
Abstract

In the first two decades of the UN’s existence, the US strategy for managing the Organisation on issues of trade, finance and development underwent two major reversals. After deliberately nesting the new international economic institutions inside the UN, the US had moved to a defensive strategy on economic issues in the UN by the mid-1950s. One cause was the outbreak of the Cold War and the fear of ‘subversives’ in the UN. Another reason was that US pressure for European decolonisation, combined with UN multilateral procedures, empowered underdeveloped countries that contested the norm of non-discrimination in trade. As the number of developing countries in the UN grew, however, the US changed strategy once again. President Kennedy took a series of new initiatives for economic development in the UN – the World Food Programme (WFP) and the UN Decade of Development. Justified in terms of Rostow’s modernisation paradigm, Kennedy’s revival of US leadership on development finance in the UN retained a strong anti-communist motivation and remained basically defensive in character.

Keywords: multilateral system, modernisation, decolonisation, development, finance

1. Introduction

The relationship of the United States to the United Nations has been a controversial one almost since the Organisation’s inception. Initially, when the isolationist viewpoint seemed terminally discredited by Pearl Harbor, both Republicans and Democrats supported the new body. In July 1945, the British Embassy in Washington could report the changed attitudes since the early days of the League

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of Nations: ‘The happy contrast between the situation today and in 1919–20 is being widely remarked on… Even the Patterson–McCormick press grudgingly admits that any Senator who votes against the [UN] Charter will be a “political fathead”’ (Nicholas, ed., 1981: 592). Later that month the Senate ratified the Charter by 89 votes to two. Largely as a result of the UN’s political impotence in the face of the Cold War, this initial domestic political goodwill evaporated rapidly, and US administrations sought increasingly to sidestep the UN. Nevertheless, by the early 1960s the UN was showing more vigour and this was paralleled by a more positive US approach.

As President John F. Kennedy put it in his Inaugural Address: ‘To that world assembly of sovereign states, the United Nations, our last best hope in an age where the instruments of war have outpaced the instruments of peace, we renew our pledge of support – to prevent it from becoming merely a forum for invective – to strengthen its shield of the new and the weak – and to enlarge the area in which its writ may run.’ This pledge, moreover, was made at a time when politicians in other Western countries were growing more sceptical about what President Charles de Gaulle of France referred to as ‘les nations dites unies’ (Boyd, 1964: 9). These changing patterns of political engagement were reflected in the American approach to the UN’s economic activities, as well as its political and security ones. This article will explore the nature of the US multilateral commitment in trade, finance and development, and the forces that shaped its phases between 1945 and 1963.

2. The UN, Multilateral Trade Negotiations and Developing Countries
The post-war international economic order was Anglo-American in its conception. British officials such as John Maynard Keynes and James Meade were every bit as creative in contributing to its design as their US counterparts. However, because of Britain’s serious economic exhaustion at the end of the war, the British bargaining position in the Anglo-American negotiations and the British commitment to a non-discriminatory form of multilateralism were both weakened. Consequently, the new institutions of the post-war economic order were shaped by the desires of the US administration to a high degree. In particular, the US insisted on nesting the new international economic institutions within the new UN Organisation, albeit with a semi-detached status for the International
Monetary Fund (IMF) and the World Bank. However, as the historian Hugh Brogan perceptively put it, the Americans were ‘inclined to put more trust in the efficacy of the United Nations and their own palpable good will than was realistic’ (Brogan, [1985] 1989: 584–585). To a degree, this was because their policy-makers tended not to admit any distinction between the interests of the US and those of the international community as a whole. If what was good for America was good for the rest of the world too, then there was little reason to imagine that conflicts would emerge within the world body established to promote the collective well-being.

The outbreak of the Cold War was to provide obvious evidence of the insufficiency of this view. There were, however, other factors in play that help to explain why, having created the institutions that it wanted, the US was subsequently less than successful in reproducing within those institutions its own values and its own analysis of the needs of the international economic conjuncture. In the UN it had now created a forum in which divergent values and analyses could make their appearance. Crucially, the supporters of dissenting viewpoints now had an institutional framework within which they could canvass for further support. Dissent from the US view was not restricted to the ‘nyet, nyet’ approach of the USSR and its satellites, although, of course, the central fact of superpower rivalry was omnipresent. The international conferences on trade and employment in London, Geneva and Havana in 1946–48 witnessed the emergence of considerable opposition by developing countries to the proposed principles of non-discrimination in trade, on the grounds that they were at a structural disadvantage in participating in world trade. They demanded the right to protect their weaker economies.

In pursuing this demand, the underdeveloped countries achieved a mixed success at the 1947–48 Havana conference, the purpose of which was to finalise a charter for the proposed International Trade Organization (ITO). Demands for complete freedom to employ quantitative restrictions for development purposes were faced down by the US, with the threat that, if agreement on the lines proposed by the US could not be reached, America itself might reluctantly employ such restrictions itself in the future, thus damaging the welfare of other countries (Gardner, 1980: 367–368). Nonetheless, much more liberty to employ protection in this way would have been allowed under the ITO charter that was agreed than had ever been envisaged in the original Anglo-American proposals. This enraged the British, who believed that their own trade
interests would be damaged (Toye, 2003). In addition to the exceptions already granted at Geneva, the proposed ITO would have been expected to give automatic approval to quantitative restrictions on commodities not covered by trade agreements if any of a number of conditions were filled. Moreover, the ITO would be expected to give approval to new regional preference agreements, if they conformed to certain agreed standards (Gardner, 1980: 367–368, 366–367).

