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SOME OBSERVATIONS ON FUTURE COSTS AND SUPPORT
OF THE SPECIALIZED AGENCIES RELATED TO
THE UNITED NATIONS

By
Norman J. Padelford

Center for International Studies
Massachusetts Institute of Technology
Cambridge, Massachusetts

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Membership and Cost Patterns, 1946-1962

A majority of the UN Members have belonged to the Specialized Agencies since joining the UN. The exception to the general rule has been the International Maritime Consultative Organization, an agency of more limited concern than some of the others. Forty-four states are currently members of IMCO. The current memberships of the various agencies are as follows:¹

| | |
|--|-----|
| Food and Agriculture Organization | 76 |
| International Maritime Consultative Organization | 44 |
| International Civil Aviation Organization | 74 |
| International Labor Organization | 82 |
| International Telecommunication Union | 101 |
| UNESCO | 100 |
| Universal Postal Union | 100 |
| World Health Organization | 101 |
| World Meteorological Organization | 102 |

The United States, the United Kingdom, France, Italy and Canada, together with most of the other Western states, are members of each of the agencies. The Soviet Union and most of the Communist countries are now members of seven of the nine organizations. They do not participate in FAO or ICAO. The Soviet Union does not pay more than 13 per cent of the annual assessed cost of any agency.

The United States has been a contributing member of each of the agencies. Its assessment does not now exceed 32.51 per cent of the annual assessed cost of any agency.

A not unimportant positive factor in the more or less stable support of the agencies is the role of "vested interest" groups -- labor unions, educators, farmers, scientists, etc. -- in urging governments to contribute. These groups

¹Memberships are as of 1961. Not included in the list are the International Atomic Energy Agency, the International Monetary Fund, the International Bank for Reconstruction and Development, and the International Finance Corporation which are in various ways supported differently than the other inter-governmental agencies related to the United Nations.

comprise special clienteles for the major agencies and have played, in varying degrees of course, an influential hand in at least the leading Western countries.

The modesty of the financial aspect of the Specialized Agencies is attested by the fact that after sixteen years from the founding of the UN the total cost of the nine agencies listed above does not exceed \$65 million, an average of less than \$8 million per agency a year. Considering the useful functions which most of these agencies perform, this is relatively inexpensive public service.

The growth pattern of the overall costs of these agencies has been on the whole an even, steady one. Costs doubled between 1948 and 1958. Since then there has been an additional thirty-six per cent rise for the period from 1958 to 1963. This is considerably less than the Regular Budget of the UN has risen during the same time.

Considering the number of international conferences which are held under the auspices of these agencies, the services which they render, and the rising costs of transportation, of materials, and of the services of experts and consultants used by them, this appears to be a fairly normal growth pattern. It has no sudden spurts or sharp cutbacks reflecting ill-considered programs or violent disagreement among the Member states.

II

Some Possible Future Trends in Specialized Agency Costs

One might perhaps expect that there would be relatively little fluctuation in the future curve of Specialized Agency costs. This does not necessarily follow, however. Political clashes have repeatedly punctuated the deliberations of UNESCO and the ILO. And the fact that the Communist states refuse to

participate in FAO and ICAO further attests the inseparability of the functional role of international organization from political, ideological and strategical considerations.

No matter how well entrenched are the present programs of the agencies, their continuance under changing circumstances are open at all times to the intervention of political and economic factors that may lead to conflict or to cuts in budgets or payments. Hence, although the chances may on the whole be reasonably good that the future activities and support of these agencies will follow in the same general trend line established in the past, this cannot be taken for granted or assumed to be the only possible course that will occur.

What possible lines are there that the finances of the Specialized Agencies may take in the next ten to fifteen years? Are the expenses, and with them the national assessments, likely to go up? Or are they likely to decline?

What happens to the support of these agencies, and their costs, will be determined in large measure by the interplay of many forces and the general nature of the international climate. It is not possible to predict what the latter will be. But we may perhaps contemplate what might happen if certain trends or types of relationships were to emerge. We shall suggest four possibilities.

A. Assumption of Continued Present-Type Circumstances

One might contemplate first what might happen if the international climate were to continue much as it has been in recent years. This would imply the absence of a major war, but more or less continuous cold war, repeated brush fire situations, mounting demands from the newer countries for increasing economic and technical assistance. One might also assume continuing confidence in the usefulness of the Agencies, at least to the extent now prevalent.

