

EUROPEAN ECONOMIC COMMUNITY

COMMISSION

EEC ACTION
IN THE ASSOCIATED COUNTRIES

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As this Conference on the various aspects of planning in the development of the African countries and Madagascar draws to a close and we begin to think of the main lines of our final report, I have been asked to add a contribution from the EEC to the already considerable volume of our work.

André Gide said that when you reach a certain age you have to repeat yourself if you do not wish to talk nonsense. I shall say here, in more modest fashion, that after all the speakers who have been dealing with these problems for three days, I have to choose between repeating what has already been said by others, or talking nonsense: I have known more pleasant alternatives.

However, I think it would be helpful if as an introduction to this statement I recalled to mind the reasons why the six countries of the Common Market agreed from the outset on a common policy for development aid to certain countries and territories linked by history, often recent history, to the destinies of four of them.

It seems to me that the reasons which guided the authors of the Treaty of Rome fall into three broad categories.

The first, which is historical and economic, resulted from the fact that France, Belgium, the Netherlands and Italy had created more or less integrated economic areas reaching far beyond the limits of their metropolitan territory, while European integration had to do only with the European territory of these Member States.

The Brussels negotiators were aware of a second consideration, of a more elevated kind and of a long-term significance which went beyond temporary economic expediency. The countries and territories which were going to be "associated" for immediate economic reasons were still underdeveloped countries. Could Europe, when it accepted the responsibility for a complete reconstruction of its internal and external

relations, escape the great duty of making a real response to the question of relations between industrial countries and less advanced countries?

The third consideration is political: the uncommitted world is today without firm ties. For nine-tenths of the world the balance can be tipped to one side or the other, making of them friends or enemies. This simple consideration explains the sudden interest of the East in the underdeveloped countries. Without dwelling further on the subject I shall say, echoing the words of Raymond Aron, that the problem of underdevelopment has become a by-product of the political conflict between East and West.

The European Economic Community has perforce kept the first point in mind, and it has never attempted to evade the second or the third. But Europe's reaction could, like so many others, have been vague, have found expression only in terms of principles diluted in a world formula - in short, it might have been somewhat non-committal.

In fact, the will of the Community has shown itself in this field in a precise and constructive manner; in order to translate into action the general philosophy of its relations with the non-committed countries, the Europe of the Treaty of Rome has created a technique of "association", and has worked out the means, commercial and above all financial, for putting such association into effect.

This preliminary assertion is already a conclusion, and I hope to convince you of its validity. More than five years have passed since the Treaty of Rome was signed. The first association convention expires in less than three months, and a new convention is being negotiated.

How, during these five years, has the European Economic Community fulfilled the task entrusted to it ?

What lesson has it drawn from its contacts with the African and Malagasy world, and how can this lesson be turned to good account in building up the Community's future relationships?

These are the great questions which you are entitled to ask the European Economic Community.

I shall try to answer them in as complete and concrete a way as possible by dealing successively with:

- a) the principles on which the Community has based its action;
- b) the means applied;
- c) the experience gained and the lessons to be drawn.

I. PRINCIPLES OF COMMUNITY ACTION

Before coming to facts and figures, I should like to say a few words about the principles governing action by the European Economic Community.

The European Economic Community's aid to the associated countries has certain characteristics which distinguish it from other forms of aid practised by the countries of the free world. It has six main aspects.

First, European aid is multilateral, since the resources administered come from the six Member States, and the decisions necessary for raising funds and distributing them are always taken by Community institutions (Council and Commission). A Member State's powers of action in respect of the aid policy followed by these institutions are limited, and can be exercised only with regard to investment projects of an economic nature. Normally the Council's approval of a given project is implied, but a Member State can request that the Council examine the project, in which case the final decision is taken within two months by a qualified majority (Article 5 of the Implementing Convention). By 15 October 1962, 170 economic projects had been tacitly approved, and the procedure for formal reference to the Council has never been employed by any Member State.

