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could not be reconciled concerned the development of the machinery for consultation between shipowners and shippers of rate fixing and of certain conference practices. Here, too, the "Group of 77" had submitted a draft resolution which would change fundamentally the purpose and structure of the consultation mechanism the developed market economy countries had introduced. Of course in countries with a different economic structure government agencies have to participate in the consultation, particularly as shippers. However, to make the ministries as such partners of the consultation if the government considers the shippers' representation vis-à-vis the shipowners as weak, would introduce a different note into the original concept and, therefore, did not appear acceptable to this minority. It may be hoped that it will not be tried again to urge the European countries into recognising

as general principle what in their view would lead into the wrong direction.

Conclusions

Looking back at the 5th session, at the spirit of its debates and negotiations and at its results, one could indeed conclude that it reflected more cooperation than the preceding ones. Some of the reasons why this happened may be found in the general development. However, to a great extent it was owed to the personality of the President, Mr. Quartley, the Shipping Commissioner in the Government of Ghana. He had proved his ability to chairing international meetings already in IMCO and elsewhere. He has encouraged cooperation by the members of all groups with the effect that no decision was taken under pressure. The 5th session has therefore been that with the least number of resolutions adopted but one of the most successful.

The Church Still Has a Task

by Karl Wolfgang Menck, Hamburg

Frustration, which is rife generally at the end of the first decade of development aid, has not left untouched the development aid activities of the churches. The Pearson Report even suggested that this kind of development aid should be done away with completely during the coming decade. Only in real emergencies (natural disasters, etc.) and for specific social aims in the Third World, it is said, could the church still assume tasks which do not transcend its strength¹.

Does that mean that the work of the church in the Third World has a bad record? After all, the church has channelled donations and gifts of a total value of DM 700 mn, and during the next ten years, it is even foreseen that the new total will rise to DM 2 bn². It has been suggested to forego the cut in Church Taxes, for which there is public demand, and instead to use more of the churches' funds for the Third

World. This would open up additional sources of finance³. Surely, it cannot be the question of money alone which persuades experts to predict an unfavourable future for the work of the churches in developing countries.

Unmodern Model

Perhaps this is due to the models, now somewhat out of date, to which the church subordinates its own "development policies". Today, it is the input/output calculation which dominates work in the Third World: efficiency of development aid seems to be accepted as the magic formula capable of overcoming all problems. All the efforts made by the church are focussed upon people or, expressed more precisely, "socially weak people who suffer deprivation"⁴. The aim of all the churches' effort is to help such people, both in the industrialised and in the developing countries, to obtain "social justice" and "in-

¹ See *Partners in Development*; New York, Washington, London, 1969, pp. 185 et seq.

² See *Entwicklung und Zusammenarbeit*, No. 4, 1970, p. 11.

³ See unsigned article, "Statt Senkung der Kirchensteuer mehr Mittel für die Entwicklungshilfe", in *Handelsblatt*, No. 189, Sept. 18, 1969.

⁴ See *MISEREOR aktuell*, No. 15 of June 15, 1970.

dependence". Denominational differences do not affect these aims in any way, and they do not only include peoples' attachment to strictly personal values and individual activities far distant from the great and loud world. Wholesale social betterment on the present steep slope from riches to poverty in the direction from North to South is also meant by church aid⁵. Social criticism has led the churches far away from political neutrality, for which the most recent examples in Latin America provide ample proof. Churches in developing countries are not immune from this basic transformation, though they do not adopt openly revolutionary aims.

The moral foundations of aid do not prevent aid from being efficient: "Aid projects should ... be drawn up in such a way that their influence radiates outward and into the future, releasing impulses which will enable people in developing countries to help both themselves and their neighbours⁶."

Little of all this is known to the public. Those in places of responsibility seem still to believe that "donors" will part with money only when their views of poor and unhappy people as recipients of their gifts are confirmed. People will spend money for a good cause, having the satisfaction to have performed a visibly "good work"⁷. The sum total of donations was sufficient proof for the fact that nobody wanted developing countries as partners.

The only danger, in this context, is that the church, in selecting projects for its support, is forced to follow such narrow-minded views. If the church yields to such pressures, its projects will not, as required, help developing nations to help themselves, but be an endless trickle of alms. Yet it should not be forgotten that the churches, long before other public authorities, had built up highly successful public relations work in the interest of developing countries. Whether their model will still be applicable and make sense in the seventies is a debatable point, because development policy has now become a policy on home affairs of the world.

Funds Are Drying Up

It is not only the change in development policy which places obstacles in the way of the churches but also the financial problem, because development aid cannot be carried on without money. Donations and gifts for this purpose contributed only 1.7 p.c. to total development aid by the

Federal Republic of Germany. Between 1962 and 1968, the Government matched the donations given for development aid by the churches, through its own contributions. It is not known how much the collection of donations has cost but it is obvious that channelling all the gifts into one big reservoir requires much administrative work which increases expenditure.