Under such circumstances it is conceivable that support would remain reasonably stable and that the past pattern of agency costs would continue to grow about as it has in the past ten years. Expenditures of most of the agencies might perhaps be held within or near their present levels, at least until the financial crisis arising from the Congo is overcome. Otherwise, stress presumably would be laid upon building up the Special Fund and government contributions for the Expanded Technical Assistance Program.

Subsequently, one might possibly witness some further upward trend reflecting the effects of changing technology, the rising demands of states for services, and the appearance of new programs within the agencies. Still, one would expect the total to remain below \$100 million. For Member states view the costs of these agencies in relation to the overall costs of their participation in the United Nations, and these have of course been rising steeply in recent years. Concern over these mounting costs might lead a good many countries to oppose large new outlays by the Specialized Agencies.

A projection curve based upon such hypotheses is suggested in line "A" in Figure 1.

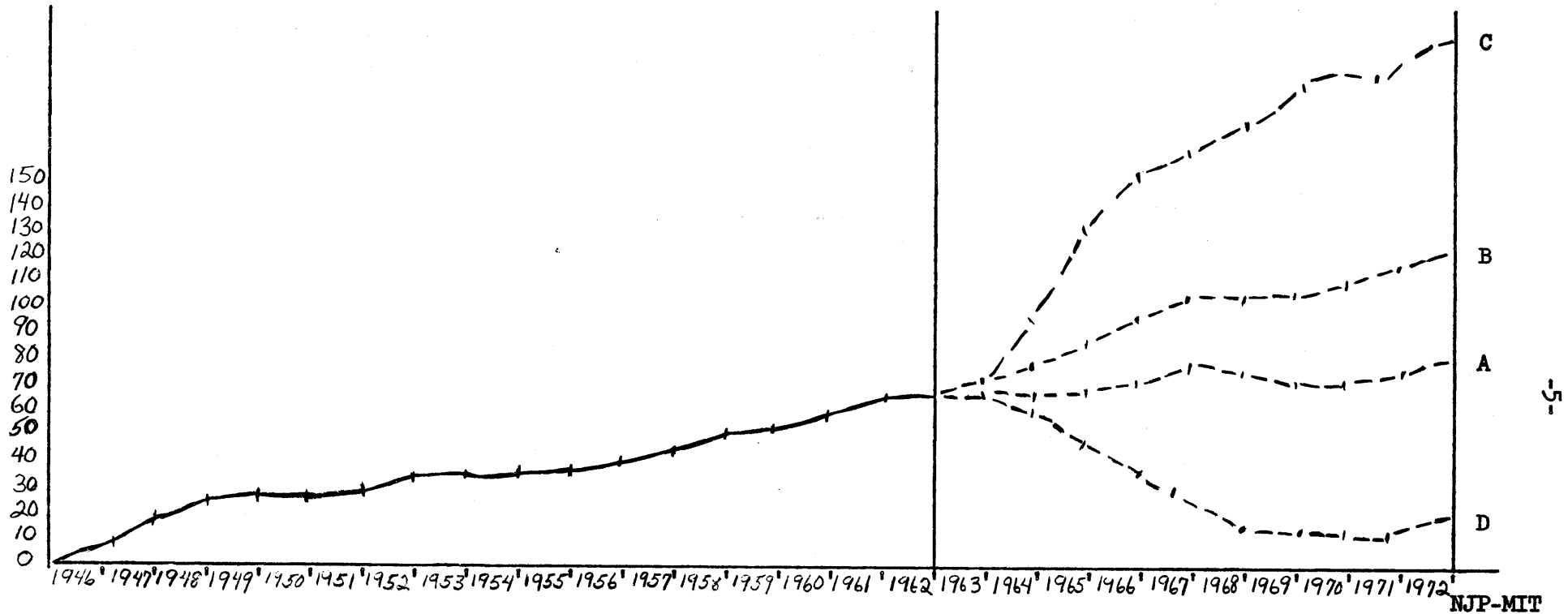
B. Possible Trend if There is Moderate Improvement
in International Relations

A second possibility for the future might of course be that a moderate improvement in international relations over their present character would occur in the next decade and a half. This would assume that no new Suez or Congo-like crises would arise; that the newer and developing countries would make progress toward raising their standards of living and adjustment to modern conditions. This might also assume a diminution of the East-West conflict and some evidence of an increasing disposition to collaborate peacefully through United Nations channels.