A second characteristic of European aid to the associated countries is that there are no direct political strings attached: the associated countries' constitutional systems, like the ideologies underlying them, are very diverse. In spite of this diversity of situations, the Community's institutions have always been concerned to base their action on objective technical criteria, thereby fulfilling one of the first aims of association, which is to look to the associated countries' interest and the development of their prosperity. That does not mean,

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of course, that the political aspect is absent or neglected in the European Economic Community's relations with its associates. But it is on another level, and this makes it possible to preserve a real and undeniable value in political links as well as in action for economic and social development. We would be pleased to have European aid regarded as "neutral", designed only to meet the real and democratically expressed needs of our associates. People may then call it a technocracy, but when you come to think of it, is that not really a compliment?

European aid is intended to be comprehensive; development aid can be decisive only if it deals simultaneously and in a co-ordinated fashion with the financial, technical and commercial aspects. The three lines of approach we try to follow at the same time are financial aid, technical co-operation, and the expansion of trade.

I say "try to follow", since we shall see shortly that the Community has not in fact been able to pursue its efforts on these three conventional lines with equal vigour. Though the financial means applied have to a great extent fulfilled our hopes, the same cannot be said of commercial policy and technical co-operation.

A fourth characteristic of this aid is that it is limited in geographical scope. It is distributed only to the countries and territories which had special relations with the Member States when the Treaty was signed. The constitutional changes that have taken place since 1957 have hardly changed the list of associated countries. (only Guinea has broken off association). The list was determined by historical factors, but obviously assistance from the European Economic Community to the underdeveloped countries could not be effective without this geographical limitation. It was not possible for the Member States, acting as a Community, to do anything decisive to help all the underdeveloped countries under satisfactory conditions and using sufficient funds.

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European aid is of a public nature, both by the source of the funds and the channels through which they are applied, namely the governments of the associated countries, even if the ultimate beneficiaries happen to be a particular sector of the population or a particular region.

Finally, European aid is supplementary to other forms of aid; it is not substituted for the efforts already being made by the Member States on a bilateral basis or in a world context.

II. THE MEANS APPLIED

1. Trade problems

Speaking among friends, if I wanted to assess the Community's performance in the commercial field I would not give it very high marks. The customs preference embodied in the Treaty has suffered the delay inherent in the transition period. We had to wait till 1 January 1962, for a first general preference of about 4% to be established in the European Economic Community, although coffee from the associated countries still does not enjoy any advantages in one of the Community's main consuming countries. Economic analysis shows that apart from 10,000 tons of coffee sent to Italy, the progress recorded in the important products (wood, cocoa and bananas) is due to factors other than economic integration under the Treaty of Rome.

A feature of the last four years has been a general fall in the prices of tropical raw materials and, paradoxically, an accentuation of the privileged position of the French market. Add to this that economically speaking the European consumer is almost indifferent to the price of tropical foodstuffs and we soon see that we need some new thinking on the whole matter of trade, putting it back in its real place as a basic means of development.

So the fact is that the ideas which inspired those who drew up the Treaty of Rome need revising today. They thought that reasonable protection was sufficient to influence the sale of products. It is such a protection which is afforded by the common external tariff provided for in the Treaty. But today we are forced to conclude that this tariff is a "fine weather" barrier; as soon as the weather turns, as soon as prices collapse, the water pours in. Hence the coffee crisis: if there were only the 16% customs barrier provided for by the Treaty of Rome, the African States _____

and Madagascar would not sell a single kilo of coffee, since their prices exceed the world price by 40 to 50%. For foreign coffee it is therefore necessary to resort to quotas as well as customs duties.

But these quotas, if not operated by the Six but only by one Member State, are doomed to disappear with the establishment of the Common Market, since the abolition of customs barriers among the Six will frustrate them. If Brazilian coffee cannot come in via Marseilles or Le Havre, it will come in via Genoa or Antwerp. I will not dwell on the problem because of lack of time, but I should simply like to draw your attention to this point, which is now becoming self-evident: the Common Market is forcing us to find methods of commercial co-operation other than those in existence when the Treaty of Rome was signed.

