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Reforming the UN System: A Radical Proposal

by J. H. Richards, Cardiff *

Both the Pearson and Jackson Reports suggest the need for greater co-ordination between the various members of the United Nations System. Lester Pearson requested the President of the World Bank to convene, in 1970, a conference involving the UN and other multi-lateral agencies, as well as the representatives of bi-lateral donors and recipient countries. The purpose of the conference would be to bring some order to the present chaotic aid system. This recommendation was, in essence, the only novel one in the whole Report and while Pearson has generally been criticised for saying nothing new, the unfortunate reaction to his one original idea is to say that it was outside his remit.

Positive Effect of Change

Sir Robert Jackson meanwhile reached the conclusion that all development activities be co-ordinated through the existing UN Development Programme. Sir Robert stated that he was not prepared simply to "tinker" with the system; in his own mind his suggestion is a radical one but it is possible that co-ordination is merely tinkering with the present system when the evidence points to the need for a much more radical change.

The several specialised agencies should not be subject to greater co-ordination but rather, they should be incorporated into a new United Nations Development Organisation. Each would lose its individual identity and would operate as a functional commission of the new organisation. In terms of costs and benefits the proposed organisation should be more efficient than the present system with its apparent duplication in administrative services and lack of co-ordination at field level. The purpose of this paper is to formulate the hypothesis that radical change will have a positive effect on economic development.

One of the inevitable outcomes of the autonomy of the now existing 18 agencies is the inter-agency rivalry which not only results in a lack of co-ordination in development projects, but may actually lead to a developing country undertaking a project which has little bearing on needs, potential implementation or relevance to the development situation as a whole. Such irrelevant projects merely epitomise the "salesmenship" of an agency representative with some "pet project" he wishes to see introduced. In some cases this attitude may describe the agency rather than its representative. This lack of co-ordination can create rather than eliminate development problems. Both Jackson and Pearson call for more programmed rather than project aid. Such a change must have positive results, given the limited amount of money that is available. But further economies are possible if integration rather than co-operation becomes the goal.

First, operational costs may be reduced. This applies not only to administration costs which are duplicated over and over again with each agency having, for example, its own recruiting, budgeting, travel and other sections all of which may be loosely collated under the administrative umbrella. There is also substantial overlapping in more technical spheres such as economic planning, statistical services and investigatory missions. But the duplication of costs is not confined to the duplicity of agency head-quarters. Administrative duplication exists in the field at country and regional level where perhaps the first saving could be the elimination of conspicuous accommodation. With such significant pruning in administrative charges a greater volume of resources could be invested in actual development programmes.

The second potential economy to be derived from the integration of the agencies would, in the first instance, accrue to national governments rather than to any multi-lateral body. With the exception of UNIDO each member of the UN family has a Governing Body which consists of

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representatives of each member nation. Some, such as WHO, meet annually while at the other extreme UNCTAD meets every three years. In 1968 the UNCTAD meeting at New Delhi was attended by 1,600 representatives. The meeting lasted from 1st February to 29th March. The 1969 FAO conference at Rome was attended by about 1,000 delegates and the meeting went on for three weeks. Regardless of the fact that little of substance emerges from these mammoth meetings, one has to question their justification in terms of cost, both in time and money, since at these conferences high powered national executives and politicians spend endless hours listening to others reading prepared statements which more often than not, consist entirely of vague generalisations which are virtually if not completely irrelevant to the development problems in any particular country.

Reorganisation of ECOSOC

The basis of this proposal is that, with two exceptions, the existing specialised agencies lose their individual identity. The exceptions are the International Finance Corporation, which will be incorporated with the World Bank, the other agencies will become part of a United Nations Development Organisation. There would, in effect, be two completely separate and autonomous United Nations organisations: one concerned with political and security problems and the other with economic and social matters: one located at Geneva and the other at New York [1]. Both would have their individual annual General Assembly—the supreme body in each case—and each would be headed by an elected President and an appointed Secretary-General [2]. The executive body of the Economic Organisation would be the Economic Council, a somewhat enlarged version of the present Economic and Social Council (ECOSOC). The Economic Council would, in turn, operate mainly through functional commissions but the present regional commissions

[1] As the financial institutions would continue to be located in Washington it would be logical for the Economic Organisation to be in New York with the Political one in Geneva.

[2] No further mention of the Political Organisation will be made in this paper.

PUBLICATIONS OF THE HAMBURG INSTITUTE FOR INTERNATIONAL ECONOMICS

ZOLLPRÄFERENZEN FÜR ENTWICKLUNGSLÄNDER

(Tariff Preferences for Developing Countries)

by Ernst Niemeier

The traditional export of raw materials involves but small growth chances still for the developing countries. But does the industrial nations' preferential treatment of industrial export products lead to an increased integration of the industrially less developed countries? This study shows by a juxtaposition of quantified static and dynamic effects of tariff preferences that the dynamic efficiency gains overcompensate by far the negative static effects of preferences.

Octavo, 250 pages, 1970, price DM 34.—

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would continue to operate. They would, indeed, have a more significant supervisory role if the Jackson recommendation to strengthen operations at country level is implemented.

The functional commissions of ECOSOC are generally composed of experts representing member states elected by ECOSOC. They deal with policies and technical questions within their specific orbit. The present functional commissions are: the Statistical Commission, the Population Commission, the Social Commission, the Commission on Human Rights, the Commission on the Status of Women, and the Commission on Narcotic Drugs.

Under the new system the number of functional commissions would be increased to fourteen. Two of the present six would cease to exist while ten new ones would be created. The two going out of existence would be the Commission on the Status of Women, the work of which could be undertaken by the Commission on Human Rights, while the activities of the Commission on Narcotic Drugs would become part of the work of a new Health Commission. The following new commissions would be established: Agricultural Production, Health, Industry, Trade, Development Finance, Education, Labour, Technical Assistance, Housing and Environment, and Food Aid.

