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Manifold Aid through the UN Family

by Professor M. Mushkat, Tel Aviv

Of the funds received by the UN family for financing its operations approx. 85 per cent are currently devoted to assisting developing countries. Of the UN's 20,000 employees, advisors, experts and others working directly or indirectly for or in the name of the UN, 17,000 are engaged in assistance, of which over 5,000 are active in more than 90 areas of aid. In addition, students from over 100 different countries are learning within the UN aid framework, and almost all UN members are participating in it and financing it in one way or another.

At the outset, there were many who felt that it would be sufficient to deal with aid through decisions taken by the UN's principal organs and their subsidiaries who are authorised to act in the social and economic fields: The General Assembly itself, and its Committee No. 2 (Economic and Finance), the Economic and Social Council and its regional and functional commissions and committees (such as the UN Economic Commission for Africa), and in the operative field primarily the regional offices of specialised agencies (such as the Food and Agriculture Organization office in Accra, the International Civil Aviation Organization office in Cairo, etc.).

However, it quickly became clear that the wide necessities and complex interactions of cooperation could not be handled by the above facilities alone. To the decision and policy-making bodies it was necessary to add an entire network of operative units.

Aid Mainly Based on Bilateral Agreements

Although initially aid was connected with the decisions and activities of general and regional organisations, there increasingly appeared bilateral agreements between the above organisations and the countries concerned or between these and other countries. All aid applied to "Development Decade" projects was given on the basis of agreements, within the framework of short and long-term loans, from public and private sources, and as grants of money, equipment, foodstuffs or technical assistance. These developments call for increased activity in executing aid, in instruction, supervision, reporting, etc. Therefore aid machinery must expand, too. Yet all UN family assistance was slight in the past and has not risen appreciably even recently, since funds raised for this purpose—through voluntary contributions—are not yet increasing proportionately to development needs in general, and Africa's in particular.

In 1960, all such UN-family aid did not exceed 10 per cent of the aid given directly through bilateral agreements between countries.¹

Long-term loans and grants of funds and supplies are considered as assistance for development needs. Between 1955—1959, 90 per cent of this aid was based on bilateral agreements between various countries, 2 per cent was due to their influence on regional and special organisations of a political nature (the European Common Market, Organization of African States, Colombo Plan, etc.), 6 per cent came from the International Bank for Reconstruction and Development, and only 2 per cent from the UN and its specialised agencies.²

UN Family Plays an Important Part

Nevertheless UN-family aid was and continues to be most important, and the value of its activity is not reduced by the UN's lack of success in closing the gap between rich and poor peoples. For, the UN began with no experience whatsoever in this field. Nor did it recognise that certain related tasks were of vital importance and must be realised even though not properly defined in the charter.³

Today, too, activities are conducted throughout most of the UN family in the spirit of experimentation and not infrequently on the basis of implied powers, while appropriate tools and authority are still being searched for. Yet the distance travelled from the standpoint of efficiency, scope and legal basis, is already great. On the basis more of implied power than of clear-cut provisions in their constitutions, the International Labour Organization, the Food and Agriculture Organization and other specialised UN agencies decided to sign aid agreements directly with the countries concerned and to finance them from their regular budgets. But since the provisions of these budgets were not sufficient in order to further assistance activities, the question quickly arose not only of a recommendation for the expansion and coordination of activities by a special advisory service to be

¹ Africa and World Order (P. M. Henry) p. 98; At the 1967 Pledging Conference for the UN Development Program, 111 Nations pledged the sum of \$ 182,674,066 for 1968. This sum included a pledge of \$ 26.7 million for technical assistance and approx. \$ 50.6 million Special Fund component. The Pledging Conference for the Capital Development Fund attained only \$ 1.3 million for 1968. See UN Monthly Chronicle, no. 10/1967, pp. 42-3.

² "UN: The Capital Development needs of the less Developed Countries". Report of the Secr. Gen., 8. II. 1962, p. 62.