Arguably, then, the fact that the United States pursued its trade goals in a multilateral United Nations forum played a key role in watering down its initial proposals. The concessions made by the US negotiators were highly significant from the point of view of US domestic politics. Together with the failure at the Geneva conference of 1947 to bring to an end the British imperial preference system, they fuelled hostility to the ITO in Congress. This was because free-trade purists, objecting to the weakening, as they saw it, of the charter, were pushed into ‘unholy alliance’ with protectionists. In this latter camp, one Republican Congressman noted caustically that measures that received the negative label ‘protectionism’ at home received the positive one ‘development’ abroad (Zeiler, 1999: 148).

Sensing the strength of opposition, the Truman administration (the attention of which was now increasingly diverted towards Marshall Aid and other Cold War issues) delayed putting the proposal before Congress. Congressional hearings did not begin until April 1950, whereupon the administration witnesses were pushed onto the defensive – the new Democratic majority notwithstanding. The main American business organisations had come out against the charter, and, as Richard N. Gardner has pointed out, given that the members of these were supposed to be key beneficiaries of the project, this stand greatly diminished the chances of congressional approval. The emergency of the Korean War, which broke out in June 1950, further distracted the administration’s attention from the ITO; that December, it was quietly announced that the charter would not be resubmitted to Congress (Gardner, 1980: 371–380; Zeiler, 1999: 147–164).

Somewhat ironically, the United States became the target of accusations of imperialism and colonialism, not only from the USSR but also from some developing countries. In fact, the US record on this score was mixed. It included both the granting of independence to the Philippines and the negligent acceptance of renewed French colonial rule in Vietnam. Moreover, there was strong US sentiment against, in particular, British imperialism, and this was an important component of American hostility to the imperial preference system. Nevertheless, the US was perceived as the leader not only of the
industrialised countries, but also of the imperialist powers. This had already happened by the time that the Truman Doctrine of 1947 ushered in the geopolitics of bipolarity, when the crusade in defence of free peoples had become – in effect – a commitment to the defence of all anti-communist governments.

The Cold War and the Search for UN ‘Subversives’

The 1947–51 period was, in global terms, perhaps the politically most explosive of the Cold War, seeing the breakaway of Yugoslavia from the Soviet bloc (1948), the Berlin Blockade (1948–49), the communist takeover of China (1949), the Soviet acquisition of the atom bomb (1949), and the outbreak of the Korean War (1950). Only in April 1951, once Truman had dismissed the over-ambitious General Douglas MacArthur from command of US forces in Korea, did it become clear that neither superpower was prepared to contemplate a return to outright world war (Hobsbawm, 1994: 229).

The extreme political turbulence of these years was reflected within the UN. As Robert G. Wesson has argued, in the first years after 1945, its reliable majority in the General Assembly (45 or 50 to five or six in East–West disputes) prompted the United States to see the UN as a court to resolve differences that could not be resolved by direct negotiations. Understandably, the Soviets were displeased by the successful US attempts to orchestrate pressure against them, and further enraged by the Truman Doctrine. Therefore, although the Soviets supported the UN in a few cases where it contributed to the decrease in Western influence – for example, in hastening the withdrawal of British and French forces from Syria and Lebanon – their general view of the UN soon became extremely negative, and remained so until the death of Stalin in 1953. The Americans, in turn, increasingly reacted to this obstructionism by bypassing the UN, economically as well as politically. After the Soviets rejected the Marshall Plan, the US became reluctant to try to channel economic aid through a UN framework that was subject to Soviet blocking tactics (Wesson, 1971: 6–10). By the opening of the second session of the General Assembly in the autumn of 1947, the UN was being widely denounced in the British, Soviet

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1 An example is the dispute over the Austrian peace settlement.
2 For several months during 1950, the Soviets withdrew from the Security Council and other UN bodies, in protest at the failure to transfer China’s seat on the Security Council to the new Communist government.
and American press, variously as a ‘mere debating society’, as an ‘American-dominated mechanism for deceiving the world’s peoples’ and as a ‘platform for communist propaganda’ (Boyd, 1964: 9). Thus, if the UN was the child of the idealism of the US wartime planners, in the immediate post-war years it quickly found itself orphaned. This was true for its economic as well as its political functions.

The Bretton Woods institutions and the General Agreement on Tariffs and Trade (GATT), set up under UN auspices, made a significant contribution to the post-war prosperity of the West. Facilitating currency convertibility and thus the growth of international trade, these organisations are generally credited with success in supporting high levels of employment and sustained growth in the 1945–73 era – even though they were slow in starting to live up fully to the highest ambitions of their founders. The GATT, the IMF and the World Bank quickly established their operational independence of the main UN system. This fact may have contributed to their relative success, for within the UN itself America now began to play an obstructive role on economic questions. At the same time, it weakened the UN system as a whole, as these institutions provided a ready-made means for the United States to pursue its international economic goals through agencies that were effectively outside the reach of the main UN political organs.

The UN secretariat now became a victim of the intense anti-communist hysteria that swept America between 1950 and 1954. Under the lash of Senator Joseph McCarthy, the US government began a policy of harassing UN officials who might be ‘subversives’. Red-baiting was nothing new in American domestic politics. The Select Committee on Un-American Activities (the so-called Dies Committee) was set up in 1938, and replaced by the House Un-American Activities Committee (HUAC) in 1945. The list of alleged communists in the US government that in February 1950 Senator McCarthy announced he possessed was similar to the one produced by the Dies Committee 10 years earlier but McCarthy, rather than disclose it in full, was wily enough to drip-feed names to the media a few at a time in order to keep his accusations in the public eye.

