



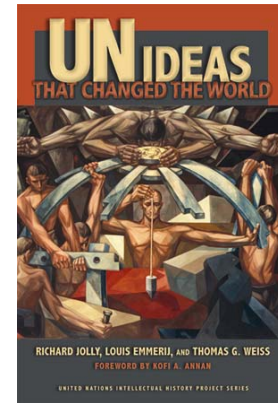
The UN and Development Policies

Economic and social development has been a major focus of the UN's work since the world body's inception in 1945. Today, four out of five UN staff members work on development, many on the front line based in developing countries. Some 80 percent of the UN's annual expenditures support such activities, the bulk from the UN Development Programme (UNDP), World Food Programme (WFP), UN Children's Fund (UNICEF), UN Population Fund (UNFPA), and such specialized agencies as the International Labour Organization (ILO), Food and Agriculture Organization (FAO), World Health Organization (WHO), UN Educational, Scientific and Cultural Organization (UNESCO), and UN Industrial Development Organization (UNIDO). Since the 1970s, the World Bank, International Monetary Fund (IMF), and World Trade Organization (WTO) have occupied the economic limelight and are often treated as being more serious than the UN in development analysis. The findings of the UN Intellectual History Project's decade-long research endeavor, however, challenge this perception, revealing that over the past few decades UN agencies have actually been "ahead of the curve" (in the words of the project's first book) in terms of coming up with ideas that have pioneered cutting edge development agendas. Among the many examples are the eradication of smallpox, the Millennium Development Goals (MDGs), environmental sustainability, and human development.

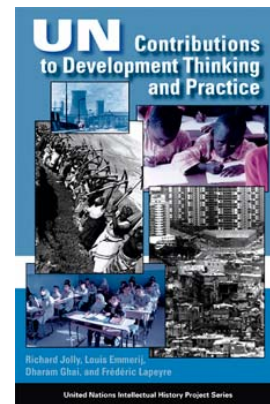
The UN approach to development has often differed from the economic orthodoxies of the World Bank and IMF. In contrast to the Bretton Woods institutions, many UN agencies have staff from professional backgrounds in health, agriculture, education, social protection, and labor standards who often adopt non-economic or multidisciplinary perspectives to policy making, and who focus on problem-solving in such areas as agriculture, public health, and urban planning. UN economists have frequently differed from the orthodoxies of the World Bank and the IMF for other reasons as well, arguing for instance that neoliberal policies serve the interests of richer and more developed countries rather than those of poorer and less-developed countries. In the 1990s, the World Bank became more pragmatic and comprehensive in its

policies and closer links have been established between the UN and the Washington-based institutions, especially in the pursuit of the MDGs.

The project's capstone volume, *UN Ideas That Changed the World* (2009), traces some of these issues, and the earlier volume, *UN Contributions to Development Thinking and Practice* (2004), provides a fuller account. This briefing note identifies the evolution of the UN's contributions to thinking



about development policy and strategies over the decades since the late 1940s. At the end there is a summary of the main areas where the world body has made an identifiable contribution to development thinking as a whole and where it has been ahead of the Bretton Woods institutions.



1940-1950s: The Foundations

Economic development was a new field when the UN was created. The Charter indicated determination "to promote social progress and better standards of life in larger freedom," but there was little experience and little professional academic research or writing to turn this commitment into action. True, the classical economists of the nineteenth century had written much that was relevant. At the time, however, most of this work was treated as outdated analysis.

Thus, at its beginning, the world organization faced an open field. With the help of some pioneering economists—for instance,



David Owen, Sidney Dell, Jan Tinbergen, Hans Singer, W. Arthur Lewis, Nicholas Kaldor, Walt Rostow, Paul Rosenstein-Rodan, and Michal Kalecki—the UN contributed a great deal. In the words of John Toye and Richard Toye, authors of the UNIHP volume *The UN and Global Political Economy*, “the UN system in its early days was a great sponge for economic talent” (2004: 50).