2. The EEC and Technical Co-Operation

Neither the Treaty of Rome nor the Implementing Convention explicitly provided for action by the Community as such in the field of technical co-operation. Nor did these instruments give it the financial resources. Now we soon found that, without making the mistake of shouldering the burden of the associated States' administrative budgets, we had to interpret the letter of the texts more flexibly in order to remain faithful to their spirit. Certain important decisions have therefore been taken by the Council of Ministers. I shall briefly recall the four main ones:

a) Scholarships and traineeships

From the outset, the budget of the Commission has provided for scholarships and traineeships in Europe for nationals of the associated countries. In four years 777 scholarships have been granted, to a total of more than 500 million CFA francs and, in addition, 37 nationals from the associated countries have served long-term traineeships at Commission headquarters.

The Community has also organized short training courses which up to now have been attended by 2,500 young Africans and Madagascans.

b) Studies and surveys

Also from the outset, the Commission's budget has provided for the financing of development studies and surveys. Since these budget funds have proved insufficient to meet the associated countries' growing needs, the Council of Ministers has allocated 3 million units of account (750 million CFA frs.) from the European Development Fund to the financing of studies in connection with investments.

Finally, important studies have been financed as "projects", (mining surveys, population studies, cartography, etc.) from these same resources. In four years, the Community has financed 160 studies and surveys costing in all 15.5 million units of account, or nearly 4,000 million frs. CFA.

c) Direction and supervision of work

There is a lack of technical personnel to direct and supervise public works on behalf of government and local authorities. This is true despite bilateral aid, and the Community has decided where appropriate to provide the associated countries with the personnel necessary to carry out works which it has financed. Under this head, its commitments already amount to 3 million units of account, or 750 million frs. CFA. Assistance of this kind is expected to become more frequent in the future.

d) Co-ordinated action by Member States

Two years ago the Council of Ministers instituted a "technical assistance group for the developing countries". Made up of national experts and experts from the Commission (with observers from EURATOM and ECSC), this group has three main functions:

i) Co-ordination, bilateral and on the part of the Community, of the Commission's and the EEC Member States' technical assistance programmes for the developing countries;

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- ii) Harmonization of methods for carrying out these programmes;
- iii) Study of concrete technical assistance programmes to be carried out by members of the group.

Up to now the group's activity has been focused mainly on the co-ordination of programmes by means of regular and systematic exchanges of information.

I have quoted these few examples of the Community's efforts in technical co-operation both to indicate the present limits, and the prospects which are opening up more and more every day in a field which in fact determines the efficacy of all other forms of aid.

Provisionally we may say that up to now the Community has confined itself almost entirely to technical co-operation directly linked with the investments it has financed (surveys, supervision of work). I shall have more to say on this important topic later, and meantime I turn to:

3. The European Development Fund

This is the most effective instrument available to the Community for the conduct of its policy of aid to the associated countries, and since it is well known to you I shall recall only its amount: 581 million dollars (150 billion frs. CFA); its duration: 5 years (1958-1962); its geographical distribution: 511 million dollars (approximately 130 billion frs. CFA), i.e. more than 87% of its resources earmarked for the countries and territories having special links with France, the rest being distributed among the countries having links with Belgium (5.1%), the Netherlands (6%), and Italy (1.9%) .

The European Development Fund, or for short the EDF, is now going to claim all our attention.

I propose to explain to you briefly the place it occupies in relation to larger schemes for multilateral and bilateral aid, making dangerous but necessary comparisons, then the special aspects of its activities, and finally its present situation, two months before the expiry of

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the first Association Convention.

The EDF's Place among Bilateral and Multilateral Aid Schemes

Now we are coming down to figures, I should like to take two precautions:

The first is statistical; everybody knows that it is extremely difficult to unravel from the maze of information clear and distinct notions of the real value of aid. There is indescribable confusion between commitments and payments, between outline agreements and special decisions, between gifts and loans, between aids to the export trade of the donor countries and aid properly so called, between aid for more or less directly military purposes and aid to economic and social development; in short, between the pure and the impure, between what is promised, given, received and utilized. The few figures I shall quote can be considered, therefore, only as orders of magnitude; they are taken from the best sources, in particular the OECD.

