

Our Most Serious U.N. Defeat?

RICHARD N. GARDNER

ONE DAY in January, as the U.N. General Assembly was preparing to pack up and go home, a group of newspapermen were sitting in the lounge of the Palais de Chaillot trying to decide what had been the most significant development of the 1951-1952 session. It wasn't easy.

Rather halfheartedly, most of the newsmen cast their votes for the East-West disarmament talks. One or two held out for the debates on Germany and on the admission of new members. Not one mentioned what future historians may well record as the most important development of the 1951-1952 Assembly. This occurred early in January, when a coalition of economically backward countries braved the opposition of the United States to ram through a little-publicized resolution.

The resolution calls for a new fund of grants-in-aid and long-term, low-interest loans to speed the development of those countries which are too poor to finance their economic progress from domestic capital and which, because of their backwardness, are such poor investment risks that they cannot now obtain foreign capital from private or public sources. It paves the way for the creation of a new United Nations institution—an International Development Authority—which could plan and execute economic-development projects on a global scale.

Enter Santa Cruz

The idea is not new. It goes back well before United Nations days and has been popping up with increasing frequency in recent years, both in U.N. debate and in recommendations by U.N. and U.S. experts. But it would still be just an idea kicking around in some U.N. subcommission if it were not for the fast footwork of Hernán

Santa Cruz, the large and energetic Latin American who is Chile's permanent representative to the United Nations.

Some observers say Santa Cruz is angling for the Presidency of Chile, or a big job in the new development agency, if one is finally set up. Whatever his motives may be, the Chilean representative has been pushing for a bold approach to the problem of economic development ever since India's R. K. V. Rao, Professor of Economics at the University of Delhi, outlined the idea for an international authority before the Economic and Employment Commission four years ago.

Until now the United Nations has restricted its efforts in the field of economic development to a modest

though still significant program of technical assistance. In the first eighteen months of this program, some \$20 million was collected from U.N. members for technical aid in such fields as health, education, agriculture, and industrial engineering. It will continue on about the same scale in 1952.

Technical assistance can yield only limited results unless it is backed by substantial capital investment. It does little good for technical experts to draw up plans for improving health conditions, for example, unless someone is prepared to put up the capital to pay for hospitals, medicines, and the training and maintenance of qualified personnel.

In putting his case before the Assembly, Santa Cruz put particular emphasis on the following:

First, private investment has proved unable to do the whole job. Private U.S. investment has averaged less than a billion dollars a year since the war, and nearly three-quarters of that has gone into petroleum development. Moreover, the governments and peoples of the backward areas want these basic projects to be undertaken and carried out by themselves, not by foreign private enterprise.

Second, economic development cannot be carried out entirely by bilateral programs of American aid. The United States, it is true, spent some \$250 million in the backward areas during the last fiscal year, and will spend \$400 million more this year under the Mutual Security Act. But this is still below the sum recommended in the Gray and Rockefeller Reports—two official surveys intended to guide American policy in this field. It is far below the sum necessary to produce even a modest increase in living standards. Also, our military-



assistance program has made it politically difficult for some governments to accept direct U.S. aid. The recent crisis over U.S. aid in Indonesia was a case in point.

Third, existing international institutions are not at present equipped to carry out the program. The International Bank has stressed repeatedly that as an orthodox financial agency it cannot finance non-self-liquidating development projects. Its president, Eugene R. Black, again told the Assembly this.

The Bogey: Congress

Despite the Gray and Rockefeller Reports, Santa Cruz's effort to get Assembly approval for a new development fund pitted him squarely and bitterly against the American delegation. The Chilean delegate complained to a reporter that every attempt to advance the project "was taken over the serious opposition of the United States."

The explanation, of course, lies in the present temper of Congress. The same newspapers which carried inside-page squibs on the new development fund a few days later headlined Congressional plans to make drastic cuts in President Truman's \$85-billion budget. In the trimming process, it seemed, the most expendable item would be foreign economic aid.

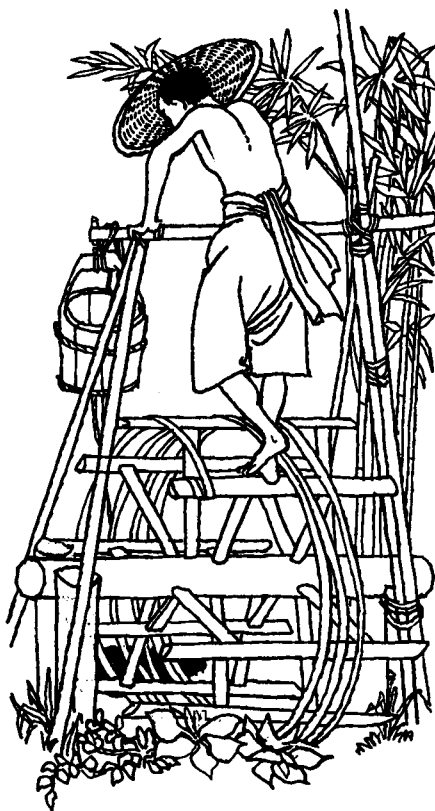
The American delegation had been aware of the gathering storm for some time, the U.S. representative having led the fight against such a resolution in the Economic and Social Council last summer. He was successful, thanks to the fact that the Council is composed of nearly equal numbers of economically advanced and economically backward countries.