On the other hand, none of the projects which development aid by the churches tries to tackle can be had on the cheap: schools and hospitals are not available at a fixed price, once and for all, since they cause perpetual and high running costs. And projects that are too small are not likely to be successful in vast developing countries, where in many cases centuries-old backwardness has to be overcome.

When the State takes part in financing projects, this gives the Government a claim to interfere in decisions. But if development aid by the church is to be viable in the long term, it will be necessary to agree on the combination of government and privately financed charitable aid. To forego the right to completely independent decisions and management in planning and execution of plans is a low price to be paid for this. After all, development aid of the churches is not out for prestige, it will be satisfied if it succeeds in helping the Third World, no matter where the funds for it come from. In this field, new methods are being evolved: projects of the churches are in future to be combined with other aid projects and to be carried out to their completion in close combination⁸. Food aid, without the construction of storage sheds and without an efficient organisation of its distribution, which has led to failures in the past will then, at last, cease to be an ever-present risk, caused by small-minded egocentricity.

No Yardstick for Measuring Success

As long as there are no verifiable criteria for judging whether a given development project is efficient, the church can easily defend itself against the charge of being inefficient. As a matter of fact, there have been a number of projects financed from public funds whose efficiency was much lower than generally believed. This may be said even of industrialisation projects which, for political reasons alone, are the favourites of developing countries' governments. Therefore, it is not certain whether industrial projects show the way out of the dilemma, and the refusal of the church to take part in such projects must

⁵ See K. Osner, *Kirchen und Entwicklungshilfe*; 3rd revised Edition, Bonn, 1968, p. 10.

⁶ *Ibid.*, p. 9.

⁷ See unsigned article, "Vom 'Image' des hilfsbereiten Spenders", in *Frankfurter Allgemeine Zeitung*, No. 69, March 22, 1969.

⁸ See Überlegungen für die Strategie kirchlicher Entwicklungsprogramme. Kammer der EKD für Entwicklungsdienst, p. 5.

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GERMAN PRISM

100,000

Foreigners

Living

in Hamburg

According to data published by the Authority for Domestic Affairs the number of foreign citizens living in Hamburg surpassed the 100,000 mark at the end of March. This number includes also people without a nationality and foreign children, who are not yet 16 years old, and foreign refugees. Analysed by homelands, 124 nations are represented in Hamburg. Turkey is at the head of the list with 17,200 citizens, followed by Yugoslavia with 14,240, Italy with 8,870 and Greece with 8,180 citizens. A total of 12,980 foreigners (12.8 p.c.) come from the EEC-area.

**The Three Big
Banks: Success
In Spite of
Cost Explosion**

The cost explosion of 1970 in the Federal Republic hit also Deutsche Bank, Dresdner Bank and Commerzbank. However, in spite of decreasing proceeds the three big banks

were satisfied with the past business year.

The expansion of business activities is continuing at home and abroad. In particular the co-operation between Commerzbank (balance sheet total of 1970: DM 19.7 bn), Banco di Roma and Cr dit Lyonnais is to be pointed out. But also Deutsche Bank (balance sheet total of 1970: DM 31.4 bn) and Dresdner Bank (balance sheet total of 1970: 24.8 bn) engaged more strongly in international business. For 1971 the three banks anticipate that the annual results will improve and dividends be maintained.

**Stock Exchange
in the
Wake of
Business Trends**

Although during the last months the stock exchange showed a bullish mood for short periods, the general tendency was temporising and not uniform. However, a few special price movements could be registered. In the bond market, too, the current business is very limited. This is the result Deutsche Bank arrives at in its publication „B rsenbild“ of mid-April.

This is proving once more that it is not so much the effective facts which are determining the tendency but rather their anticipation. In the meantime other aspects came more to the fore again: cyclical developments have passed their peak and a pronounced decline is to be expected in the course of the year. Therefore the stock

exchange should hardly experience major stimulations. To begin with, the wave of publications of annual results for 1970 will clearly point out the impairment of the entrepreneurs' profit margins. The continuous cost increases, particularly the rise in wages, make it difficult to recognise already now a silvery streak on the profit-horizon.

**DGB: 9.4 p.c. Wage
Increases for
800,000 Workers
In April, 1971**

In April, 1971, the members of the German Trade Union Federation (DGB) negotiated average increases of wages and salaries by 9.4 p.c. for 800,000 employees and

workers. The increases of scale wages and salaries were comparatively higher than in the 1st quarter of 1970 (9 and 9.6 p.c., respectively). The conclusion of collective wage agreements effecting the capital formation of the labour force was continued. At the end of April, 1971, the number of wage agreements of this type was 250 as compared with 150 on February 1, 1970.

