



*INTERACTION COUNCIL*

**COMMENTS ON THE DOCUMENT:**

**“THE FUTURE ROLE OF  
THE GLOBAL MULTILATERAL ORGANISATIONS”  
PRESENTED BY ANDRIES VAN AGT**

**AND SOME THOUGHTS ON THE INTERNATIONAL SYSTEM**

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I have analysed Mr van Agt's presentation with great interest. There is no doubt that his document poses fundamental problems which we are facing in the international arena and I agree with most of what he says.

There are many challenges to be faced by the multilateral organisations in the next few years so that they can effectively assume the functions and responsibilities demanded by the international situation.

It is also clear, as Mr van Agt says, that the new problems facing the society of nations will only disappear if real efforts are made to achieve worldwide cooperation.

The organisations which make up the multilateral system must be thoroughly reformed—which may even mean, as the document points out, the merging or elimination of certain bodies—to produce efficient institutions which can fully perform the tasks assigned to them.

The search for innovatory financing mechanisms is also a vital task if we wish to guarantee that they function to the full. The basic requirement is political will; only in that way will the fulfilment of agreements and their real participation in the solution of problems be guaranteed.

The reforms of the institutions that make up the United Nations system can no longer wait. We must prevent the international organisations from being relegated, especially in the economic sphere, to the category of discussion groups. It is worrying that multilateral decisions and actions are taken in other forums.

I have thought for some time that there is a fundamental need to redistribute attributions and responsibilities among its organs, to increase coordination and democratise its procedures. In spite of the lightning changes that have taken place in the international sphere in recent years, the Organisation is still constrained by the structure of the victorious powers in the Second World War. It is crucial to reorganise the form of integration and operation of the Security Council and the attribution of competences between it and the General Assembly.

We must avert the risk of the Security Council being a mere instrument for legitimising the designs of certain countries under the guise of agreement. The veto system is an anachronism. Equitable representation on this body should occupy a central place in the reform of the Organisation. The restructuring must first take into consideration the fact that it lacks authority of its own. Furthermore, it should be members of the Council who make the greatest contribution to keeping the peace and not necessarily the world's biggest arms producers. A representative body must be democratic. The right of veto is not. New forms of limiting and governing its exercise must be found, since only in that way will it become a truly representative body.

I also consider that it would be desirable to broaden the functions of the International Court of Justice. Moreover, I think it is important to insist that the General Assembly—in fulfilment of its original mandate—should be the sole universal forum for dialogue between large and small countries.

The Secretary General's capacity to act also needs strengthening. His functions must be more closely coordinated with the General Assembly, the Security Council and the Economic and Social Council.

There must be a greater balance in dealing with items on the international agenda.

One subject which requires our full attention is the new economic reality facing the world. The globalisation of markets and the lack of a global authority to regulate or supervise them pose new and underestimated threats to world economic stability. Measures for coordinating policies must be found to prevent speculative activities from leading to regional or national crises or even a general worldwide financial collapse.

For that reason, like Mr van Agt I consider it necessary to undertake an immediate study of the viability of establishing solid mechanisms for regulating and supervising the financial system and adopting all necessary measures to accomplish that goal.

In the sphere of international peace and security, one of the most important changes we have seen is the widening of the United Nations' field of action. After a period of crisis in which there was deepening scepticism about the role of the Organisation, it entered the nineties actively with great opportunities to affect the course of world events, but at the same time there is a generalised sense of its inadequacies and the need to rethink its goals, structure and operation.

Nevertheless, the broadening of functions related to peace and security has meant that the problems of development have been pushed into the background on the agenda.

Furthermore, increasing intervention by the Organisation in peacekeeping tasks and humanitarian aid operations in recent years has led to interference<sup>3</sup> by the international community in the internal affairs of the countries in conflict.

And so it is worrying that in different forums and with increasing insistence there is talk of the relative nature of the concept of sovereignty and promotion of initiatives of supposed universal value which run counter to principles as fundamental as the self-determination of peoples and non-intervention.

I consider it vital to insist that respect for national sovereignty and non-interference in the internal affairs of states must continue to be the fundamental principle of international law. Without due respect for national sovereignty there is no reason for the existence of the UN.

If I share the opinion that only with the active participation of the United Nations can the international community face up to the challenges and opportunities of the future, I do so because I believe that the United Nations represents the imperative of reason over the designs of force.

However, the reform of the Organisation cannot be limited to strengthening its capacity for keeping the peace. We must be aware that only the advance of social and

economic progress in the developing world can guarantee security and stability in the twenty-first century.

The economic gap between North and South has widened. It is wider than it was a decade ago and little progress has been made on reversing this trend. Over one billion people in the world today are living in absolute poverty. For the developing countries, relative prices and flows of money have been highly disadvantageous in recent years. There is no internal adjustment, however profound and long-lasting it may be, which can produce results if the country in question does not find a favourable international order. For that reason there is an urgent need to revitalise international economic cooperation. Facing critical international problems with a sense of joint responsibility is the only legitimate framework for the North-South dialogue. In that same spirit of solidarity we should tackle the other important items on the agenda: population, protection of the environment; social development, human rights, the fight against drug-trafficking and international crime in general.

Political stability and social peace cannot be preserved if economic problems are not dealt with beforehand. They are often the cause of instability within countries and of conflicts between nations. Development policies are primordial not only for developing countries but also for developed ones. They have global repercussions, increasingly strong in the light of the globalisation of the economy and growing interdependence.

Taking decisive steps forward in economic, social and human development and correcting structural imbalances in international society are preconditions for achieving a genuine, lasting peace. We have to reverse the trend towards the concentration of economic growth and technological development in a small number of countries. From any point of view it is hardly equitable for one fifth of the world's population, the thousand million people who live in the most industrialised countries, to consume 70% of the energy and 60% of the food. In other words, the richest fifth of the population takes 83% of the total income, while the poorest fifth has to make do with 1.4%.