My second precaution is to say that when you quote figures you are tempted to make comparisons, and they are of course quantitative. I wonder whether such comparisons have very much meaning, since the value judgments which result from them inevitably lead us to believe, wrongly, that certain organizations or nations in this world, where in this matter we are all self-taught, being called upon to build a world economy have already found the panacea for development, or consider themselves nearer the right road than others, whereas everyday reality bears in upon us that we still have a great deal to learn. Ultimately, the only thing we can draw from these comparisons is a great lesson in modesty.

After these preliminaries, let us put our problem in figures.

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A calculation made round about the year 1960 puts the world's "national product" at 1,400 to 1,500 milliards of dollars. The industrialized countries of the free world account for approximately 950 milliards (of which approximately 140 milliards are attributed to the six EEC countries). The Soviet bloc produces 350 milliards, and the underdeveloped countries 150 milliards, the share of the associated African countries being only 4,200 million.

There, expressed in orders of magnitude which still hold good (relatively at least), are the annual resources which the human race can count upon when allocating a share to the development of the less advanced countries.

According to OECD calculations, the contributions to investment in the developing countries by the members of that organization (practically all the developed free world) amounted to 7,200 million dollars in 1959, and 7,900 million dollars in 1960. If we add to this the Sino-Soviet bloc's contribution, which has remained on average well below 1,000 million dollars, we see that by and large the outside world has placed at the disposal of the less advanced countries between 8,000 and 9,000 million dollars per year, that is less than 1% of the aggregate national product.

The share of the Europe of the Six has risen gradually from 2,200 million in 1956 to 2,700 million in 1961, that is approximately a third of world aid, and more than three times the amount of aid from the Sino-Soviet bloc.

The 1961 contribution of the Six consisted of 2,500 million in bilateral aid and 200 million in multilateral aid. The breakdown by country was as follows:

Belgium	110 million
Federal Germany	764 million
France	1,195 million
Italy	341 million
The Netherlands	281 million

In round figures multilateral aid represents 10 to 15% of total aid, and in this percentage the largest share is taken by the International Bank for Reconstruction and Development to which was added two years ago the IDA.

These huge figures show at a glance that the financial aid distributed directly or indirectly by the Six is considerable; it reaches three-quarters of that of the United States (2,700 million as against 3,700 million), out of an income amounting to only a third of that of the USA.

But these figures also show us that with an average yearly endowment of approximately 120 million dollars the EDF is not among the giants in international aid. Here of course we are speaking only of absolute values.

Let us take a closer look at these figures. Grants from the European Fund are made only through public channels, and if we put the position in these terms we see that world aid shrinks remarkably, to approximately 2,500 million dollars for a population of nearly 1,500 million inhabitants (excluding China), or an average of 1.7 dollars per inhabitant.

If we compare this figure, which has no other purpose, with the EDF's 120 million dollars annually for the benefit of a population of about 60 million inhabitants, we see that the European Economic Community as such makes an unrequited effort well above the world average, since it is 2 dollars per inhabitant. It should further be noted that the Six's bilateral aid in the form of public grants, distributed for the most part to the same countries, amounted in 1959 and 1960 to 740 and 840 million dollars respectively.

What are we to conclude from all these figures, dry as they are, but good to refer to from time to time? I would say there are two main points.

The first is that the Europe of the Six, through its Community, is in the fourth rank of donors of public funds in the world, rather a long way behind the United States and France and fairly close behind the United Kingdom.

The second, which concerns more particularly French-speaking Africa and Madagascar, is that for these countries aid from the European Economic Community comes immediately after that from their

former metropolitan countries, and very far ahead of all other multi-lateral and bilateral systems.

For the associated African countries south of the Sahara and Madagascar, the European Economic Community's aid represented, from 1959 to 1960, approximately one third of the public external aid received by these countries, or 12% of their budget of expenditure. This means that on average the European Economic Community's aid has enabled these countries to double their budget of capital expenditure, assuming (which is not always the case), that this accounts for 10% of their total budget.