The wage policy department of the DGB Federal Managing Board calculated that in 1970 among industrial workers those employed in the printing trade achieved the highest average gross wages per man-hour. Then follow the workers in the iron and steel processing industries, the chemical industry and mining.

**FRG: Position
in an Interna-
tional Compa-
rison of Trends**

According to data published by the Government the FRG had a very good year in an international comparison of business trends—in spite of price increases by 3.8 p.c. It

need not have recourse to wage and price controls like ten of its western trade partners. Furthermore, in contrast to many industrial nations the FRG achieved full employment, an adequate growth and an equilibrium in foreign trade and payments. Together with Switzerland and Canada the FRG did not follow the international inflationary trend.

Nevertheless public discussion in 1970 concentrated on price increases. All too easily was it ignored that in an economy so closely integrated into the world economy, cyclical and currency policy problems are inseparably tied up with the economic problems of its trade partners. Besides, the Federal Government pointed out that the cyclical development continued to progress towards an easing of cyclical conditions. Smaller

utilisation of capacities, decreasing pull of demand and relief of the labour market indicate a transition from a boom to a gradual normalisation of the economic situation.

**More Turnover
but Smaller
Profits for
Volkswagen AG**

Continuing growth and a distinct deterioration of the profit situation characterised the development of the Volkswagen Concern in the business year 1970. The turnover in 1970

of the enterprise all over the world increased vis-à-vis the previous year by 13 p.c. to DM 15.8 bn, of which 31 p.c. (preceding year 29 p.c.) was achieved at home and 69 p.c. (71 p.c.) by exports.

In spite of this successful turnover the VW-Concern's proceeds declined by more than 20 p.c. For, higher profits did not suffice at all to balance cost increases. Salaries and wages alone of VW-AG rose by 25 p.c. to DM 2.6 bn.

The Concern's investments expanded by 41 p.c. in 1970 and with DM 1.54 bn reached another record volume. In 1971 the enterprise's investments will probably reach the DM 2 bn mark. The management anticipates another business expansion but also a further unsatisfactory development of proceeds.

**North Sea:
Supplier of
Gravel, Tritan
and Zirkon**

The long-term importance of the North Sea shelf as a supplier for the building material industry and ore mining is indicated more distinctly. Very large gravel deposits may be taken

for granted. Besides there are extensive deposits of tritan and zirkon ores whose mining depends on extraction procedures. Deposits of arenaceous quartz might be interesting for the chemical industry.

It will take some time until the exploitation of the deposits can be approved, since the utilisation of raw material deposits on the bottom of the Sea poses problems regarding terms of concessions and their distribution on the Federal Lands as their owners.

**AEG-Telefunken:
Struggle against
Avalanche of Costs
Continuing**

The turnover growth rates which were higher than the average of the German electrical industry show that AEG-Telefunken registered a phase of a marked upswing. Its interna-

tional turnover rose by 22 p.c. to DM 9.2 bn, but the profit situation deteriorated due to considerable cost increases for wages and materials.

True, only one fifth of the international turnover of AEG-Telefunken falls to the share of sectors that have to struggle against difficulties. Four fifths of the business sectors developed favourably in spite of all handicaps—also under profit aspects. Their extension is to be accelerated.

This year the enterprise is to invest less (DM 420 mn) than in the previous year (DM 531 mn), and in view of the overall economic situation particularly strict standards are to be applied to measuring the profitability of the individual projects.

**Bayer-Concern:
Doubts about
Judgement of De-
velopments in 1971**

The management of Farbenfabriken Bayer AG, Leverkusen (world turnover: DM 11.1 bn), deplores—just the same as its competitors Hoechst and BASF—the drop in

profits for 1970 and the uncertainty about 1971. But the drop has not been as marked as in the case of its competitors, for the firm's world balance sheet shows a profit.

According to the chairman of the board of directors, Professor Hansen, the development of proceeds in 1971 will decisively depend on the impending wage negotiations in the chemical industry and on decisions in the field of currency policy. Therefore Bayer decided to take a wait-and-see attitude as regards investments. If proceeds are rising again, investments could be stepped up any time. But already now a trend toward favouring investments abroad can be noticed. And this trend should continue in future, too.

