

THE PROBLEMATIC DREAM OF UN REFORM AND ADMINISTRATIVE REALITIES

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ABSTRACT

The dream of a stronger United Nations is very powerful, but mundane administrative realities must be addressed if the full potential of the UN is to be realized. Prominent individuals, including former Federal Reserve Chairman Paul Volcker, who have studied the UN believe that fundamental reforms are necessary. The obstacles to these changes are discussed and recommendations to overcome resistance are suggested.

Many social activists believe a more powerful United Nations would greatly benefit the world, but the cold, hard facts of international politics have created a harsh paradox—a stronger UN is a noble dream, but vested interests within the UN have stonewalled fundamental organizational changes. Two financial powerhouses, former Federal Reserve Chairman, Paul Volcker, and former Securities and Exchange Commission Chairman, Roderick Hills, have studied the UN and both emphasize that the UN needs deep, managerial reform anchored by rigorous, independent auditing. This would require the equivalent of major surgery, but there is very little UN enthusiasm for the potential pain of revealing questionable practices that have been hidden from public scrutiny. (United States Institute of Peace, 2006)

Donald Hays, a veteran diplomat who was the American Ambassador for UN Reform from 1999 to 2001, describes the situation as bleak because an overwhelming majority of the 192 member countries of the UN sees little benefit in changing the current status quo. Ambassador Hays noted that the General Assembly and the Security Council have refused to grant the Secretary General essential administrative authority. A little known but telling example of this dysfunctional environment is the obscure Fifth Committee of the General Assembly which oversees the UN budget. Hays noted that this committee has a history of “total disregard of remarks by the Secretary General.” (United States Institute of Peace, 2006). The 192 countries have one vote each and they form regional coalitions that make deals that do not contribute to broad strategic UN goals. The decision-makers in the Fifth Committee are frequently low ranking staff, because the senior Ambassadors are pursuing higher diplomatic priorities. The smaller countries prefer the current system because it maximizes their limited power. Several large countries see the benefit of reforms, but most members of the General Assembly prefer the power they have in the status quo, rather than surrender authority to a centralized Secretariat. The last time significant financial recommendations were presented to the General Assembly, the proposals were embarrassingly rejected by a vote of 127 to 50. The explanation for the vote is simple, “Follow the money.” The 50 countries who voted yes for reform, contribute 87% of the UN budget, while the 127 countries who voted no, contribute only 13% of the UN dues.

These organizational realities were analyzed at a panel discussion on July 13, 2006 moderated by former Ambassador Gary Mathews at the United States Institute of Peace. At the request of the United States Congress, the Institute had directed a high profile task force

examining UN reform which was co-chaired by Newt Gingrich, former Republican Speaker of the House of Representatives, and George Mitchell, former Democratic Leader of the Senate. A 145 page report with several recommendations was published in June, 2005. (United States Institute of Peace, 2005)

As a vehicle for bringing peace and prosperity to the entire world, especially the poor, the United Nations has been an inspirational hope since World War II. Until the end of the Cold War, it worked moderately well. But with a structure designed in 1945, the UN is currently incapable of meeting the 21st century challenges of globalization. Over forty years ago, the American Ambassador to the UN, Adlai Stevenson, coined the famous phrase, “the revolution of rising expectations.” Once again, history is repeating itself in the form of the very ambitious UN Millennium Goals. These new revolutionary expectations include reducing poverty in half by 2015, dramatically improving public health in Africa, Latin America and Asia, and guaranteeing universal educational opportunity for every boy and girl. The UN Millennium Goals were solemnly endorsed by world leaders in 2000 at a special UN meeting and were reaffirmed at the 2005 G-8 Summit. But does the UN have the financial and managerial resources to achieve the UN Millennium Goals? Will unmet targets fuel anger in the developing world towards rich countries and increase the resentful envy of the wealth generated by multinational corporations?

In theory, the UN, based on the successes of its World Health Organization, UNICEF, and the UN Refugee Agency, could provide the unifying organizational infrastructure for expanded global humanitarian activities. A high performing UN, leading the achievement of the Millennium goals, could create hope in poor countries. But after several recent scandals, most notably the Oil for Food program during which the Iraqi regime easily corrupted several high ranking diplomats, the United Nations would have to undergo extensive reform before it could effectively manage large amounts of money. Until that happens, the UN will be the institutional equivalent of the Pope. Everyone will pay spiritual homage to the United Nations, but as Joseph Stalin of the Soviet Union similarly said about the Vatican, how many humanitarian troops will the United Nations command? The powerful message of Volcker, Hills and Hays is starkly clear--until you can follow the money, the United Nations will remain only a spiritual dream.

Specifically, what do Volcker, Hills and Hays recommend? Hills, who was a member of the 2005 UN Task Force, said the most mundane of the five set of recommendations was that calling for administrative reform. Compared to other higher profile issues such as war and peace, the genocidal circumstances in Darfur, the Human Rights Council and whether to add new permanent members to the Security Council such as Japan, Germany, India and Brazil, managerial recommendations may be considered boring, but the critical importance of basic organizational infrastructure cannot be underestimated. For a building to run properly, the internal plumbing, which may not be as readily visible as a glamorous exterior, must function well. Similarly, an organization must have proper auditing controls, or else the potential for the sewage of human corruption can easily emerge and cause an ugly odor affecting even noble endeavors.

