



UN Reform: How?

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On June 28th, the occupying powers in Iraq handed sovereignty of a sort back to Iraqis, in the shape of the new Interim Government. The key step which made that possible was taken in New York earlier in the month, when the UN Security Council approved the handover and described an enhanced role for the UN itself along the road to full democratic elections. The event was claimed as a turning point, not only for Iraq but also for the rebuilding of international trust.

Unfortunately, it will need more than a modest step forward on Iraq to achieve a substantial step forward on global institutions and global governance. Dissension over Iraq in 2003 challenged the legitimacy and effectiveness of the UN. It also highlighted long-standing problems which previous reform efforts had failed to resolve. Kofi Annan has been a reforming Secretary-General, but even he was led in September last year to say that the core institutions needed 'radical reform'.

There's no shortage of ideas about why we need reform and what form change might take. Kofi Annan's shelves must be full of reports by international commissions, high level panels and independent experts. Quite a lot of those either bear the Secretary General's own name or were commissioned by him. However, the key question on UN reform is not 'Why?' or 'What?' but 'How?'. Take as read the high principles and values: peace, justice, freedom, equity, sustainability and the rest. Take as read, also, the many specific proposals about membership of the Security Council, the need for stronger institutions to manage the world economy, or voting rights for developing countries on the boards of the World Bank and the IMF. The more interesting question is how to get there.

Thinking about collective action provides a framework within which to understand why countries might or might not collaborate in particular reforms, and also a way of thinking about actions and processes that might incentivise greater

collaboration. At present, the outlook for serious reform is not especially propitious – but it could be.

At the heart of this is the idea that successful cooperation happens only when certain conditions are met. The conditions have been established by researchers in different disciplines, studying situations as varied as villages in India, business associations in New York and communities of guppy fish. There is also more than one strand of pure theory, for example using game theory. Sometimes, the actors are all equal – villagers, for example, cooperating in the management of shared forest or grazing land. More often, and more usefully, there are disparities in power: there may be one rich landowner, acting as a local superpower, or a shark in with the guppy fish.

Some of the conclusions are unsurprising. Trust turns out to be central, the medium within which exchange takes place, the key ingredient of social capital, and the means by which transactions costs are kept as low as possible. Among diamond traders in New York, social networks are so dense that legal contracts are simply unnecessary. There is an important corollary, however: the group has to be small enough that knowledge can be shared. Trust is harder to achieve in large groups, and more likely to require formal institutions for dispute settlement.

More generally, the likelihood of cooperation increases when the prevailing culture provides strong reinforcement: non-cooperators are simply frozen out. Why, for example, do people not steal the tea-bags provided in the office kitchen? The answer is that the shame of being caught acts as a deterrent. Only the boss has the power to escape punitive social sanction. Researchers call this 'network closure'.

Cooperation is also very much a matter of self-interest. It is more likely when all the actors, including the richest and most powerful, gain; and more likely, too, when defection entails significant costs. Villages successfully manage mountain meadows, irrigation systems or communal forests: but only when everyone values the resource.

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Finally, there are benefits when cooperation is broad and long-lasting as well as deep. It is easier to sustain community organisations if they perform more than one function: managing the grazing lands, for example, and also providing social insurance and access to credit. Again, the transactions costs are minimised. By the same token, the incentives to cooperate are greater if cooperation is likely to be long-lasting. One of the insights of game theory is that cooperation builds over time, with fewer defections.

It seems as though cooperation requires a combination of an enabling social environment and a rational exercise of ruthless self-interest: a mutually reinforcing mix of culture and calculus. The great problem with international cooperation is that the mix is often missing. Recent failures of international cooperation are instructive in this respect.

Take, for example, the unwillingness of the US to sign up to the Kyoto Agreement on global warming. At one level, this is an example of a country free-riding on an agreement reached by others, since the impact of global warming on the US will be less than without Kyoto. At the same time, there are no sanctions on the US for its refusal to participate in the common endeavour. It's not enough simply to say that the US is addicted to cheap petrol: the incentives to break the addiction appear to be insufficient.