In the General Assembly, where the backward countries outnumber the developed countries about two to one, things were bound to be different. In an effort to stem the tide, the United States chose as its spokesman one of the two Congressmen who had been sent along as members of the delegation—Representative Mike Mansfield, a tough-talking Democrat from Montana. Mansfield did not try to speak the language of diplomacy.

"As a member of the Congress of the United States," Mansfield said, "I am positive that I am correctly reflecting the prevailing opinion in that body

when I say that the United States is not prepared to commit itself to any such action either now or in the foreseeable future."

It would have been difficult to put the American position more bluntly. But neither the unsympathetic attitude of Congress nor the prospect that, as one delegate put it, "a fund without funds" might be created, was able to move those representatives whose constituents were restless and hungry. To them, arguments about the absolute priority of defense expenditures were particularly unconvincing.



Almost to a man they backed Santa Cruz when he remarked that "ninety per cent" of the peoples of Asia, Africa, and Latin America were "indifferent" to the struggle against Communist aggression, and warned: "It is essential to attract that mass of the people who knows no party and which, moreover, will not be disposed to shoulder responsibilities and recognize obligations of international solidarity, so long as they do not see any sign of others acting in a similar way towards them. The battle, the true battle today, must be fought within the mind of each one of these millions of human beings in the backward countries, and

so long as this is not understood by the responsible leaders of the great powers, the cause of the United Nations will be in danger. . . ."

When it came to a showdown, these arguments carried the day. Out of respect for U.S. opposition, representatives of the less-developed nations rejected a resolution that would have called for the immediate establishment of an International Development Authority; instead they asked only that the Economic and Social Council submit "detailed plans" for a special fund to the next session of the Assembly.

The resolution was passed by a two-to-one majority, although fourteen countries, many of them perhaps afraid of antagonizing their rich Uncle, abstained. It was the least-publicized setback, and to many delegates' way of thinking the most deserved, that the United States suffered in the entire session.

U.S. Arguments

During the closing days of the Assembly I spent some time discussing the reasons for this defeat with members of the U.S. delegation. Their arguments gave me the impression that the weakness of the American stand was partly due to the fact that many of our representatives more or less agreed with the opposition.

One argument, advanced privately by U.S. delegates as the debates progressed, concerned the "irresponsibility" of many of the countries sponsoring the fund whose governments showed no inclination either to make real sacrifices to finance the program or to carry out the domestic reforms needed to assure its success.

As a statement of fact, this charge is hard to dispute. Some of the Latin-American countries that talk the loudest have been the slowest to make their small contributions to the existing program. Many have never authorized the International Bank to use the subscriptions that they previously pledged in local currency. Most significant of all, they have been slow to take steps to restrain luxury spending at home and to use their resources for projects of public importance.

Whether this is an effective argument is a different question. If no outside pressure is brought on these governments, the existing evils will surely be perpetuated. If pressure is brought



by the United States alone, it is likely to cause resentment and ill will. The United States has already discovered how unwilling certain Middle Eastern countries are to subscribe to even the most modest "conditions" on bilateral aid. One reason for the enthusiastic support of an international development plan by the governments of Yugoslavia and India is a similar reluctance to take needed aid directly from the United States.

Some of the men who seek to explain American policy toward the new development fund have a second defense: That the creation of such a fund would somehow benefit the members of the Soviet bloc. Although the Soviets would necessarily be outnumbered on any administering board, there is of course no guarantee that Russia or its satellites would not be given help.

Perhaps we have already reached the point, as this argument suggests, where the United States must oppose any idea, no matter how good, that may possibly give aid or comfort to the Soviet Union. Even if this is correct, the objection still seems untenable. The Soviet bloc has refused to take any part in the already-established U.N. technical-assistance program. It has not received loans from the International Bank in recent years. Two main reasons for this attitude are the unwillingness of the Soviet-bloc nations to supply information about domestic economic conditions and their refusal to permit the entry and maintenance of foreign technicians.

The recent Assembly debates on the fund, far from eliciting Soviet enthusiasm, revealed considerable apprehension in the eastern bloc over the idea. A. A. Arutiunian, a Soviet delegate, charged that an International Development Authority would mean the creation of an "international economic protectorate" over the backward areas.

But, he quickly added, all the talk about the new fund was so much "altruistic phraseology." The Americans would never support it, he said, since it was in their interest to preserve the backwardness of those areas where American "monopolists" derive the greatest profit. Listening to the speeches of Representative Mansfield, the delegates from some of these countries could hardly be blamed for concluding that Arutiunian was right.