Volcker said the UN has systemic organizational problems of very diffuse authority structures, beyond the drama of the Food for Oil scandal. This lax setting has enabled many within the UN to benefit from what he described as a “culture of ‘they do not have to follow the rules’.” Moreover, the UN auditing staff is small, with minimal authority.

The entire panel emphasized the need for an outside Oversight Authority with powerful auditing capabilities to monitor the financial activities of the United Nations. In addition, they strongly recommend a Chief Operating Officer for the United Nations with the authority to shift money and resources to achieve UN objectives. Importantly, a single individual should be held accountable for the administrative functioning of the UN. The Secretary-General would continue to emphasize international diplomacy. Currently, each of the nine UN organizations is independent, and not even the Secretary-General is allowed to shift resources among them. Ambassador Matthews, when he was operating in difficult peace-keeping circumstances in Kosovo, ordered timely redeployment of resources, but was told by UN Headquarters that he did not have the authority to do so. (United States Institute of Peace, 2006)

During the last two years, written analyses of the UN future have been voluminous, which is a testimonial to the charismatic appeal of the dream of a more effective UN. Googling United Nations reform in August, 2006 yielded 35,100,000 entries. But in terms of “follow the money,” adding the phrase “financial” in front of reform dramatically reduced this count to 74,500. UN financial reform is quite broad and includes discussions of the IMF, the World Bank, and international markets. But essential to the recommended financial reforms of Volcker, Hills and Hays is the additional word, “audit.” When this critical imperative is added to the Google search, the count is reduced to 18,800, resulting in a percentage of UN reform references specifying audit, of one in 2,000. Many political scientists have emphasized the importance of agenda setting. Obviously, audit is not very visible on the UN radar screen.

In his multi-faceted career, Volcker has had two major involvements with the United Nations. One was as head of the investigation of the Food for Oil scandal, but the other is also very important. Secretary-General Boutros Ghali asked Volcker to analyze the UN and he produced a report in 1993 on financial reform. In terms of UN recommendations, one can argue that Volcker deserves prominent attention. But the Googling of Volcker with UN financial reform yields only 173 references. Perhaps this minimal attention to Volcker reflects a visceral negative reaction to critics of the UN. Former Undersecretary General Brian Urquhart in his memoirs said “We were all optimists and regarded the occasional cynic or ‘realist’ with contempt.” (Urquhart, 1987; p. 96) This attitude was manifested in his recent statement in the September/October issue of *Foreign Affairs* when he described the Oil for Food program as a “vast operation originally hailed as a remarkable success” and then a “grossly exaggerated ‘scandal’ from which the UN and its leadership are still trying to recover.” (Urquhart, 2006; p. 20) Implied in that statement is that Volcker may have contributed to the attack on the UN reputation.

Indicative of this slighting of financial reform is the recent widely reviewed book, *The Parliament of Man*, written by the distinguished Yale University historian, Paul Kennedy. Out of 500 pages, only one-quarter page discusses financial reform, for a percentage ratio of one in 2,000 or 0.05%. But in fairness to Professor Kennedy, his book covered comprehensively the history and future of the United Nations, and seriously analyzed various reform proposals. He emphasizes the need for the middle ground of modest, practical reforms between the two extremes of overly ambitious restructuring that is not politically feasible and the American critics who want to emasculate the UN. (Kennedy, 2006)

Financial reforms as recommended by Volcker, Hills, and Hays can be considered as middle ground remodeling of the basic administrative infrastructure. But politically, the General Assembly vote of 127 to 50 blocking modest changes indicates the uphill battle to achieve even minimal organizational restructuring. Based on the political analysis of Ambassador Hays from his arduous UN reform experience, a possible strategy tied to the UN Millennium Goals may offer some promise. Ambassador Hays emphasized that there is little incentive for the smaller UN countries to change the status quo because the UN Budget is limited and they do not want to transfer their limited decision-making influence to the Secretary General and the larger countries. And with pressure from members of the US Congress to withhold UN dues and to minimize the American financial contribution, there is little hope for a larger UN budget. But if financial reforms were tied to more generous UN funding towards achieving the Millennium Goals in poorer countries, there would be an incentive for the General Assembly to approve organizational restructuring. One way to do this would be to schedule a series of yearly increases in Millennium Goal funding to be approved annually by the outside Oversight Authority as recommended by Volcker, Hills and Hays. If this review board, armed with powerful auditing capability, determined that money was not being spent wisely, they could veto the scheduled annual funding increases. Furthermore, if a distinguished Oversight Authority reviewed and approved the UN programs, perhaps not only the American voters, but also European countries and Japan would be more comfortable with significant increases in UN expenditures.

Analysts of stock markets around the world have used the phrase, geo-political uncertainty, to describe world events since September 11, 2001. This indicates that those prosperous enough to have stock portfolios crave global stability. Perhaps one way to help achieve future peace and prosperity is to provide hope and opportunity to those struggling for a better life for their children. A stronger United Nations, with a robust financial infrastructure, could oversee improved public health and education programs and contribute to a higher standard of living throughout the entire world.

In summarizing the present circumstances, Hills said the UN has a “primitive management structure.” The seasoned veterans, Volcker, Hills and Hays, all agreed that the UN needs major reform with an emphasis on transparency, clear managerial accountability and strong financial controls. (U.S. Institute of Peace, 2006) The last couple of years have seen a lot of talk about UN reform, but very little action. Until strong administrative structures are in place whereby expenditures can be systematically followed, an effective United Nations will remain only a spiritual dream.

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