FIGURE 1

THE SPECIALIZED AGENCIES

PAST AND THEORETICALLY PROJECTED EXPENDITURES



PROJECTION "A" assumes continuation of 1961-62 conditions of no-war no-peace, plus no serious crisis of confidence in 1968-72 period.

PROJECTION "B" assumes a moderate improvement in international political and economic conditions; increasing confidence in all agencies.

PROJECTION "C" is drawn to suggest the general direction expenditures and assessments might take if a radical change toward much increased international collaboration were to occur.

PROJECTION "D" assumes worsening international conditions leading to a major crisis sometime between 1963 and 1972.

In such circumstances one might possibly expect to see an easing of the UN financial situation and readiness on the part of the majority of Member states to increase their support of expanding programs in the Specialized Agencies. This might then lead to a curve more nearly resembling line "B" in Figure 1.

It would not be surprising under such circumstances to see the cost figure approximating \$100 million by 1967-70, thus doubling the outlay of 1958. Nor would it be unimaginable that the total might reach \$120 million by 1972. This would still be a relatively modest figure as government expenditures go.

C. A Hypothesis of Major Improvement in Relationships

Doubtful as it may now appear that international politics will take a turn toward much closer, more amicable relationships, with less tension, and a disposition to greatly strengthen the United Nations and other institutions of organized collaboration, one should consider nonetheless what might happen should this transpire.

It seems likely that in such an eventuality there would be a marked upswing in the activities of functional-type agencies. This would inevitably be succeeded by rising costs. And presumably under such circumstances there would be general readiness to support these expenditures either through increased assessments or voluntary contributions. Idealists might visualize this as leading toward the ultimate creation of organs endowed with supranational powers and perhaps even supported by licensing or levy powers.

Line "C" in Figure 1 is designed to suggest, in only very general and theoretical terms, the kind of direction the cost curve might follow in such a future.

D. Assumption of Deterioration in International Relations

A further possibility would be to assume that international conditions instead of improving will deteriorate in the next ten years. Under such circumstances a major political or economic crisis might occur involving possibly war on a large scale which the United Nations could not prevent or contain, and conceivably withdrawals from the United Nations.

A similar trend might possibly occur if deeply conservative or reactionary political forces were to seize control in several of the principal states, touching off heavy pressures to retrench on expenditures for international organization or to withdraw from most of the organizations.

Likewise, revenues could drop off if there were large defaults in payments due to resentment among some of the principal financial supporters of the agencies at having to dance to whatever tune is piped by the one-state-one-vote system.

Although support of the Specialized Agencies might conceivably be slower in dropping off than in the case of the general organization, a serious deterioration in relations would be bound to exert some bearish effects upon the finances of the agencies.

Projection curve "D" in Figure 1 attempts to suggest roughly what might be a trend line if such circumstances were to occur.

III

International Politics and Fiscal Realities

The foregoing projections are not put forward as estimates of what will really happen. Nor do they attempt to suggest how far financial support of the Specialized Agencies might in fact be expanded in the next ten to fifteen years.

These projections are simply roughed-out attempts to provide simplified images of ranges of support that might be forthcoming if certain generalized trends in international relations were to develop. They take as their starting place the extent of expenditure and support up to the present time. The question of whether states would be willing or able to do more is another matter. We shall consider future capacity to pay in another paper.

International institutions as a rule tend to advance slowly and more or less along lines already marked out in one way or another. Politics can produce impromptu changes and unforeseen advances at times, however.

Thus, one must take as a starting place for estimating the future a tendency for past patterns of activity and support to project themselves along what might be considered "normal" and generally similar pathways to what has transpired in the past. At the same time, one must be prepared for unforeseen events leading to new and different consequences--as has been the case with the independence explosion in Africa, the Suez and Congo episodes with their sequels in new forms of UN action, new magnitudes of UN expenditures, new roles for some of the Specialized Agencies, and new problems of financing.

General concern with the wellbeing and future course of economic and political growth of the underdeveloped countries has produced willingness to support in the 1960's a measure of technical assistance, international development aid, and "soft loans" that would have been quite unpredictable ten years ago. To the extent that this trend continues, enlarged costs must be anticipated and with this the need for additional support.

