

Kollatz, Udo

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German Development Policy with New Accents

The Bonn coalition government of Social Democrats and Liberals recently passed 25 Theses on the Policy of Cooperation with the Developing Countries, which are to adjust the Federal Republic's development policy concept to the changed realities in world economics and politics. (We published these 25 Theses in our July issue on page 225.) We asked the State Secretary in the Federal Ministry for Economic Cooperation, Professor Dr Dr Udo Kollatz, and the development policy expert of the Christian Democratic Union, Dr Jürgen Todenhöfer, questions about the focal points of these Theses.

Adjustment to Realities

Interview with Professor Dr Dr Udo Kollatz, Bonn

IE: Herr State Secretary, it may be a moot point whether the Eppler policy has been given new points of emphasis by the "25 Theses on the Policy of Cooperation with the Developing Countries" or whether even a real change of direction is imminent. But the outright assertion of the Federal Republic's own interest in this cooperation at least seems to be a novel feature. What are the interests alluded to?

KOLLATZ: The development policy is a component part of the general policy of the Federal Government and as such serves also the interests of the Federal Republic of Germany. It serves the purpose of safeguarding peace in the long term and, by

helping to strengthen the developing countries as economic partners with expanding markets, of making sure also of the standard of living which we have achieved. These are our interests. The developing countries are likewise pursuing their interests. They do so overtly and insistently. The development policy therefore aims at a reconciliation of interests. It strives for cooperation where a common denominator can be found for our interests and the interests of the developing country, and cooperation is in the mutual interest of both sides.

"The Development Policy Concept of the Federal Republic of Germany" remains the foundation of our cooperation with the

developing countries. The developments in the world economy since the oil price explosion in the autumn of 1973 have however necessitated adjustments to fit this concept to the changed realities. The 25 Theses on the Policy of Cooperation with the Developing Countries reflect this fact; they indicate the measures in the sphere of development policy by means of which the Federal Government reacts to the changes in the world economy; they create new points of emphasis where there is an objective need for them.

IE: The Federal Government intends to limit the proportion of multilateral aid to a maximum of 30 p.c. This also seems to

indicate a shift of emphasis compared with earlier years – in conception if not in practice. What are the reasons for this step: the greater emphasis on the own interest of the Federal Republic or the often criticized inefficiency of multilateral organisations?

KOLLATZ: The Federal Government declared in its Concept of Development Policy in 1971 already that while it would allocate a growing proportion of the public development aid (at least 20 p.c.) to multilateral organisations, bilateral aid would continue to account for the larger part of its aid contributions. The multilateral share of public development aid has since risen to nearly 30 p.c. This fact is a reflection of our active participation in all important international development aid institutions and indicates that we have carried out our declared intention and that we have entered a phase of consolidation. I should not describe this as a shift of emphasis. We have achieved a good position with our multilateral contributions by international comparison – many other countries are at about 20 p.c. – while at the same time continuing to give priority to bilateral cooperation. We want to preserve this balance in future.

IE: Our own interest – including the foreign-political one – is being stressed, on the one hand, while, on the other, more emphasis is being laid on bilateral development aid. Is there not a danger of new "Hallstein doctrines" being countenanced thereby, more especially so bearing in mind that there are clear signs of a further cutback in the development budget?

KOLLATZ: The development policy is cooperation in partnership between the Federal Republic of Germany and the developing countries. Its aim is a

reconciliation of interests and not the one-sided enforcement of the interests of the Federal Republic of Germany. There is no danger of new "Hallstein doctrines" invading our development policy. Conditions of good conduct are no basis for cooperation in development policy. However: as a sovereign state we are free in making our decisions, and so are and remain the developing countries. We have the intention of concentrating our aid in the sectors which have priority according to the development policy concept of the Federal Government.

IE: On some questions of detail – concentration of bilateral aid on the 33 poorest countries, terms of credit graded according to level of development, intensification of the assistance for the rural/agrarian sector – there are apparently no great differences of opinion between the political groups. The CDU spokesman on development policy, Herr Todenhöfer, even claims – according to press reports – that Herr Bahr has stuck "black feathers" to his "red hat". Has he done so?

KOLLATZ: I have known Herr Bahr for a long time but I have never seen him wear a hat. I am pleased; by the way – and it makes our work easier – that you have found the political forces of this country to be in accord on important issues.

IE: We have it on the authority of the Federal Government that the development policy is an increasingly important means of easing international tension and an important part of our foreign relations. The development budget is nevertheless again under scrutiny, which inevitably restricts your room of manoeuvre. Is this not a contradiction?

