



LASALLECUNMUN

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2024

TC

(Trusteeship Council)

"United States money lending
program during wars"

Background Guide





Appreciated delegates of this MUN,

My name is Samuel Juara Sequeira, deeply honored to be part of LASALLECUNMUN 2024. As the President of the Trusteeship Council committee, I extend a warm welcome to all participants. It is my sincere hope that this Model United Nations experience enriches your understanding of communication, debate, and self-expression, all within the context of resolving global challenges. I encourage you to embrace this opportunity to enhance your skills while contributing meaningfully to our discussions.

I am a 17-year-old student currently enrolled in the 5th semester of the Economic Administration program. My passion lies in the field of mechatronics engineering, which I plan to pursue in the future. Alongside my academic endeavors, I actively participate in sports such as baseball at the State league level, as well as Flag Football, athletics, and softball. Photography intrigues me as it allows me to capture captivating moments. My musical interests are diverse, ranging from 70's pop music to contemporary artists like Drake and Eladio. I appreciate supercars like Lamborghini and Ferrari, but also vintage classics from the 50s. I have a rich Model United Nations background, having served as a delegate in the 2022 ULSACUNMUN and CancunMUN IAS 2022 and 2023. In 2023, I took on the role of DISEC president, and I am honored to reprise this position. My motivation stems from my grandfather's legacy; he represented Cuba in the UN during the 80s and 00s, inspiring me to pursue my goals with dedication and purpose.

I expect that all delegates, across committees, particularly the Trusteeship Council, will effectively share their knowledge to address complex issues. Your collective efforts are invaluable, and I am genuinely thankful for your dedication. I deeply appreciate your commitment to active participation, collaboration, and contributing substantively towards a mutually beneficial resolution. Thank you for your engagement in this diplomatic venture. Truthfully,

Samuel Juara Sequeira

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COMMITTEE DESCRIPTION

The main goals of the International Trusteeship System were to promote the advancement of the inhabitants of Trust Territories and their progressive development towards selfgovernment or independence. It is made up of the five permanent members of the Security Council - China, France, the Russian Federation, the United Kingdom and the United States. The Trusteeship Council is authorized to examine and discuss reports from the Administering Authority on the political, economic, social and educational advancement.

Topic: "United States money lending program during wars"

INTRODUCTION

Throughout history, the United States has provided financial support to other countries during times of war. This has been done to gain stability, support the allies, and advance American interests abroad. During World War II, the United States provided financial support to several countries, like Australia, Belgium, France, the Netherlands, Peru, and Saudi Arabia. The Latin Monetary Union, which included several European countries such as France, Italy, and Greece, also received financial aid from the United States. Also, during the Cold War, the United States provided financial support to several countries, including West Germany, to help rebuild their economies.

The United States money lending program during wars has been an important tool in promoting global stability and prosperity. By providing financial support to allies, the United States has been able to strengthen relationships and promote stability in regions with strategic importance. The program has also been used to support the rebuilding of economies after conflicts, which has helped to promote peace and stability in regions that have been affected by war. While the United States has lent money to several countries during wars, it is important to note that this practice is not without controversy. Some critics argue that the program has been used to promote American interests at the expense of other countries, while others argue that it has been used to prop up dictatorship regimes. Despite these critics, the United States remains committed to working with other nations to promote global stability and prosperity.

HISTORICAL BACKGROUND

During World War II, the United States government implemented several financial programs to support the war effort. The Federal Reserve played a crucial role in financing the war by working with the Treasury to market a range of securities that would fit the needs of all classes of investors, from small savers to large corporations.

The Treasury and Federal Reserve also met frequently to determine how to finance the war and organize machinery for marketing United States government securities. The United States began to provide significant military supplies and other assistance to the Allies in September 1940, even though the United States did not enter the war until December 1941. Much of this aid flowed to the United Kingdom and other nations already at war with Germany and Japan through an innovative program known as “*Lend-Lease*”. Instead of payment in dollars, the United States would “lend” the supplies to the British, deferring payment.

In the post-9/11 wars in Afghanistan, Pakistan, Iraq, and elsewhere, the United States federal government has spent and obligated \$8 trillion dollars through Fiscal Year 2022. This figure includes direct Congressional war appropriations, war-related increases to the Pentagon base budget, veterans care and disability, increases in the homeland security budget, interest payments on direct war borrowing, foreign assistance spending, and estimated future obligations for veterans’ care.

The Troubled Assets Relief Program (TARP) was established by the Treasury to help stabilize the U.S. financial system, restart economic growth, and prevent avoidable foreclosures. Although Congress initially authorized \$700 billion for TARP in October 2008, that authority was reduced to \$475 billion by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Of that, approximately \$250 billion was committed in programs to stabilize banking institutions, approximately \$27 billion was committed through programs to restart credit markets, approximately \$82 billion was committed to stabilize the U.S. auto industry, approximately \$70 billion was committed to stabilize American International Group (AIG), and approximately \$46 billion was committed for programs to help.

Wars that United States have financed:

- American Civil War: By the end of the Civil War, the USA had financed about two-thirds of its \$3.4 billion in direct costs by selling bonds.
- World War II: This war was funded by debt and tax increases.
- Korean War: This war was almost entirely paid for by higher taxes.
- Vietnam War: This war was financed by higher tax rates and inflation.
- Cold War Period: This period was paid for by increased national debt and taxes.
- War on Terror: The financial costs of this long war have been enormous, with nearly \$6 trillion spent to date.
- Since the September 11 attacks, the U.S. government has spent \$2.2 trillion to finance the wars in Afghanistan and Iraq. The U.S. military spending has been financed almost entirely through debt.

