

Middle East conflict - Middle East Development Funds: Middle East conflict ...

HS L 179:103c



Dag Hammar skjölds samling
6 Jan. 1958

Letter to Dr. Mahmoud Fawzi from DTT

Letter to Christian Pineau from DTT

Letter to Selwyn Lloyd from DTT

Letter to John Foster Dulles from DTT

Letter to Eugene R. Black from DTT

Enclosure: Memorandum

An Economic Commission for Africa

L 179: 103c

6 January 1958

PERSONAL

Dear Mahmoud,

Since we last met I have - as you know - had an opportunity to discuss the economic development problem with Pineau and also with Dulles. The reaction of Dulles is, so far, non-committal but not critical. Pineau's reaction I interpret as interested and positive. I have taken steps for a direct personal contact with Selwyn Lloyd on the matter. On the whole I think I have got off to a reasonably good start.

....
In order to keep the matter on the rails, and without committing anybody, I have put down on paper the main points of my approach. I enclose the aide-memoire I have written. Although I think that its general lines correspond to your own thinking, I am quite aware of the possibility that there may be aspects on which you disagree. Please give me your comments so that we may keep our views harmonised to all possible extent.

Of course, the memorandum at this stage should be regarded as strictly non-official. However, you will see that it is drafted in such a form that a leak would not be too harmful. In fact, the paper may serve as a protection if something were to leak as it would have laid down, in advance of any speculation, a pattern for an approach which no fair minded reader would find reason to twist into something politically explosive.

Dag Hammarskjöld

His Excellency,
Dr. Mahmoud Fawzi,
Minister for Foreign Affairs,
Cairo, Egypt.

6 January 1958

PERSONAL

First of all, let me in this form renew my very warm thanks for your kind hospitality when I passed through Paris. Let me also send you again all my best wishes for the New Year.

.... For internal use I have put down the main points of my thinking on the question we discussed in Paris at great length. Of course, the memorandum does not give anything more than the bare outline of my ideas, but I think that all the same it might prove useful to you, especially if, as you indicated as a possibility, you were to talk about the matter with Selwyn Lloyd. I am sending a copy also to Selwyn as well as to Dulles, with whom I have had a long talk on the subject.

I am sure you will appreciate the rather private character of the paper and see to it that it is treated accordingly.

Dag Hammarskjöld

His Excellency,
Mr. Christian Pineau,
Minister for Foreign Affairs,
Quai d'Orsay,
Paris, France.

6 January 1958

PERSONAL

Dear Selwyn,

.... With all the reservations I set out in my letter to you the other day I send you enclosed a first internal working document, explaining in bare outlines my thinking on the matter covered by my previous letter. I give copies also to Dulles and Pineau, although the paper, of course, must not in any way be considered an official document.

Dag Hammarskjöld

His Excellency,
the Rt. Hon. Selwyn Lloyd, C.B.E., T.D., Q.C., M.P.,
Principal Secretary of State for Foreign Affairs,
Foreign Office,
London, England.

January 1958

PERSONAL

Dear Mr. Secretary,

..... Referring to our conversation at the luncheon on New Year's Day I send you enclosed an aide-memoire, which is a first working document setting out the main points of my thinking on the question we discussed. I send copies also to Mr. Lloyd and Mr. Pineau, although obviously the paper in no way should be regarded as an official document.

It was a great pleasure to meet you at Cabot's luncheon. May I renew my best wishes for a happy New Year.

Most sincerely,

Dag Hammarskjöld.

The Honorable John Foster Dulles,
Secretary of State,
Department of State,
Washington, D.C.

6 January 1958

PERSONAL

First of all my very best wishes for 1958.

I appreciated the other day to have a chance to talk matters over with Mr. Iliff. I am sure he has reported on the points brought up.

.....
On occasion I hope to have a meeting with you and Jack concerning the economic development plans for the Middle East. Pending that meeting I send you enclosed a memorandum which may be regarded as a first internal working paper, setting out the main lines of approach. With a background in the extensive talk I have had with Mr. Dulles, I have given him a copy, stressing the private character of the paper.

