ASIEN 116 (Juli 2010), S. 103-113

ASIEN AKTUELL

German Development Aid: Origins, Motives and Future Perspectives

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The Revision of German Aid Policy

The German state is heavily indebted. Should it continue to provide aid to developing countries? Some countries like China and India, which spend a great deal on aiding developing countries themselves, still receive millions of euros of German aid. A revision of German aid policy seems to be due. Moreover, there are several agencies administering German aid. The GTZ (Gesellschaft für technische Zusammenarbeit, an agency for technical cooperation) is responsible for aid projects abroad. It has 13,000 employees, most of whom work abroad, while only 1,000 are based at its headquarters in Eschborn. In addition, there is inWent – Capacity Building International, Germany, an agency with 820 employees, 500 of whom work at its headquarters in Bonn. This body deals with training courses and seminars in Germany devoted to "capacity building" in developing countries. These agencies are larger than the federal ministry responsible for economic development and cooperation (Bundesministerium for wirtschaftliche Entwicklung und Zusammenarbeit, BMZ), which has a staff of 600. There are plans to merge these agencies and reduce their staff. The plans for the revision of German aid policy are still being debated, so it may be useful to look at the formative phase of this policy from the late 1950s to 1974 in order to understand the motives of the "pioneers" who were responsible for launching German development aid.

The Origins of German Development Aid

Post-war Germany was initially faced with the task of rebuilding its shattered economy and focused on this essential activity. Asia and Africa attracted very little attention in Germany at that time; only the German export industry showed a growing interest in them. By 1952 a third of German exports were due to the "developing countries".[1] Guarantees made by the German government (known as Hermes-

[1] Bastian Hein, Die Westdeutschen und die Dritte Welt. Entwicklungspolitik und Entwicklungsdienste zwischen Reform und Revolte, 1959-1974, Munich, 2006, p. 29.

Bürgschaften) helped the industrialists to cover the potential risks of this business. They greatly welcomed German capital aid to developing countries, which these countries would, in turn, spend on German investment goods.

In 1953, when German aid was not yet on the political agenda, German firms won a contract to build a large steel mill at Rourkela, India. The Indian government realized that it could not finance this ambitious project in 1957 and then applied for German aid.[2] Subsequently, it also asked for German engineers and workers who could run the mill as there was a shortage of skilled manpower in India. Rourkela turned out to be the biggest of the early German development-aid projects. Hundreds of German engineers and workers were dispatched there with no preparation at all.[3] There were many mishaps, but eventually the steel mill operated properly and it has remained one of the most modern Indian steel mills ever since.

Capital aid remained a prerogative of the Ministry of Economic Affairs and Ludwig Erhard took an active interest in it. He visited Asia in 1958 and also had a look at Rourkela. This project benefited from German participation in the Aid India Consortium established the same year. Germany did not rush to join the consortium, but it had to take note of British and American pressure: in 1958 Macmillan had threatened to withdraw his troops from the Rhine if Germany did not shell out more aid,[4] and Eisenhower issued a similar threat in 1959. German capital aid flowed to the developing countries in ever-increasing amounts. By 1961 a total of 18 billion DM of aid had been disbursed by Germany. However, Germany merely provided credit; there were no grants. It was soon faced with the paradoxical situation that interest payments exceeded the flow of credit. Subsequent loans were then made available at more generous conditions and for longer periods of time.[5]

In due course, German generosity was encouraged by strong political motives. German aid and the Hallstein Doctrine had converged in an unpremeditated manner. The doctrine was formulated in 1955; it implied that Germany would not have diplomatic relations with any country that recognized the German Democratic Republic except the Soviet Union. The doctrine named after the German Foreign Secretary, Walter Hallstein, was proclaimed in order to prevent such recognitions from occurring. Nehru who had established diplomatic relations with the Federal Republic of Germany in 1951, would have liked to recognize the German Democratic Republic, but he refrained from doing so when he realized that he needed German aid for the industrialization of India and that he could not expect much of it from the GDR.[6] The Hallstein Doctrine proved to be very successful until Willy Brandt put an end to

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2 Dietmar Rothermund, "Die Deutsch-Indischen Beziehungen", in: D. Rothermund, (ed.), Indien. Kultur, Geschichte, Politik, Wirtschaft, Umwelt. Ein Handbuch, Munich, 1995, p. 475.