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3 Horsefield (1969: 124, 145–147) tells the story of the IMF’s successful resistance to the ambitions of ECOSOC. The Agreement between the UN and the Fund of 15 November 1947, specifying the relations between the UN and the latter as both a specialised agency of the UN and an independent international organisation, is in Horsefield (1969: 215–218). The same story is told of the IBRD in Kapur et al. (1997: 1168)
What was novel – and what made McCarthy more than a nine-day wonder – was the international context, combined with the gradual crumbling of bipartisan support for Truman’s foreign policy. The outbreak of the Korean War in June, following the ‘loss’ of China the previous year, not to mention the conviction of Klaus Fuchs for passing atomic secrets to the Russians, appeared to give some measure of credence to McCarthy’s wild charges. A special sub-committee of the Senate Foreign Relations Committee (which became McCarthy’s platform), the Senate Judiciary Committee, and various other bodies, all involved themselves in the quest to root out ‘subversives’.

The Truman administration, which had launched its own, deeply flawed, loyalty programme within days of the Truman Doctrine speech in 1947, was cowed, confused, and compromised by its own previously demonstrated willingness to ride roughshod over civil liberties in the same cause.4 The UN stood to be damaged by the anti-communist tide, partly because of the proximity of its New York headquarters to US political events, but not least because internationalism per se was increasingly perceived as suspicious. The fact that Alger Hiss, the State Department official brought down by the allegations of the former communist Whittaker Chambers, had played an organisational role at the 1945 San Francisco conference, doubtless helped stigmatise the UN further.

Paradoxically, it was ‘when the UN was most directly in conflict with Communist ambitions in Korea, that the organisation was most suspect in America as a supposed hotbed of Communism’ (Boyd, 1964: 33). The controversy surrounded US nationals working for the UN; non-US nationals were for the most part 5 safe from active persecution if not from whispering campaigns, although the atmosphere was oppressive and demoralising.6 In many ways, the


5 A prominent exception was the case of Alva Myrdal, director of UNESCO’s Department of Social Sciences (and the wife of Gunnar Myrdal, head of the UN Economic Commission for Europe), according to Urquhart (1994: 64).

6 Hans Singer, for example, recalled that the British delegation to the UN ‘firmly supported me during the McCarthy years, when the popular press described me as part of a communist conspiracy, in the pocket of the Russians [and trying] to extract money from the pockets of the American taxpayer’. Interview with Hans Singer by Richard Jolly and John Shaw, 20, 21 and 26 August 1997, p. 28. See also Jolly (2001) and Gilpin.
situation was ludicrous. As Dean Acheson (US Secretary of State 1949–53), acknowledged in his memoirs, Trygve Lie, the UN Secretary-General, ‘could hardly require appointments to turn upon a candidate’s views in a field where the orthodoxy of one superpower became heterodoxy, or even criminality, as seen by another’ (Acheson, 1969: 698). However, after 1949, the State Department itself had begun to offer ‘derogatory information’ to Lie about UN employees and prospective employees. By the end of December 1952, the department had commented adversely on 40 people, 38 because they were believed to be communists or under communist discipline, and two on grounds of ‘morals’. This, surprisingly, was at Lie’s own request. ‘If there was even one American Communist in the Secretariat I wished to get rid of him,’ he recalled in his memoirs. The information thus provided was unsubstantiated, and insufficient in itself, in Lie’s view, to warrant action. It was, however, enough to raise his suspicions about various individuals, and in 1950–52 several staff on temporary contracts ‘against whom I felt I had convincing evidence of improper activity’ were dismissed. The issue exploded publicly in 1952, when the Senate Internal Security Sub-Committee, and a Federal Grand Jury in New York, began to investigate US nationals employed by the UN who were suspected of subversion. During the course of these hearings, 18 UN staff invoked the Fifth Amendment of the American constitution – that is to say, they declined to answer questions on the grounds that to do so might lead them to incriminate themselves. (Not all of these had earlier been the subjects of adverse State Department comment.) Lie dismissed them, on the grounds that they had breached the staff code, having ‘not conducted themselves as international civil servants should’.9

This was surely a further error of judgment, compounding his original decision to try actively to vet staff for communism; and he subsequently made more mistakes. In Lie’s defence, it may be noted that, in general, he was no mere American stooge – he had taken a

