

The United Nations and the Bretton Woods Institutions in a Global Economy

Author(s): Louis W. Pauly, University of Toronto

The United Nations has never played a central role in managing the increasingly interdependent economic relationships of its leading member states. The first Secretary General certainly planned for such a role, even if he soon discovered that the United States and Great Britain preferred to assign key and independent mandates to the two organizations they had previously created at Bretton Woods, New Hampshire — the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank). From the outset, moreover, responsibilities for international trade negotiations were deliberately segregated and kept under the loose institutional auspices of the General Agreement on Tariffs and Trade (GATT).

Today, after six tumultuous decades during which an interdependent economy organized around national markets has evolved to the point where the term "global economy" begins to make sense, multilateral trade talks occur under the auspices of a World Trade Organization, and an increasingly robust dispute settlement system is evolving in the same context. At the same time, the mandates and missions of the Fund and the Bank continue to adjust significantly. These separately constituted intergovernmental organizations, moreover, now often find themselves competing with many formal organizations, informal forums, and loosely structured networks for the mandates and the resources to govern limited aspects of that global economy. The UN, meanwhile, remains where it has long been — on the margins. In short, what scholars now call "global economic governance" exists without an effective capstone organization.

Nevertheless, the economic and social dimension of UN operations has always been prominent and has always rested on the political legitimacy conferred by the Charter and by the organization's universal membership. From its inception, the UN has had a general mission focused on the connection between development and security. Although the precise nature of that connection, as well as the conceptual and practical content of those two objectives, have shifted considerably over time, UN members provide the organization with staff and financial resources to pursue its mission that are not trivial, even if they pale in comparison with those of the Bretton Woods institutions. UN members engage in regular efforts to reform and expand that mission. Despite sometimes vitriolic debates on shutting it down, especially in the US Congress, the mission, the resources, and the reform exercises persist. Why?

The main reason for both the shallowness *and* the endurance of the UN's central economic mission, especially as it overlaps with those of the Fund and the Bank, may be located in the deepening tension between globalizing economic processes and the political need to accommodate persistent variations in the actual autonomy of UN members. By its nature, the game of globalizing capitalism putatively enhances the individual autonomy of the game's winners. Despite widening inequalities, moreover, it is reasonable to argue that the total number of winners expands as the game widens and deepens. But global politics remains centered on a different kind of autonomy, the autonomy of collectivities called states. Economic globalization arguably enhances the capacity of certain states to

make effective policies that meet key domestic objectives, even as it reduces the capacity of others to do so. The resulting struggle, the struggle of discrete collectivities to harness globalization for their own purposes, in other words, to seize its freedom-enhancing benefits and limit its freedom-reducing costs, presents the key dilemma. The hope, of course, is that a rising tide will lift all boats. But the politics involved still revolve around the practical matter of controlling floodgates. That effort accounts for an inelegant but persistent process of incremental adaptation within the UN and of deepening cross-organizational collaboration between the UN and the Bretton Woods institutions.

A new chapter in that continuing story opened at the UN-sponsored Conference on Financing for Development. Held in Monterrey, Mexico in March 2002, in the immediate wake of global financial crises, the conference turned into a summit meeting for a wide range of state leaders. The leaders made various commitments linked to the UN's Millennium Development Goals, but the conference itself heralded an attempt to rekindle and reform the international institutional architecture supporting economic globalization.

Even after memories of the financial crises preceding the conference began to fade, follow-up processes broke some bureaucratic molds and encouraged new habits of consultation. Regular meetings were to occur among national governments and key institutional "stakeholders." On the most important economic and financial challenges confronting developing countries, both directly and through the international civil service, foreign ministries, development ministries, and finance ministries would have to consult with one another and with their counterparts in other countries on a formal and routine basis. Of all the institutional "stakeholders," the UN — where foreign and development ministry officials dominate but are often tested by demands for specialized expertise when dealing with the complicated economic issues — would likely be the one most rejuvenated by this process. Despite continuing concerns about its size and scope of activities, it is significant that other ministries agreed that the UN had to be useful here and would therefore be worth rejuvenating with some expenditure of new resources. In the wake of the financial crises of recent years, and the continuing crisis of under-development in troubled parts of the world, what the UN mainly offered was what it had always represented in principle — a sense of international legitimacy, a good now apparently deemed to be worth putting up with the "inefficiency" of broadly based consultations. Despite all the criticism heaped upon it in recent decades, the Economic and Social Council of the UN (ECOSOC) provided the forum that could engage the broadest range of member states, collaborative intergovernmental institutions, and, not least, burgeoning non-governmental organizations. (By 2005, over 2,500 NGOs had received special consultative status from ECOSOC, which allowed them to participate in Council deliberations.)

Loud public arguments about the future of the UN continue, but so do now-regular annual meetings among high-level officials from the UN, the IMF, the World Bank, the WTO, the United Nations Conference on Trade and Development (UNCTAD), and others on the implementation of policies drawn from the Monterrey Consensus. Significantly, no serious proposal has emerged to take the UN entirely out of the economic and financial arena altogether. As in the past, debates remain focused instead on institutional reform. Complementing new commitments to development financing and debt relief at the national level inside leading states, what else could such debate signify other than a renewed recognition of the need for some kind of collaborative authority underneath an integrating global economy? Certainly it cannot be construed to express a common commitment to non-government, or to automatic, depoliticized, market mechanisms. The fact that even a radically nationalist administration in the United States, the once and future leader of the post-Monterrey system, signaled an ironic willingness to work not only with the Bank and the Fund but also with central economic organs of the United Nations.

That a sense of defensiveness was apparent in this regard did not obfuscate the image of states inexorably drawn back into institutional arrangements that promised to promote a sense of shared global prosperity. Of course reality continued to diverge from such a goal. Continuing to acknowledge the goal, however, was not a trivial exercise. At the very least, not walking away from such arrangements enhanced the legitimacy of the claim by the United States to continuing systemic leadership. Why should any other states follow if the leader demonstrated by its actions if not by its words that enhancing the autonomy of Americans, both individual and collective, was the only objective that really mattered?

It is, of course, possible that the post-1945 economic and political order is entering its last stages. If we had clear evidence of global economic pressures running rough-shod not only over the legal sovereignty of leading states or pushing a critical mass of follower states to revolt against the abridgement of any meaningful degree of political autonomy, that would suggest one possible future. Conversely, if we witnessed leading states turning decisively against forces that undercut their collective autonomy and follower states turning clearly in the direction of economic self-sufficiency, that would suggest another. But what we seem to be witnessing instead, certainly in any forum associated with the UN, is the gradual if still not inexorable emergence of a global society, a society struggling in often contradictory ways to benefit from the opportunities and to limit the constraints presented by globalization. Certainly for the most powerful, the benefits exceeded the costs. The hope remained that eventually the least powerful would face the same situation. Periodic episodes of systemic instability reminded everyone that that hope was key. Signs of intensified collaboration between the UN and the Bretton Woods institutions mark a shifting compromise between the growing supraterritoriality of markets and the differential degrees of autonomy enjoyed by still-distinct and still-diverse national and, in a few cases, regional collectivities. Surely individuals dominating political life within the leading collectivities, who perhaps prize their own autonomy very highly, are not really unhappy either with the continuing economic mission of the UN or with its collaboration with other market-friendly organizations.