3 Bodo J. Sperling, Die Rourkela-Deutschen, Stuttgart: Deutsche Verlagsanstalt, 1965, p. 13 ff.

4 Hein, Die Westdeutschen, p. 32.

5 Hein, Die Westdeutschen, p. 149.

6 Johannes Voigt, Die Indienpoltik der DDR. Von den Anfängen bis zur Anerkennung (1952-1972), Cologne, 2008, p. 6 f.

it. The flow of German aid had supported this doctrine very effectively.

A Parliamentary Initiative and the German Foundation for Developing Countries

Capital aid was not the only form of German development aid, however. German parliamentarians who felt that "underdevelopment" could not be cured by capital aid alone emphasized "capacity building" in the countries concerned. This term only entered the development discourse at a much later stage. The idea of helping people to help themselves was also prevalent in the 1950s, though the German Parliament had passed a resolution in 1956, earmarking 50 million DM for development aid. It was significant that this amount was allocated to the Foreign Office rather than the Ministry of Economic Affairs, which was in charge of capital aid. Horst Dumke, a Foreign Office staff member who was asked to look after this new task at the ministry, coined the term "developing countries" (Entwicklungsländer) to replace the obnoxious reference to "underdevelopment", which not only sounded pejorative, but also implied that these countries had to catch up with the West. The new term was subsequently also adopted by other Western countries.[7] But even the change in terminology failed to counteract the facile assumptions of the modernization theory prevalent at that time.

American sociologist Daniel Lerner had portrayed *The Passing of Traditional Society* in a very influential book published in 1958. He referred to the countries of Western Asia and predicted their rapid urbanization. This would cut off the rural roots of traditional society and make the people turn towards literacy and modernity. In the economic field Lerner's book was soon followed by Walt Whitman Rostow's *The Stages of Economic Growth* published in 1960. Rostow highlighted the "take-off into self-sustained growth" as the crucial stage in a linear process of economic development. These theories supported an optimistic belief in inevitable progress. They also gave rise to lively debates.

In 1959 the parliamentarians who had supported the resolution mentioned above also launched the German Foundation for Developing Countries (Deutsche Stiftung für Entwicklungsländer, DSE).[8] This body established several central offices supported by different German states, which dealt with specific tasks such as vocational training (in Mannheim, Baden-Württemberg)[9] and agriculture (in Feldafing, Bavaria).[10] Specific German traditions such as the education of skilled workers

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7 Horst Dumke, "Wie begann die deutsche Entwicklungspolitik?", in: W. Böll and E. Wolf (eds.), 25 Jahre Dialog und Training, Baden-Baden, 1985, p. 21.

8 Friedrich Georg Seib, "Die ersten Jahre der DSE", in: W. Böll and E. Wolf (eds.), 25 Jahre Dialog und Training, p. 35 ff.

9 Gerhard Mayer-Vorfelder, "Die DSE und das Land Baden-Württemberg", in: W. Böll and E. Wolf (eds.), 25 Jahre Dialog und Training, p. 116.

10 Ibid., p. 113 (Eisenmann, "Die DSE und das Land Bayern").

(Facharbeiter) and the intensive cultivation of peasant holdings could be drawn upon for this type of development aid. There were other central offices such as that for public administration in Berlin, and there was the DSE's impressive conference centre in Berlin, Villa Borsig, which was inaugurated in 1960.

Dieter Danckwortt, one of the first staff members of the DSE, helped to set the style of the conferences held at Villa Borsig.[11] He found a model for the conferences in Villa Borsig in the British centre at Wilton Park. During the war, this had been a prison camp for senior officers of the German army. Churchill had suggested that they should be re-educated for their future life in a democratic Germany. This could only be done by involving them in open discussions. This approach also proved to be very successful in conducting international conferences at Wilton Park – and at Villa Borsig. The intellectual climate prevailing at Villa Borsig was possibly one of the most important contributions to the international impact of German policy in this field. This was in keeping with the message expressed by Willy Brandt when he inaugurated the conference centre at Villa Borsig in his capacity as Lord Mayor of Berlin in 1960. He had stressed the need for transferring know-how, but also mentioned the need to respect people in the developing countries, who ought to determine the plans for the development of their countries themselves. Brandt rejected the paternalistic attitudes of those providing aid; they should not expect others to adopt whatever they suggested.