**The Federal Gov-
ernment's Decisions
to Check Price
Development**

After intensive negotiations with the EEC-partners the Federal Government passed a programme pertaining to foreign trade and the domestic economy. Regarding foreign

trade and payments the exchange rate between Dollar and D-Mark has temporarily been set free to float. The Netherlands followed suit. But simultaneously the EEC-governments stated their determination not to change the currency parities. Thus after a transitional period the German exchange rate will again lie between DM 3.63 and 3.69 per \$. It is still an open question how long this transitional period will last. As to the domestic economy the Federal Government decided to immobilise about DM 5.6 bn by stoppages of expenditure, raising of the reserve for the equalisation of business trends and credit limitations. Furthermore, the Government intends to cut down the authorised liabilities by about DM 3 bn.

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be judged with understanding. On the other hand, it would be wrong to refuse any participation in such types of aid, for humanitarian reasons. When industrialisation serves to create, or safeguard, jobs and earned income, it also serves humanitarian aims.

For it is a fact that there was a long and hard way from almsgiving via poor law aid to modern social security, which helps in order to enable the subjects of help to help themselves, and therefore development aid will also have to progress to novel forms. Government aid is now subject to much rethinking, but development aid by the churches is in danger of missing the bus. Should the churches refuse to re-think their mission, the unfavourable prediction contained in the Pearson Report may well come true. Neither will developing countries benefit from the creation of spectacular industrial oases nor will it

Aid by the Churches in the Federal Republic of Germany 1959/60–1969
in DM mn (rounded figures)

Year	"Bread for the World" a)	Year	"Misereor" b)	Federal Government Grants
1959/60	15	1959	35	.
1960/1	17	1960	44	.
1961/2	16	1961	50	.
1962/3	18	1962	45	53.4
1963/4	18	1963	50	54.0
1964/5	19	1964	49	54.0
1965/6	34	1965	51	54.0
1966/7	25	1966	58	55.0
1967/8	25	1967	58	54.5
1968/9	31	1968	54	56.0
		1969	53	—
Total	218	Total	547	380.9

Sources: a) Brot für die Welt — eine Materialsammlung (Bread for the World — a Collection of Data), published by EKD, Diakonisches Werk, Vol. No. 8, Autumn, 1969, and the author's own estimates. b) Misereor '70, Survey 1959–1969.

gain them anything if they are given schools but their people are not given new jobs. Development aid is growing progressively more diversified, and the church can find its tasks within the much wider range of aid even when restricting its work to humanitarian and social work, where it is superior to other aid agencies, through its experiences in industrialised countries, and through its inner motivation. But this is not possible without creating new jobs, in a similar way as it would not be possible without helping the physically disabled and without rehabilitating sick people for work. On top of this, there will be the fight against usury and against the dependence on creditors, which goes far beyond the exploitation described by Karl Marx. The creation of credit cooperatives, from this point of view, is a social and humanitarian task as well.

This point of view embraces much more than only our hungry and poor neighbours in the Third World. Among people to whom development aid of the churches addresses itself are also those who suffer from economic dependence in their hopeless plight—e.g. small farmers and cottagers, and the families living from cottage industries. They must be aided to help themselves, and this requires both psychological and material assistance. There is a field where the church can tackle tasks for which it is singularly well fitted. But the basis for such work will be a true partnership with the Third World not only of those who are to plan development aid but also of individual donors. Without their cooperation, the church will be forced to give up its work of aid, because the church gives, from its current income, very little, much too little for such purposes.

For this, there is no other way for the church but to "sell" development aid in the Federal Republic, giving new radiance to the picture of our partners in the Third World.

The Church Needs a New Standpoint

This has vast implications for the general and social consciousness of the public, which has been ill-informed in the past. For this reason alone, it is wrong to paint the future of development aid by the churches as black as is done by the Pearson Report. It would be difficult to do without the experience of the churches in resolving social conflicts. Unrest in a number of countries and the political attitudes of young priests prove that, without the cooperation of the churches, structural social tensions will only grow in developing countries, whilst a stable Third World must always remain the foremost objective of any development policy.

The church will measure up to this comprehensive task only by using "its institutionalised moral force for guiding industrialised countries, through its own example, on the path of cooperation and solidarity with developing countries, and for contributing to effective development in developing countries"⁹. If it succeeds in this, development aid of the churches will have a future within the framework of development policy. "In view of the growing difficulty of all problems, this policy is, however, entering upon a phase which is also rationally determined. To see this clearly, and to draw the proper conclusions from it, will be (also for the churches) one of the foremost tasks of the current decade"¹⁰.

⁹ Merz-Mock, Entwicklungshilfe — Themen — Thesen — Aktionen. Arbeitskraft des Bundes der deutschen katholischen Jugend und des Hilfswerkes der deutschen katholischen Misereor, p. 19.

¹⁰ K. H. Sohn, Zur künftigen Form deutscher Entwicklungshilfe, in WIRTSCHAFTSDIENST, Vol. 50, 1970, p. 79.