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## West German arms trade: Relaxation of arms sales?

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# COMMENTS

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## *Development Policy*

### **CDU Party Congress in Bonn**

At the beginning of September the Christian Democratic Union, the German Opposition Party, held a special Congress on Development Policy in Bonn. Among the prominent foreign guests were Raúl Prebisch, adviser to the United Nations, Maurice J. Williams of the OECD, and Reza Fallah, Director of the National Iranian Oil Company and adviser to the Shah. The Federal Ministry for Economic Cooperation should have taken cognizance of the conference's results with high satisfaction for several reasons.

Firstly, the Congress supported the Ministry's opinion that Development Policies must begin at home, where the public has to be enlightened about the fact that development policy helps setting up new conditions for effective international cooperation with developing countries, which serves fundamental interests of the Federal Republic itself. Secondly, the Federal Government was criticized by the Congress for cutting the West German budget for development aid, although the promise to spend 0.7 p.c. of the GNP on public aid has not nearly been fulfilled so far. Development aid, the critics urged, should not be made dependent on cyclical trends in the industrialized countries. This, however, corresponds perfectly to what the Ministry itself always said. And thirdly, the Federal Government could only be gratified by the praise of its economic and development policies expressed by the foreign speakers at the CDU conference.

Moreover, it was remarkable that the conference agreed clearly and unequivocally on the need to transplant some industries to developing countries. That the CDU dared to suggest such industries and name them (the textile and shoe industries and farming) is likely to have some political after-effects later. Many may have been attracted, at first sight, by the CDU's demand to adopt the German concept of "social market economy" as a guiding ideal for reconstructing the world economy, but its introduction may founder on obstacles, many of which will not only be of a "practical" nature, as long as conditions for economic development are spread unevenly over the world. ogm

## *West Germany*

### **Relaxation of Arms Sales?**

The West German press is discussing the question whether or not the Federal Republic should relax arms sales. Since 1971 the Government has allowed weapons deliveries only to NATO allies and,

with special permission, to Japan, Sweden, Switzerland, New Zealand and Australia. For some time, and for very good reasons, it has been the Government's policy not to encourage the development of an arms sector in industry. Quite apart from the moral problems inherent in this kind of business, that unfortunately do not carry much weight anyway in our world as it is, the Government feared that a loosening of export controls might tempt the armament manufacturers to expand their capacities and thus to become economically and politically a powerful factor again. Besides, in a flourishing world economy Germany had enough other industrial products to offer and as a nation heavily dependent on world markets Germany so far preferred to avoid the partisanship implicit in arms contracts.

On the other hand the weapons manufacturers have good arguments, too. Thus e.g. it does not make sense to invest enormous sums in research and development of new weapon systems and then bar their export that could pay for this investment. Large arms exports allow progressively more modern weapons to be developed and lower the unit costs for the supplier's own army. And does it make sense to obstruct arms sales but usually to approve the export of complete weapons and ammunition producing plants?

In addition there is NATO's demand for a standardisation of arms and equipment that can only be achieved through a concerted development and production of armaments. Therefore about 60 p.c. of the monies the Federal Republic is currently spending on arms is flowing into multinational projects — with Britain, Italy and most obviously with France. All of them hold a point of view that is much more liberal than that of West Germany which cannot hinder them to include jointly developed and produced weapons into their export drive. Therefore it is important for such project that the partners have similar export philosophies — whether they like it or not. hg

EC

### **The Wine Dispute**

As the European farm ministers were not able to reach a solution about a new market regulation for wine on the mid-September meeting of the EC Farm Council in Brussels, the European integration is again under discussion. The EC was in need of an agreement on ways to staunch the flood of very cheap Italian wine into the French market. What the Commission was not able to accomplish, the French Government achieved by bending common market rules by a unilateral