New Tasks in Vocational Training and Academic Research

Brandt's advice was very apt. It could be followed in the open discussions held at Villa Borsig, but it was not easy for German experts in the fields of agricultural extension work and vocational training to practise this method in developing countries as they were deeply imbued with the traditions of their work in Germany. Ideas transplanted from Germany did not necessarily fit into other countries' mindsets, however. The Foremen Training Institute (FTI) established in Bangalore in 1970 with aid from Baden-Württemberg is a case in point. This was intended to be a "Meisterschule", training personnel for shop-floor industrial management. A "Meister" has a very important function in industrial production in Germany. Trained as a skilled worker, he has to acquire additional qualifications and often knows more than a young engineer who has just graduated from a technological institute. In India, workers had a very low rank in the social hierarchy at this point in time. They acquired their skills on the job without any special training. Traditional Indian artisans worked wonders with rudimentary tools. Nehru was convinced that such skills could be transferred to industrial production.[12] But the skills of an industrial worker are very different from those of an artisan. Similarly, the skills of a "Meister" who has to supervise production are very different from those of a master

[11] Seib, "Die ersten Jahre der DSE", p. 38.

[12] Personal interview with Jawaharal Nehru, New Delhi, January 1961.

craftsman. Translating the German term "Meister" as "foreman" was misleading because Indian foremen were workers with some seniority, but no formal qualifications. The FTI was equipped with very modern machinery and had a staff of experienced German teachers, but it hardly fitted into the Indian industrial environment. Only a few companies sent their staff to FTI for further training. In due course, FTI added special short-term courses on computer-aided design (CAD), electrical engineering and other subjects of relevance to its curriculum. Such courses attracted technicians from all parts of India who wished to acquire special skills.

The Government of Baden-Württemberg was aware of the fact that providing aid to foreign countries called for adequate preparation at home. At the very beginning of the state's participation in development-aid programmes, there was a plan to establish a university institute conducting research in this field. Some of the state's leading politicians pleaded for India as a suitable focus for the work of such an institute. It was decided that Heidelberg University would be the ideal site for such an institute, and Wilhelm Hahn, the vice-chancellor of that university, toured India in 1961. He met the Indian President, S. Radhakrishnan, who suggested the name "South Asia Institute". This institute was inaugurated in Heidelberg in August 1962. With the exception of Indologists, there were hardly any area experts available in Germany, however. In Germany, reading Indology means studying classical Sanskrit philology, which was not the most suitable basis for establishing an interdisciplinary research institute devoted to contemporary problems. In due course, professors were recruited for eight chairs (two in economics and one each in anthropology, political science, history, geography, Indology and tropical medicine). The institute gained a good reputation in the countries of South Asia. An East Asia Institute was also established in the 1960s at Ruhr University, Bochum. Both bodies helped to establish important contacts abroad, but were less effective in making an impact at home. The Germans remained a rather introvert nation. Paradoxically, this was encouraged by Germany's emergence as a world champion in the field of exports; as long as the order books of German industrialists were full, they did not even need to worry about where these orders came from.

German NGOs' Contribution to Development Aid

German indifference to the issue of development aid was probably due to the fact that it was difficult to conceive of "development" in concrete terms. A more traditional appeal to charity was more effective. Germans were willing to give generous donations to rescue people from starvation or to help suffering children, for example. German non-governmental organizations (NGOs) which dedicated themselves to such tasks proliferated. They attracted thousands of volunteers and collected large amounts of money. This was particularly true of the Catholic and Protestant church organizations "Misereor" and "Brot für die Welt" (Bread for the World). They had been active as early as the 1950s. In addition to these church organizations, a secular

NGO existed called “Deutsche Welthungerhilfe” (German Aid to the Hungry of the World).[13] This body owed its existence to an initiative by the Food and Agriculture Organization (FAO) of the United Nations, which had launched a campaign called “Freedom from Hunger” in 1961. Its pronounced charitable focus greatly contributed to its appeal to the German people. Unlike other NGOs which are based on large numbers of private members, “Deutsche Welthungerhilfe” is an apex body; its members are other organizations working in the same field as well as representatives of the churches, the German Parliament, the trade unions, the German Red Cross and many others.

