

Main topics of Dutch development policy, 1949-1989

Mari Smits

In 1949, when still busy winding-up the decolonisation of Indonesia, the Netherlands made a modest start with development cooperation. On October 3rd the government decided to donate 1.5 million guilders (680.000 euro) for aid programmes of the United Nations. Over the next 60 years the growth of the Dutch aid budget would be spectacular. In 1989, the last year we have documented in our official records of the history of Dutch development policy, the budget had grown to 2,5 billion euro.¹ In the twenty years that followed 1989, the budget again doubled to almost 4.9 billion euro.

The making and carrying out of the aid policy was the effort of several government departments, subsidized private aid organisations, and specialized companies and institutions. How many people were involved exactly is hard to determine. Ten years ago, the minister for development cooperation Eveline Herfkens wrote in her preface to the jubilee book, *Fifty Years of Dutch Development Cooperation* that 3,400 civil servants at the Ministry and in the embassies were involved in managing the aid budget.²



The merchant versus the vicar

In my contribution I want to throw light upon four quandaries that were manifest in Dutch development policy between 1949 and 1989. They determined the trends in policy. The first was the contradistinction between economic self-interest and idealistic motives to fight poverty. As we say in the Netherlands, the merchant and the vicar were quarrelling about the spending of the aid budget.

The Dutch involvement with development cooperation dated from the first postwar years, when the Netherlands was forced to accept the independence of Indonesia. At that time the United States offered a new perspective for relations with former colonial areas, based on decolonisation and political independence.³ In his inaugural speech of 20 January 1949 American president Harry S. Truman announced as his *Point Four* 'a

bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas'.⁴

At the same time the development of backward areas was discussed within the United Nations. In December 1948 the General Assembly had decided to spend a part of the UN-budget for advice on economic planning, fellowships for the education of experts from underdeveloped areas, and sending experts to aid projects. In 1949 the UN started the Expanded Programme of Technical Assistance (EPTA). The programme had as its purpose to create a structure for capital investments and transfer of knowledge to less developed countries, in order to enable them to raise their level of prosperity and to take part in the growth of the world economy.⁵

These initiatives were amply discussed in the Netherlands. A Working Committee of representatives of the ministries and private organizations, of which most of the members had a colonial past, was formed.⁶ Based on the work of this committee, the government decided on 3 October 1949 to make available 1,5 million guilders for the technical assistance programme of the United Nations. The committee made it clear that apart from a general international political interest there was a more specific economic self-interest at stake: being a participant also meant being counted.⁷ The exploration of new markets for Dutch know how could be beneficial for exports in the near future.⁸ The knowledge of what Dutch science, trade and industry had to offer to less developed countries, could be enhanced by educating UN fellows in the Netherlands and dispatching experts to UN-missions.

Apart from this, participating in the UN-programme gave the Netherlands the possibility to regain some of the international prestige it had lost in the struggle over Indonesia's independence. The founding fathers⁹ of Dutch development policy had the hope that they could reenter Indonesia via the back door and continue the old 'welfare policy' which had the intention to promote social development and economic prosperity of the population.¹⁰ The technical aid programme was in their eyes a work provision project for tropical experts. Although in practice there were only a few hundred experts in this position, the expectations were high. 'Now that Indonesia in the long run will lose its importance as outlet for Dutch intellect, one should find outlet in other areas, such as Africa, Latin America and Asia'.¹¹

According to the Netherlands' government the promotion of economic development and peace in underdeveloped areas could also be beneficial to the fight against communism. A substantial number of members of parliament agreed that for the protection of freedom, development aid was just as important as armaments. In a policy paper, which was discussed in the Council of Ministers in 1953 it was stated that when the non-communist countries didn't do anything in the short term that would reduce the development arrears of a great number of countries

in Asia, Africa and Latin America, 'it would be easy for countries with a rapidly growing productivity, especially Russia, to satisfy the wishes of lower developed countries with a severe disruption of existing relations as a result'.¹² The Netherlands should take the initiative by donating 100 million guilders, over a three years period, towards a future United Nations capital fund. The struggle against communism was seen as one of the main motives for Dutch development aid. In 1956 Minister of Foreign Affairs Joseph Luns also pointed at the danger of political unrest and the lure of communism.¹³

Nonetheless, little by little economic motives began to play a part in the Dutch aid policy. Trade and industry wanted to play a bigger role in the development and execution of aid programmes. This led in 1962 to a modest policy change in favour of bilateral aid programmes and cooperation with trade and industry in aid policy. Four years later, giving aid became an essential element in an international policy directed to the promotion of 'a peaceful international society (...), where every country, with its own identity, can find full development for the good of its population'.¹⁴ Raising the standard of living of the greatest possible number of people became the main target. The Dutch government was on the one hand a strong advocate of international development goals which implied that the Netherlands should raise the aid budget to 1% of the national income, and on the other the stimulation of investment possibilities.