Looking forward to seeing you,

Dag Hammarskjöld

Mr. Eugene R. Black,
President,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
Washington, 25, D.C.

6 January 1958

1. The United Nations Secretariat is requested to prepare the ground for the establishment of an Economic Commission for Africa. Proposals will be submitted to the Economic and Social Council at its summer session and if, as is probable, a decision is taken by the General Assembly at its next session, the Commission can be established as from 1 January 1959.

2. An Economic Commission for Africa should, under normal circumstances, have been preceded by an Economic Commission for the Middle East. In fact, it will probably prove difficult to limit the work of the Economic Commission for Africa so as not to cut into some of the Middle Eastern problems arising in the African part of the region. Politically it will not be possible now to establish an Economic Commission for the Middle East, but it is the wish of the Secretary-General to work in that direction as rapidly as possible by trying to overcome the problem of principle which arises because of Israel participation.

3. The absence of an Economic Commission for the Middle East and of all other institutions which can take an over-all look at the problems of that region, is from the point of view of the United Nations and of those governments which are interested in economic development of the region, a serious draw-back. The Arab League has too political a character to be a useful instrument in this context. The institutions the League has tried to set up in the economic field, have, so far, come to nothing due to the lack of adequate support from all the Member Governments concerned.

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4. Under these circumstances the Secretary-General feels that parallel to the work of the Economic Commission for Africa a study should be made within the Secretariat concerning the institutions required in the Middle East for coordinated economic planning and of the scope of activities for such institutions. He intends to proceed on his own initiative and conduct an independent, internal operation in the Secretariat with the assistance of a few outside top-level experts in the financial world. The work will be pursued in close cooperation with the World Bank.

5. In the course of preliminary considerations he has arrived at the conclusion that the main institution should be an organ for joint, inter-governmental planning, which would be able also to negotiate the necessary credits with nations taking part in the cooperation or outside the region. In this memorandum this basic institution is for convenience sake called Middle Eastern Economic Development Fund.

6. It is the view of the Secretary-General that this Fund in the following respects should be a purely Arab undertaking:

- a) It should be established by a decision of the Arab Governments and on their joint initiative.
- b) Its basic capital should be contributed by the participating Arab Governments.
- c) It should be under the direction of a Board with inter-governmental representation of the participating Arab governments similar to the one established in the Organisation for European Economic Co-operation, i.e. that the Fund should be run by an inter-governmental committee which in principle would be established on ministerial level (Ministers of Finance or Commerce) but which, of course, could meet

also on an alternate level. Whether the Inter-governmental Ministerial Committee should be an integrated part of the Fund, as in the case of OEEC or the World Bank, or should be an independent Government body, coordinated with a fairly independent economic secretariat, is a question that should be studied.

7. At the side of the Fund there should be a joint United Nations Secretariat/World Bank representation, probably in the form of a joint liaison office. The functions of this office should be:

- a) to advise the Inter-governmental Committee and the Secretariat;
- b) to act as liaison in relation to the Technical Assistance and Special Projects Fund operations of the United Nations as well as to the World Bank;
- c) to serve as a consultant or negotiating body for the Fund in relation to Governments outside of the area in cases where such assistance is requested by the Fund. A representative of the Liaison Office should be permitted to take part in the meetings of the Inter-Governmental Committee without a vote.

8. The work of the Fund would be to negotiate credits for investment in major projects approved by the Fund. These credits would probably in the first instance have to be from the outside (other governments or for example oil companies), but would later include inter-governmental credits in the region by which the "Haves" channel part of their income to the "Have-nots" by way of investment in the form of appropriate long-term credits; the Secretary-General would not envisage assistance in the form of grants as part of the arrangements.

9. The Fund should further, in preparation of its credit negotiations and decisions on allocations of funds, make an over-all study of major projects in the region of special significance to its economic development, such as the development of the Tigris Valley, of the Syrian plains, of the Jordan Valley, of the Suez Canal and the arrangements necessary for irrigation in Egypt.