Special Aspects of EDF Activity

After setting EDF finance in the context of world aid, so that we may form an idea of its relative importance, I should like now to say a few words about certain special aspects of the Fund's activities.

First of all I must go into some detail about the idea of a "project". The project is, in fact, the unit to which financing decisions apply. The project must constitute a logical whole, limited in space and time, capable of independent exploitation, that is not needing other financial support, at any rate during the investment stage. Hence we say that we finance operations and not credits; this means that we finance the asphaltting of 100 kilometres of road, and not that we give 700 million francs CFA for it to be done. We think this method offers security for the beneficiary State since that State is protected against technical risks and fluctuations in economic conditions. This has one drawback for the Fund; it is obliged to make provision for the possible costs involved. Thus the accounts for funds committed have a margin of uncertainty, so that we have to follow very closely the actual expenditure as compared with estimates.

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Although we think, act and calculate in terms of projects, this method does not exclude, far from it, a project being integrated in a programme or plan. It is in fact our constant concern to try and place each project in its economic or social context, since it is there that its real justifications are found. But you know as well as I do that these programmes or plans, even when they have gone beyond the general survey stage, often do not form a comprehensive whole, with all its pieces falling logically into place. In taking our decisions, we try to palliate the lopsided aspect of some of the projects submitted to us. We like the schemes we finance to have where possible substantial, decisive and I might almost say "definitive" effects. We prefer to plan and finance the whole of a country's health services, rather than carry out sporadically operations which should constitute a logical whole. The same applies to water supplies or education.

This kind of decision is made much easier for us by the fact that we are not confined to the framework of an annual budget, so that we can undertake firm commitments for two, three, four or even five years ahead.

So much for the project basis on which we work, but I would add that, contrary to widespread opinion, the EDF's requirements do not in general overstretch the planning capacity of the relevant public departments in the associated countries.

In connection with these requirements, an African Head of State once said to me, with a touch of humour: "If we could answer all the questions you ask up, we would not be an underdeveloped country". That is true, but we have tried to strike the right balance between the minimum of technical justifications necessary for a reasoned decision and a blank cheque pure and simple. To say that we have always been successful would be presumptuous.

As to the technical aspect of projects, we are certainly much more liberal than in the matter of justification. To avoid countries having to make lengthy and costly surveys before they know whether the undertakings will qualify for a grant, the financing decisions

are often taken on an outline scheme, except of course when the projects are very complex and the technical uncertainties may imperil their very justification. This applies particularly to large irrigation schemes, whose merits cannot really be assessed except on the basis of a detailed preliminary plan.

I come now to a number of other points included in the Association Convention and the implementing regulations: they have to do with distribution between economic projects and social projects.

In accordance with a decision of the Council of Ministers taken in July 1959, 70% of the EDF's resources must be devoted to economic projects and 30% to social projects. This distinction sprang from a concern to safeguard the balance of the public finance of States by seeking every possibility to increase internal production (economic projects) with which in turn to finance social development. In practice it has been found that this distinction was in many respects arbitrary and that it was difficult to adhere to it very closely.

In what category should we place a bore-hole which makes it possible to irrigate fields, to water flocks, and to supply water to a village? How should we classify a road which, it is true, will carry goods traffic but will also enable children to go to school, open up an isolated region and establish contacts with neighbouring regions? Even the criterion of profitability (social investments are not profitable, economic investments are), is not a precise one. That is why I think this distinction, more theoretical than real, will disappear in the new convention.

Another question is the rational distribution of finance among the States benefiting from it. That applies mainly to the countries of the franc area, which as you know have received 511 million units of account.

I will confess that on this point in the implementing convention we have just tried to act for the best, applying numerous criteria such as population, national product, external trade, geographical handicaps,

public aid already received, size of budget, state of public works and installations, needs, absorption capacity, feasibility of projects etc. By and large, we have tried to give more help to the less advanced countries, which for that very reason have less domestic resources. In so doing we have not felt that we were penalizing the more advanced countries, whose absorption capacity is certainly larger, but whose internal capital formation and borrowing power are sufficient to meet development needs. It is perhaps still too soon for a full assessment of our action in this respect. According to whether it compares itself with others as regards its area, population, remoteness, its progress, culture, wealth, poverty, or goodness knows what else - its soil or sub-soil, its past or future - each country inevitably finds reasons for putting itself before others. I would not say we have satisfied everybody, but only that we have tried to satisfy a constant percentage of these countries' valid needs. In short I think this method is, if not the most just, the least unjust, since absolute fairness is impossible in this field.