Getting Around Congress

The third and usually final justification for the American stand on international development is in a sense the most difficult to counter. The present Congress, the argument runs, will not be willing to support a new United Nations development fund; therefore, to start planning for one now can only create disillusionment in the areas which expect assistance.

The force of this argument would be greater if the Assembly had been asked to set up an international authority right away. The Allied nations started planning for postwar economic co-operation before the war ended; by the same logic, it is reasonable to have machinery ready a few years hence when, as all hope and expect, the pace of rearmament slackens. Moreover, the Congress that is now being "antagonized" is not being asked for funds. It seems unnecessarily defeatist to assume that the next Congress cannot be won over when and if the time comes for substantial U.S. contributions.

Finally, even if one grants the difficulty of achieving a considerable increase in the volume of American aid to the backward areas now, there remains the possibility of channeling more of the aid presently available through international rather than national agencies. Proponents of the new

U.N. fund estimate its first-year needs in the neighborhood of \$500 million. If we contributed sixty per cent (the rate at which we now contribute to U.N. technical assistance), the American share would be \$300 million. This sum could be raised by diverting part of the present bilateral-aid funds.

A major opponent of this solution, besides Congress, may be the State Department. Within the department, the Bureau of United Nations Affairs is not in a strong bargaining position when competing for funds with the various area divisions. Foreign-service representatives in the field want to dispense American assistance themselves, and recent events have not convinced them that they should yield some of the U.S. power and prestige so gained to the United Nations.

If the American delegation maintains its present position when the Economic and Social Council meets soon to frame plans for the new development fund, two equally unfortunate outcomes are possible: We may, by brandishing our military and economic power, succeed in destroying the project. Such a Pyrrhic victory would cause immense resentment in the backward areas. Or we may wean some of the important western powers away from the plan, leaving some of its less-responsible supporters to go ahead without a restraining hand.

It is clear that the Administration will soon have to decide whether it really believes in the principles enunciated by President Truman at his inauguration three years ago when he called for the economic development of the backward areas by means of "a co-operative enterprise in which all nations work together through the United Nations." To many representatives of the backward areas, the recent position of the United States represents a repudiation of the Point Four ideal.

The Ugly Face Of Violence

SANTHA RAMA RAU

IN THE spring of 1946 I was working for a Bombay magazine called *Trend*, subtitled (with the hope of attracting a larger audience) *The National Pictorial*. The summer after I was graduated from Wellesley and returned to Bombay, Sharouk Sabavala and another friend, Frene Talyarkhan, a competent and determined girl who had started the magazine, asked me to join their staff.

I accepted at once and with some excitement because this was the first “real” job I had ever had. My only other job had been with the Office of War Information during vacations, and that had seemed to me anything but “real” from the beginning. I was, besides, rather impressed with my new title, Associate Editor. Actually that meant very little, because apart from two photographers and the stenographer who appeared on the masthead as Editorial Assistant, the editorial staff included only Editor-in-Chief Frene, Sharouk, a slight, quiet young man who was the managing editor and was also supposed to understand the business end of the magazine, and me.

The three of us did all the writing for *Trend* except the book reviews, which were handled by John Rowdon, a young Englishman of considerable charm and talent. I thought his work was the best in the magazine, but at that time, although he was a friend of all of us, the feeling between the British and the Indians as a whole was pretty tense, and John used to sign his reviews only with his initials.

Deficits and Dreams

The *Trend* office, with all its disadvantages of stuffiness and noise, was at least cozy. We had one room on the second floor of a good building in the center

of the business section of the city. We had partitioned this into two smaller sections. In the half without windows sat the accountant-circulation manager and an office boy surrounded by files and reference books. In the half with the windows, Frene, Sharouk, the stenographer, and I had our desks, and since this arrangement left room for only one extra straight chair, we could never have more than one visitor at a time.

Frene had to see important clients at the Taj Majal Hotel. We shared our telephone with the man in the next office. A small hatch had been cut in the wall, and the telephone sat in it, and while this left neither office much privacy, at least our phone bill was smaller that it would otherwise have been.

Of course the magazine was constantly in debt, and friends and families

were called on for assistance. We had bullied as many people as we knew into taking annual subscriptions, but that didn't nearly meet our costs. Our advertising manager (part-time) tried his best to make up the deficit, but a circulation of 2,500 was not much to offer prospective clients.

In spite of the rather limited scope of *Trend*, my job there was as pleasant as any I could hope for. Between stories we used to chat and drink coffee and plan spectacular issues once the magazine was out of the red, and after every issue we would make firm resolutions to get the next one out on time—well, if not on time, at least not more than a week late.

The Sailors' Strike

The morning of the day on which the Indian naval enlisted men went on strike, my father and I left the house, as usual, in his car. As usual he had read the *Times of India* all through breakfast, and in the car on the way to his