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8 Unsigned memorandum to John D. Hickerson, 31 December 1952, Office files of the Assistant Secretaries of State for United Nations Affairs, NA, RG 59 Lot File 58D33 Box 1.
9 Lie (1954: 389–390, 396–397). More people than the 18 were affected by the controversy, however. In January 1953, the New York Times (‘11 In U.N. Accused of Communist Ties’, 2 January 1953) estimated that 35 people had up to that point been removed from the UN staff, and that the total number touched by the affair was 46.
firm stand, for example, in favour of UN representation for communist China – and that he was undoubtedly under immense personal pressure. On 10 November, he suddenly announced his resignation – although no successor could immediately be found, and he continued in office until the following spring. (Rumour had it that the timing of the announcement was affected by his fear that members of his own entourage were to be attacked.) Three days later, Abraham H. Feller, one of his closest advisers, who had represented him in his dealings with the investigating bodies, and who the Americans considered to have had doubtful past associations, committed suicide. Lie publicly blamed the ‘prolonged and serious strain’ of upholding law and justice ‘against indiscriminate smears and exaggerated charges’ (Cordier and Foote, eds, 1969: 485–486; Lie, 1954: 399). Then, in December, the New York Grand Jury, without bringing any indictments or naming any names, reported that there was ‘infiltration into the United Nations of an overwhelmingly large group of disloyal United States citizens’, and that this constituted ‘a menace’ to the US government (Cordier and Foote, eds, 1969: 498). On 9 January 1953, in the dying days of the Truman administration, that government issued an Executive Order requiring a full investigation by the Federal Bureau of Investigation (FBI) of all US citizens employed on the professional staff of the UN. Lie extended his cooperation to this investigation to the extent of allowing FBI agents onto UN premises to conduct interviews.

Contrary to legend (Lash, 1962: 49), the new Secretary-General, Dag Hammarskjöld, did not order the FBI men off the premises as soon as he took up office in April, but waited until November, when he found a pretext for doing so (Urquhart, 1994: 63–64). At the same time, however, he did not reinstate those dismissed employees vindicated by the UN appeals procedure who wanted to...

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10 Sidney (and Ethel) Dell to Kaldor, 20 December 1952, Kaldor Papers, NK/3/119/91-3.
12 It is worth noting that Ivar Rooth, the Swedish Managing Director of the IMF, also cooperated with the US authorities, and demanded the resignation of the Secretary of the Fund, V. Frank Coe, in November 1952, after he had pleaded the Fifth Amendment before the Grand Jury and refused to testify before a Senate Subcommittee (Horsefield: 1969: 339–340. The World Bank also complied, but ‘there were very few casualties’ and the practice of loyalty screenings for US employees of the Bank continued until 1986. See Kapur et al. (1997: 1173).
return, but elected to pay them compensation instead. The lengthy FBI investigation rumbled on, leading to no revelations; there was further gnashing of congressional teeth at the payment of compensation to the 11 UN employees whose appeals were upheld; but, during 1954, McCarthy discredited himself terminally, and the US pressure on the UN eased up. Nevertheless, this episode had a permanent effect in making the UN secretariat more circumspect in what it did and said.

3. The US and the Developing Countries: IDA versus SUNFED

Arthur Lewis, using a cricketing metaphor, described the US strategy in the UN in the mid-1950s as one of stone-walling (or pure defensiveness) in economic affairs. The US, he stated, played in the UN Economic and Social Council (ECOSOC) in economic (but not in social) matters the ‘stonewalling’ role that the USSR played in the Security Council and the UK (still a major European colonial power) played in the Trusteeship Council. He explained their actions in the following way (Lewis, 1957: 44–45).

This is because the other members of ECOSOC are usually asking the U.S.A. to undertake some obligation which it is unwilling to accept, such as to give money towards a special U.N. fund for economic development, or to create a fund to prevent the international transmission of depressions, or to participate in a scheme for stabilising the price of rubber. The division between East and West which racks the Security Council is of little importance in the economic debates of ECOSOC…the division is between rich and poor countries, with Latin American, Middle Eastern and Asian countries on the one side, and the USA, Britain and France on the other.

The emerging rich–poor division described by Lewis had already begun to trouble top US policy-makers. John Foster Dulles, President Eisenhower’s Secretary of State, had come to the view that

…it is going to be very difficult to stop Communism in much of the world if we cannot in some way duplicate the intensive Communist effort to raise productivity standards. They themselves are increasing their own productivity at the rate of about 6% per annum, which is about twice our rate. In many of the areas of the world such as Southeast Asia, India, Pakistan and South America, there is little, if any, increase. That is one reason why Communism has such great
appeal in areas where the slogans of ‘liberty’, ‘freedom’ and ‘personal dignity’ have little appeal.  

Although Dulles was personally convinced of the political need to help underdeveloped countries to raise their productivity levels, and thought that a new US public investment programme there was desirable, he proved unable to move the first Eisenhower administration to embrace such a policy, and unwilling to be seen trying to do so.

US defensiveness and immobility fed the suspicion that the West was losing the Cold War. Nikita Khrushchev finally consolidated his control over both the Communist Party and the Soviet government in the spring of 1957. The Sputnik launch in October of that year was the event that triggered serious public anxiety in the US, and prepared the way for fresh thinking and new policy initiatives. It also revived the Sino–Soviet alliance. The external pressure continued, when in 1958 Khrushchev demanded the surrender of West Berlin. At this point, the danger began to be felt much closer to the United States itself. In the Western hemisphere, the strong anti-US feeling and the physical violence that Vice-President Richard M. Nixon encountered when riots disrupted his visit to Lima and Caracas in May 1958 heightened public perception that the US position in the world was weakening. This impression was strengthened even more when Fidel Castro took over control of Cuba in early 1959, backed by the Cuban communists, and when he accepted Soviet economic assistance in 1960, while asking the United States for nothing. A public impression grew that Eisenhower’s foreign policy, though slowly evolving from speeches into action, was still failing to meet its challenges.