In the seventies the Dutch economic self-interest was pushed into the background and political motives became manifest. Soon after his appointment in May 1973, Minister for Development Cooperation Jan Pronk made it clear that development policy should focus on a redivision of prosperity in the world and on what he called self-reliance for developing countries. His concern was not only the economic position of nations in the Third World, but especially the position of the most vulnerable groups in these countries. According to him, development aid should be focused on the lowest income groups.¹⁵ Pronk used three criteria to designate countries on which Dutch development cooperation was to be concentrated: the level of poverty, the factual need for help, and 'the presence of a social-political structure which enabled a policy truly directed to improve the situation in the country and which guaranteed that aid would be beneficial to society as a whole.' Besides this, he devoted special attention to human rights.¹⁶

Pronk's successor as minister, Jan de Koning (1977-1981), continued the main lines of this policy, but also stressed the importance of economic independence of developing countries. His aim was to achieve an equal position in international economic relations for developing nations. At the same time he aimed 'to alleviate the plight of the hundreds of million people who don't have a minimum standard of living as quick and as direct as possible'.¹⁷ Although the aims of development policy remained intact, in practice there was talk of a clear shift. The role of trade and

industry became more prominent. In the overall policy agreement of the first Lubbers Cabinet (1982-1986) it was laid down that development co-operation should take into account 'the possibilities and capacities of the Dutch economy'.¹⁸ Although the fight against poverty was still identified as the main target, development policy should take on a more structural and sustainable character by means of 'strengthening the productive power of society in a long term perspective'.¹⁹ The poorest groups stood to gain most from the strengthening of economic growth in a developing country, whereas the usefulness of direct forms of poverty relief were doubted. This also meant the stimulation of activities which would be especially beneficial to the Dutch economy and for employment.²⁰

Bilateral versus multilateral aid

Other important points of discussion were the 'channels' of Dutch aid. In 1949 the choice was made to emphasize multilateral aid through the United Nations. This preference was motivated by pointing to the conviction that the Netherlands was too small to have its own bilateral programme. By participating in multilateral initiatives the government hoped to create goodwill in aid recipient countries.²¹ A policy paper, presented to parliament in 1956 stated that most underdeveloped countries preferred multilateral initiatives because political and economic interests of a donor country played a role in bilateral aid. Furthermore, neocolonial interests were at stake too. Adopting a multilateral approach was seen as a guarantee for expertise and better priorities than in most bilateral activities. In case of bilateral aid, small countries like the Netherlands would be obliged to carry out no more than isolated projects. 'Direct bilateral Dutch aid would have the character of just a drop in the ocean and would bring us in an uneconomic position, because we have to operate on a field where stronger partners are already present. With a multilateral approach our participation and influence is better guaranteed.' According to Minister Luns, bilateral aid was a stop-gap solution 'as has been the experience in many countries'.²²

An important impulse for the reevaluation of bilateral aid was the employers' report *Cooperation with developing countries* of 1960. The employers' organization warned that the growth of bilateral assistance in other western nations would threaten the Dutch competitive position. In 1962 a modest start was made with bilateral development assistance. The government not only announced a raise of the bilateral aid budget with 2,5 million guilders, but also stated that 20 percent would be spent implementing a technical assistance programme of bilateral projects.²³ In 1964 the government decided to extend bilateral technical assistance to incorporate trade projects and stimulate the investment climate for Dutch companies in developing countries.

Besides pure multilateral and bilateral aid mixed forms of assist-

ance also came into being after 1962. Bilateral financial assistance began to be coordinated within multilateral cooperatives. This was exemplified in financial assistance to African developing countries associated with the European Economic Community, and in consortia and consultative groups of the OECD and the World Bank.²⁴

Nonetheless, bilateral assistance expanded to such an extent, that policy making soon came to focus on it. Organizational changes within the Dutch ministry of Foreign Affairs, which took place in the 1970's and 1980's intended to cope with the growth of bilateral assistance. However, multilateral assistance was not lost from sight altogether. In 1983 multilateral assistance was called an essential part of Dutch development policy. After all, multilateral institutions strengthened the organized system for international consultation and cooperation. Such institutions could withstand political pressure from donors and recipient countries. They also formed hurdles to improper forms of aid and were instrumental for dialogues with aid recipients. Moreover, multilateral institutions could spread their activities over a large number of countries. Other advantages of multilateral assistance were the element of relief of the own national administration, the prevention of irrelevant spending through expensive tied aid deliveries, and advantages of scale.