“Welthungerhilfe” closely cooperates with an organization of a very different type that has similar interests: Terre des Hommes.[14] This organization was initially founded in Switzerland in 1961 to help children who had become victims of the Algerian war. The German section was established in 1967 in order to help children who had become victims of the Vietnam War. Terre des Hommes is not an apex body, but is based on individual membership. With its careful management and a low level of overhead expenditure, Terre des Hommes has earned itself a good reputation.

The idea that fair trade with the developing countries rather than the disbursement of aid would help them to help themselves led to the establishment of “Third World shops” in many German cities.[15] These were sponsored by smaller NGOs which selected specific commodities and saw to it that the producers of the goods that were sold would benefit directly from their sales. The UNCTAD conference of 1964 had raised an interest in this subject by emphasizing fair trade. In the 1970s hundreds of fair-trade shops were established. They also served as information centres in their neighbourhoods. While development aid provided by the Government did not attract much attention, these activities undertaken by German civil society managed to create an awareness of the problems of developing countries.

Official Development Aid and the Ministry of Economic Cooperation

The Ministry of Economic Cooperation (BMZ) was established in 1961 in order to give some direction to Germany’s official development aid. However, capital aid, which claimed the lion’s share of this aid, was not included in the new ministry’s jurisdiction. In fact, Ludwig Erhard had been opposed to the establishment of the ministry because he feared that once a special ministry was established, it would

[13] Andreas Stucke, “Entscheidungsstrukturen und kollektive Identität von Nicht-Regierungsorganisationen in der Entwicklungspolitik”, in: M. Glagow, (ed.), Deutsche und internationale Entwicklungspolitik, p. 197.

[14] Stuke, “Entscheidungsstrukturen”, p. 189.

[15] Hein, Die Westdeutschen, p. 243.

claim control over capital aid. This did not happen for quite some time, in fact.[16] Even Erhard's successors managed to hold on to capital aid. Consequently, the new ministry only inherited the small appropriation of funds which had been given to the Foreign Office for development aid. In view of this fact, the new minister, Walter Scheel, requested Horst Dumke to leave the Foreign Office and join him. Dumke played a decisive role in this ministry until Erhard Eppler dismissed him in 1974 shortly before he resigned himself. Eppler regretted this dismissal later on. Dumke had clashed with another head of department in the ministry and Eppler felt that he had to dismiss both of them because there were complaints at the Chancellor's office about the "chaos" in the BMZ.[17] This ended the career of a dedicated civil servant who had helped Walter Scheel to build up the BMZ.

Walter Scheel headed the ministry from 1961 to 1966. This small and powerless ministry was just a stepping stone in an impressive political career for him. His successor, Hans-Jürgen Wischnewski, was a colourful figure. He became known as "Ben Wisch" as he was a great friend of the Arabs. This friendship began when he actively supported the Algerian struggle for freedom.[18] He could not make much of a mark in his ministry, which he headed for less than two years. He resigned when he became party secretary of the Social Democratic Party in October 1968.

The Ministry of Economic Cooperation concentrated on technical aid and the dispatch of German experts to developing countries. This accounted for only 10 per cent of German development aid, but it concerned a large number of personnel sent abroad. Their employment posed some problems. If these people had become civil servants or government employees, their payments and pensions would have burdened the federal budget. Therefore special agencies had to be created which could serve as a buffer between the government and the people hired for service abroad. One such agency was known by its acronym: GAWI.[19] Earlier on, it had been in charge of guaranteeing the financing of German films and could now serve as an employer of the personnel sent to developing countries. In 1975 it was transformed into the GTZ mentioned earlier. The fact that the GTZ was a more flexible employer than a ministry run by civil servants had a decisive impact on the future course of German development aid. The BMZ remained a fairly small ministry. With its much larger staff and its many contacts abroad, the GTZ became very influential. In many instances, the ministry could only ratify the proposals made by the GTZ.[20]

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16 Hein, Die Westdeutschen, p. 45.