³ G. Fruer, "Les Aspects Juridiques de L'Assistance Technique", Paris, 1957, p. 21.

established in the UN Secretariat, but also of the need to find additional sources of funds. Thus on August 15, 1949, the General Assembly approved an Economic and Social Council resolution to establish a UN Expanded Program of Technical Aid to be financed voluntarily by member states.⁴ On October 14, 1958 the General Assembly resolved to establish a UN Special Fund. Later, the Economic and Social Council's proposed Capital Development Fund (1962) was also ratified by the General Assembly. Both of these funds were also tied to voluntary contributions.

Expanded Program of Technical Assistance

The UN Expanded Program of Technical Assistance and the UN Special Fund were characterised by an internationalisation of aid and its independence of interested political and economic factors with a tendency to infringe upon the aided countries' sovereignty. The funds and other specialised agencies decided and continue to decide on just distribution of the aid budget in accordance with local needs and without regard to the special interests of the countries supplying the funds, although loans from the International Bank for Reconstruction and Development are generally conditioned on the actual possibility of their being repayed in hard currency and other commercial dispositions.

The funds' separate and distinct activities caused increased administrative expenses, while their goals remained almost identical. The consequent criticism led to a demand to merge them, and this was approved by the 21st General Assembly Session, which on November 19, 1965, resolved to unite the Special Fund and the Expanded Program of Technical Assistance and to call the newly-created fund the "UN Development Programme".⁵

The UN General Assembly decides on the establishment of aid agencies and funds, their constitutions, activities, effectiveness, and their dismantling. The Assembly was assisted in this function by the Economic and Social Council, which in turn referred to the Technical Assistance Committee. This Committee had direct jurisdiction over the Expanded Program of Technical Assistance. In contrast to the commercial practice of the International Bank, it was composed in principle—like all the other supervisory bodies over aid agencies—in parity of delegates of the aided and the aiding, each having one vote. The UN Special Fund was subject, on the other hand, to the Administrative Council.

Wide-ranging operative authority was given to administrative bodies such as the Technical Assistance Board, which was officially the Expanded Program of Technical Assistance Executive Organ.

The practical work in the field was, however, always handled by the Secretariats of the aiding institutions,

who employed the experts, located candidates for study scholarships, etc. This advantage of the administrative factor—rooted in the authority of the international machinery—over the individual country was not and will not be altered by the merger of Funds.

It might be mentioned that the USSR and its Eastern Bloc partners initially viewed UN assistance programs and especially the Expanded Program of Technical Assistance, with considerable suspicion. They felt that the Programs were intended merely to complete the Truman Point Four plan. And although they changed their approach in 1953, Socialist contributions are even today relatively small and difficult to use, since they are fixed in national currency. The West's share, and particularly that of the USA (40 per cent) was and remains essential to the very existence of these activities. Therefore, the international machinery directs most study scholarship recipients to the West, conscripts most of its experts there, and is itself composed by the UN Secretariat, for a number of reasons, primarily of Westerners. This situation has of course served as the starting point for Socialist delegates' criticism since the increase in their interest in UN assistance problems. This criticism has, however, not been accompanied by an increase in contributions of finance and suitable personnel, and has therefore not been received favourably even by the Secretary-General.

Nevertheless alterations are taking place in this field, too, following decentralisation of all UN economic activities and the decision to transfer appropriate authority from the Secretariat to Regional Economic Committees, a step which guarantees greater influence to local elements and strengthens the UNDP. For the Development Programms today constitutes the most important arm of the 122 UN members, who operate it through voluntary contributions. In 1967, a \$ 170 million budget was thus obtained. It covered 3,100 large and small projects which called for a total outlay of \$ 1.5 billion, half of which was provided by the countries receiving UNDP aid.

The UNDP does not provide grants or loans of large sums. Most of its funds are expended for consultation services by advisors and experts for the preparation of surveys and reports, for special equipment and for study scholarships abroad, while the actual development activities are financed by project management.

