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Article — Digitized Version

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Intereconomics

Suggested Citation: Kebschull, Dietrich (1984) : UNIDO IV and the crisis in the UN system, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 19, Iss. 5, pp. 205-206, <https://doi.org/10.1007/BF02928338>

This Version is available at:

<https://hdl.handle.net/10419/139931>

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UNIDO IV and the Crisis in the UN System

There are not exactly grounds to boast about this year's North-South dialogue. The only significant economic event in this context – the fourth General Conference of the UN Industrial Development Organisation (UNIDO) in Vienna – could not even reach agreement on a joint final resolution. However, the miscarriage of the intensive preparations and negotiating activities of the delegates from 139 countries and numerous development organisations cannot be blamed on any excessive demands on the part of the developing countries. Remembering the failure of the last UNIDO Conference in New Delhi four years ago, both the Group of 77 and the UNIDO Secretariat this time refrained from forwarding utopian financial proposals. The desire to revive the dialogue was reflected in a distinctly moderate list of demands.

However, despite such good intentions the dissent in the assessment of the international economic situation and the position of the developing countries was all too obvious. The Group of 77 focused their attention on the following problem areas: the worldwide decline in economic growth, the reduction in the demand of industrialised countries, the resultant low level of raw materials prices, the development of interest rates and protectionism. In their opinion, these were the decisive factors for the continuingly poor economic situation in most developing countries. Some industrialised countries – above all, the United States – regarded this analysis as too one-sided, feeling that greater emphasis should be placed on the economic policy errors made by the developing countries themselves. Their aim was to avoid merely “allocating the blame” with regard to growth setbacks, interest burdens or protectionism, since this would inevitably – at least morally – imply an obligation to provide some form of financial compensation.

In the end, the intransigent unwillingness to budge from this position made it impossible for the many representatives of developing and industrialised countries prepared to compromise to formulate a declaration acceptable to all countries attending the conference. Neither the far-reaching accommodation shown by developing countries on the issues themselves nor the prolongation of the negotiating period proved able to solve the question of the overall assessment of the situation, which had been turned into a political make-or-break problem.

The fact that politics were at stake – and consequently finance – was underlined by the conference's ability to reach unanimous agreement on a number of resolutions relating to individual topics on the agenda, namely: human resource development, science and technology, energy, industrialisation of the least developed countries, raw materials, economic cooperation among developing countries, the Industrial Development Decade for Africa, and the coordinating role of UNIDO.

The most important common feature of all these resolutions was that they contained only a few additional measures designed to promote industrialisation in the Third World and thus hardly involved any financial burdens for industrialised countries. In the case of the resolutions on restructuring and redevelopment and on the mobilisation of financial resources, which would have entailed certain action and measures on the part of the industrialised countries, agreement proved impossible due to the close link between these topics and the assessment of the current situation.

The successes in the secondary conference theatres may just about enable UNIDO to stomach the overall failure of the conference. However, the unbiased observer of the North-

South dialogue cannot help but ask himself the question whether the failure to reach agreement is not an indication of a conflict of a much more fundamental nature. After all, the conference in Vienna represents only the most recent link in a chain of UN events unable to produce really concrete results. The growing restraint shown by western industrialised countries towards the institutions and special organisations of the United Nations and the multilateral aid they grant, which in extreme cases even questions the very foundations of the whole system, can no longer be ignored. A crisis of multilateralism in economic cooperation would almost appear to be preprogrammed.

Many reasons lie at the root of this development. The growing "misuse" of the UN's special organisations for purposes other than those originally intended is a thorn in the flesh of those countries providing the bulk of financial support for the system. Today, no major conference abstains from stressing its overall ideological context. Misplaced discussions on apartheid, the Palestinian problem or liberation movements are just as much a part of the conference ritual as the vociferous condemnation of those with dissenting views. Events which are intended for the discussion of specific and specialist problems are increasingly running the risk of being remoulded into political tribunals, in which the numerical majority of those present condemn the minority.

With regard to the question of multilateral development aid there are growing doubts about the efficiency of the existing apparatus. The large number of institutions without clearly defined areas of responsibility results in unnecessary duplication of work, disputes on the respective areas of responsibility, and poor coordination, impeding the implementation of projects and programmes. In addition, the personnel costs of a number of UN institutions have in the meantime increased to such a degree that there is hardly anything left to channel into assistance for the Third World.

Bearing this background in mind, it is hardly surprising that those industrialised countries which are regularly the butt of criticism and condemnation have growing doubts about the usefulness of the North-South meetings. The sharp criticism expressed in this respect by the United States may have come as a shock to those who point towards the indisputable qualities of the UN as a whole. However, such comments make it clear that it is possible to disavow the previously almost unimpeachable UN institutions without having to fear the consequences of such statements at home. The fact that it is the UN's main financier who gives vent to his frustration lends great weight to the matter.

It has often been pointed out in the past that developing countries which voted with the majority in the UN were much more willing to make concessions and to cooperate within the framework of bilateral talks. In view of the always scarce resources available for official aid, the bilateral approach, which makes it easier to combine foreign policy and economic self-interests, is becoming more and more appealing to politicians in donor countries.

The UNIDO Conference paid the price for the shortcomings in the UN system. In view of the moderate line it took, this was not what it deserved. A speedy examination of how to strengthen the UN institutions created to deal with multilateral aid is essential, if further setbacks or even a collapse of the whole system are to be prevented.

The advantage of multilateral measures over bilateral activities is mainly considered to lie in the fact that the lack of national self-interest means that development policy orientation is more clearly brought to bear. In addition, it is often claimed that the efficiency of planning and policy execution is particularly great due to the professional specialisation, wealth of experience and extensive know-how of multilateral institutions. These advantages must once more be brought into focus and convincingly demonstrated. More coordination, a reduction in personnel costs and issue-related activities instead of lengthy political debates at multilateral conferences are essential prerequisites. At the same time, however, there should be no alteration of the fundamental character of the UN system. Only this kind of improvement in the working and negotiating atmosphere can enhance the chances of constructive participation by all its member states.

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