17 Erhard Eppler, personal communication, 4 December 2007.

18 Hein, Die Westdeutschen, p. 109.

19 Dumke: "Wie begann die deutsche Entwicklungspolitik?", p. 25.

20 Reinhard Stockmann: "Administrative Probleme der staatlichen Entwicklungszusammenarbeit – Entwicklungsengpässe im Bundesministerium für wirtschaftliche Zusammenarbeit", in: M. Glagow (ed.): Deutsche und internationale Entwicklungspolitik, pp. 35-75.

"Learning and Helping Overseas": A New Perspective for Young Germans

A completely different initiative concerned the sending abroad of young people who were supposed to be "learning and helping overseas" and frequently only received a small amount of money in return for their time. This was actually the name of an initiative sponsored jointly by Catholic and Protestant church organizations in 1961. In 1962, "Learning and Helping Overseas" became a registered association with the blessing of the Ministry of Economic Cooperation. This initiative by civil society was soon overtaken by the state-sponsored German Development Service (Deutscher Enwicklungsdienst, DED), however, which was founded in 1963.[21] It paralleled the American Peace Corps, but instead of mainly recruiting young students as the Americans did, the German initiative concentrated on skilled workers who could transfer their practical knowledge to the developing countries. In doing this the new service followed the precedent set by the church organizations.

Funded by the government, the DED had a solid financial backing, but it was also encumbered by bureaucratic rules and regulations. Compared to the Peace Corps, it could only send a small number of volunteers abroad, although its volunteers would not be drafted for military service. When the German student movement took a radical turn after Benno Ohnesorg was shot by a policeman in a demonstration against the Shah of Iran's visit in June 1967, there were hopes for a social movement which would support the DED and look for positive aims abroad rather than turn to destructive revolutionary fervour at home.

At this stage, Erhard Eppler took charge of the BMZ – this was in October 1968. He belonged to the left wing of the Social Democratic Party and was close to Willy Brandt, whose election campaign of 1969 he supported very vigorously, trying to make the German contribution to development aid a political issue in the campaign.[22] This was a bold move because the Germans were not at all enthusiastic about development aid in the late 1960s. It was in this context that Winfried Böll, a member of Eppler's ministerial staff, published his paper on "Partisans of Peace" with which he tried to divert the energy of Germany's rebellious youth to focus on activities in developing countries.[23] This view was shared by Eppler, who believed that development aid was of immediate relevance to Germany's own development. He stressed global interdependence and called for a "Weltinnenpolitik" (domestic policy of one world). Eppler's endeavours did not cut much ice, however. The conservatives did not care very much for the developing countries and the revolutionary left condemned development aid as a capitalist strategy; they stressed that only revolutions could change the fate of the "Third World". Even though Eppler

[21] Hein, Die Westdeutschen, p. 80 f.
[22] Hein, Die Westdeutschen, p. 153.
[23] Hein, Die Westdeutschen, p. 179.

could not convert his critics, he at least succeeded in inspiring Brandt to make a strong statement on the need for German development aid in his address to the nation after winning the election. This was the first time that a German chancellor had made such a statement.[24]

Eppler took a particular interest in the DED and other organizations sending young people to developing countries. He was proud of the fact that he could get an act passed by Parliament that defined the rights and duties of these people.[25] Up until then their terms of service had been more or less improvised. Eppler also had to face the problem that the quest for more democracy had affected these young people; they wanted more of a say concerning their work in the field. This might have caused trouble in the host countries if they had taken a stand on political issues there. They were debarred from this under their terms of service. Eppler had to warn them that the DED was not free to determine its own aims, but had to work for aims set by others.[26] He had hoped that the DED would absorb the critical spirits of the student revolution, but he could not tolerate a rebellion within the DED. Winfried Böll's "Partisans of Peace" could not be disciplined by well-meaning ministers and their civil servants. The German intellectual atmosphere was anti-authoritarian with a vengeance in the years of the student revolution. Yet there was little empathy for the Third World even so. Joining demonstrations against the war in Vietnam did not necessarily contribute to a deeper understanding of Asia. Those who did work in Asia did not create much goodwill there, it seems. When Eppler met Indira Gandhi in India in 1973, she made a wry comment about the young German helpers, saying that it was time the Germans took care of their young people themselves.[27]

Erhard Eppler's Manifesto: "Little Time for the Third World"

