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INTERVIEW

Progress in German Development Assistance

Interview with Dr E. Eppler, Federal Minister for Economic Cooperation, Bonn

A few months ago, Dr Eppler took over the ministry responsible for German development aid. The new minister considers development aid an important instrument for the international détente, which is to facilitate cooperation between peoples and which, in the long run, will guarantee world peace. Decisive for the carrying-through of aid measures is not a possible advantage for the donor countries, but only the benefit resulting for the developing countries. For this aim, steadily growing aid contributions do by no means suffice. What is necessary is rather a careful qualitative selection of measures and an improvement in their organisational prosecution.

QUESTION: Dr Eppler, you have taken over the Federal Ministry for Economic Cooperation—responsible for development assistance policies—which is quite an unpopular post. How do you judge the position held by the German foreign aid today in politics and public opinion?

ANSWER: I do not believe that this ministry, which is responsible for foreign aid, is a very unpopular office. We have to bear in mind that 30 per cent of the German population would willingly accept sacrifices, if this were necessary to accomplish the aims of foreign aid. The

public and particularly the industry and business are slowly starting to realise that the partnership of the Third World is a condition not only for world peace but also for the economic development of the industrial nations themselves, Germany, of course, included. Foreign aid has reached in politics and public opinion an extremely high rank, since it is a most relevant instrument to improve the international general situation; it gradually is living up to this rank.

QUESTION: What measures are you planning to take in order

to improve the popularity of development assistance, and, by implication, of your Ministry, in our country?

ANSWER: You probably know what the Prime Minister of India, Mrs Indira Gandhi, said not too long ago: The question today is not whether the industrial countries can afford to give foreign aid but whether they can afford not to give foreign aid. This may be an overstated formulation. But it reveals the dramatic relevance of the problems that are implied in terms like Developing Nations, Third World and Development Assistance. Therefore, and I hope you will not take this amiss, the word "popularity" is not quite right here. We will have to deepen the understanding for the scope and the weight of foreign aid, and also to point out the contributions made by Germany in this field.

At a press conference a short time ago, I tried to express what this will mean practically: The question of how foreign aid can be excused, which was very relevant up to now, will occupy us

DR EBERHARD EPPLER

is the third Federal German Minister for Economic Cooperation. He was born in Ulm in 1926. From 1946 he studied German and English philology and history. After his graduation in 1952, he became junior barrister and later assistant master at a secondary school. In 1956, he joined the German Socialist Party (SPD) and was elected to the Bundestag in 1961. He is particularly interested in questions concerning financial and taxation policy and German domestic and foreign policy.

a little less; we will make efforts to show that foreign aid means a long-term, independent policy that serves peace and the strengthening of solidarity between the nations. The criteria by which we would like our efforts to be measured are best expressed by the question: What is the use of our aid to the developing countries?

Foreign Aid as "World Internal Policy"

QUESTION: Would you consider foreign aid to be a part of foreign affairs or mainly an economic task and humanitarian obligation?

ANSWER: Today it is possible to observe from the simplest statistics that, before we start formulating development assistance policy, ethical ideas and long-term economic and political conceptions have to be taken equally into consideration. I understand development assistance as a policy in its own right that will, in the long run, pursue the same aims as our foreign policy and our economic policy. In its methods it is today more oriented towards the idea of the "World Internal Policy"—a term introduced by Carl Friedrich von Weizsäcker—than, for example, the economic and foreign policies can afford to, up to now. One can understand it as a first, groping, maybe failing effort towards a "World Internal Policy"; here it is to be stressed that such a policy will also be characterised by hard conflicts of interest.

QUESTION: Foreign aid moves between realistic politics and utopia, depending on whether it is measured on the expectations of the developing countries or on the actual help given by the industrial nations. Where do you think lies the mistake: Do the developing countries demand too much or do the donor countries give too little?

