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Mandate for Politicians to Act

Notes on the Report of the Commission on International Development:
Partners in Development

True to the motto "new brooms sweep clean", the former US Defence Secretary, Mr McNamara, promised fresh initiatives on his appointment to the post of President of the World Bank. Following up these good intentions, he formed, in 1968, a Commission under the chairmanship of Mr Lester B. Pearson. The Commission was charged with the task of taking stock of what had been done so far in the field of development aid and of mapping out a development strategy for the seventies. Now, a year later, the Commission has published a voluminous report¹).

The Commission is to be congratulated on its detailed and thorough study of what has been achieved, but its report contains hardly anything new. It was known already that the gap between rich and poor nations is steadily widening in spite of the fact that in the developing countries the income per head of population has on average been rising by 2.5 p.c. per annum. Nor is it news that population growth and the provision of adequate food supplies present the two crucial problems.

What is surprising is the Commission's statement that the developing countries have provided most of the invested capital out of their own resources. The share of the

industrial nations amounted to no more than 15 p.c. This runs counter to the prevailing view that the developing countries because of their low income per head are unable to accumulate the required savings. The apparent contradiction disappears, however, if one disregards the average figures and looks instead at the detailed statistics for individual regions. It then emerges that the Commission arrived at its general conclusion only by lumping together countries whose stages of development differ widely.

There must therefore be no let-up in capital aid, even despite the Commission's finding that in the course of the last 20 years, developing countries achieved on average an annual growth rate of 7 p.c. for their manufacturing industries. There is some justification for the Commission's fear that, after roughly 20 years of development aid, there may be a slackening of willingness on the part of the industrial countries to go on providing assistance. Even the governments of the industrial states cannot afford to spend their taxpayers' money in ever larger sums. After all, their taxpayers are bound to insist on concrete proof to show that development aid is effective and serves a useful purpose. And on this point the Pearson report regrettably provides no evidence — apart from a few suggestions.

One might have expected that the Commission, after its detailed findings on the present state of development aid, would have drawn up a consistent plan of campaign for future endeavours in this field. But its report contains singularly little in the way of new constructive proposals. What does emerge is no more than a collection of well-known suggestions and demands such as: easier credit terms, i.e. loans to be granted for periods of between 25 and 40 years at interest rates of no more than 2 p.c.; greater government participation in development aid; intensification of private direct investments. Nor has the Commission forgotten to add the usual appeals for the liberalisation of trade, particularly in farm produce, and for customs preferences. Admittedly, mention is made of the need for a thorough organisational overhaul, but no concrete solutions are offered.

It is to be hoped that the report, despite all its shortcomings, will have some practical impact on development policy. For the report does not deserve to share the fate of similar initiatives, that is to be tidily filed away and gather dust in some archives. The responsible politicians have no right to hide themselves behind scientific treatises. It is for them to take at long last the initiative, if the powder keg is not to explode. The countdown has begun ...ogm/crm

¹ INTERECONOMICS intends to Publish a Comment on the Pearson Report by Dr Guth, Member of the Commission.