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## German Prism

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## German Development Activities

**Health Service in Developing Countries:** Not only medical aspects are to be considered regarding the fight against tropical diseases and the organisation of health services. A health service that does not pay attention to the special economic structures of these countries as well as their mentality and ethnological tradition will remain unsuccessful. The Institute for Tropical Hygienics and Public Health of the South-Asia Institute of Heidelberg University is, for twelve years already, engaged in research on the medico-ecological and socio-cultural conditions playing a role in the spreading of diseases, and which therefore have to be considered when health services are to be organised in the Third World. Cooperation with the other special branches represented in the Institute, e.g. geography, ethnology, sociology, economics and agriculture enables inter-disciplinary investigations in individual regions. Hitherto they were carried through in India, Nepal, Ceylon, Thailand, Indonesia, East and West Africa.

The results of these geo-medical analyses can be compared and the medical measures and priorities necessary for the different countries can be found out. The experiences gained thereby are passed on in lectures, seminars and courses – attended also by medical men from abroad of other institutes – to students and scientists intending to work in the field of develop-

ment policy. The Heidelberg Institute is the only institute for Tropical Hygienics in the Federal Republic that this way attempts to find new methods for medical development aid.

**Relations between Church and State Development Policies:** The Federal Minister for Economic Cooperation appreciated in an interview the development policy activities of the Churches, because in his opinion they remind the Federal Republic's citizens of how well they are living in this country. Although he pointed out in this context that he does not intend to leave the charitable side of development aid alone to the Churches, he simultaneously emphasised the importance of this aid; because in this world as it is we shall have to give this simple charitable aid for some time to come. For Government and Churches, aid for self-aid will be practicable at a later date only.

According to Minister Bahr the examination of each project promoted with the Ministry's funds, and which involves the Central Agency for Development Aid, will be carried through respecting fully the decisions of the Churches. And if one respects the Churches' responsibility for helping there, where they deem it necessary, one must not hinder them if one does not like it under political aspects. Minister Bahr also said that he is prepared to provide the Churches with funds for projects in coun-

tries where aid from Government to Government has been stopped.

**Development Aid to Vietnam Cut down Drastically:** In future the Federal Republic of Germany will, apart from humanitarian aid, cut down all other aid measures for Vietnam. This concerns particularly capital aid to South Vietnam, that from the sixties up to now has been realised to the tune of DM 76 mn. The main projects of German capital aid was the building of the slaughterhouse in Saigon (DM 13.5 mn) and imports of vital goods valued at DM 15 mn. The building of an industrial plant for fertilizer production at An Hoa-Nong Son, for which the Federal Republic had earmarked DM 50 mn, was not realised. The establishment of a vocational school for skilled workers in Saigon was the most important project within the framework of technical aid totalling DM 12 mn. DM 1.2 mn were spent on personal aid to South Vietnam.

Humanitarian aid was given amounting to DM 175 mn. Particularly the employment of the hospital ship "Helgoland", the various forms of aid to refugees, e.g. the organisation of SOS children's villages are known in this context. Soon the International Committee of the Red Cross intends to start an aid programme for refugees that will cost \$ 30 mn. German Churches and charity organisations appealed for funds to aid Vietnamese refugees.

**The DAC-Countries' Development Aid:** The Development Assistance Committee (DAC) – a subsidiary organisation of OECD – published recently its annual

survey of its member-states' contributions in favour of developing countries. According to this survey the 17 donor countries' net-contributions increased in nominal terms by about 10 p.c. to \$ 26.7 bn in 1974 vis-à-vis the preceding year. About 130 countries in need of development aid received \$ 13 per head of their population. In real terms, however, this is a decline of contributions, since price rises could not be counterbalanced. This was unfavourable also with regard to the share of aid in GNP of the donor states. With 0.78 p.c. the UN-target of 1 p.c. for the Second Development Decade could not be obtained.

This applies also to the Federal Republic which, although it made the biggest contribution behind the USA and France, gave only 0.83 p.c. of its GNP. Nevertheless this meant a considerable increase vis-à-vis 1973 (0.51 p.c.). While Belgium, France, the Netherlands, Canada, and Sweden extended their contributions to 1 p.c. or more of their GNP, Japan dropped back drastically from 1.44 p.c. (1973) to 0.65 p.c. (1974).

The DAC-Committee published for the first time the estimated contributions of OPEC and the countries with state monopoly trading which probably gave the developing countries about \$ 6.2 bn. Together with the funds borrowed by the developing countries on the Euro-markets, their total influx of money amounted to about \$ 37.9 bn.