Under these external pressures, US Congressional opinion began to change with respect to the issue of long-term loans for economic development. A small Development Loans Fund was established in 1957. A Senate resolution passed in July 1958 facilitated US participation in a multilateral soft loan scheme, ultimately to be placed in the World Bank. In August 1958, Eisenhower agreed

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14 In response, US support for the creation of the Inter-American Development Bank (IADB) was announced in July 1958.
15 Senator Adlai Stevenson (1958: xvi) complained: ‘Congress generously supports our defense effort, but every year we have to fight the battle of trade and aid, as if the Russian economic offensive was something temporary and less dangerous or permanent than the military threat.’
to US participation in a multilateral development bank for Latin America. The Organisation for European Economic Cooperation (OEEC) began to evolve, under US guidance, into the Organisation for Economic Cooperation and Development (OECD), with a new responsibility for co-coordinating the external development assistance of its industrial country members. The Cooper–Kennedy resolution on aid to India was passed by the Senate in 1959. Nevertheless, a larger and better-coordinated US foreign economic aid policy remained out of reach in the Eisenhower years.

In these years, Professor Walt W. Rostow and his colleagues at the Massachusetts Institute of Technology (MIT) tried unsuccessfully to persuade the Eisenhower administration that the US and its allies should provide longer-term development aid through mechanisms that were US-controlled. At the same time Hans Singer and like-minded colleagues in the UN secretariat sought to create a soft loan facility for economic development that was located within the UN itself. The original idea for this came in 1949 from V. K. R. V. Rao, who had been one of Hans Singer’s fellow Ph.D students at Cambridge (Rao, 1949: 129–132). Arthur Lewis and his fellow experts endorsed it in the 1951 UN report, *Measures for the Economic Development of Under-Developed Countries*. It was kept alive within the UN as SUNFED (Special United Nations Fund for Economic Development) by, among others, Singer (1984: 297–303). His desire for a soft aid mechanism located within the UN owed less to his dislike of the World Bank’s subjection to the predominant voting power of the US, and more to the fact that the Bank’s President, Eugene R. Black, at this time disdained soft lending altogether as unsound.

Elements of the extreme right wing in the US subjected Singer and others associated with the SUNFED proposal to a campaign of character assassination in the US press in mid-1956. SUNFED was described as ‘a Socialist UN plan to disarm and bankrupt the United States’, sure to cost $50 billion, of which 70 per cent would

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16 The Kennedy–Cooper resolution was a bipartisan initiative in the US Senate stating: ‘The Congress recognises the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world. Consequently, it is the sense of the Congress that it is in the interest of the United States to join with other nations in providing support of the type, magnitude, and duration, adequate to assist India to complete successfully its current program of economic development’ (Rostow, 1985: 4).

17 SUNFED’s principal supporters were India (V. K. R. V. Rao), Chile (Hernan Santa Cruz) and Yugoslavia (Leo Mates and Janez Stanovnik).
be paid by the US taxpayer. Singer’s professional connections before his UN days were paraded as proof that he was engaged in a left-wing conspiracy within the UN (Widener, 1956). His colleagues within the UN immediately rallied to his defence, and a sober explanation of the SUNFED proposal was published (de Seynes, 1956). The battle for SUNFED, however, seemed to be on the verge of success. In July 1955, the Russians had reversed their initial opposition to the concept of SUNFED, as part of their attempt to win support from the developing countries (Rubinstein, 1971: 32, 92–102). In 1957, at the 24th session of ECOSOC the decision to recommend to the General Assembly the establishment of SUNFED was taken. This vote was a historic one, representing the first formal split in ECOSOC between the developed and the developing countries. Canada, the UK and the US all voted against SUNFED, while the other members of ECOSOC were unanimously in favour of it. This vote marked a new line of international political division that was to loom larger over the next two decades (Elmandjra, 1973: 64–65). However, on this occasion a compromise was reached, and the ECOSOC decision was modified in the General Assembly. The developing countries did not use the power of their undoubted majority (Hadwen and Kaufman, 1962: 111–112). They succeeded in insisting on the principle of a UN Special Fund, but they accepted that its function should be confined to ‘creating conditions which would make [development] investments either feasible or more effective’.

The function of making long-term loans for development projects on soft terms was allotted to the World Bank, through a new arm, the International Development Association (IDA). The US motivation for favouring this option is clear enough. Richard Demuth, a senior Bank official, informed his colleagues after holding conversations with US officials that IDA ‘was not a US affirmative program’ but resulted from ‘a desire to assuage Congress’ and a need ‘to keep off SUNFED’ (Kapur et al., 155). Black confirmed this himself in 1963, calling IDA ‘an idea to offset the urge for SUNFED’ (ibid., 1121, n. 2). In their campaign for SUNFED, the developing countries and their supporters in the UN secretariat had won what proved to be a Pyrrhic victory. Yet it was enough to move US strategy in the UN into a new phase.

18 We are grateful to John Shaw for drawing our attention to this and the following reference.
19 GA Resolution 1240 (XIII), Article 1, quoted in Elmandjra (1973: 65).
4. President Kennedy and US Leadership in the UN on Development

In the presidential election of 1960, both candidates – Nixon, and his Democratic rival Senator John F. Kennedy – projected themselves as being tough on communism, and laid emphasis on the need for America to bid harder for the support of underdeveloped countries in the Cold War. Nixon told the Republican convention, ‘it may be just as essential to the national interest to build a dam in India as in California’ (Matthews, 1996: 136). Kennedy, in a campaign press release in October, launching the policy idea that would be known as the Alliance for Progress, stressed that ‘although the cold war will not be won in Latin America – it may well be lost there’ (Rabe, 1999: 14–15, 196).

