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DEVELOPMENT SPECTRUM

Erhard Eppler — Not Enough Time for the Third World:

Publications about development policy have been recently enriched by a new book, whose author does not only want to analyse and clarify the present position but also to achieve a political effect. Dr Erhard Eppler, the Federal Minister for Economic Cooperation, starts his book, *Wenig Zeit für die Dritte Welt* (Not Enough Time for the Third World), by pointing out how much more violence is progressively being used all over the world, exemplifying this by the recent conflict over East Pakistan. The first chapter of his book analyses the general situation in developing countries, starting with an examination of the "development" concept historically and ideologically, and emphasising the big differences between various countries in the Third World as to the population explosion, education and training, employment, urbanisation and the formation of slums, the discrepancy between expectations and possibilities, the inclination to use force — setting them against the former prob-

lems of present industrial countries, which obtained in the beginning of their own industrialisation. In view of the "green revolution", the author restricts his optimism only to the possibilities of feeding a rapidly growing population. The very vastness of the Third World's problems has compelled the Minister to making the statement that the overall situation can only get worse, unless all available forces band together to multiply their concerted efforts.

After having analysed present conditions in his first chapter, Dr Eppler uses his second chapter for analysis of aims. He believes that to use development aid for narrowing the gap between industrialised and developing countries is a completely unrealistic objective, as is the aim to induce self-generating growth, since the two aims grow ever more distant in a dynamic world order. The incidence of this problem is the heavier, the more industrialisation which follows western models sets up environmental problems which, even now, have be-

come much worse in developing countries, compared with the industrialised ones. The only aim worth striving for, and at the same time realistic, can be the satisfaction of basic human needs of the developing countries' population. It is most important to satisfy such fundamental needs as employment, education, sufficient food, health, and vocational training, regardless of the fact that western patterns might be copied.

This leads the author to discuss the aims to be set for the Second Development Decade. Much could be gained if, during the eighties, family planning efforts would show some measure of success. Approaches to the realisation of such modest intentions are being discussed by the author in the third chapter. The basis for progress in this field is formed by family planning coupled to better education, mobilisation of native energies for self-help, the introduction of new technologies, promotion of agricultural amelioration and industrial progress, and last, but not least, structural changes in the foreign trade of developing countries.

The fourth chapter reviews the tools which are used by German development aid. It shows clearly how confused and unplanned the initial efforts to give development aid, under pressure from abroad, of a country were, which had itself just passed through a phase of new development with outside help (through the Marshall Plan). This makes it less surprising that part of this aid did not manage to result in optimum assistance and, in some cases, resulted in faulty and useless investments. However, the Minister believes that such mistakes have formed the basis for learning about the needs for a new strategy.

German Direct Investments Abroad

(on June 30, 1971)

| Country/Region | in mill. DM | in p.c. |
|----------------------------|-------------|---------|
| World total | 22,302.7 | 100 |
| Industrialised countries | 15,955.8 | 72 |
| Developing countries | 6,346.7 | 28 |
| of which in: | | |
| Africa | 1,117.6 | 5 |
| America | 3,494.9 | 16 |
| Asia | 509.8 | 2 |
| Australasia | 0.1 | 0 |
| some individual countries: | | |
| India | 181.0 | 1 |
| Pakistan | 48.4 | 0 |
| Tanzania | 14.4 | 0 |
| Ivory Coast | 21.4 | 0 |
| Argentina | 492.2 | 2 |
| Brazil | 1,546.7 | 7 |

Source: Federal Ministry of Economics and Finance.

Within the framework of technical aid and through teaching methods of working which are adapted to the needs and capacities of given developing countries, educational aid has been growing in importance. The Federal Republic of Germany is among the multilateral contributors to development programmes of numerous international bodies, including IFC, IDA, EEF, UNDP, FAO, ILO, UNESCO, WHO, UNIDO, and UNICEF. The importance of capital aid has been decreasing, relatively, and more than half of it is now being given as grants-in-aid. However, private capital aid has been increasing in relative weight as against official capital transfer, even though the share of investments in developing countries among overall foreign investments of German industry has never risen over about 30 pc. for many years.

Under the heading of "Development Tasks", the Minister enumerates: the importance of the Federal Republic who as donor of aid claims fourth place among OECD countries; the new German concept of development policy for the Second Development Decade passed as law by Federal Parliament on February 11, 1971, and orientated towards the aims of developing countries; the role of development policy as a form of serving also Germany's own national interests — a fact which should not be denied, but ought to be properly understood; the focal points in the new concept for its efforts in the fields of farming, employment policy and education and research; the risks of international pressures to influence the social structure of developing countries through a policy which tries to mobilise the energies of self-help and to favour a more equitable distribution of earned incomes; and finally the need for a shift in

the international division of labour between developing and industrialised countries, which has to start in the donor country.

The concluding chapter is called "What We Know—What we Want—and What We Can Do" (*Wissen, Wollen, Können*), and it discusses the scant interest of the Federal German public in problems of development policy, as well as the general reproach that development aid equals neo-colonialism—which is due to insufficient information of the general public. It ends with a brief description of the scope for development policies—which will be the wider, the higher public consciousness of a given industrial country rises.

FRG Trade with North Africa:

The trade volume of the Federal Republic of Germany with the seven countries of North Africa increased between the first half of 1970 and the first half of 1971 by DM 193 mn, i.e. by 7.4 p.c., to DM 2,799 mn. While German imports from these countries rose by DM 168 mn—8.8 p.c.—to DM 2,075 mn, exports advanced by DM 26 mn—3.7 p.c.—to DM 724 mn. The Federal Republic's total trade in this period experienced a 12.0 p.c. rise in imports and an 11.7 p.c. increase in exports.

The FRG's balance of trade in goods exchanges with North Africa ended with a deficit of DM 1,350 mn in the first half of 1971, compared with an import surplus of DM 1,208 mn in the corresponding period of the preceding year. The share of the North African countries in total German imports declined from 3.6 to 3.5 p.c. and in exports from 1.2 to 1.1 p.c.

Investment Exchange for Africa: At the initiative of African developing countries the Investment Exchange "Intercontinenta" will

be held in Munich in June 1972. States, institutions and enterprises taking part in this event will have information stands only. The aim is to give representatives of private and public undertakings and economic organisations in the industrialised countries an opportunity to establish new contacts with the developing countries of Africa and to activate existing ones.

Dr Emile Derlin Zinsou of the Republic of Dahomey is chairman of the "Intercontinenta" organising committee. More than 27 African countries have already announced their participation. It is hoped that "Intercontinenta", which is not an exhibition, will contribute to an increased commitment of European industrialists in the African continent which is still receiving rather little attention from investors.

Private Capital Aid for Brazil:

Five important credit institutes want to set up a multinational investment bank, to be known as European Brazilian Bank Ltd., in London in 1972. The participating banks are Deutsche Bank, Banco do Brasil, Bank of America, Ameribas Luxemburg, and Union Bank of Switzerland. Deutsche Bank will have a 15 p.c. share in the total capital of £ 4 mn (voting capital £ 2 mn).

The bank's main task will be to help Brazilian enterprises to obtain medium and long-term funds and to encourage and advise European enterprises wishing to make investments. Direct investments by the Federal Republic in Brazil amounted by the end of 1970 to DM 1,470 mn. Brazil thus ranks first among developing countries in regard to German direct investments.

Compiled by the Department on Development Policy of the Hamburg Institute of International Economics.