Another example is the breakdown of the multilateral trade talks in Cancun last year. The sharks in the fish pond, notably the US and the EU, have not been punished for their failure to participate. Rather the opposite, in fact: the US, in particular, has signed a number of bilateral trade agreements, giving it the benefit of greater access to other countries' markets without the cost of opening up its own agricultural market. It has been left to developing countries to take the US through the WTO dispute settlement procedure, as Brazil has done successfully in the case of cotton – but this is expensive and slow.

These kinds of examples can be multiplied. The International Criminal Court, which the US has refused to endorse. The Convention on the Rights of the Child, ditto. Many are cases where the US, the big fish in the pond, has failed to cooperate fully. The US is not the only culprit, however. Look no further than Iraq.

An easy answer to failures of collective action is to use the language of selective incentives and jump straight to sanctions. One country won't play? Punish them. That's a tempting answer, but an incomplete one, the last resort offered as the first. It is reminiscent of the spirit of confrontation that characterised debate about the New International Economic Order in the 1970s.

A better approach is to start with the easy things and build cooperation brick by brick, drawing on the lessons of

collective action theory. This can be done in eight steps.

First, keep the core group small. This might be challenging, given the fuss that is made about the exclusive nature of the Security Council, and the regular complaints about who is in and out of the Green Room at WTO Ministerials. Most observers argue for greater participation and democratisation, not less. It is important, however, that democratisation does not necessarily imply physical presence. After all, we in the UK allow ourselves to be represented in the House of Commons, in a ratio of many tens of thousands to one – and the 659 MPs don't all expect to be in the room every time a decision is made. Expand the Security Council, therefore: but not too much.

Second, develop trust-building measures from the beginning. This can be done by providing opportunities for informal interaction as well as formal negotiation. The walk round the park or the trip to the pub is not a trivial aspect of international meetings: it helps to build a shared vision as well as fomenting the basic inter-personal chemistry. In addition, large and complex agreements can be broken down into smaller, more manageable and sequential steps, which again build trust and thereby momentum: think, for example, of Senator George Mitchell's careful choreography of détente and peace-making in Northern Ireland. Shouldn't we have sent Senator Mitchell to talk to Saddam Hussein?

Third, use the same core group for as many issues as possible, in order to keep transactions costs down and benefit from what economists call economies of scope. Application of this principle could explain the increasing use of NATO in 'out of theatre' operations, as in Afghanistan. Here we have a small group of (sometimes) like-minded nations, used to working together and with established ways of doing business. Far better to use this group than establish a new one. There are similar implications for the role of the Security Council.

Fourth, encourage network closure, make it awkward or embarrassing not to cooperate. Leaders themselves can do this, but civil society plays an important role. There's nothing like a good demo at the G8, in favour of debt relief perhaps, or fairer trade rules, to concentrate minds and shift the political context. Leaders can then claim that 'you know, I'd like to steal the tea bags, but I just can't, the political consequences would be too severe'.

Fifth, choose the right issues. These are the ones where all the players, including both sharks and guppy fish, have something to gain and something to lose. Genuine global public goods look like a particularly good bet: rules everyone needs, or new knowledge, or investments that benefit all. Examples might be trade rules or new vaccines or internet protocols.

Sixth, now start to think about positive incentives. This is the territory of rational choice theory, but rational choice with a human face. If the scales don't quite balance, then add a penny, a ha'penny, a farthing, until they do. Sometimes, the balancing can be done within a single negotiation and can follow the negotiators' old maxim, that 'nothing is agreed until everything is agreed'. This approach is much in evidence in trade negotiations. At other times, it may be more helpful to seek trade-offs against the whole range of bilateral and multilateral relationships: look, for example, at the aid packages offered to countries prepared to back action on Iraq.

