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PRESS RELEASE

BRITAIN'S ROLE IN THE SECOND DEVELOPMENT DECADE

Report of a Working Party sponsored by the Society for International Development (UK Chapter) and the Overseas Development Institute at the request of the UK Standing Conference on the Second United Nations Development Decade.

Publication Date: 28 April 1972

This report is the product of a working party composed of academics, professionals and businessmen, [see page 2 of Report for a list of members]. It is not a blueprint for Utopia. The working party addressed itself to what it considered to be in the realm of practical politics now or in the near future. Considering this self-imposed limitation, the report is a sobering document: so much needs to be done.

Britain has many achievements in the development field but, as the working party states, 'we are falling further behind our own standards and our international obligations than is widely realised or would be generally acceptable'. [p.9].

The report's recommendations cover the broad spectrum of policies that affect the less developed countries. Assisting development is not just a question of providing aid, but also of ensuring that policies in trade, commerce, monetary fields and elsewhere do not conflict with the development objectives of the third world. Though Britain's development record is not bad, the report indicates that there is ample room for improvement, both in respect of Britain's individual actions and in the context of international policy-making.

Regarding aid, there is a broad international consensus of what

policies should be pursued. The working party thus notes with regret Britain's relatively poor performance regarding the volume of aid and the Government's refusal to accept the need for an international target on official aid. Adoption of the 0.7% GNP target and its attainment by 1975 is recommended.

The quality of aid is also important. Many of the terms and conditions imposed on aid reduce its value: tying alone may cut its value by as much as 55%. Recommendations are made that are designed to increase the real worth of Britain's aid and to ensure that it can be used where it is most needed - especially in rural development efforts. In particular, the report urges that project aid should extend to all costs and not, as so often happens, to import costs only: a practice which tends to distort development plans.

The growing burden of indebtedness in LDCs will seriously limit their development potential. Future debt problems could be reduced if more aid were worthy of the name: only half of Britain's aid is in grant form. The report recommends that at least 70% - the figure put forward by the Development Assistance Committee of OECD - should go to LDCs as grants. In addition, multilateral action by donor countries is proposed to cancel all past official debt. And Britain is urged meanwhile to put the repayment of all its past aid loans by individual LDCs on the same, generally softer, terms as current aid.

The report examines Britain's entry to the EEC and its effects on LDCs. It notes the disturbing contrast between the massive trade liberalisation between rich countries represented by the enlargement of the EEC, and the meagre concessions to ameliorate the position of LDCs - a contrast that is heightened by the Prime Minister's rosy view of the EEC's role in third world development. [p.21]. Amongst the report's recommendations are proposals that would lead to an improved EEC offer of generalised preferences to all LDCs, and to some degree of compensation to those LDC producers whose position will be worsened on Britain's entry.

The working party recognises that trade liberalisation cannot be divorced from domestic policies. The minority opposition of those engaged in uncompetitive domestic production has in the past successfully impeded trade liberalisation to the detriment both of the British consumer and the LDC producer. The working party recommends the adoption of policies

to assist workers and capital to move out of uncompetitive industries (adjustment assistance). Such policies should be planned and announced well in advance, to avoid hardship and to forestall opposition amongst those concerned.

The final part of the report looks at the international monetary scene, where LDCs have had scant opportunity to put their case, let alone defend their interests. The now familiar proposal for a link between SDRs and development finance is discussed and endorsed. The present determination of the US to improve its balance of payments position, and the general unwillingness of advanced industrial countries to accept the corresponding deficits, strengthen the arguments for the link. For it would make it possible for the rich, including the US, to run surpluses with the poor - the surpluses being financed by SDRs. The rich would acquire the desired liquid reserves; the poor would acquire the resources much needed for their development. The working party urges the Government to support the SDR link at UNCTAD, and in the IMF where the decisions have to be made.

Price 10p., 28 pages (approx.).

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