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INTERVIEW

UNIDO—Agency for Industrial Development

Interview with Dr Samuel Lurié, Senior Advisor of UNIDO, Vienna

Together with the growing urgency of industrial development in the developing countries, the United Nations Industrial Development Organisation (UNIDO) is also more and more in the focus of interest. This young organisation, which two and a half years ago with much ambition assumed a huge bouquet of tasks, is—as all other bodies, too—facing various difficulties as for instance where to concentrate activities, where to get the financial means, and last but not least how to please all parties concerned at the same time. What UNIDO's activities under such a general head term as „industrial development“ are, which problems are emerging and what the strategy of UNIDO in the Second Development Decade will be told us Dr Samuel Lurié, whom we visited in Vienna on occasion of the third meeting of the Industrial Development Board, the directive body of UNIDO.

QUESTION: UNIDO is now two and a half years old and is thus a rather young special organisation of the United Nations. Has UNIDO a secured place today within the UN family and is its right to exist generally acknowledged?

ANSWER: I think, we have first of all a right to exist because UNIDO has been established by the General Assembly of the UN as a result of corresponding views of the developing countries. UNIDO has definitely a role to play in the family of the United Nations as one of the most important agencies, namely in industrial development. Its right to exist is generally acknowledged.

Industry and Agriculture

QUESTION: UNIDO, established at the developing countries' request, underlines the view prevailing in the developing countries that industrial development is the basis of economic and social progress. In

contrast to this view most industrial countries give priority to the extension of agriculture and infrastructure in developing countries. Is it possible at all to decide globally for all less developed countries, what sector is to be given priority: infrastructure, agriculture or industries?

ANSWER: I am wondering whether this is a real problem or whether it is one of these problems that exist only semantically. To talk about giving priority to either industry, agriculture or infrastructure from the point of view of development does not really have much relevance, because you cannot conceive a sound development of industry without having a proper agriculture or a sufficient infrastructure. Neither can you conceive of having sound development of agriculture without having a proper industrial structure. For instance the food problem of developing countries will be quickly solved only along the lines along which the food problem has been tackled in

developed countries, namely by industrialisation of agriculture or to say it more exactly by the increase of industrial input in agriculture, e.g. fertilisers, pesticides, machinery. The big blow-up in the agricultural production of Europe since the Marshall-Plan after this war resulted from a very intensive application of industrial input in agriculture. Now, if you want to increase agricultural production in developing countries, you will surely need a considerable supply of industrial products. If there is no developed industry inside of these countries, you will replace one bunch of difficulties by another set of problems for instance by importing machinery, fertilisers, insecticides, etc. So, clearly both sectors have to go together in development. If you have industrialisation without the proper agriculture, then you will have two problems. One is where to get the food for your industrial labour. You will replace the need for imports of manufactures by the pressure

to buy foodstuffs from abroad. On the other hand, if you don't have an increase in productivity of agriculture without proper income of the population, that occupies a major part of your labour force, to whom are you going to sell the manufactured goods?

Setting of Priorities

QUESTION: As its name already implies, the purpose of UNIDO consists generally in the promotion of industrialisation in developing countries. Did in the last two years the rather general objectives of UNIDO lead to material and regional points of emphasis within its working programmes?

ANSWER: Of course it may be desirable to set points of emphasis since we have only limited resources. "Economic" means essentially the division of resources among the most affected users. However, if you have a variety of countries with different levels of development, with different problems in industrialisation it is difficult for us to establish priorities or to concentrate in certain areas. A great deal of work has been done in giving us the desirable priority areas. Now, these priority areas either were so wide that you could place any projects within their framework or they were so narrow that if you followed the directives strictly there would be x countries which benefit and $100 - x$ who are telling that we are not doing the job. So, what is the alternative: Either the governments should give us enough funds, so that we would be in a position to satisfy all the requests that come, or if we want to concentrate in certain areas, then we will have great problems with those countries whose needs have not been met.

On the other hand, we fully agree that certain emphasis might be given to some special points. For instance we are giving quite a lot of special consideration to such an important

problem as export promotion, which enables developing countries to come away from pure import substitution, based on domestic markets. We also feel that some sectors as repair and maintenance are very important.

Aid to Private Plants

QUESTION: As an inter-state organisation UNIDO is mainly an instrument for the coordination of government development aid. Are there, moreover, tasks in the sphere of private development aid that are handled by UNIDO?

ANSWER: I wouldn't say that we are coordinating governmental development aid. We are not actually coordinating it, but providing it under the responsibility of the governments. I would like to say that the governments can ask, and they do ask very often, for aid to private plants in these countries. The aid that we are giving is not reserved to publicly owned plants.

We have been doing quite a lot in this field and are still trying to do more in putting together people interested in financing enterprises and people who are in need of finance. We are organising meetings for industrialists, bankers, etc.

QUESTION: With the Special Industrial Services (SIS) UNIDO disposes of a sort of "fire brigade" to be employed within its operational activities. How are the SIS organised and what special tasks do they have?

ANSWER: It is very difficult to foresee in advance how a certain project will develop and what problems a plant may incur. So we need a programme on which we could send immediate help. Another type of forward helping of the SIS is consultation for governments, that would like to have high level advice, which is provided by SIS-experts. Technically SIS is not organised differently from the other forms of technical aid. The difference consists in the

possibility of providing aid without having it planned in advance and in the flexibility in the sources of funds. Normally we have a certain amount of funds and we can use that for ad hoc measures.

