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## **UN and the Bretton Woods Institutions: Is More "Coherence" Needed?**

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February 23, 1999

I want to talk about the changing relationship between the United Nations and the Bretton Woods institutions in the quest for sustainable development. I'm going to begin by offering a note of caution. Is "coherence" really desirable? After all, these institutions have very different purposes, different histories, different governance and, above all, different policy orientations. But I will conclude by proposing a new direction for greater and more effective coordination at a different level and in a different way than is commonly proposed.

First, to lay the basis for caution, let me tell a story: Last summer, at the opening of the UN Economic and Social Council, James Wolfensohn, Michel Camdessus, Rubens Ricupero and several other dignitaries assembled to speak. Their presence symbolized a closer harmony with Secretary-General Annan and his team.

But in the shadow of the financial crisis, the government delegates that packed the room were not in a particularly welcoming mood. So after the opening speeches, delegates from countries of the South had harsh things to say. Well into the debate, an African delegate took the floor. He described the negative effect of IMF policies in Africa and especially in his own country. "The religion of the IMF is ruining us," he said. Then gesturing towards Mr. Camdessus, he said bitterly "You Sir, are better known in Africa than the Pope." There followed waves of laughter and applause. Then Camdessus himself asked for the floor and the room fell silent. The IMF chief paused dramatically. "I am deeply honored to be compared with the Holy Father!" he said.

It was a quick comeback, but too close to an uncomfortable reality. Many in the room remained convinced that he was indeed the Pope of his own peculiar religion, now more intensely unpopular than ever.

That the IMF and its sister institution were not welcomed at the UN should come as no surprise. Everyone remembers the pioneering work criticizing structural adjustment policies that came out of UNICEF in the 1980s from Giovanni Cornea, Richard Jolly and their colleagues, pointing out the devastating effects of the policies on women and children and everyone else too. One could also say that the Human Development Report series was itself a running critique of neoliberalism under the leadership of Mahbub al-Haq. Many other reports contributed to the debate, from the ILO, UNCTAD, WHO, UNEP, UNFPA and other UN agencies. The UN was not monolithic, but it did incline towards a neo-Keynesian approach, focussed on human welfare, pointing out the inhuman and unacceptable social effects of the neoliberal orthodoxies.

More recently, much has been said about the new Wolfenshon policies at the Bank, but I saw for myself not long ago how little things had changed. Sitting next to a Bank Vice-President at lunch, I asked him about his area of responsibility in Eastern Europe and Russia. "What do you think of the three research projects on rising Russian mortality?" I asked, having just read Cornea's most recent report on this gruesome topic, again under UNICEF's sponsorship. "I hear over a million may have died prematurely. Is the Bank acting on this?" I wondered aloud. My lunch companion looked simply blank and said he had never heard of it, though in New York this work was extremely well known. It was obvious to me that the Cardinals were reading only accepted scripture.

Even in the Security Council, that most conservative of UN institutions, one hears a questioning of the neoliberal faith. Exactly a week ago in the Council, the distinguished head of the International Committee for the Red Cross commented that the multiplying humanitarian emergencies that preoccupy the Council's deliberations are often rooted in the unregulated global business environment.

What, then, should be the basis for greater coordination or coherency between the Bretton Woods Institutions and the UN? So far, such efforts have all-too-often led to neoliberalizing the UN at a time when such policies are proven failures and are being called into question even by George Soros, Joseph Stiglitz and Jeffery Sachs themselves. Under pressure from the Bank, for example, the ILO has moved away from its support for public pensions and the WHO has embraced aspects of pay-as-you-go health care. Given enormous differences of clout and resources, the Bank tends to come out the winner, at the public's expense. UNDP's latest enthusiasm for two billion more consumers seems yet

another neoliberal folly, imported from Washington.

Rather than be mesmerized by the muscle of the Bretton Woods Institutions, however, we must think about how they can be made more responsive to democratic pressures, so that a fairer, more just and more sustainable global economy can be built. Paradoxically, this is where the UN comes in. The UN, for all its limitations, offers the most democratic and legitimate forum for global decision making. The founders of the UN expected it to play a key role in coordinating global economic policy but their successors preferred the narrower and more self-serving governing system of the Bank and the Fund. Today, the global financial crisis has offered us a unique opportunity for change. The bankers and the Treasury mavens are aware that things cannot continue as they are. A wider consensus is required to develop the new policies and institutions - wider than the one-dollar-one-vote system of the Bank and the Fund, wider than the gentleman's club of the G-7, wider certainly than the business precincts of Davos. In short, only the UN will do.

A process is, in fact, under way that everyone should pay the closest attention to. It is called the Financing for Development Conference and it will take place in the year 2001, safely past the millenium bugs. To the astonishment of UN observers, this conference has the support of an unlikely cast of characters - from the United States to the G-77 (that is, the countries of the South). This will be a unique opportunity to examine the international financial architecture, to improve it and to make it responsible to the people whose lives are affected. The UN General Assembly has set up a Working Group and later there will be a formal preparatory process. But right now the opportunities are greatest to arouse and engage the public and to develop some good ideas. How can poverty eradication be made more than an empty slogan? How can financial speculation be curbed? How can new public financing and strong new democratic institutions be built at the global level?

I urge the NGOs and others here today who have been toiling to improve the Bank and the Fund over the years to seize this new possibility. Drop your beltway cynicism and jump at this opportunity.

Global Policy Forum and a group of partners has just asked for NGO access to the GA Working Group and we expect to have some voice in the proceedings. Members states are already asking us for our input.

Not since perhaps Keynes, Harry Dexter White, and the rest gathered in that great sprawling hotel in New Hampshire the summer in 1944 have we been in a position to re-shape the core institutions of the global economy. And to establish a powerful new regulatory regime where anarchy has previously reigned.

Can we mobilize the grassroots energy of the anti-MAI campaign and the Millenium Debt Forgiveness Movement? Can we tap into the deep analytical capacity and experience of Oxfam, Save the Children, Worldwatch Institute, WEED in Germany, IBASE in Brazil and a host of others, some here present? Can we rouse the public to the global significance of the moment?

I invite you to join us. Come to New York. Check out the UN. Let's see what we can do to make a democratic conference and a people-based "coherence."  
See you at Turtle Bay!

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