Technical versus financial aid

The discussion on the desirability of technical versus financial aid was closely connected to the afore mentioned discussion on aid channels. In the first years the Netherlands was only involved with technical assistance of the United Nations. Initiatives for financial assistance at the UN level, such as India's proposal for a Special United Nations Fund for Economic Development (SUNFED), which would have to supply soft loans and gifts apart from hard loans, was supported by the Netherlands, but did not come into being because of American opposition. Only after the Netherlands started to participate in consortia led by the World Bank did financial aid become a permanent part of Dutch policy.²⁵ The importance of financial aid has grown ever since. In the 1980's this type of assistance formed in fact the core of development cooperation policy.

At the start, the difference between project aid and program aid was closely connected with financial assistance. Project aid meant financing a specific development project by delivering goods and services. In case of program aid goods and services that a developing country needed for its development program were financed. This could also mean currency to finance stabilization programs, or to finance the foreign currency component of a development plan. The policy of the Netherlands' government was that program aid could only be given to countries for which international consortia or consultative groups existed.²⁶ Later, program aid was only given to so-called concentration or program countries.

Public authority versus private organizations

In the 1950's public interest in development assistance was a growing phenomenon. A fair portion of this interest was generated through prominent Dutchmen in the printed press. Marshall Aid, which the Netherlands had received after the war, was portrayed as an example to assist 'a world which calls for common solidarity'. Such pleas had strong religious overtones, and were supported by representatives from the two mainstream religious denominations in the Netherlands, protestants and catholics. The process culminated in 1956 in the establishment of the first Dutch non-denominational private aid organization: the Netherlands Organisation for International Assistance (Novib),²⁷ nowadays part of Oxfam. Novib, in which diverse societal and religious groups were represented, organised its first fund raising in 1957, supported by the government with a financial guarantee in case the drive didn't reach its targets.²⁸

In 1962 Dutch denominational organisations started lobbying for government subsidies too. The following year the protestant Dutch Mission Council and the catholic Central Missionary Commissioner's office sent out a joint open letter to the government, requesting financial support for non-governmental development work. Although the government was initially reserved, the cabinet decided on 23 October 1964 to subsidize development projects of private aid organisations as a result of political pressure from parliament. This was the beginning of the so-called 'co-financing programme'. In the next decades the private aid sector became a fully-developed channel of Dutch aid. Even Pronk, who was initially very sceptical about the contribution of organisations with a religious background, became convinced that they pursued the same goals he did, like self-reliance. In 1976 he stated: 'It is as a result of their distinctive nature and motivation that these organisations frequently extend their offers to further and complete the work they have undertaken. Often they are better able to identify with group aspirations at a fundamental level than a government'.²⁹

Conclusion

Since the start of Dutch development assistance motives for giving aid have been diverse, although idealistic and economic motives dominated. Which motives played first fiddle depended on the economic tide. In periods of crisis the economic self-interest of the Netherlands was decisive and the main target of Dutch development assistance – to combat poverty – became less important. Over time, the number of aid channels and the means of giving development assistance became more diverse. Starting with only multilateral technical assistance through the United Nations, Dutch policy developed three equal aid channels (multilateral, bilateral and private) and a wide range of types of assistance.