Both candidates saw foreign aid as a tool of enlightened anti-communism, and notably enlightenment in both cases included an increased willingness to work through the UN. The multilateral element was clearest in the case of food aid. Referring to America’s mounting problems of storing its agricultural surpluses, Kennedy proclaimed in September 1960 that food could be ‘a helping hand to people around the world whose goodwill and friendship we want’. At the same time Nixon suggested the creation of a multilateral surplus food distribution facility operated by the United Nations. Eisenhower promptly proposed this to the General Assembly, which passed a resolution requesting the Director-General of the Food and Agriculture Organization (FAO) to make a study of how this might be done.

Kennedy, the election winner by a very narrow margin, maintained the rhetoric of enlightened anti-communism in his inaugural address (Shaw, 2001: 12–14). He followed through, too, on this move to greater multilateral engagement. He immediately set up a Food for Peace office in the White House and appointed George McGovern as the first Director of the Food for Peace programme. Those three words ‘food for peace’ encapsulate as well as any the fundamental idea of development cooperation as an instrument of global strategy. However, McGovern quickly advised that he saw no conflict between his own bilateral programme and an expanded multilateral approach. Governments met in Rome in April 1961 to discuss the FAO study, which did not contain any specific proposals. At this meeting, McGovern’s team drafted its own proposals, and then sought – through Theodore Sorensen – Kennedy’s approval. It was given within 24 hours. The US proposals became the basis of the new UN World Food Programme (ibid.: 6–9).
Power politics fairly soon intervened in a way that cramped this global humanitarian style. When the ‘Great Leap Forward’ campaign in the People’s Republic of China (PRC) contributed to a widespread famine in 1961, McGovern and sympathisers such as Chester Bowles wanted the administration to take the opportunity to reach a rapprochement based on exchanging food aid for an easing of communist Chinese pressure in South-East Asia. Kennedy at the time was trying to stop the further deterioration of the US position in the UN by opposing the admission of the PRC as a member. He succeeded in doing so because of Soviet intransigence, but the question of joining a UN initiative to sell surplus food to the PRC was finally dropped when the communist Chinese leadership adopted a forward position on Quemoy and Matsu and on the country’s border with India. McGovern resigned, and Kennedy was convinced by hardliners such as General Maxwell Taylor that the PRC was animating a global conspiracy against the ‘free world’ (Grasso, 2004: 153–178).

Walt Rostow encouraged Kennedy to make the 1960s the ‘economic development decade’. Remarkably, he predicted that, with US assistance, Argentina, Brazil, Colombia, Venezuela, India, the Philippines, Taiwan, Turkey, Greece— and possibly Egypt, Pakistan, Iran and Iraq— could all attain self-sustaining growth by 1970. Within a decade, he foresaw optimistically, 80 per cent of Latin America’s population and half the population of the developing areas would be ‘off the international dole’. Drawing on ‘my ideas as an economist’, Rostow was able to assure Kennedy (and Congress) that the 1960s would see the requirement for foreign aid peak and then decline.20 In his special message to the Congress on 22 March 1961, President Kennedy referred to the 1960s as the ‘crucial Decade of Development’.21

However, this concept had not yet been crystallised into a formal proposal linked to the UN. By the end of August, the idea of an ‘International Development Year’ (IDY) was circulating within the State Department. After consultation with Harlan Cleveland, the Assistant Secretary of State for International Organization Affairs, George W. Ball, Under-Secretary of State for Economic Affairs, decided to recommend an International Development Decade (IDD) instead. In a memorandum of 9 September, Ball argued: ‘An

20 Memorandum from Rostow to Kennedy, 2 March 1961, reprinted in Rostow (1972: 647, n. 3). See also Rabe (1999: 27).
IDY proposal might be regarded by many of the underdeveloped nations as a mere gimmick,’ of the type ‘that might have been expected to emanate from the Eisenhower Administration.’ By contrast, a Development Decade ‘would imply a commitment by the UN and the advanced industrial nations to concentrate on the problem of economic development for a long period of time, and would permit the evolution of new functions and institutions which might be impracticable within a single year… If the proposal is recast in these terms, I would also be inclined to favor having it mentioned in the President’s speech at the UNGA’. 22

When on 25 September 1961 President Kennedy addressed the General Assembly, his speech included the statement that the United States ‘now proposes officially designating this decade of the 1960s as the United Nations Decade of Development’. Within that framework, he suggested, the UN’s development efforts could be expanded and coordinated. 23 The US proposals were embodied in Resolution 1710 (XVI) and agreed unanimously on 19 December.

This bold exercise of leadership by the US was a new strategy adopted in response to changed voting pattern in the UN that the 1957 ECOSOC vote on SUNFED had revealed. Foreseeing the possibility of being outvoted on unacceptably worded resolutions, the US tried – quite successfully – to exercise a moderating influence by putting itself at the head of the majority and championing its expressed wishes, where this could be done without sacrifice of principle. This tactic had its dangers, though, and the US was uncomfortable that it had sacrificed too much on some issues, for example, on the more equitable sharing of natural resource rents, and on re-examining the principles of international economic cooperation. 24

As far as the UN secretariat was concerned, Kennedy’s declaration of a Decade of Development was a bolt out of the blue. According to Hans Singer:

My recollection is that when Kennedy uttered his magic words, it came as a complete surprise to me. I can only compare this with the equally complete surprise, happy surprise, when I listened on the radio to Truman’s inaugural address… And my recollection is that we had no previous warning in the UN, at least I hadn’t. 25

The UN thus was required to react, and it was inconceivable that it would not do so in a spirit of positive acceptance. There was a strong tendency to share the view that a decade was long enough to get over the hump of a global development effort, and thus to go along with Rostow’s over-optimistic timetable. The US initiative, however, posed a challenge to the UN to improve the coordination of various programmes and activities in support of economic development. The initial reaction of the UN specialised agencies was defensive; they feared that the Development Decade would become a vehicle for increased central control of their work, and that their independence and autonomy in the development field would be undermined. In preparing the documents indicating how the UN would implement the concept, Singer had to take extreme care to ensure that they reflected the agencies’ existing activities and plans (ibid.: 14–15). This limited the extent to which overall coordination within the UN could be improved.