The DAC-countries' public development aid, the focal point of their performances, registered in 1974 an increase by 21 p.c. as compared with 1973. These grants and loans on preferential terms amounted to about \$ 11.3 bn or 0.33 p.c. of the DAC-states' GNP. Sweden alone reached the target of 0.7 p.c. of its GNP, although all the other countries could also improve this proportion. The Federal Republic reached 0.37 p.c. with a contribution of \$ 1.43 bn in 1974.

The DAC-countries' public grants rose to \$ 8.3 bn, i.e. a share of 73 p.c. in total public aid. Technical aid amounted to \$ 2.6 bn, food aid to \$ 1.6 bn and loans on preferential terms to \$ 3 bn. Private contributions

stagnated with about \$ 15.4 bn in 1974. This seems to reflect the worldwide cyclical slump following the mineral oil crisis. Private direct investments amounted to \$ 7.2 bn, portfolio investments to \$ 2.5 bn, export credits – which doubled as compared with 1973 – were \$ 2.5 bn and the aid of charitable organisations ran up to \$ 1.2 bn.

**Reintegration:** In 1975 DM 6 mn of the Budget of the Federal Ministry for Economic Cooperation are to be earmarked for reintegration measures in favour of various projects in African, Asian and Latin American developing countries. This measure aims at reintegrating socially and vocationally experts from developing countries into their homelands. With that their countries' economic and social development is to be accelerated.

The success of this measure presupposes *inter alia* a close cooperation between the German agencies in charge of promoting reintegration and the proper organisations of the favoured countries of origin. The planned measures involve for instance information, consultation and further training at home and abroad as well as credits and subsidies for interest payments with an adequate participation of the aid recipients and their countries of origin.

So far *inter alia* a follow-up course for experts on tropical agriculture was carried through as a reintegration measure. Besides reintegration programmes for Latin American experts and individual programmes for participators from Ghana, Iran and Indonesia have been organised.

**German Development Service in Bolivia:** The hitherto greatest success of the German Development Service concerning Bolivia's agricultural development was achieved in cooperation with the project agency "Dirección Nacional de Desarrollo de

The DAC-Countries Development Aid

|                   | Public Aid<br>(\$ in mn) |        | Share in p.c.<br>of GNP |      | Total Aid<br>(\$ in mn) |        | Share in p.c.<br>of GNP |      |
|-------------------|--------------------------|--------|-------------------------|------|-------------------------|--------|-------------------------|------|
|                   | 1973                     | 1974   | 1973                    | 1974 | 1973                    | 1974   | 1973                    | 1974 |
| Australia         | 286                      | 430    | 0.44                    | 0.55 | 354                     | 544    | 0.55                    | 0.69 |
| Austria           | 40                       | 60     | 0.15                    | 0.18 | 144                     | 203    | 0.53                    | 0.61 |
| Belgium           | 235                      | 263    | 0.51                    | 0.49 | 479                     | 590    | 1.04                    | 1.11 |
| Canada            | 515                      | 713    | 0.43                    | 0.50 | 1,105                   | 1,677  | 0.93                    | 1.18 |
| Denmark           | 132                      | 168    | 0.48                    | 0.54 | 202                     | 191    | 0.74                    | 0.61 |
| Finland *         | 28                       | 38     | 0.16                    | 0.18 | 27                      | 60     | 0.16                    | 0.29 |
| France            | 1,488                    | 1,638  | 0.58                    | 0.60 | 2,800                   | 3,386  | 1.10                    | 1.25 |
| FRG               | 1,102                    | 1,435  | 0.32                    | 0.37 | 1,790                   | 3,177  | 0.51                    | 0.83 |
| Italy             | 192                      | 204    | 0.14                    | 0.14 | 645                     | 406    | 0.47                    | 0.27 |
| Japan             | 1,011                    | 1,126  | 0.25                    | 0.25 | 5,844                   | 2,962  | 1.44                    | 0.65 |
| Netherlands       | 322                      | 429    | 0.54                    | 0.62 | 612                     | 899    | 1.03                    | 1.30 |
| New Zealand *     | 29                       | 37     | 0.27                    | 0.30 | 36                      | 46     | 0.33                    | 0.37 |
| Norway            | 85                       | 131    | 0.42                    | 0.57 | 93                      | 186    | 0.47                    | 0.81 |
| Sweden            | 275                      | 402    | 0.56                    | 0.72 | 360                     | 640    | 0.73                    | 1.15 |
| Switzerland       | 65                       | 67     | 0.16                    | 0.14 | 299                     | 300    | 0.73                    | 0.64 |
| United Kingdom    | 603                      | 722    | 0.34                    | 0.38 | 1,145                   | 1,500  | 0.85                    | 0.79 |
| United States     | 2,968                    | 3,439  | 0.23                    | 0.25 | 8,346                   | 9,931  | 0.64                    | 0.71 |
| All DAC-Countries | 9,376                    | 11,304 | 0.30                    | 0.33 | 24,281                  | 26,699 | 0.78                    | 0.78 |