One consideration that must be kept in mind is that although each agency prepares its own program and budget, the United Nations General Assembly can in fact hoist additional activities and thus increased costs upon the agencies by actions taken in the Assembly.

Thus, the General Assembly, quite independently of the deliberations or recommendations of the World Health Organization, for example, could call for a greatly stepped-up campaign to isolate by international medical collaboration the causes of cancer; or to stamp out Asian influenza. Or, by its actions relating to the Expanded Program of Technical Assistance it may in effect necessitate some or all of the agencies extending their efforts in directions they had not planned to follow. By so doing the General Assembly or ECOSOC could indirectly cause the measure of support needed to sustain the regular work of the agencies to be increased in order to care for the hidden costs of doing two tasks where they were originally geared for only one even though the Assembly may vote increased allocations of funds from the Special Fund for the new work.

A series of episodes demanding administrative, technical or educational help, or some combination of these and other forms of aid, on anything like the models of actions taken in Libya, the Congo, West New Guinea, and in conjunction with some of the newly independent countries that are not yet adequately prepared to "stand alone under the rigorous conditions of the modern world"--to quote the language used in 1919 for the mandated territories--may necessitate the Specialized Agencies becoming involved in ranges of activity considerably beyond the scale of operations in the 1950's. Extensive assistance from the UN agencies may be needed to help some of the countries remain independent or to develop in peaceful, orderly and democratic directions.

Although the "peace-keeping" tasks of the United Nations fall outside the sphere of the Specialized Agencies, the complementary nation-building operation must involve in many ways the work and skills that are mobilized through the Specialized Agencies.

The target goals for government support of EPTA and the Special Fund in 1962--which are the primary vehicles for energizing collaboration in the United Nations Development Decade of the 1960's and 1970's--are \$150 million. Paul Hoffman, Director of the Special Fund, has estimated that no less than \$2 billion a year is needed by the International Development Association for the next ten year period. To achieve such an objective will require an entirely new concept of UN financial support.

Whatever happens in this direction is bound to have some residual effect upon the projection of costs of the Specialized Agencies. For as we have already said, they will be in the forefront of activity in the Development Decade. And even though their primary expenditures in this connection will be underwritten with funds recruited by the Special Fund, EPTA, the International Bank and IDA, their efforts in these directions may be productive of additional tasks or needs either in their routine lines of duty or otherwise that will necessitate a re-orientation of the scales of support needed for their work in the future.

Finally, there is of course always the possibility that the Members of the UN may at any time agree to establish one or more additional Specialized Agencies that will need support for their work and thus increase the total required. This they did in establishing, for example, the International Maritime Consultative Organization in 1959, the International Atomic Energy Agency in 1953, and the International Development Association as an affiliate of the International Bank in 1960.

Such actions, again not predictable far in advance, are capable of forcing an alteration in projections of costs based upon either past expenditures or theoretical assumptions and subjective analysis.

One must be prepared to see the future carry the course of international collaboration in new directions that may defy or negate advance predictions, especially when these are rested largely upon past patterns of behavior. For while there may be tendencies for some history to repeat itself, it seldom does so in exactly corresponding fashion.

IV

Ability to Pay and the Future Course of Specialized Agency Financing

Is there any way, it may be asked, whereby a more accurate index can be obtained of the extent to which financial support of the Specialized Agencies could be carried in the next ten to fifteen years than the crystal ball analysis in Section II above?

It is possible that a multi-factor mathematical analysis of the various elements entering into national income and the economic growth rates of states may yield useful data and inferences on the capacity of Member states to pay the costs of international activities five, ten, and fifteen years hence.

The most secure basis, in our opinion, on which to make an analysis of the levels to which financial support of the various components of the UN operation-- i.e. the regular budget of the UN, the work of the specialized agencies, the voluntary support programs, and peacekeeping operation--can be carried out is one which estimates capacity to pay, and then considers the costs of the various contingencies which could be borne by the given capacity.

The computer program on UN financing which we have set up at M.I.T., and from which we have already received a good deal of data will, we hope, provide some useful clues in this direction. We shall report the results of this in a later memorandum.

To make realistic estimates of the points at which national support might come out on a year-by-year basis under various contingencies would require a considerable computer simulation, with estimates of costs of various activities, and consideration of the kinds of political events which might occur. This we have not undertaken to do. But we believe this might be a useful exercise as a guide to policy thinking.