At the same time, the UN secretariat saw the opportunity to present the international community with a challenge, by encouraging member states to move from general declarations to specific quantitative targets, both for aid and for economic growth. The Nigerian representative consulted both Raúl Prebisch, executive secretary of the UN Economic Commission for Latin America (ECLA), and Singer over the setting of a target rate of economic growth during the Development Decade. They came up with the rate of 5 per cent per annum, which was both the outcome of an economic calculation and a politically symbolic number.

This was a simple back of the envelope calculation based on the Harrod–Domar formula, more or less, but assuming a capital output ratio of 3 to 1… It was very primitive. But the 5 per cent also happily coincided with [preventing relative divergence, so that] the developing countries would not fall further and further back (ibid.: 13).

The US was opposed to the adoption of the 5 per cent target for growth, and the 1 per cent of GNP target for financial flows to developing countries. The targets were adopted by the General Assembly over the objections of the US (Gosovic, 1972: 24 and n. 67).²⁶

²⁶ See also the oral history interview with Hans Singer, 20, 21 and 26 August 1997, p.9.
Even so, the Decade of Development was as much as anything an exercise in public relations, and one that responded successfully to the prevailing public mood. David Owen (then executive chairman of the UN Technical Assistance Board) summed it up quite soberly (Owen, 1962: 101):

There was probably nothing very new in the Decade for Development. It was, however, a useful way of projecting an idea and giving it dramatic appeal. It set measurable targets and provided something attainable to strive towards.

However, successful public relations can have unintended consequences. In this instance, the rhetoric of the Development Decade significantly raised the expectations of the developing countries that North America and Europe would agree to modify those parts of the international trade system that they believed were obstacles to their economic development. Hans Singer voiced ‘the gathering conviction that things cannot be allowed to go on as they are. It simply does not make sense to expand aid programmes and help the underdeveloped countries along while at the same time they are allowed to lose on the swings of trade – which is more important to them than aid – what they gain on the roundabout of aid’ (Singer, 1961: 73). These heightened expectations quickly became problematic for the policy-makers of the US and the EEC when the developing countries were bold enough to call for fine words to be followed by fine deeds.

5. The Limits of the Modernisation Metaphor
After Stalin’s death, the Cold War became in part an escalating competition between the superpowers for influence in those parts of the world defined by two negatives – undeveloped and non-aligned. For them, the prize was national industrialisation, and their question was which of the two blocs would provide the more supportive linkages and networks for its successful achievement. In the 1950s, the case of India, around which the Kennedy–Rostow nexus was first forged, was typical. India was a democratic country with a large private sector, which was nevertheless experimenting with socialist economic planning, and which could possibly, like China, fall into the Soviet orbit. How could that be forestalled? India disdained client status, and would not accept foreign aid that was conditional on a formal alliance. On the other hand, a formal obli-
gation on the US to defend India militarily would have been prohibitively expensive and probably less effective than the provision of foreign aid. To keep such countries balanced between the competing centres of geopolitical attraction, the United States had to find ways of offering a new form of economic cooperation, and legitimating its use. The political legitimating of development aid was the function that modernisation theory was made to perform.

Since the beginning of the 19th century, the metaphor of an industrial ‘revolution’ has been used in explicit contrast to a political revolution, and as the preferable option of the two (Bezanson, 1922: 343–349). Rostow reworked that venerable idea, suggesting to underdeveloped countries that in the period of a generation they could undergo a complex, intensive and highly desirable process of transition, provided that they created a political opening for their middle class. At the same time, he suggested to the already developed countries that the requirement for their support to that process would be brief, although increased in the short term; the bulk of the task could be done in a decade of development.

The scholarly underpinning of such claims was always fragile. What was especially misleading was the unjustified and excessive schematisation to which available historical studies of growth were subjected, and, particularly, the identification of a central process – the famous ‘take-off into self-sustaining growth’ – which was everywhere the same and which could, therefore, be replicated under stated socio-political conditions (Kuznets, 1963: 28). It was an illusion: possibly a pragmatic illusion, but an illusion nonetheless (Miroff, 1976). In the first place, actual industrial revolutions have been far from identical. In the second place, their assumed identity ruled out in advance the possibility that the early development of some countries might affect the prospects for the later development of others – either for better or for worse. This was surely begging the question.