Tasks of Commissions

The first three Commissions in the above list would carry out work similar to that now undertaken by the executive bodies of the present agencies, namely, FAO, WHO and UNIDO. The composition of these new Commissions would also be similar to that of the respective executive body of the existing agency. The Trade Commission would be an amalgamation of the existing Trade and Development Board of UNCTAD and the executive body of GATT. The Development Finance Commission would be responsible for the work that the International Development Association should now be doing[3] – that is, providing "soft loans" for really underdeveloped countries. At the present time IDA is administered by the Executive Directors of the World Bank, hence the Development Finance Commission would be a completely new entity. A representative of the World Bank would, however, sit on this Commission. The Education Commission would be responsible for the world educational planning which is, at present, a function of UNESCO but it would not take over the cultural and other activities of UNESCO. Representation on the Commission, however, could be similar to that on the present UNESCO executive body. The composition of the Labour Commission will present a problem. Should it be in line with other Commissions or should it be similar to the present Executive Body of ILO? In other words, should it comprise only national government representatives or consist of representatives of government, industry and labour?

The Technical Assistance Commission would consist of representatives of bodies engaged in development programmes but whose development role was small when compared with their technical responsibilities. Examples are the development activities of the World Meteorological Organisation, the International Telecommunications Union and the International Civil Aviation Organisation. Such bodies would no longer be within the UN system but would be intergovernmental organisations maintaining close links with the system through this particular Commission. The Commission for Housing and Environement would develop out of the present Social Commission while the Commission on Food Aid would merely be the present Food Aid Programme under a title revised to conform to the new general pattern. The four existing ECOSOC Commissions that continue under the new system will experience only some changes in function or size.

Affiliation of World Bank and IMF

The expenditure of the proposed Development Organisation may be split into two categories: administrative and operational. The administrative cost will be covered by a levy made on all members in proportion to their ability to pay. The operational costs may be financed in three ways: by a budget surplus over and above administrative charges; by levying an additional amount from developed countries similar to the present Part I country subscription system in the IDA; and by pledging conferences similar to that functioning at the present time to provide funds for the UNDP. There is no reason why each of the three methods should not be used simultaneously.

It may be thought that such a sweeping re-organisation of the United Nations system would be somehow incomplete if the IMF and World Bank were to remain outside the proposed United Nations Development Organisation. It may further be argued that if there is to be a Development Finance Commission within the new organisation, that Commission should incorporate the World

[3] See: Richards, J. H., "IDA–Shortcomings in the Lending Policy", in: INTERECONOMICS, No. 1, 1970, Hamburg, Jan. 1970.

Bank. But this does not necessarily follow. The new organisation is primarily a multi-lateral aid agency. The prime purpose of the Development Finance Commission will be to provide "soft loans" for essential "first-stage" development, generally in the sphere of infra-structure and educational development. Its second function will be to keep a watchful eye on the debt servicing problems of the recipient countries. The World Bank, on the other hand, is a commercial lending institution: it raises loans in the capital markets of the world and lends its acquired resources on a purely commercial basis charging a realistic rate of interest and lending for medium term periods. This may well be defined as development finance but differs significantly from that envisaged for the United Nations Development Organisation.

An argument may be made for the inclusion of the IMF within the new organisation. The case will be even stronger if the Fund ever operates any form of international commodity price stabilisation scheme or if the SDR system develops for the benefit of emerging countries. The major reason for exclusion of the IMF from the proposed organisation is the fact that the centrally planned economies do not belong to the Fund. If the USSR were to join the IMF there would then be no reason why the Fund should not cease to exist. It would, of course, be instantly replaced by an International Liquidity Commission within the new organisation.

Advantages of the Revised System

The anticipated advantages to be derived from the revised system can be briefly stated:

- ☐ the funds available for development will be increased;
- ☐ a greater proportion of available funds can be used for operational purposes;
- ☐ the potential for economic development within recipient countries will be increased.

The overall result should be the more efficient use of greater resources leading to more positive acceleration in the rate of growth of economic development within developing countries.

Tariff Preferences for the Third World

by Benjamin I. Cohen, New Haven *

At the first United Nations Conference on Trade and Development (UNCTAD I) in 1964, Raúl Prebisch argued that the export earnings of the developing countries would not grow by 6 p.c. per year in the 1960's unless the rich countries adopted various new trade policies; if export earnings did not grow at this rate, the Gross National Product (GNP) of the developing countries would not, he argued, grow at the annual rate of 5 p.c. which was the minimum target set by the United Nations General Assembly for the 1960's (unless there were a large increase in the flow of foreign capital to offset the projected stagnation in exports). Despite studies by experts and speeches by world leaders, none of Prebisch's major suggestions has been adopted, with the exception of the signing of the International Grains Agreement in 1967, the renewal of the International Coffee Agreement in 1968, and the signing of the International Sugar Agreement in 1969.

Cost Calculations

One of Prebisch's principal suggestions was that the rich nations grant temporary tariff preferences for the import of manufactures from all the developing nations. The Report of the Commission on International Development (Pearson Commission) recently recommended "that developed countries establish a generalised non-reciprocal scheme of preferences for manufactures and semi-manufactured products from developing countries, including processed goods, before the

* I have had fruitful discussion on this subject with several colleagues at Yale, including Carlos F. Diaz Alejandro, Stephen Hymer, Gustav Ranis, Tibor Scitovsky, and Daniel Sister. My research was partially financed by National Science Foundation Grant GS 2804. I am solely responsible for the contents of this article.