KOLLATZ: No. In the first place, the Federal budget for 1976 has not yet been deter-

mined. It will be our endeavour that the budget of the Federal Ministry for Economic Cooperation develops proportionate to the total budget. Above all however: development policy is not entirely a matter of giving development aid. Development aid is at its core, and we shall take care to improve the effectiveness of our resources by further concentration, for instance on the poorest countries. But going beyond this, the idea of partnership in the cooperation with the developing countries is gaining ground also in the sectors which were hitherto assigned to what is supposed to be "real" international economic policy. It follows that the room for manoeuvre in development policy has by no means been curtailed.

IE: Another question in the context of the easing of international tensions: The Federal Government wants to play an increasingly active role in clearing away the differences of opinion between industrial and developing countries. These differences may be indicated by the catchword of a "new order for the world economy". The Theses contain only vague references – if any – to the problems involved while the views voiced in the "government camp" on some connected issues reveal substantial differences. This raises practical questions: What attitude does the Federal Government take to commodity agreements, to the formation of producers' communities, to indexation of the prices for basic commodities and industrial products, and to the sovereignty of the developing countries over their natural resources and their right of nationalization?

KOLLATZ: It is difficult to generalize on the effects of commodity agreements because of the wide variations of conditions in regard to individual raw materials.

For this reason the Federal Government does not believe in uniform patent solutions for all raw material problems. But it is willing to conclude, after careful examination, commodity agreements in which the specific problems in the particular case are given consideration.

Many developing countries regard the authorization of producers' communities as a suitable measure for the stabilizing or raising of the export earnings from basic commodities and demand that the industrial countries should abstain from all countervailing measures. They have left open the question for what purpose these communities

are to be formed (as confrontation cartels, for the exchange of information and experience, for cooperation in production and marketing). Apart from mineral oil however, the basic commodities seem hardly to be suitable objects for cartelization.

The Federal Government, in common with other industrial countries, has come out against commodity cartels.

The Federal Government has examined the arguments for and against price indexation with great care and, like the majority of other industrial countries, adopted a negative attitude to it because of the great technical

difficulties and the hazards for the world economy. The developing countries also seem to evolve gradually more differentiated attitudes.

The Federal Government recognizes the right of the developing countries to unrestricted sovereignty over their resources but rejects expropriatory acts negating international law.

It is in the interest of the developing countries that foreign investments should receive adequate legal protection because a propitious investment climate remains a prerequisite to the investments which they urgently need.

Escape into Ambiguity

Interview with Dr Jürgen Todenhöfer, Bonn

IE: In remarks to the press and in the first of the 25 Theses on Development Policy Minister Bahr has put on record that the principle of "continuity and concentration" enunciated by Federal Chancellor Helmut Schmidt in the Government Declaration of May 17, 1974 is of validity also for the development policy. Do you think that this principle has taken effect in the mentioned Theses?

TODENHÖFER: This is one of the many multi-purpose formulae running through all Bahr's Theses on Development Policy. There are basically only two explanations for this escape into ambiguity: Either Bahr has no concept or he has a concept which he does not want to disclose. Neither explanation is very reassuring.

IE: You have been quoted for the view that Herr Bahr has failed to light in these Theses upon

a line that is free of contradictions. What are the contradictions?

TODENHÖFER: The fundamental contradiction is to be found in his attempt to satisfy both the Left and the Right, at least in the short term, by telling the Left that Eppler's concept retains validity while stressing the national self-interest to the Right. None of the 25 Theses resolves this fundamental contradiction.

IE: What basic differences are there between these Theses and your party's guidelines on development policy?

TODENHÖFER: It is impossible to answer this question comprehensively until Bahr lifts the veil of ambiguity from his development policy and musters the courage for an honest exposition of his concept. At present differences are coming into

sight, mainly on the issue of a new order for the world economy. Bahr seems to be ready to make concessions in this context which would alter the system while we take the view that to be of real help in the long term concessions to the developing countries must be compatible with the system.

IE: The press has reported your saying that Herr Bahr has stuck "black feathers" to his "red hat". What "black feathers" did he use?

TODENHÖFER: An example is the differentiation of interest rates which had its origin in a public suggestion by the opposition a fortnight after Bahr came into office.

The adoption of such individual demands is explicitly welcomed by us. The criterion for our attitude to Bahr however will be whether he also adopts our