

MINISTERIAL COUNCIL OF O.E.C.D.16th - 17th November, 1961Intervention of Prof. F.T. Wahlen, Head of the Federal Political Department, on Aid to Development.

Mr. Chairman,

So much has been said and written about development aid since President Truman's inaugural address in 1949 that one hesitates to add to the flow of speech and of ink. However, the task has become more important and pressing with every year that passed, and it is one of the chief motives which brought this Organisation into existence. So I may be permitted to emphasize a few points which seem important to my Government.

First of all, I should like to say that we are in general agreement with the outline of activities contained in the Secretary General's Report. The importance of our coming work is strikingly illustrated by the fact that the O.E.C.D. countries provide roughly 95% of the total flow of resources to the less developed countries, and undoubtedly about the same proportion of technical assistance comes from the same source.

We know that this aid is being given in the most diverse forms, and unfortunately they are not all as efficient as we should like to see them. Thus there is undoubtedly need for more efficiency, and for coordination of efforts, and I very much hope that O.E.C.D. will be able to make an outstanding contribution in that direction. To this end, some important points will have to be kept in mind, and some pitfalls avoided.



- 2 -

For one thing, we must be aware of psychological factors just as much as we pay attention to the economic, financial and technical side. Mr. Selwyn Lloyd said yesterday in connection with our common target for economic growth that we must avoid giving the impression that we are a sort of a rich nations' club. That is equally true in connection with development aid. Economic development of less favoured countries must be an adventure in partnership. I hope that the Development Assistance Committee will be able to establish the necessary contacts to that end, and the planned O.E.C.D. development center should keep this need very much in mind too. To this end, the closest possible contact should be maintained with the U.N., their specialised agencies, the I.B., the M.F., the Special Fund and the International Development Association. All these organisations have accumulated a vast fund of experience in joint planning and in the development of a spirit of partnership which will ultimately be the essence of success. I am aware, of course, that many countries have gathered a great deal of experience in the joint planning of bilateral aid. However, the multilateral form of aid has the great advantage of giving responsibilities to the receiving partner which sometimes are hard to impose in bilateral deals.

Another point I should like to emphasize is the great importance of making available private capital, with which goes the technical and managerial skill of private enterprise. By and large, this is undoubtedly the most efficient contribution the O.E.C.D. countries can make. The ideal would be achieved if public contributions could mainly be used for the development of the necessary infrastructure in the widest sense of the word, while private capital would do the rest. In this connection, we very much welcome the intention of the Secretary General to examine the possibilities of a multilateral guarantee system in cooperation with the I.B., and to propose an international convention to protect private investments.

- 3 -

Indeed, in view of past experiences such agreements are a sine qua non for the availability of private capital in the necessary amounts.

O.E.C.D. will also have an important task in the field of trade. No amount of aid, loans and grants will remove the causes of underdevelopment if barriers of all kinds hinder the free flow of raw materials, food stuffs and manufactured goods from the less developed to the industrialised nations. This is one of the important reasons why all attempts towards integration must avoid exclusivity.

Let me add a word which is perhaps a bit outside the immediate scope of this meeting. This is not only the gathering of the economically most advanced nations of the world, but also a gathering of nations which treasure their liberal institutions and their freedom, as was so impressively said in the two speeches which crowned the Secretary General's dinner last night. We know that liberty has hardly a place where hunger, ignorance and poverty hold sway- This is where development aid takes added significance. And yet, I have sometimes the feeling that our society, partly under the stress of the competition between East and West, is led to seek happiness too exclusively in terms of economic growth. If our Organisation could devote, in its efforts in the field of development aid, some attention to the things which are even more important than the technical conquests of Western civilisation, and make it understood to those we wish to help, it would render an immense service to the preservation of our Western heritage, for clearly, the battle between East and West will not be won on the economic front alone. May I say that the personality of our Secretary General seems to me a guarantee that this point will not be overlooked.

- 4 -

Mr. President,

My Government will follow with the greatest of interest the efforts of O.E.C.D. in the field of development. We hope that the methods developed for the participation of individual countries will at the same time be efficient, flexible, and all embracing. We are willing to cooperate in the measure of our possibilities in this common effort, and wish it every success.