The EDF's Situation at the End of 1962

1. Expenditure incurred

And now I come after a lengthy introduction, to the acid test: two months before the expiry of the first Association Convention, how far has the EDF got, what has it done? Well, the short answer is that we expect the EDF's undertakings to reach, at 31 December 1962, 555 million units of account, or 95% of the 581 million units of account provided for in the Convention.

This will probably surprise most of you, since there has been so much talk in recent years, and even more in recent months, about

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the European Economic Community having difficulty in placing its funds.

Let us look at that more closely. If we go back to the difficulties of procedure which the EDF met with in the early days, at the time when profound changes were taking place in the political status of the associated States, a certain pessimism was only to be expected. According to our forecasts as late as February 1962, our total commitments up to the end of the year would be running at about 480 million units of account, including provision for excess expenditure.

Since the beginning of 1962, various factors have helped to improve the prospects; I shall mention them briefly:

- a) Since 1 January 1962, the associated countries have submitted 140 new projects, to cost a further 350 million units of account. Whereas at the end of 1961, the Commission had on its books only a relatively small number of valid projects, some of which still needed much further study, this increase, the fruit of long labours by the national technical departments and ever closer co-operation with the staff of the Commission, has given us wider scope for action without prejudice to the schemes selected as indispensable.
- b) The possibility of financing preparatory studies and the preparation of projects and of having this work done by qualified consultants has also greatly expedited decisions, while maintaining criteria for approval offering greater assurance as to the utility of the schemes and the proper use of the funds provided.
- c) The average financial implication of the projects submitted has risen considerably as the associated countries have become more aware of their development needs and have better understood the Fund's standards for making grants (660,000 units of account in 1959, 13,000,000 units of account in 1961, 2 million units of account in 1962, or 500 million frs. CFA). And a large scheme does not require proportionately more preliminary study than a small one.

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- d) Finally, experience with projects, finished or in progress, (representing 100 million units of account) has shown the need for making provision against technical complications and changes in economic conditions.

I told you just now that we finance operations and not credits. This means that, our budget being what it is, we must take certain precautions in order to be able to meet our commitments. We make a very thorough study of each project, and we set the estimates out in our general plan which will run for several years yet. And we find that, although we do not want unnecessarily to immobilize credits through excessive prudence, we must envisage an average increase of 15% in final payments over provisional commitments. Those of you who are in business will not say this is over-pessimistic, since, I repeat, our final payments will not be made until three, four or five years later, and changes in economic conditions during this period may alone absorb a large part of the provision made. Furthermore our provisional commitments are based on projects not yet completely worked out and the estimates for which, by reason of this fact, are subject to considerable variations. Experience has taught us that these variations are generally in an upward direction.

Thanks to all these factors the commitments of the EDF, on 1 October 1962, totalled 463 million units of account and by 31 December 1962 further projects may be approved to the tune of 90 million units of account.

From these figures it can be seen that the targets fixed for the European Fund will almost have been reached within the time-limit set.

For a fair assessment of this result, we must remember that the Fund did not really begin operations until February 1959, and that its programme of commitments has therefore been carried out in four years instead of five, without, however, ever losing sight of the concern that the projects should be of unquestionable merit and should be executed on satisfactory financial terms.

2. Types of scheme financed

It remains for me to tell you something of the schemes to which these commitments relate. I ask you to look beyond this drab recital of facts and figures at the magnitude and diversity of what has been achieved. I do not propose to draw up a balance-sheet of the economic and social effects; that would be premature. My aim is more modest: I only want to put up a few cock-shies for some of my audience to have a go at, as I see they are all set to do.