A guiding principle would be the desire of the Governments within the region to promote an all round development, overcoming the dangers of a serious variation in economic progress as among the various Arab countries.

10. Although credit transactions between Member Countries and countries outside the region should in no way be monopolized by the Fund, it should be recognized as normal and in the interest of all participants that such credit arrangements be channeled through the Fund.

11. For the region the arrangements studied within the Secretariat along the lines just indicated, would offer the following advantages:

- a) It would make for a balanced economic development all over the region.
- b) It would facilitate agreements on credits with Governments and institutions outside of the region which now are hesitant to grant such credits because of the absence of coordinated economic planning, because of the uncertainty with respect to the institutions which could be considered proper organs to negotiate major financial arrangements for the region and because of unwillingness to deal with any one single country thus becoming involved in a situation where the creditor might be accused of discrimination.
- c) It would tend to depoliticize economic negotiations with the outside world, as the joint arrangement would overcome present conflicts of interests among the Arab countries.

d) It would depoliticize credit transactions also by eliminating the suspicion that such credit arrangements would tend to tie any one country, or the region, to any particular outside interest.

12. Inter-governmental cooperation within an institution of the type under consideration would have another advantage of a purely political kind flowing from Arab efforts to develop a greater degree of integration as an independent area with a certain degree of inner unity.

13. Although wholly unrelated to the Palestinian problem as such, the establishment of the Fund and its operations would be of significance for that problem in the following respects.

It is recognized that even on the basis of Arab contentions as to the repatriation of refugees, a very considerable number of Palestinians will have to be settled in Arab countries. It is impossible to provide for such resettlement unless it were integrated with general economic planning, providing new opportunities for employment and, indeed, creating demand for new manpower. It is also recognized that such planning cannot be undertaken by any one Arab country, nor that any one Arab country would consider it possible on its own to take any initiative for resettlement. The establishment of the Fund would, thus, add an important element to the ability of the Arab nations to act constructively in the approach to the refugee problems which will become necessary, whatever solution can be found to the pending political problems.

14. It is not suggested that the results of a study along the lines set out above, undertaken on the responsibility of the Secretary-General and within the Secretariat, should be put forward as a formal proposal to the Arab

Governments. It is a task which is perfectly within the limits of Secretariat responsibilities, in relation to the area and in respect to economic development in general. If the result is considered valuable by the Arab Governments, it will be for them to take it up and make their own proposals, preferably jointly, thus avoiding at the outset a possible source of political friction among the Governments concerned. The project would thus, if taken up by the Governments in the region, be a purely regional project in which the contribution of the United Nations and the World Bank would be limited to an appropriate, initial technical assistance. This operation, up to the stage indicated, obviously does not require either approval or support from outside powers. A joint liaison office, as referred to above, can also be established without a formal decision, although, of course, the continued operation and responsibilities of the Liaison Office should be submitted to the appropriate United Nations organs for their information and approval.

15. In the preliminary stage, while the matter is being studied within the Secretariat, various contacts with Governments - within or outside the region - would be desirable, but they should not be considered as involving any commitment for any of the Governments thus consulted. Once the institutions are set up, it would be for the Fund itself to enter upon the necessary negotiations with outside powers in order to solicit their support for its activities.

16. The preparatory work of the Secretariat is likely to require some two to three months, which means that the matter would not be ripe for Governments to study until April. It is, of course, desirable that, in the meantime, initiatives are avoided which might freeze any special negotiation pattern, approach or

representation of interests and thus render an unprejudiced study of the results more difficult. To all possible extent publicity or public debate of the issue should be avoided. If something were to leak, it would be the view of the Secretary-General that he should state simply that, in connection with the preparatory work for the Economic Commission for Africa, the Secretariat, on his initiative and responsibility, is also studying organisational arrangements which might facilitate a rational approach by the United Nations and the Bank to economic development in the Middle East.

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