QUESTION: At its Athens symposium in December 1967, UNIDO made an important attempt to coordinate the world-wide development aid in the industrial sector. Such an attempt to regulate development aid without any doubt is to be appreciated. But does programming and coordination of aid—as well as the Belgian Brasseur Plan turned down a few years ago—not evolve the danger of dividing the world into spheres of interest?

ANSWER: First of all, I think it would be a bit too ambitious to claim that we have made an attempt to coordinate world-wide development aid. Bilateral aid is in no way coordinated by us; it is a matter of political decision by each government. It would be indeed desirable, even in a modest way, to coordinate development aid. Not on a world-wide scale, just coordination of bilateral and multilateral aid in each country, which is a very modest aim, far from coordinating all aid by all governments.

Bilateral aid may be motivated by numerous considerations, multilateral aid, given by the United Nations, however, is the response to a specific need. The donor countries providing the resources for the multilateral aid may not be very happy if we try to meddle into this bilateral aid. However, I have to say that lately we have had some change of heart. Quite a number of countries would agree, if one would make an effort to coordinating multilateral and bilateral aid.

Now as to the bigger problem of coordination of aid on a world level, this is, I think something for which we simply have no ambition whatever. Therefore,

in any case we have nothing to say about the division of the world into spheres of interest.

Conflict between Two Positions

QUESTION: At the same meeting in Athens so extensive disagreements occurred between developing nations and industrial countries, particularly as regards financing methods for industrialisation, that the final report contained two different versions of general recommendations for industrial development. Did the Council's meeting in 1968 or the meeting that has now ended here in Vienna succeed in eliminating the major disparities of views?

ANSWER: In Athens there was a conflict between two positions which is in no way new. The developing countries welcome of course foreign investment, but they welcome it on their own conditions, and some of these countries may be right or wrong in their fear of a, what they call, new form of colonialism. On the other hand, the developed countries, that have more and more possibilities of investment outside the developing countries, feel that their investment in developing countries should be given some minimum guarantees.

Still no Special Fund for UNIDO

QUESTION: A substantial share of UNIDO's funds is made up from appropriations out of UN-programmes and grants. But without sufficient own funds UNIDO's work seems to be seriously jeopardised. Therefore, at last year's meeting of the Council the Executive Director proposed a UNIDO-Fund which is to be supplied by contributions fixed at long term. Has this plan been followed up during this year's meeting?

ANSWER: We have had a pledging conference last December. The position of the developed countries was at first rather passive and they were not going to participate. At last their position was slightly relaxed to the

extent that they did participate, but did not make any pledges, except for the Federal Republic of Germany that announced its contribution of \$1 mn to the SIS fund. Quite a number of developing countries have made contributions of various size. Most of them were in non-convertible currency. So, I wouldn't say that the pledging conference provided us with a substantial improvement of what you call own funds. We have in spite of this some possibilities of implementing projects in various countries with the funds collected during this pledging conference. However, the bulk of our means, about \$9 mn of our own budget and about \$10 mn from the UNDP budget is provided of course out of resources which could not be called our own funds. We do not have a special fund for UNIDO. The regular budget is part of the United Nations budget, and the UNDP appropriations come from the pool which is being provided by all the developed countries to the UN Development Programme.

QUESTION: There is a number of international organisations—World Bank, ILO, UNESCO, FAO, WHO, etc.—handling tasks similar to those of UNIDO. Did UNIDO take adequate measures or come to agreements, respectively, in order to avoid the risk of interfering with the work of these organisations?

ANSWER: You could as well say that there is also the risk of these organisations interfering with the work of UNIDO. We have been given the role of working in the field of industrialisation by the General Assembly of the UN and we have a central coordinating role. However, I would say that we have done a great deal towards concluding agreements with a number of organisations, for instance with ILO, UNESCO, the WHO and also some regional commissions of the UN, in order to coordinate our programmes and to start combined

programmes in areas of common interest. We are now negotiating with FAO an agreement which will provide for joint work in certain complementary sectors, for instance fertilisers and agricultural machinery. We made considerable progress last year in coordinating and harmonising the work of US organisations so as to avoid conflicts in areas in which two or more organisations are interested.

A Global Development Strategy

QUESTION: In spite of the activities of numerous UN Organisations lasting for years there is no clear and binding concept for the promotion of the third world's economic rehabilitation. Is the "Global Development Strategy" so often demanded by the Secretary General of UNCTAD, Dr Prebisch, finally no more than an unattainable vision?

ANSWER: I don't even know if I could give you a definition of a global development strategy. We are much more modest in this respect. We don't talk about a global development strategy. What we would like to see in the Second Development Decade is that UNIDO is in a position to advise countries how to reach realistic targets they have set themselves during the decade. Of course we are also participating in the work of setting the targets themselves. We have to do so because, if you set a target for the overall development of the GNP, you would need a target for development of agriculture and industry.

We establish study groups for certain countries to formulate their policy and try to set the governments in the position to obtain the targets. But there are no general ground-lines, and I don't see how a global strategy should be shaped and be carried out in view of the fact that the developing countries hold a share of only 5 p.c. in world production.