Throughout the associated countries and territories finance has been provided for 340 projects, distributed as follows:

economic infrastructure (roads, bridges, railways, ports)	45.3%
agriculture and stockbreeding	18 %
education and occupational training	16 %
health	8.6%
town-planning and municipal administration	3.7%
water supplies (wells, bore-holes, water mains); economic and social studies and surveys	5.4%

Figures are rather wearisome, I am afraid, but I would like you to ponder a moment over these percentages, at any rate the largest of them. We note that a considerable effort has been made in transport infrastructure. You may perhaps say that this was an easy thing to do, and that once again the money has followed the civil engineers. I think this is a mistaken view. I shall tell you why in a moment.

Let us now take a glance at the main schemes financed by the EDF. They are:

In the Congo (Leopoldville), in Rwanda and in Burundi, the laying of 130 km of roads and tracks, the building of various bridges, the installation of pilot farms, the introduction of tea-growing on 1500 hectares of land, the building of three hospitals (246 beds), the founding of a school of farm management, work on town-planning and roads in six localities.

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In the associated countries of the franc area:

more than 3,000 kilometres of asphalted roads, 2,500 km of unmetalled roads, numerous permanent structures, more than 400 km of railway track;

harbour works in 15 ports;

140 irrigation dams, 1,600 wells, and 1,300 watering points;

four important soil conservation projects, 9,000 hectares of oil-palm plantations, ten large irrigation schemes, more than 600 training and advisory centres and more than 2,000 veterinary stations;

the provision of 2,700 primary classrooms, 20 secondary schools and 160 technical schools;

the construction of 23 large hospitals, 106 subsidiary hospital buildings and 47 maternity hospitals (a total of 8,000 beds);

water supplies to 12 towns and drainage work in 8 towns, etc.

In Somalia, the building of a hospital with 750 beds, the laying of 70 km of asphalted roads, and the supply of material necessary for 70 water supplies to villages.

In Dutch New Guinea, and soon in Surinam, geological and demographic surveys, the founding of two teacher training colleges, a school of agriculture, an experimental station, two hospitals, etc.

It would be interesting to see how far the European Fund has made it possible to improve the associated countries' public works and facilities. It is still too early to draw up a complete balance-sheet. However, confining myself to the associated countries in the franc area, I should like to illustrate the EDF's action on a number of salient points.

If we compare the situation in these countries after assistance by the EDF with the situation in 1959 we find, for example, that the length of the asphalted road network has increased by 37.5 % and the length of the network of other permanent roads by 6.5 %.

The length of the rail networks has increased by 6.6%. Public primary school classes have increased in number by 18 %, and hospital beds by 13%.

III. EXPERIENCE GAINED AND LESSONS TO BE DRAWN

I come now to my last topic.

I think we all agree that the path of development aid is a narrow one, from which one it is too easy to stray into naiveté, complacency or ignorance, or into scepticism, dejection and even bitterness.

It is hard, sometimes, amid the work and worry day by day, to be suddenly assailed by a feeling that your efforts are in vain, that the summit recedes as you labour up the slope. You become even more despondent when you take stock of everything that has to be put right.

What in fact do we find in many of the underdeveloped countries?

- a steady decline in the price of tropical products;
- constant difficulties in balancing budgets;
- illiteracy still not overcome;
- lack of skilled administrators and technicians;
- slow progress in industrialization owing to ignorance of resources and diffidence on the part of private investors.

These are not recriminations. They are only yardsticks by which we can measure the ground we have covered and the task remaining before us.

Everything has been said about these planning problems during the last three days: solutions have been sketched out, various lines of approach have been suggested and avenues opened up. For my part I should like to confine myself to a few general considerations.

As regards technical co-operation, all the speakers in turn have stressed the urgent need for new methods. Technical co-operation is starting on a new career: everything depends on its success, but this success must be rapid. There has been too little concern expressed at the gradual disappearance of experienced men, tempered more or less by the under-development problems of the colonial economies of yesterday. Who will relieve them until these countries have produced for themselves men technically capable - not only of replacing the wastage of skilled men (what will remain of them in five or ten years?) - but also of helping forward and sustaining the new impulse which I mentioned.