Seventh, and perhaps as a last resort, the lesson that collective action is often most successful when the costs of defection are high. More aid may be a carrot, less aid a less palatable but equally effective stick. Expulsion or suspension from international bodies like the Commonwealth works in this way. By the same token, what do the big players, the sharks, really, really value that they might be denied? Beware, however: sharks have big teeth and the guppie fish need to work together if they are to succeed in this strategy.

Finally, set up the institutions to manage these interactions and relationships. In the natural world, biology plays a part, as in the cooperation between algae and fungi in lichen. Instinct is also important, and may explain how guppie fish work together to test the mood of the predator fish, and collaborate with each other to minimise losses. In our world, it is not unreasonable to expect trade, climate change or disarmament negotiators to have both the genetic programming of a fungus, and the protective instincts of a fish, but we can probably help them by having the right spaces with the right rules and the right procedures. That is why the WTO is more valuable than its critics allow: the problem is not with the instrument so much as with how it is used.

Applying these eight principles to the current global governance agenda would certainly enable us to do better. They could usefully inform the deliberations of the High Level Panel on Threats, Challenges and Change, which Kofi Annan established last year to help think through the new security agenda post-Iraq, or the work of the Helsinki process on global governance, or the Swedish initiative on UN funding. Take three practical examples.

How, first, to break the deadlock on Security Council Reform? How to balance the call for better representation against the fear that the US will walk away from a body entirely dominated by often hostile developing countries? This issue goes to the heart of the power and potency of the UN. The High Level Panel, of which Lord David Hannay, former British Ambassador to the UN, is a member, is charged with solving the problem. He has emphasised the importance of building consensus on the issue (see

'trust' and 'vision', above), but has also underlined the need to engage constructively with the US. He is wary of confrontation and is sceptical of an approach which might attempt to punish the US. He describes this as a 'Gulliver Strategy', with consequences for the world similar to those suffered by the Lilliputians when they tried to tie Gulliver down (see above, 'sharks have big teeth').

Applying the logic of collective action suggests that there is a general need to build better understanding with US leaders and their publics: more people need to follow the lead of Mary Robinson, who has deliberately based herself in the US in order to reach US public opinion with messages about human rights and ethical globalisation. Within the UN, new opportunities for dialogue have been created, such as regular meetings between the Presidents of the General Assembly and the Security Council (and, no, apparently they did not do this before – see above, 'doing the easy things first').

More assertive action is needed, however. A modest increase in the size of the Security Council seems warranted and would be consistent with keeping the size of the core group relatively small – current proposals are for an increase from 15 to between 20 and 24. More important will be to ensure that the Council's remit is expanded to cover economic and financial issues. It would be interesting to link the Security Council discussion with the parallel debate, led by the Canadians, about enlarging the G-8 to form a new G-20, involving large developing countries whose economic and financial power is growing fast. A single body, merging the enlarged Security Council and the reformed G8, responsible for leadership across the board, would keep transactions costs low (see 'community organisations' above). It would also have the great advantage of short-circuiting the agonised discussion about how to make ECOSOC more effective: that body would simply feed into the new, unified leadership group.

The remaining question would be about Security Council accountability to the collective, in the shape of the General Assembly or a body more genuinely representative of the world's six billion people. Again, the collective action response is to build the right institutions. There needs to be a role for more direct representation, perhaps through the medium of a parliamentary assembly. The Inter-Parliamentary Union might provide a framework.

The current president of the General Assembly, Julian Hunte, has made an interesting additional point, that the emphasis on consensus effectively provides even smaller countries with a kind of veto. This is also true in the case of a second example: trade. The WTO has sometimes given the impression of being paralysed by the need for consensus.

