

## From New Delhi by Susan Maitra

### Germany: a step ahead of the IMF. . .

*While IMF chief Camdessus was looking to impose defense cuts on India and Pakistan, Germany upped the ante.*

The Indian subcontinent was subjected to a spectacle in the last week of October, when International Monetary Fund Managing Director Michel Camdessus took a tour of India and Pakistan, pushing various reform packages he would like these countries to adopt as part of the deal which would bring them IMF money. While Camdessus was knocking on doors, soliciting support within the subcontinent for the imposition of defense cuts, Germany—a member of the Group of Seven so-called industrial nations, the muscle behind the IMF—jumped the gun, so to speak. Germany announced on Nov. 8 that its development aid to India will be cut back by 25% because of India's "excessive armament."

"We want to cut back from \$240 million to \$182 million," said Carl Dieter Spranger, the German minister for economic cooperation.

The aid cut by the German minister because India spends too much on defense has surprised a few. India's defense expenditure is about 3.2% of its Gross National Product, well below the 4.5% limit generally imposed by the IMF on borrowing Third World countries. And compared to both the People's Republic of China and Pakistan, India spends very little.

Moreover, from time to time, India has reminded the German leaders as well as the IMF's Camdessus and others, that it does not figure on the list of countries whose defense expenditures exceed allocations for education and health care. When the German delegation, attending the IMF-World Bank meetings in Bangkok re-

cently, made disapproving noises, and the German minister for economic cooperation made defense expenditures an issue, Indian Finance Minister Dr. Manmohan Singh met with him to explain the facts about India's defense spending.

According to reports available, the meeting did not go well. The Indian government has always insisted that now and in the future, India's defense spending will depend upon the security environment in the subcontinent.

The real cause of surprise, however, is that Spranger's statement came only two months after the "historic" Sept. 5-7 visit to Germany) by the newly elected Indian prime minister, P.V. Narasimha Rao. Prime Minister Rao had broken the tradition according to which the Indian premier's first overseas trip was invariably either to Washington or Moscow. It was assumed then that in choosing Bonn over both Moscow and Washington, the Indian prime minister was responding to a positive signal coming from the German government.

There were reasons for such optimism. The earlier visit by German President Richard von Weizsäcker to India in the midst of the Gulf war, and the statements issued during his visit, had indicated that in the present global situation, Germany would like to establish a stronger political and economic bond with India. Moreover, Chancellor Helmut Kohl, according to Prime Minister Rao, had assured him that Germany would "remain fully committed to our development cooperation with India."

Some in the South Block in Delhi,

where both the prime minister's office and the External Affairs Ministry are located, summarily dismiss the German charges of India's "excessive armaments" as a mere ruse. It is simply an excuse, they say, to hide the fact that in the list of priorities of German financial commitments, eastern Europe and the former East Germany come first. They point out that this is an old trick, often used by U.S. officials when they are afraid to approach the House of Representatives to argue for additional foreign aid.

Nonetheless, it was evident, at least since last August, when Minister Spranger told the *New York Times* that Germany would be "looking closely at the level of spending on arms and also look at factors such as human rights and economic freedom," that India, Pakistan, and many other nations would have to bite the bullet and listen to the new world order "Newspeak."

Sometime back, the outburst of the Germany deputy consul general in Bombay, Georg Jürgens, caught the attention of some here. Jürgens had accused India of scaring away its neighbors by its "hegemonial regional policy of over-armament."

Sensing interference in the nation's foreign and defense policy, the Indian government lodged a strong protest with Bonn, asking for an explanation. The Kohl government had to admit that Jürgens's evaluation was entirely personal and not that of the German government.

Still, talk that Indo-German trade relations are about to reach new heights continues. German Minister of Economics Jürgen Möllemann will be in New Delhi on Nov. 17, leading a team of high-ranking German industrialists, to co-chair the ninth meeting of the Indo-German Joint Economic Commission with Indian Finance Minister Dr. Manmohan Singh.