It is our everyday experience to observe a disquieting slow-down in the machinery of development.

Furthermore the situation of full employment in the industrial countries obviously does not encourage the temporary emigration of qualified staff. The industrial countries themselves are suffering in certain sectors from a growing scarcity of capable men to fill the vacancies which technical advances are creating every day.

The shortage of administrators, engineers, doctors, teachers, financiers, is becoming a plague of the modern world. How much more does it affect the countries which are still at the dawn of material progress!

You obviously do not expect me to supply the answer to this question, but the elementary honesty and candour one owes to one's friends dictate that I should raise it in all its harshness.

The European Economic Community, during the four years which have just passed, has effected a big change, since in the Association Convention which it is negotiating it has given a prominent place to technical co-operation. It has been forced to this change to a certain extent by experience. It can be said, in effect, that its original doctrine was largely influenced by the widespread

belief that the primary need was for capital. All our economic theory, a little out of date, believed in the magic of capital, the automatic growth factor. Now we have had to change our tune. Everyone agrees today that capital is only a necessary adjunct to knowledge, power, and the will to do, and that it should by no means be confused with these noble concepts.

There is a second point here which concerns the nature of the European Economic Community's action in the African States and Madagascar: it is prompted and qualified by the requests of the Governments themselves. It is up to the latter to make the choice. Now such a choice in countries where needs exceed possibilities (which is a characteristic of the underdeveloped countries), means eliminating, abandoning certain things, if not finally, at any rate for the time being.

We cannot do everything, everywhere and all at once, but whatever certain critics may think who have spoken previously, human nature is such that what is deferred hits harder than what is actually done. What we withhold offends. What we grant does not count. And as it is impossible to satisfy at the same time all the needs expressed by the underdeveloped countries, those responsible for development become live targets, at which everyone according to his fancy, his outlook, his interest, shoots his arrow.

What it comes to is that they are always in the wrong, like the miller in La Fontaine. They are blamed for laying too many roads or "roads broader than they are long", as someone wittily observed here, roads over which no one passes, bridges that are not connected to roads, roads cut by rivers with no bridges, schools without teachers, hospitals without doctors, secondary schools without pupils, agricultural schemes without farmers, and so on.

One man will say that they make investments that bring in nothing and load the budget with a crushing burden of operating expenses; another that they go too quickly, without making the necessary studies and surveys, which at first sight seem theoretical and useless, but which in the longer term are in fact the only way of creating wealth,

while another will say that they go too slowly, that when men are naked and starving, have no roads by which to move about, no fountains to drink from, no schools to learn at, no clinics where they can obtain treatment, you do not make aerial or geological surveys.

Another accuses them of window-dressing, of papering over the cracks, instead of carrying out vast complex schemes, which is the only way to transform a country's economy; Africa, they say, needs billions, not millions. But yet another, like the speaker who preceded me, complains that we don't buy a donkey for people who still carry their bundles on their heads, or a nylon net for the poor fishermen who still weave their nets themselves as did their forefathers; for him Africa needs millions rather than billions.

How can one please all the world and his wife? The Muses, it seems, like antiphonal chanting. But politicians are not Muses. In the face of such discordant voices, they can only go on their way; criticism is to the man of action what the wind is to a sailing ship: it drives him on.

My next point has reference to the very pertinent remark of the Ambassador of Dahomey, quoted by a great number of speakers: it concerns the drawbacks of planning limited to a country's national frontiers. We hear a great deal about the forces of history. But we cannot^{but} observe that in matters of economics they act only in one direction. This seems to me so obvious that I will not dwell on it. But although political developments have been causing these last few years a proliferation of independent countries and the birth or resurgence of an umbrageous nationalism, the exigencies of international competition and the struggle for survival are making for the formation of great economic blocs and the abolition of national frontiers. I shall not labour the point, but if one reflects that the six countries of the European Economic Community have felt the need to pool their vital forces, their production, their wealth, their techniques, one is bewildered at the sight of countries with a few million inhabitants still wanting to make their soup in their own little pot and planning their industrialization on a national scale, taking no account of the needs and potentialities