When Kennedy proposed a UN Development Decade, underpinned by modernisation theory, economists within the UN secretariat were caught off balance, but welcomed his initiative with open arms. Many of them had already embraced modernisation theory, despite its intellectual fragility. Moreover, they were undoubtedly charmed by the vision of social reform and progress that Kennedy

\[27\] Eisenhower was quite clear about preferring more foreign aid to more defence expenditure as a means to keep India out of the Soviet orbit. See his robust verbatim exposition of this point to Senator Styles Bridges, quoted in Rostow (1985: 321–323).
and his team expounded. Not the least of these charms was the fact that the substance of the vision was a process of industrialisation, brought about by means of government economic planning. This substance was derived from Kennedy’s initial decision to crusade for aid to India. This choice made sense in terms of both Cold War strategy and US domestic politics, given the post-1949 international and national repercussions of ‘losing’ China to Communism. Yet the choice of Nehru’s India also brought with it willy-nilly a particular development objective, industrialisation, and a particular organisational means, economic planning, which were then taken to be of general application, to Latin America no less than to South Asia. This end and these means were both very congenial to those whom Singer later referred to as the ‘wild men in the United Nations’ – a group in which he was satisfied to include himself (Singer, 1984: 299).

They were also impressed by the Kennedy administration’s recognition that achieving this vision would be a shared endeavour. This seemed to presage a more enlightened and less manipulative form of intervention by the US in the economic affairs of underdeveloped countries than it had practised in the previous decade. They were willing to turn a blind eye, publicly at least, to the fact that the new dispensation was associated with anti-communist attitudes as vehement as any since the time of Senator McCarthy. They used the opportunity given by Kennedy to raise the profile of the UN on the world political scene, establishing an image of UN inter-agency collaboration, though they could scarcely advance the reality of it. At the same time, they helped the developing countries to set up targets for their economic growth and inward financial flows, and looked forward to genuine action by the international community to ensure their fulfilment. They also looked forward to future changes beyond the realm of aid, in which the international trade system would be made more responsive to the special problems of countries in the process of development.

In these expectations, they were not to be sustained by events. No mechanism had been created for the monitoring of the UN Development Decade targets, and after 1965 the enthusiasm of the US and other donors for aid began to decline. The complexities of managing modernisation began to reveal themselves in Vietnam. For his part, Walt Rostow had shed his enthusiasm for the UN when he joined MIT in 1951. He thereafter saw the US, not the UN, as the midwife of worldwide economic and political development. He at no time wanted the idea of a development decade to be formalised
within the United Nations. When it was, he increasingly turned his official energies in other directions, most notably to animating US counter-insurgency activities in South-East Asia. In this role, too, he was notable for his excessive optimism (McNamara and Van De Mark, 1995: 235–236).

In the Kennedy years, the economic radicals in the UN secretariat actually became fellow travellers, but they travelled the road with conservative US Democrats. Clearly, Walt Rostow was a vastly more sympathetic figure than Joe McCarthy, from their perspective, and the UN economists clearly needed some links into the US political scene. Yet to go along the path of Rostow’s modernisation theory and practice of development involved important compromises. They were persuaded of the moral case for an international redistribution of resources, whereas Rostow saw foreign aid as a form of pump-priming in an effort to raise levels of productivity abroad. He treated them as idealistic do-gooders, a label that attracts pious sympathy but condemns its wearers either to abuse or tokenism in US domestic politics.

He also decried their encouragement of what he called ‘noisy United Nations agitation’ for a soft loan facility for economic development and later claimed that they had had only a minor impact on the decision to set up IDA, as compared with the grindings of the US political process (Rostow, 1990: 413–414). In this claim, he seems to have been mistaken. As we have shown, internal political factors were pushing the Eisenhower administration towards a policy of expanding development assistance, but this did not necessarily imply the use of a multilateral channel. After all, from a US point of view, bilateral aid was more manageable, easier to deploy strategically and to manipulate tactically for diplomatic purposes. In the establishment of IDA, the SUNFED agitation was indeed decisive (Kapur et al., 1997: 1126).

6. Conclusion
In 1945, as Brogan has said, the US embraced an unrealistic view of what the UN could achieve and of the goodness of its own motives. The lack of realism lay in a failure to appreciate both the tension between substantive and procedural forms of multilateralism, and the consequences of decolonisation for a UNO based on ‘one country, one vote’. In the two decades that followed, these contradictions began to play themselves out, raising dilemmas for US strategy in the UN that resisted solution either by the defensive
stone-walling of the Eisenhower era, or by the subsequent proactive leadership of Kennedy. The representatives and supporters of the developing countries also had an unrealistic view of what the UN could achieve, as Walt Rostow later pointed out, echoing Kennedy’s emphasis on the UN as a ‘world assembly of sovereign states’ (Rostow, 1990: 413-414):

[F]or good or ill, the United Nations was an organisation of sovereign nations, not a global government. Ultimate sovereignty was jealously guarded by all members, perhaps most jealously by the governments of developing countries, many freshly emerged from colonialism. This meant that only partnerships…would work: and partnerships demand consensus. Charters of rights and duties, in which all the rights are allocated to developing countries, duties to advanced industrial countries, proved in these circumstances unhelpful.

This rebuke is illuminating because it clarifies the limits circumscribing developing countries’ attempts to exert influence through the UN on its most powerful member state. It expresses the reality that America will cooperate with other countries only on its own terms. Even when the US moved to greater multilateral engagement, as seen hesitantly under Eisenhower and more boldly under Kennedy, this was part of a larger set of initiatives determined by US objectives and constraints, both international and domestic. By 1963, however, the full logic of the contradictions of multilateral action for the US as a hegemonic power had not played itself out. It took the events of another 40 years to raise unilateralism to the status of a new US foreign policy doctrine, and prepare the way for a US international strategy that was neither isolationist nor multilateral in character.

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