\* Net receipts after deduction of capital repayments. Rounded-off figures. Private charitable organisations included.

la Comunidad Rural y Oficina Departamental del Ministerio de Agricultura, Tarija". In Concepción, Department Tarija, a combined purchasing, selling and production cooperative, the "Cooperativa Santiago, Ltd" with 145 members has been established. Above all a vine-culture programme developed so favourably that now 1 mn litres of vine are produced annually, followed by the growing of cork-oakes, the establishment of a bottle factory and a small printing shop.

The participation of the German Development Service in technical-mechanical programmes is carried through in cooperation with the project agency "Escuela de Formación Profesional". The children of the highland Indios are trained to become carpenters, metal locksmiths or motor-vehicle mechanics in apprentices' schools of the training centre Patacamaya. The apprenticeship is to be financed by repairwork and small-scale production in the training establishments.

**Avowal to a Balanced World Economic Order:** Early in July List Gesellschaft e. V. (List Society) organised its 12th discourse on the subject of "A new order of the world economy? — The future cooperation between raw material producing and industrialised countries". About 100 experts coming from the economy, the administration and men of science accepted the invitation in order to discuss the necessity and forms of cooperation between industrial and developing countries. Apart from an analysis of the present world economic order they dealt with the consequences of the models for a new world economic order as proposed by the developing countries.

According to the prevailing opinion the situation is characterised by the fact that price

increases of farm products, industrial raw materials and mineral oil, conditioned by shortages and cartel policies, would intensify the present crisis in the industrial states and impair the development of countries poor in raw materials.

The German economy could also not escape the worldwide crisis: commodities important to industry, mainly mineral oil, are imported from developing countries. However, not only arguments relating to raw material supplies are advocating a closer cooperation with these nations. The developing countries rich in raw materials are also important potential markets above all for the German capital goods industry. The German economy's great interest in international trade requires to follow up the discussion of a new world economic order and — if possible and necessary — to supplement it with own contributions.

Several referees contrasted the partly extensive demands of the developing countries with the concept of an international division of labour that is to secure the greatest possible economic growth to all parties and comply with the individual nations' desire for freedom and control of their own production factors. According to this concept producing enterprises are to be transferred into better developed Third-World countries, and raw materials, e.g. for the production of iron, steel, non-ferrous metals, paper, textiles, are to be processed in the supplier countries. A structural change in the industrialised countries is to be planned, too. Besides the developing nations poor in raw materials are to be supported by additional measures within the framework of the richer countries' development aid. The success of this international division of labour requires, moreover, an intensive transfer of technologies from industrial to developing countries.

Without distinction all participators were critical of many developing nations' ideas of intending to enforce the realisation of their interests through the formation of commodity cartels. Individual industrial and developing countries' attempts to acquire capital and technical knowhow through nationalisation and expropriation were deprecated. The recession in the mining industries of most developing countries following nationalisation be an instructive warning. Technology must be protected by licences and patents since otherwise important prerequisites to a promotion of research and development in enterprises would be wanting.

All participators agreed that a new world economic order, whatever its shape, must not serve the industrial or developing nations one-sidedly. The necessary agreement of interests could be better brought about by worldwide cooperation than by confrontation. The cooperation between material producing and industrialised countries demand in addition that the importance of the commodity trade to the supplier countries' long-term growth should not be overrated. Therefore these countries should embark early upon the establishing of their own industries. The processing of raw materials in the supplier countries could be instrumental to securing the German economy's supplies. Joint ventures, purchase contracts for raw materials and semi-finished products between industrial and developing countries might prepare such a cooperation which aims at creating a world economic order equally favourable to industrial and developing nations.

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*Compiled by the Department on Development Policies of HWWA-Institut für Wirtschaftsforschung-Hamburg.*