

## No European Development Concept

As in nearly all relevant questions of economic policy no agreement exists within the European Community on what development policy to pursue. So far the community of interests is confined to the conclusion of the ACP-Agreement. The agreement still leaves many details undefined in regard to the way in which individual measures are to be carried out. Yet in October of this year, Great Britain already proposed a new fund which would be more geared to the interests of its former Commonwealth areas.

The German Minister Bahr who would have to assume responsibility for about one quarter of the required finances showed, however, little enthusiasm for the scheme. He wanted first of all to achieve unanimity as regards the European development concept. Before new pots were to be filled it appeared to him necessary to ask for the harmonization and coordination of Europe's hitherto still overwhelmingly bilateral aid.

How little progress has so far been made towards harmonization shows the report for 1973 of the OECD Development Assistance Committee. What strikes one immediately is the great difference between the various countries in regard to the size of the public funds they have made available for development aid (ODA). Whereas France and the Federal Republic of Germany allocated 1.8 and 1.6 bn \$, respectively, Great Britain managed hardly half that amount and Italy only one eighth. In proportion to the gross national products these loans range from 0.70 p.c. for France to 0.14 p.c. for Italy.

Significant differences manifest themselves also in the terms of the loans; their periods to maturity range from barely 15 years for the Italian credits to more than 30 years in the case of the Netherlands and the Federal Republic. Interest rates vary from 4.3 p.c. for Italian credits to 1.1 p.c. for the British ones. Western Germany asks on average for 2.2 p.c. In the matter of redemption-free years the Federal Republic shows most generosity, the breathing space granted being nine years, whereas the redemption of Italian credits must begin already after four years.

Other differences become evident also in the direction the loans of the various countries have flowed. France pursues primarily the interests of its former colonies in Africa; the Federal Republic of Germany attempts to avoid any discrimination by regionalisation and Great Britain is seeking to bring about a stronger shift towards its Commonwealth.

All this differentiation is in the last resort at the expense of the developing countries, for the funds are placed in an uncoordinated and, therefore, relatively inefficient manner. The German Government, still through the former Federal Minister for Economic Cooperation, Dr Eppler, did take an important step towards a coordination of bilateral policies in favour of the Third World. If nowadays these programmes have only limited importance, it cannot be ascribed to any inherent flaw in their conception. The blame lies much rather with the other EC states which are not prepared

to coordinate their activities along these lines. They show little propensity to give up some of their own interests in favour of the Community and thus for the benefit of the Third World.

Germany will have to take account of this in earmarking additional funds for technical aid to the poorest countries by henceforth giving this aid to the more prosperous raw-material producing countries only on commercial terms. When the oil crisis was at its peak the EC-partners clearly demonstrated that to make sure of their raw material supplies they are capable of completely reversing their policy and it is from this side that the main danger to such concepts threatens. It is therefore absolutely necessary to reach a more binding agreement between European states as regards development aid policy, if a constant repetition of past mistakes is to be avoided.

Particularly in the present situation of economic difficulties in Italy, Great Britain, France and Germany is it important, when cooperating with the Third World, to place the very limited available funds as effectively as possible. This can only be done if far-reaching agreement is achieved on what kind of development policy one wants to pursue, what its aims are to be, what measures are to be taken and what institutes to set up. Agreement on these points must be reached before new funds are constantly set up. Minister Bahr in stressing these points has by no means proved himself an anti-European, but a pragmatic politician.

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