ANSWER: Foreign aid policy is realistic politics, demanding

for its realisation toughness and specialised knowledge. The cause for the fact that during the first decade of development assistance many things did not go the way one hoped they would go was that at the beginning the desire to help and to satisfy needs was greater than the ability to fulfill this desire. The second development decade will not only see an increase in the flow of aid but also a more realistic approach, a more expert dealing with problems and—this hope seems also justified—a greater success.

Quality rather than Quantity

QUESTION: The German foreign aid is based upon the perception that the main point is not the quantity but the quality of our aid measures. How is this rather peculiar formula to be understood?

ANSWER: Germany started to give development assistance later than some other countries. Therefore we had the chance to learn from the experiences made by the pioneers — particularly the United States. By "quality of the aid measures" we mean that each—even the smallest—single step in foreign aid should be fitted in and adapted to the accurately ascertained needs of the recipient country. If, for example, a modern cooling plant, which is very difficult to handle and to maintain, is set up in a fishing village in a less-developed country in the tropics, this is of no use. A much more effective method would be—and this has been done—to build up simple smoking ovens that can be repaired and maintained without spare parts supplied by industrial nations, with the combined forces of development assistance volunteers, fishermen and villagers. For, with a smaller amount of money and in a much more effective way the problems of fish preservation and transportation in hot countries, of a greater fish supply by the village and of better provision-

ing of the population are resolved.

Increased Emphasis on Technical Assistance

QUESTION: What will be the budget for German development assistance in 1969 and on which areas will assistance be concentrated?

ANSWER: In the projected Federal budget for 1969 which is being deliberated at the moment in the German Bundestag there are around DM 2.4 billion allocated to development assistance. To this sum we have to add DM 285 million from the ERP Special Fund of the Federal Government, DM 38 million from funds of the German Laender and DM 200 million from the Reconstruction Loan Corporation's own funds. The total sum available from public funds in 1969 will be DM 2.9 billion as compared with DM 2.7 billion in 1968.

Additional outlay in future will mainly be used to increase the contributions to multilateral organisations by DM 131 million and to strengthen the technical assistance by DM 30 million.

A shift in weighting the different forms of aid was noticeable before I took over this office. In view of existent commitments in other sectors, an expansion, for example, of our technical assistance—and within technical assistance a shift of emphasis to the development of agriculture—can only take place gradually. This planned policy will be followed steadily: by 1972 we will have 50 per cent more funds for technical assistance at our disposal than today.

The Role of Private German Assistance

QUESTION: Which is in your opinion the role played by the private German assistance?

ANSWER: Economic cooperation with the nations of the Third World is a task which cannot be accomplished by the governments of the industrial nations alone. The necessity for

an engagement of our private enterprise was part of our development assistance policy concept right from the beginning. The private firms have fortunately shown much cooperation, prompted by some public incentives like the development aid tax law, and there is no reason today for changing this practice. German industry is to a high degree an investment goods industry and has a very broad supply to offer. It is, therefore, exceptionally qualified as a partner for the development process of the Third World.

Moreover, industry has gradually recognised that—apart from the traditional supply business—it has, in the long run, to engage itself with direct investments in these countries and that it has to provide not only the capital but also the indispensable management and, last but not least, training places.

Private export credits for developing countries are much more problematic than direct investments. These credits are naturally expensive, and even when the fact is taken into consideration that many developing countries have meanwhile reached a position in which they can afford them—in 1968, the borrowers from developing countries placed, for the first time, larger issues totalling over DM1 billion on the German capital market—for other countries they mean a very hard burden. Private export credits must be seen specially against the background of the growing indebtedness of the developing countries; therefore we must be aware of the fact that the absorptive capacity for this kind of private assistance is very limited.

Some Lessons Learned from Past Projects

QUESTION: Can we expect concrete steps towards an improvement of project policy from the critical review of German foreign aid projects?