The affluence and superabundance of the few cannot live side by side with the poverty and shortages of the many. We must put an end to extreme poverty and create the conditions for every human being to find real opportunities for development. The Organisation must become the prime instrument of development and solidarity between nations and between people.

International law is the element of cohesion which will make it possible to build an equitable and dependable international order in the foreseeable future. For that reason we must give top priority to the tasks involved in and organisms in charge of systematising and improving international law, as well as the jurisdictional organs of the system.

As also happens in the field of security and peace, only joint action can provide a solution to these problems. That is why the member countries of the Organisation do their part in financing it in proportion to their economic capacity and take on a serious commitment to meet their obligations. Increasing official aid, reducing restrictions for technology transfer and expanding markets are also decisive elements in creating a favourable background for the economic recovery of developing countries.

Other relevant priorities in the economic sphere were pointed out by the Secretary General of the UN Boutros-Boutros-Ghali in *An Programme for Development*. Notable among them are: the need to find ways of reducing the burden of international debt; promoting policies designed to discourage emerging protectionist trends and to see that the developing world shares the benefits of exchange flows, given that the expansion of international trade is essential for economic growth. Social integration is another fundamental question for development which must be included on our agenda.

The economic organisations of the United Nations system must play a fundamental role in achieving development all over the globe.

Here the role played by the World Trade Organisation, agreed at the Uruguay Round of GATT and signed in Marrakesh, Morocco, in April 1994, will be essential to revitalise the multilateral trade system and thus counter the strong protectionist trends of some economic blocks.

In the sphere of finance, there is a need for international regulation to bring stability to the system and for the system to adapt to present requirements in this area. To attain that end, the International Monetary Fund and the World Bank must be reformed, without losing sight of the original goals sketched out at Bretton Woods: to achieve the liberalisation of finance and trade and combine it with high levels of income and employment within a climate of maximum stability.

Although the evolution of world financial markets has to a certain extent led to private capital markets taking on the tasks which were previously done by the IMF and the World Bank, those organisations still have an important part to play in eliminating the instability of those markets due to a lack of coordination.

The duplication of functions between the two institutions must be avoided and the spheres of action of both of them defined. Although their functions may seem to have overlapped in recent years, those institutions, as the experts convened by the Bretton Woods Commission have pointed out, must mark out their boundaries in accordance with their original mandate. And so there is a suggestion that the IMF should concentrate on the most immediate financial and economic matters, such as support programmes for balance of payments problems and the supervision and regulation of money flows, while the World Bank concentrates on promoting longer term development projects. The two institutions must work in coordination both on short-term problems and problems of structural adjustment.

The size of those organisations has also led to a certain bureaucracy which limits the scope of their programmes. Moreover, in the case of the IMF, delays in the payment of contributions have prevented it from fully meeting the financing requirements asked of it. The capital in special drawing rights is insufficient and so the allocations for programmes are too small. Capital must be properly replenished by the member countries and the governments of the industrialised nations must undertake to provide the organisations with more resources.

The World Bank must continue to play an important part in promoting development projects, relieving poverty and helping to provide conditions for the private sector to flourish

to its full capacity. Investment in human resources must also be encouraged, an aspect which has been greatly neglected because of the crisis of the eighties in many countries.

And so, rather than a moneylender for governments, the World Bank needs to emphasise its role as a provider of technical assistance and a mobiliser of resources—private and public, intellectual and financial—for the implementation of sustained development programmes.

As far as the IMF is concerned, its role has changed considerably in the last fifty years. It seemed to have been eclipsed in the seventies with the dismantling of the convertibility system, but it regained its importance in its handling of the debt crisis and in the structural adjustment programmes for developing countries, as well as the economic transformation of the former communist countries in the early nineties.

Now the volume of transactions and the volatility of the international financial system have grown, as have movements in exchange rates. There is a high cost to the disalignment of currencies in terms of the allocation of resources. Moreover, the prevailing uncertainty hampers productive investment, which in turn is reflected in an increase in protectionist measures. To reverse those trends, greater international coordination and convergence are required in those areas and the IMF can play a fundamental part in the implementation of reforms. Stability in international financial markets will only be achieved by means of institutional agreements. In addition, greater convergence in macroeconomic policies is needed and developed countries must not make agreements outside the system.

The developing countries must play a greater part in this institution, according to their international importance.

The IMF must have closer connections with the WTO. And so, just as the WTO takes into account the effect of exchange rates on trade and investment flows, the IMF must consider the liberalisation of trade and the system of each country when designing and prescribing its economic stabilisation policies.

It is also vital for the IMF and the World Bank to be more sensitive to the political and economic realities of the countries which are receiving their support, since the technicians of those institutions frequently tend to extrapolate the public policies of industrialised countries to developing countries, and from one developing country to another.

And so there are many challenges to be faced at the moment by the United Nations Organisation and many areas in which reforms can and must be implemented so that the organisations of the system can fulfil the goals for which they were created.

I am aware that this process of reviewing and reforming the UN and its institutions, especially the multilateral economic ones like the IMF, the World Bank and the WTO, is a highly complex business. They need a broad process of international analysis and negotiation, which cannot be made more flexible in real terms, to achieve a fast, integral reform which can be applied immediately. But it would be advisable for the process which is already under way to be speeded up and for the necessary reforms to be gradually applied. To do so it is crucial to have the political conviction and will of the member countries, since, as has been said so often, the international organisations can only act in proportion to the will of their members and their capacity for negotiation.