This, however, is an illustration not of the weakness

of collective action, but of its strength. In the past, and particularly during the Uruguay Round, developing countries were ill-equipped to negotiate on the very wide range of issues on the trade agenda. In the latest round of talks, the so-called Development Round, launched at Doha in 2001, they have learned how to work together and target key issues, like agricultural subsidies. Especially interesting was the emergence of the G-20, a slightly flexible group sometimes called the G-20 something, but including countries as diverse as Brazil, China, Egypt, India, Indonesia, Nigeria and South Africa. The G 20 took a strong position opposing US and EU proposals on agriculture, and made it difficult to reach agreement. Cancun, however, was not the end of the negotiation. With luck and careful strategy, this example of collective action by developing countries may achieve movement on subsidies that has not before been possible.

Equally, of course, it may not. The EU and the US may decide that the gains in other areas are not worth the political cost of reducing subsidies. That would be a standard calculation in any negotiation, with the parties looking constantly to their BATNA, their Best Alternative to a Negotiated Agreement. It would then be up to the G 20 to manipulate the incentives, increasing the number of sweeteners or ratcheting up the cost.

What the G 20 needs to avoid is a divide and rule response, which is exactly what happens when a quick and relatively straightforward bilateral deal is offered as an alternative to the multilateral process. Collective action fails when players defect, whoever they are.

A further point is worth bearing in mind, emphasised by Simon Peres, the former Prime Minister of Israel and another well-experienced international negotiator. This is that negotiations need to be successful, but also fair, otherwise the negotiated agreement may not hold. That is worth remembering next time trade negotiators meet – indeed, the next time the Israeli cabinet meets.

Finally, an issue central to current debates about the effectiveness of development aid, and one which Gordon Brown will have to face if his proposed International Finance Facility is to avoid the trap of simply becoming another source of funding for the World Bank: what to do about the patchy, often poor, performance of the UN development agencies. Here we have a sprawling ‘family’ consisting of dozens of specialised agencies, special funds, programmes and initiatives, at least 35 in total, many with independent mandates and many if not most hobbled by poor leadership and inadequate funding. Rich countries have looked at this highly political mess with despair and have largely retreated from wholesale reform. Instead,

they have funded agencies they like, for example UNICEF, and have withdrawn or cut funding to those they don’t, like UNESCO or UNIDO. Even where they have stayed in, they have tended to cherry-pick projects they like rather than fund the totality of budgets, and in the process have undermined sensible management of budgets and programmes.

A collective action approach to this problem again requires action to build trust and shared vision. The Helsinki Process, led by the Foreign Ministers of Finland and Tanzania, is a forum of stake-holders from different constituencies that might achieve this. More immediately, however, there is a responsibility on some of the major players to think more strategically about how to change the incentive structure. In the frame here are the major funders of the UN, the US and the Japanese, but also the Scandinavians and other like-minded donors in Europe, including the UK. The Europeans should take the lead. They should set out a vision of a unified and efficient UN development system, large enough and competent enough to provide a realistic alternative to the Bretton Woods system – and then they should offer to fund it. The best way to do this would be to set up a single funding mechanism, run through the office of the Secretary General, or a proxy like UNDP, with the muscle to bring to heel the diverse barons who rule the system. Does this sound like building a Gordon Brown figure to match Kofi Annan’s Tony Blair? Good.

International negotiators probably don’t need lessons in how to manage international negotiations. What they may need is the occasional sharp reminder of why their negotiations matter and why they need to be bold. As Lord Hannay has remarked, the risk if they are not is that we end up with institutional tiddly-winks. A final reminder from collective action theory is the importance of creating the right climate of opinion, a culture in which lack of progress is unacceptable. Is this a job for civil society?

Key reference

Gillinson, S. (2004) ‘Why Cooperate? A Multi-Disciplinary Study of Collective Action’, *Working Paper 234*, London: Overseas Development Institute, February. (http://www.odi.org.uk/publications/working_papers/)

ODI organised a series of eight public meetings *UN Reform: Why? What? How?* in April - June 2004, jointly with the UNA and the All Party Parliamentary Group on the UN (<http://www.odi.org.uk/speeches/un2004/summary.html>)

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