The Specialised Agencies

Execution of programs is under the responsibility of the UN Department for Economic and Social Affairs or one of the UN's specialised agencies, who help finance the programs from their own budgets as well as from funds received from the UNDP. Financial assistance activities are, on the other hand, dealt with by other UN specialised agencies—the International Bank for Reconstruction and Development, the International Monetary Fund and two subsidiaries of the World Bank: the International Finance Corporation

⁴ Ecosoc 222 A (IX) 15. VII. 1949 and G. A. 304 (IV).

⁵ UN Doc E/3654, 14. VI. 1962, Report of the Comm. on a UN Capital Devel. Fund.

and the International Development Agency. These agencies lend or invest funds primarily in order to aid in overcoming short-term balance-of-payments difficulties (the IMF), to finance projects which are well-based economically and which involve long-range goals in the basic services and vital industries (the IBRD) and to operate similar projects whose progress cannot be ensured by means of routine World Bank assistance (the IDA) and to invest in private industries who do not benefit from government security (the IFC).

In addition to these agencies, several other bodies are engaged in assistance, but they lack these specialised agencies' degree of power, experience and independence. Among them are the UN Conference for Trade and Development (UNCTAD), the World Food Program, the UN Industrial Development Organization (UNIDO), the UN Institute for Training and Research (UNITAR), the UN International Children's Emergency Fund (UNICEF), the UN Capital Development Fund (UNCDF) and of course additional regional or multi-lateral organisations and field operations.

UNCTAD became a kind of specialised agency as a consequence of the decisions made at its first conference in Geneva in 1964. Five special UNCTAD committees deal with problems of trade in primary commodities, manufactures, export preferences, finance, shipping, indivisibles and other matters of importance in foreign trade, among them the softening of aid terms, alleviation of the debt burden, supplementary financing and the need for financing of buffer stocks. Conference activities have as yet borne few appreciable results, particularly because of the developed countries' lack of support for the proposals of the 86 developing countries, as shown once again at UNCTAD II at New Delhi.

Food Supply through FAO

As regarding the World Food Program—it is operated by the UN and the Food and Agriculture Organization to further development through food supply, for example by providing food to workers in development industries in place of a portion of their salary, or to settlers in development regions.

In the experimental period 1963-1965 this assistance was provided in 117 development projects in 55 countries, and in 33 emergency nourishment activities in 23 countries. These activities were made possible by contributions of food, funds and maritime transport from 70 governments, at a sum total of \$ 94.6 mn. In December 1965, the program became a permanent project, with an estimated budget for 1966-1968 of \$ 275 mn.

The UN Industrial Development Organization was initiated on 1 January, 1967. Its task is to further the recruiting of national and international sources for an accelerated industrialisation in developing countries by means of research and surveys as well as the resultant practical operations.

The UN Institute for Training and Research was established in 1965 to encourage the study and research activities so essential to development. This includes staff which must be prepared for the foreign service, and manpower for the development financing network—itsself requiring improvement. The UNITAR will therefore give instruction inter alia in the techniques and procedures of assistance, and on-the-spot courses for aid-machinery personnel and representatives from various assistance programs. Proposed research programs include an examination of the achievements of the International Food Program and similar programs, and even an appraisal of the effectiveness of UN peace forces and their methods and techniques in furthering the defence of human rights.

Assistance to Children by UNICEF

UNICEF was formed in 1946 to give urgent assistance to children victimised by the war. In late 1952 the General Assembly decided to extend UNICEF activities largely for the sake of children in less developed countries. Since 1953, it is a permanent specialised agency working to aid and often to feed and provide social care, work training and education to children and mothers in the domain of health- and child- and youth-care. The UN Capital Development Fund was initiated in 1968 to provide additional capital for communications facilities, road-building and expansion of transport industries and other public utilities in developing countries. The Fund is an auxiliary of the General Assembly. Its budget is also based on members' voluntary contributions—which are not expected to increase due to most of the principal contributors' reservations concerning the goals established for the Fund.

Coordination and supervision of the various programs and activities, particularly those carried out under the name or auspices of the UN, are generally in the hands of UN Resident Representatives, who also serve as collectors of information on all aspects of development in various locales. However, several special agencies such as the World Bank, have their own local representatives.