ANSWER: By critically screening our technical assistance projects, my predecessor, Mr Wischniewski, did decisive preparatory work for the current efforts to increase the effectiveness of our assistance. The review has brought important insights as, for example, the one that personnel-intensive consultation projects and investigation services seem on an average to be much more effective than model installations and more general training projects consisting largely of material supplies. It also appeared that effectiveness and success increase to the extent in which the projects are technically specialised and based on existing installations, techniques and attitudes. The review has thus brought solid and practical results which of course will be taken into consideration today when our choice of projects is made.

But the examination has also confirmed that the projects often suffer from a lack of care through the appointed German organisations and offices in charge. The establishment of a Federal Office, with the function to implement our assistance programme, within the Federal Ministry for Economic Cooperation is expected to remedy the situation before long.

QUESTION: Do you believe that with a view to the effectiveness of our assistance, it would be useful to give preference to bilateral assistance rather than to multilateral contributions?

ANSWER: The terms "bilateral assistance", on the one hand, and "multilateral contributions", on the other, are always used as opposites, although they should be seen as complementary forms of assistance. To me two points seem to be clear:

☐ The volume of bilateral assistance will also in future certainly be larger than contributions to multilateral organisations.

☐ This does, however, not exclude a steady increase in the importance of multilateral aid.

In our foreign aid policy the needs of the developing countries and the most suitable method to achieve maximum effectiveness will be the criteria for the extent to which multilateral contributions will gain in comparison to bilateral assistance.

More Coordination between Institutions

QUESTION: In the Federal Republic, ministries, organisations and institutions coexist and occupy themselves with the problems of foreign aid. What measures would be necessary or are planned to avoid duplication, inrentability, heaviness, short-sightedness and retardation in the activities of your ministry?

ANSWER: In a certain way the mere existence of this ministry is an answer to your question. Foreign aid is young. When its necessity became apparent, many organisations went into this task, and the spontaneous will to help is certainly co-responsible for the sometimes quite disorderly picture of foreign aid. In addition, it cannot be ignored that development assistance policy has something to do with international affairs, with economics and with finance, so that the Ministries for Foreign Affairs, for Economic Affairs and of Finance all take a natural interest in it. Just in order to achieve clear competences in this important sector, the Ministry for Economic Cooperation was founded. True, with the foundation the coordination problems did not disappear all of a sudden. But step by step we are on the way to achieve a more clear and effective structure in foreign aid. The planned Federal Office for Foreign Aid that will be responsible for the synopsis and management of the whole technical assistance is a further and very

important measure towards this goal.

Cooperation of Donor Countries and World Organisations

QUESTION: A world-wide "global development assistance", as frequently demanded by the Secretary General of UNCTAD, Mr Prebisch, today seems to be more a fiction than an attainable goal. Do you expect some progress in the way of closer cooperation between donor countries, through UNCTAD, OECD, World Bank and other organisations?

ANSWER: Part of the answer to this question has already been given before: Multilateral aid is growing, and with this also the necessity to coordinate bilateral and multilateral efforts. However, I do not think that it would be helpful to hope for a centrally conceived world plan for

development assistance managed from a single office. I rather believe that the international organisations you mentioned will get together more or less spontaneously with the donor countries and find a code of rules that will guarantee the reciprocal compensation of the individual assistance measures and foreign aid programmes. It would also be of help if the recipient countries would come to a regional and supranational integration for dealing with and programming the assistance received.

Coordination between Eastern and Western Aid

QUESTION: Do you see any chances to put an end to the absurd rivalry and competition between the East and the West in development assistance, and to organise cooperation instead?

ANSWER: Objective necessities, due, on the one hand, to the rapid increase in world population and, on the other, to the need to maintain peace, will one future day cause even the most narrow-minded countries on both sides to cooperate. The needs of the Third World—just at the beginning of its economic and industrial development—are tremendous; only close cooperation between the industrial nations can cope with these problems. Among the industrial nations, the United States and the Soviet Union are the most powerful; the Federal Republic of Germany and Eastern Germany rank fourth and eighth, respectively. Sad though the situation in East-West-relationship may be at the moment: we will continue to offer cooperation and to look for concrete ways to achieve it.

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