

Kwasniewski, Klaus

Article — Digitized Version

Oil crisis and developing countries

Intereconomics

Suggested Citation: Kwasniewski, Klaus (1974) : Oil crisis and developing countries, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 09, Iss. 2, pp. 35-, <https://doi.org/10.1007/BF02927446>

This Version is available at:

<https://hdl.handle.net/10419/138962>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Oil Crisis and Developing Countries

Slowly the repercussions of the current oil crisis are spreading to the less developed countries (LDCs) and actually hitting them harder than the industrial nations. The oil exporting countries with all their wealth are, according to the criteria of the authoritative international organisations, themselves LDCs. But they are now hurting other LDCs which have always sided with them against the industrial states. The oil crisis is a severe test for the solidarity of the Third World and, likewise, for the idea of development aid.

Many representatives of the Third World discover today that after the drastic oil price increases quite a few of their development plans are just waste paper. Many "poor" developing countries have now to pay almost as much extra for their imports of oil and oil products as western industrial countries give them altogether in development aid. It is also feared in many LDCs that loss of growth in industrial countries hurt by the oil crisis will not only spell the end of the worldwide boom in the commodity markets but also halt the flow of development aid.

There is indeed a danger that as oil becomes scarce and dear the major aid giving countries will be reluctant or refuse to provide development aid. A question asked with increasing frequency in these countries is what sense there still is in giving development aid to "poor" LDCs when other, "richer" developing countries upset all development plans by driving up the price of oil. It is also being asked in industrial countries why the deficits caused by price increases in the poorest LDCs should not be compensated by the oil exporting states which are the ones to profit most from these higher prices.

There are no signs so far that developing countries profiting from the oil crisis wish to help the poor states. The countries of the Third World have practised solidarity in the past, but only in dealings with the industrial states and not amongst themselves when money or support to develop the economies of the poorest of them was called for. Several Arab states have in recent years amassed sums running into billions at western banks because they had no proper use for them in their own countries. But nothing has ever been heard of assistance being given by them to other LDCs even if they were suffering from droughts and

famine. The help and development aid for them has come from the industrial nations.

The time has arrived when the states of the Third World, which have an interest in the continuing flow of development aid, should draw the attention of the governments of the oil producing countries to the fact that they are especially hard hit by their actions and furthermore that all development aid may come to a stop. Such a démarche would help the governments of the industrial states to allay the misgivings of their populations about development aid in general and aid for certain countries in particular. For part of the resentment caused in the industrial states by the use of oil as a political weapon is not directed solely against the oil producing countries, but turning against the whole of the Third World.

Such a development must be avoided, for it is not only the "poor" but also the "rich" countries of the Third World which need development aid — albeit of a different kind. The need is for a new kind of cooperation, inspired less by sentiment and more by reason. First of all however, the oil must not be allowed to set a precedent inducing producers of other important raw materials to try to gain a group advantage by similar methods in order to secure what they consider a "fair" share of the material wealth of the world. In the acrimonious altercations which this would entail the LDCs would probably again be the main losers. For the idea of development aid they would be fatal.

Later on it will be absolutely essential to ensure that all and not merely a few favoured countries are allowed to share the wealth of the world. For this purpose the development aid will have to be reorganised. LDCs which supply important raw materials and are therefore "rich" could exchange their commodities for greater participation by industrial countries in their programmes of development and industrialisation. This kind of development aid rests on the idea of an exchange between partners of goods and services. Developing countries to which nature has been less kind will still need help without any immediate or medium-term return from the industrial states and also from the better-favoured "rich" LDCs. It is absolutely essential that this development aid proper continues to be given, especially to the least developed countries. *Klaus Kwasniewski*