The technical assistance bodies and the staff of their international machinery are at work in all developing countries, their presence in Africa, with the continent's lack of cadres, being especially felt.⁶ Alterations in specialised agency activities stem from the fact that these activities are devoted today largely to the developing countries, and are considerably influenced by the realities of Africa with its urgent need for aid in all aspects of life.

UNESCO's Gaining Priority

UNESCO for example initially dealt mainly with the cultivation of ideals of international peace and security by means of widespread cooperation in education, science and culture. Today, however, more than $\frac{3}{4}$ of

⁶ A. E. Rice, "The UN Family at Work in International Development", World Veteran no. 160/1967, p. 5.

UNESCO's aid budget is devoted to assisting developing countries. These aid activities receive top priority due to the recognition that science and culture are a basic element in social and economic development networks, whose success depends on the workers' level of culture and education and the quality of their vocational instruction as well as labour and management's ability to properly employ local materials and modern equipment and to absorb and exploit innovations. These problems were particularly prominent at the UN Conference on the Application of Science and Technology in less-developed Countries which was held in 1963 in cooperation with UNESCO, as well as with reference to participation in Development Decade projects.

The Economic Commission for Africa

The importance of the Economic Commission for Africa can best be understood against the background of the attempts to base development primarily on cooperation among developing countries, thus relieving them of their special relationship to the developed world. These attempts were particularly evident at the eight congress in Lagos, in early 1967. There, discussions again made it clear that not only is Africa the most backward continent, in which 90 per cent of the population has a per-capita annual income of under \$ 100, but that its annual rise in production totals approximately only 1 per cent. While the proportion of import-export in the continent's economy is fairly high, approaching 25 per cent of production, its rate of increase is extremely low, having attained

less than 3 per cent in 1966. Thus it could not ease the balance-of-payments, which remains negative throughout most of the continent and continues to discourage development.

In recognition of the situation the Conference not only studies the factors necessary to accelerate economic change. For, while its activities in the coming years will of course include an analysis of the population, its fields of employment, learning achievements and level of vocational guidance, as well as aspects of industrial, agricultural, commercial and financial planning, its primary concern is the expansion of cooperation under current conditions among the various countries on the African continent and the encouragement of the establishment of suitable sub-regional agencies which can also serve as a lever for development.

The UN Economic Commission for Africa deals constantly with problems of technical assistance and thus also with all types of development, including basic planning, the study of technological improvements, sources of natural resources and their exploitation, credit and investment terms and activities of the African Bank and of development funds. In all these fields the UN Economic Commission is in close contact with other UN development agencies, particularly the UN Conference for Trade and Development, as well as with the Organization of African Unity and its economic committees, and the other African organisations, especially those dealing with economic affairs.

Foreign Investment

The American Economic Conquest of Europe

by Professor Gustav Schachter, Boston

When we talk about conquest, we always have in front of our eyes armies marching in, taking over the existing institutions and laying a heavy hand on the local population. In this sense it is a misnomer to call the economic penetration of American business firms in Europe the "American economic conquest of Europe." Also it would be erroneous to imagine American investments in Europe as a form of neo-colonialism or a premeditated grand design to take over the brave old world. Yet, as Servan-Schreiber begins his now famous book "The American Challenge", "fifteen years hence the top world industrial power, after the United States and Soviet Russia, could be not Europe but American industry in Europe. Today, already, nine years after the Common Market was established, the organization of the European market is essentially American."¹

In 1945, at the end of World War II, Europe was practically in ashes, industry was destroyed, and most European countries suffered monetary chaos and political instability. The East-West antagonism was just beginning. The situation was so precarious that for many Western Europeans, a Communist take-over was imminent. The United States reigned supreme in the world; its industrial plant was intact and its resources compared with Europe seemed unlimited. Also, about half of the world's known gold bullion was in the United States. Europe, on the other hand, lacked in industrial plant, resources and foreign exchange in gold or convertible foreign currency (at the time only the dollar and perhaps, as an adjunct, the British pound were considered hard currencies).

¹ Jean-Jaques Servan-Schreiber, *Le D fi Am ricain*, Deno l, Paris 1967, p. 1.