Notes

- 1 M.L.J. Dierikx et.al. (ed.) *Nederlandse ontwikkelingssamenwerking. Bronnenuitgave.*, Rijks Geschiedkundige Publicatiën, Kleine serie ('s-Gravenhage 2002-2009).
- 2 J.A. Nekkers and P.A.M. Malcontent ed., *Fifty years of Dutch Development Cooperation, 1949-1999* (The Hague 1999) 7.
- 3 D. Hellema, *Neutraliteit en vrijhandel. De geschiedenis van de Nederlandse buitenlandse betrekkingen* (Utrecht 2001) 159.
- 4 Verbatim text of the Inaugural Address, printed in the *New York Times*, 21 January 1949, 4.
- 5 Dierikx e.a., *Nederlandse ontwikkelingssamenwerking*. Vol. I, xxii-xxiii.
- 6 J. van Soest, *Het begin van de ontwikkelingshulp in de Verenigde Naties en in Nederland, 1945-1952* (Tilburg 1975) 227-235.
- 7 Dierikx e.a., *Nederlandse ontwikkelingssamenwerking*, Vol. I, no. 32.
- 8 *Ibidem*, xxiii.
- 9 P.A.M. Malcontent and J.A. Nekkers, 'Do something and don't look back' in: Nekkers and Malcontent (eds.), *Fifty years of Dutch Development Cooperation*, 11-55.
- 10 According to J.J.P. de Jong, the roots of the Dutch development assistance policy could be found in welfare policy. Whereas he stated in 1999 that the welfare orientation ended in the 1960's, four years later he stressed continuity. J.J.P. de Jong, 'Flying the ethical flag. The origins of Dutch development cooperation' in: Nekkers and Malcontent ed., *Fifty years*, 77; J.J.P. de Jong, 'In het kielzog van Multatuli. Van koloniaal welvaartsproject naar ontwikkelingssamenwerking' in: Bob de Graaf e.a., *De Nederlandse buitenlandse politiek in de twintigste eeuw* (Amsterdam 2003) 37-68.
- 11 Dierikx e.a., *Nederlandse ontwikkelingssamenwerking*, Vol. I, no. 32.
- 12 *Ibidem*, no. 110.
- 13 *Nota inzake de hulpverlening aan minder ontwikkelde gebieden*, in: *Handelingen der Staten-Generaal*, Tweede Kamer, 1955-1956, 4334, no. 2, p. 3.
- 14 *Nota hulpverlening aan minder ontwikkelde landen* (The Hague 1966) 22-23.
- 15 Malcontent and Nekkers, 'Do something and don't look back', 33-34.
- 16 *Ibidem*, 34-35.
- 17 *Handelingen der Staten-Generaal*, Tweede Kamer, 1979-1980, 15.800, chapter V, no. 3, V.1, 33 and 36.
- 18 P.F. Maas, 'Kabinetformaties en Ontwikkelingssamenwerking 1965-1982' in: A. Melkert (ed.), *De volgende minister. Ontwikkelingssamenwerking binnen het kabinet: 1965 tot ?* (The Hague 1986) 84.
- 19 *Nota Herijking Bilaterale Samenwerking*, in: *Handelingen der Staten-Generaal*, Tweede Kamer, 1983-1984, 18350, no. 2, p. 26.
- 20 *Nota Ontwikkelingssamenwerking en Werkgelegenheid*, in: *Handelingen der Staten-Generaal*, Tweede Kamer, 1983-1984, 18503, no. 2, p. 5, 8 and 10.
- 21 Dierikx, e.a., *Nederlandse ontwikkelingssamenwerking*, Vol. I, xxiv.
- 22 *Handelingen der Staten-Generaal*, Tweede Kamer, 1955-1956, 4334, no. 2, p. 3.
- 23 *Handelingen der Staten-Generaal*, Tweede Kamer, 1961-1962, 6817, no. 1, p. 13.

- 24 G.A. Posthumus, 'An "ideal form of aid"'. Bilateral financial assistance, the India Consortium and the IGGI in: Nekkers and Malcontent ed., *Fifty years of Dutch Development Cooperation*, 145-162.
- 25 Posthumus, 'An "ideal form of aid"'
- 26 *Nota hulpverlening aan minder ontwikkelde landen*, p. 93.
- 27 M. Smits, "Geef ons nu maar subsidie en bemoei je er verder niet mee". Overheidssubsidie voor ontwikkelingsactiviteiten van de missie' in: Th. Clemens ed., *Moeizame moderniteit. Katholieke cultuur in transitie. Opstellen voor Jan Roes (1939-2003)* (Nijmegen 2005) 148-149; M. Smits, 'Non-governmental organisations in the Netherlands. From private funding to governmental support' in: H. Pharo, M. Pohle Fraser ed., *The Aid Rush. Aid regimes in Northern Europe during the Cold War* (Oslo 2008) I, 317.
- 28 Dierikx, e.a., *Nederlandse ontwikkelingssamenwerking*, Vol. I, no. 169.
- 29 *Handelingen der Staten-Generaal*, Tweede Kamer, 1976-1977, 14.100, chapter V, no. 3, appendix 4, p. 49.