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25 Years of German Development Aid

The Federal Republic of Germany was able to commemorate a special occasion on 14th November. This date marked the 25th anniversary of the Federal Ministry for Economic Cooperation (BMZ) in Bonn. With its inception twenty-five years ago an institution responsible for relations with developing countries was given ministerial status for the first time. This step, which demonstrated to those at home and abroad the great significance attached to development policy by the Federal Republic of Germany, was to a substantial degree rooted in its own positive experience with foreign aid. The "economic miracle" witnessed by this devastated country during the post-war years would scarcely have been conceivable without the generous financial assistance of the Marshall Plan.

The creation of the BMZ was no mere token of good will. This is underlined by the fact that the Ministry's importance and powers have grown significantly over the years. Today it is the only institution in the industrialised countries which is fully responsible for all development policy activities – for technical, financial and personnel cooperation as well as cooperation with private industry. Powerful organisations were set up to help achieve the government policy objectives in this field. In addition, cooperation was constantly intensified with a whole network of non-governmental agencies.

Despite the many problems in Third World countries the positive facts and figures of West German development aid need fear no comparison. After the United States, the Federal Republic of Germany together with France and Japan is one of the world's major donor countries of development aid. Last year public funds alone amounted to DM 8.7 billion. Altogether, the BMZ will have provided over DM 130 billion for Third World countries by the end of this year. In addition, there is the much higher amount provided by private development aid.

Public opinion surveys show that more and more people today acknowledge the meaningfulness and necessity of development policy cooperation. Almost three quarters of the population (73 per cent) "on the whole approve" of development aid and only 13 per cent "on the whole disapprove". In 1977 the corresponding figures were 62 per cent and 23 per cent respectively.

Despite occasional problems along the way the policy of economic cooperation with developing countries has become an independent link in the chain of external relations. It primarily serves neither foreign policy nor domestic economic interests. The objectives pursued clearly focus on the interests of the developing countries themselves. The basic principles of this cooperation such as help towards self-help, special support for poorer countries and poorer population groups, and the priority given to satisfying basic needs, are today undisputed.

The development policy pursued by the Federal Republic of Germany, therefore, contrasts markedly with the policies of other major donor countries, which attach much greater importance to their own interests. This orientation is also generally recognised by the developing countries themselves and at home, even though criticism may be levelled against specific aspects.

However, legitimate satisfaction with past achievements should not blind us to the fact that a great deal still needs to be done in future to ensure that scarce public and private funds are efficiently allocated. In accordance with the spirit of true partnership, it is important to avoid patronising the developing countries, to act with the appropriate objectivity and permanently to re-examine one's own activities.

This is particularly problematic with regard to the discussion on which general conditions are needed to ensure the success of development policy projects and programmes. This is an aspect of growing importance for the Federal Republic of Germany within the framework of its development policy dialogue. A development policy geared to the interests of the poor sections of the population has no option but to point out to the government of the partner country where its policies have been inadequate and inconsistent. Of course, this must be done without turning the dialogue into an intervention into internal affairs. What is needed is a joint discussion of the implications of specific policy moves, thus improving the chances of success for development efforts as a whole. This also includes discussions on the economic systems aspect, especially since numerous investigations have proven the clear superiority of the regulatory mechanisms of the free market economy. Contrary to the opinion of some critics this does not entail a dispute over ideologies, but over a better coordination of policies for projects, sectors, regions and the economy as a whole with the aim of allocating and utilising resources optimally.

The essential consideration of general regulatory and coordinating mechanisms, however, also means that regulatory policy rules must be strictly observed at home. From a development policy point of view, the generally increasing trend towards subsidisation and protectionism can no longer be tolerated. The reform of agricultural policies in the industrialised countries, which not only deny developing countries access to their markets but also lead to serious distortions of competition there, is long overdue. The spreading protection of certain industries to sustain branches which are no longer competitive and cover up the serious mistakes of domestic economic policies must be stopped. Both the credibility of development policies and the prevention of serious structural disruptions of the world economy are at stake. Appropriate steps must be taken fast both nationally and internationally, i.e. within the framework of the coming GATT talks.

Apart from these fundamental changes in the general framework greater emphasis must be placed on more efficient methods and instruments when implementing development policies. So far efforts were primarily made to reach target groups via governmental agencies. The accompanying extension of government institutions, however, turned out to be only of limited suitability. This also applies to the greater orientation recently towards so-called non-governmental organisations, since the collaboration with these organisations is often impaired by the decisions of government institutions which are relatively inefficient as well as relatively disinterested.

A more pronounced orientation towards direct cooperation with small and medium-sized industrial, agricultural and commercial enterprises suggests itself as an alternative. Their activities, namely, contribute directly towards boosting production, creating additional income and thus improving the living conditions of those sections of the population which have so far been particularly disadvantaged. What is more, cooperation with such enterprises would have the advantage of not inflating unproductive bureaucratic structures any further and of contributing towards the stabilisation of a pluralistic society by strengthening the position of the lower middle classes frequently neglected by previous measures.

To this end, the policy tools of economic cooperation must be extended. Measures and programmes must be shaped in such a way as to enable the benefits to reach the target groups more effectively without having to pass through the long and winding channels of government institutions. This means that existing rules and regulations in the West German development policy administration will also have to be questioned. Of course, this cannot be achieved without difficulty. Bearing in mind the final objective, however, the considerable effort involved would appear to be worthwhile.

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