The United States has financed several wars through various means, including selling bonds, borrowing from the general population, and providing assistance through the Lend-Lease program. The government has also relied on a mix of new taxes and borrowing to finance

wars. The financial costs of the post-9/11 wars have been enormous, with nearly \$8 trillion spent to date.

CURRENT SITUATION

The United States has been extensively involved in supporting Ukraine's war effort against Russia. The U.S. has provided over \$30.4 billion in security assistance to Ukraine since they were involved, including military aid packages such as Javelin anti-tank missiles, howitzers, and High Mobility Artillery Rocket Systems. This assistance has been influential in helping Ukraine defend its sovereignty and democracy, with U.S. made Javelin missiles proving decisive in dispersing the Russian campaign for Kyiv. The U.S. has also imposed sanctions on Russia and Belarus, and President Biden has visited Kyiv and Warsaw to send a clear message of continued U.S. support for Ukraine. In addition to that, the U.S. has led the world in providing security, economic, and humanitarian assistance to Ukraine, including financial support, humanitarian aid, and additional security assistance packages.

The U.S. has directed more than \$75 billion in assistance to Ukraine, making it the top beneficiary of U.S. foreign aid since Russia's invasion in February 2022. This aid has gone toward providing weapons systems, training, and intelligence to help Ukrainian commanders defend against Russia's powerful military. The U.S. has also provided financial and humanitarian assistance to help Ukrainians maintain healthcare and heat, and to support accountability for human rights abuses and violations of international law. Additionally, the U.S. has invested over \$50 billion in the American defense industrial base to ensure a capable and well-equipped fighting force, as well as to address the global humanitarian impacts of Russia's invasion of Ukraine. Even though the United States is not directly lending money to Ukraine, all the military equipment, healthcare and food, may be returned to the US in other forms of compensation or future economical agreements.

In the present, the UN as an organization has not directly commented on or taken an official position on the US lend-lease program, specifically for Ukraine. However, UN Secretary General Antonio Guterres has generally welcomed efforts by the US and other countries to provide Ukraine with weapons and other military assistance to defend itself against Russia's invasion. Also, in the past, the United Nations, as an international organization, did not have a direct position on the United States' Lend-Lease program during World War II. However, the Lend-Lease program was an essential component of the Allied war effort. It allowed the United States to provide significant military and economic assistance to the Allies, including the United Kingdom, the Soviet Union, China, and other countries, without the U.S. directly entering the war. The program was a reflection of the U.S. commitment to supporting the Allied cause and played a decisive role in maintaining the war-fighting capabilities of the Allied nations.

While the United Nations itself was not involved in the administration or management of the Lend-Lease program, its predecessor, the United Nations Relief and Rehabilitation

Administration (UNRRA), was established in 1943 to provide post-war relief and recovery assistance. The Lend-Lease program was gradually phased out after the end of World War II, and its impact on the war's outcome and the following global geopolitical landscape remains a subject of historical analysis and debate.

The main and most beneficial consequence of the lend-lease agreement, was the creation of the Marshall Plan in 1948. The Lend-Lease Act, passed in 1941 before the US entered WWII, allowed the US to provide over \$50 billion in military supplies and equipment on credit to the Allied forces. After the war ended in 1945 with the Allies victorious but Britain financially exhausted, the US introduced the Marshall Plan in 1948, which provided over \$12 billion in grants to aid Western European countries in their long-term economic recovery through modernization of industry, food production, and infrastructure rebuilding. The main focus of the Marshall plan was to help most of the European countries to recover gradually their economies, not to make them more powerful, but to have the funds to pay the US their debts.

The most important countries that repaid their debts were UK, France and Russia. The United Kingdom, which received over \$30 billion in Lend-Lease aid during World War II, made its final payment to the U.S. in 2006, over 60 years after the war ended, paying off \$7.5 billion in outstanding debts. France, which had received \$3 billion in aid, began repayments in 1946 and finished paying off its Lend-Lease debts in 2001 with a payment of \$100 million. The Soviet Union, which had accumulated \$11 billion in Lend-Lease debt, never made any significant repayments and in 2006, over 50 years later, Russia as the successor state waived the debts in an agreement with the U.S. in exchange for relinquishing claims on certain American property. The other main debtor was China, but they never recognized their debt after their Communist Revolution, so they never paid.

COUNTRY BOX

United Kingdom of Great Britain and Northern Ireland

Soviet Union (Russian Federation)

People's Republic of China

French Republic

Italian Republic

United States of America

Japan

Federal Republic of Germany

Hellenic Republic (Greece)

Republic of Korea (South Korea)

Socialist Republic of Vietnam

State of Israel

Republic of Iraq

Islamic Republic of Afghanistan

Federal Democratic Republic of Ethiopia

Kingdom of Belgium

Kingdom of the Netherlands

Democratic People's Republic of Korea (North Korea)

Republic of Austria

Swiss Confederation (Switzerland)

GUIDE QUESTIONS

- I. Did your country has ever received any funding from United States with the main being an armed conflict?
- II. In what circumstance did your country receive any funding from the United States?
- III. What is the position of your country on lending money to fund wars?

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