not properly conceived. We need only mention the possibility of increased marketing assistance by supporting export organisations in developing countries, by making greater use of purchasing countries' import trade or by the planned support of at least partially export-orientated manufacturing co-operation. The hitherto unsatisfactory experience with the development aid tax law should also lead to an examination of the question whether its concept and also its incentive functions were suited to market conditions.

An inventory of aid policies will also have important internal effects. To begin with, it would be possible to improve the image of development aid if it could be shown that the taxpayers' money is not being wasted, as is so often assumed. On the other hand, the difficulties with which development policy is faced should become clear and also what efforts need to be made in future to achieve a general raising of living standards in poor countries. It should be said here that these policies have advantages for donor countries also. These advantages are not only political stabilisation, but mainly the economic effects of such policies; by initiating or maintaining exports in times of recession, development aid can make an important contribution towards reviving business in the short term. In the long term it can contribute towards promoting the powerful trading partners of the future. Thus it leads to a worldwide division of labour. If it is used purposefully by industrial countries, structural changes will be encouraged in the latter and preconditions for constant economic growth will be improved. Thus a fundamental examination of German development aid can lead to a great deal of basic clarification and this will facilitate the streamlining of development aid policy in the future.

Christian Uhlig