During his new term of office, which began in 1969, Eppler published a kind of personal manifesto in German whose title sounded somewhat plaintive: "Little time for the Third World".[28] This rejected the theory that aid was being given to the developing countries so that they could catch up with the West; instead, Eppler believed they had to follow their own paths. He highlighted the negative effects of colonialism and supported measures to stabilize the prices of raw materials exported by developing countries. He did not find much support for his views in the Cabinet, though. Only Brandt backed Eppler throughout; he even saw to it that the BMZ was eventually entrusted with the distribution of capital aid. He had wanted to do this as early as 1969, but Karl Schiller, his "super-minister" of Economic Affairs and Finance,

[24] Hein, Die Westdeutschen, p. 193.
[25] Hein, Die Westdeutschen, p. 159.
[26] Hein, Die Westdeutschen, p. 183.
[27] Erhard Eppler, personal communication, 4 October 2009.
[28] Erhard Eppler, Wenig Zeit für die Dritte Welt, Stuttgart 1971.

threatened to resign over the issue and Brandt had to forget about it.[29] It was only when Schiller resigned for other reasons in 1972 that the BMZ was finally entrusted with the control of capital aid. This was a major victory for Eppler, but he was hardly able to derive much strength from it. The new responsibility would have required a substantial increase in the number of staff at the BMZ. In his period of office, Eppler had increased the personnel from approx. 340 to 480, but this was about the limit and could not be transgressed. This meant that as far as the management of capital aid was concerned, the BMZ depended on the Kreditanstalt für Wiederaufbau (KfW), a bank owned by the Federal Government under the supervision of the Ministry of Finance. The BMZ's dependence on the KfW could be compared to its dependence on the GTZ mentioned above.

Eppler's days as a minister were numbered after Willy Brandt resigned in 1974. Brandt's successor, Helmut Schmidt, did not like Eppler, and this dislike was mutual.[30] Schmidt valued Germany's transatlantic connections and did not care for the Third World. When rising oil prices hit those developing countries that did not produce oil themselves, Eppler pleaded for more aid to them. Now that he was in charge of capital aid, he had the means to do this, but he found no support for his initiative in the Cabinet and Schmidt was obviously eager to get rid of him. Eppler resigned in July 1974. This marked the end of an era of German development aid. The flow of aid actually increased after that date, but there was no longer any sense of mission in this field.

Perspectives of Future Cooperation

The focus of German development aid has shifted in recent years. Germany is no longer just a "donor" of aid, but a partner in the management of sustainable development. The protection of the environment and the use of renewable forms of energy are particularly prominent in this context. The projects sponsored by the GTZ in China and India are pioneering attempts at solving problems in these fields. It would be a mistake to eliminate the aid to these countries because Germany is engaged in building up useful partnerships here. The GTZ initiates public-private partnerships in these fields, which pave the way for new developments. The treatment of water contaminated by arsenic in Bengal is a case in point. A small German company in Berlin has invented a cheap and effective method of filtering this water. The GTZ has helped in the establishment of local NGOs which use this technology and finance it by moderate water charges, which the users gladly pay as they are in great need of clean drinking water. PPP (Public Private Partnership) has worked well in this case and has set an example for similar ventures to follow.[31] Sowing such seeds

[29] Erhard Eppler, personal communication, 4 December 2007.

[30] Hein, Die Westdeutschen, p. 265.

[31] Dietmar Rothermund, "Indo-German Relations: From Cautious Beginning to Robust Partnership", in: India Quarterly, Vol. 66, No. 1, March 2010, pp. 1-12.

of sustainable development is a major task of German aid in its new form of cooperative partnership. The GTZ now has two German experts based in Delhi who are concerned with the protection of the environment and the use of renewable energy. Their activities should be enhanced rather than eliminated by a general revision of German aid policy. Similar examples could be found with regard to China as well.

This new type of partnership also stimulates German industry. The challenge of solving problems abroad gives rise to new ideas and technical innovations. The GTZ is well equipped to work in this field. It should retain its separate identity. The other agency mentioned earlier, InWent, which incorporates the old DES, whose history has been outlined above, deals very competently with capacity building by training personnel. This task is very different from that of the GTZ. A merger of the two agencies would not be useful. Asia is developing rapidly. It no longer needs the old type of “donor”, but it does welcome partners, and the German agencies which grew up in the days of “development aid” have made the transition to partnership. They will doubtless have a share in the future growth of international cooperation.