In 1946, ECOSOC created the Sub-Commission on Economic Development to study and advise member states on policy. During this early period, the UN focused on industrialization, diversification of trade, and technology. There was considerable emphasis on development challenges and a good deal of pessimism about prospects. This gave way to optimism about achieving progress captured in such commonly used metaphors as the need for a “big push,” a “snow-ball effect,” and “take-off.”

International trade presented particular problems, which were identified and studied by such intellectual giants as Raúl Prebisch and Hans Singer. Their research culminated in what has become known as the Prebisch-Singer thesis. Singer, as part of his early UN analytical work, had studied the long-term trends in commodity prices and discovered a tendency for commodity prices to fall relative to the prices of industrial goods over the long term. As commodities were the main exports of developing countries and industrial goods and machinery the imports they needed for economic development, Singer’s research revealed that developing countries were in a bind. Such evidence led Raúl Prebisch—the executive director of Economic Commission for Latin America—and much of the UN to argue strongly against policies of unrestricted free trade and for strategies of import substitution. Although at the time, the Prebisch-Singer thesis of deteriorating trends in the terms of trade of developing countries was much criticised, recent research, some five decades later, has actually confirmed the tendency.

A major contribution of this period was the commissioning of experts to prepare three major economic reports. One on *Measures for the Economic Development of Under-developed Countries* (1951) still stands tall as a pioneering document. It had a major impact on development thinking at the time. Its authors included two distinguished economists who were

later awarded Nobel prizes in economics—W. Arthur Lewis and T. W. Schultz. The report’s analysis was wide-ranging and outspoken. It tackled rural and urban issues, agriculture and industry, and dealt, for instance, with the importance of such issues as land reform, the exploitation of cultivators, and the frequent dominance of peasants by a landlord class. The need for tackling inequality was a major theme.

The report also emphasized the need for a major inflow of capital into what were then called “underdeveloped countries” if economic development was to be accelerated. This was necessary, the report argued, because inflows of private investment were limited and governments of underdeveloped countries were unable to borrow much in private capital markets. The report recommended a major increase of lending by the World Bank to developing countries and the creation of “some mechanism” for transferring grants-in-aid to developing countries.

Such ideas were much discussed in the UN over the 1950s, often with bitter controversy. In 1949, the Sub-Commission on Economic Development had noted that, because the World Bank in the foreseeable future would not be able to make a significant contribution to the massive investments required for development, larger and better regulated flows would have to be provided through the international agencies working within the framework of the world organization. This led to several proposals—first for a UN Economic Development Agency and later for a UN Fund for Economic Development. Not surprisingly, developing countries supported the creation of the fund. Perhaps more surprisingly, the principal industrial powers made their participation conditional on worldwide internationally supervised disarmament. Another group of industrial countries also indicated support but did not make it contingent on disarmament.

The World Bank, however, was adamantly against the creation of such a fund. Eventually, after nine years of contentious debate, a compromise was reached. A Special Fund would be created within the UN to deal with pre-investment activities, technical assistance, and the development activities of the world body’s specialized agencies. Some three years later, the governors of the World Bank decided to set up



the International Development Association to provide loans at concessional rates to developing countries on a much larger scale.

The 1960s: The First Development Decade

By the 1960s, many developing countries were on the path to independence, and India, Pakistan, Ghana, and some others had already achieved it. Development moved to center stage at the UN. In 1961, President John F. Kennedy came to the United Nations and proposed a Development Decade. Within a few months, the UN Secretariat had turned Kennedy's proposal into an action plan for "growth plus change." Developing countries as a whole were to accelerate their rate of growth of national income to a minimum of 5 percent per annum by 1970. In order to support the attainment of this goal, developed countries were to pursue policies that would enable underdeveloped countries to export more at stable and remunerative prices and, in further support, to increase their resource flows, both public and private, to the underdeveloped countries. The General Assembly expressed the hope that international assistance and private capital flows from developed to developing countries would be increased substantially so they could reach, as soon as possible, a level of 1 percent of the combined national incomes of the economically advanced countries.

Although the targets for economic growth are often quoted in reference to the development decade, the action plan encompassed a much broader agenda of "growth and change." Change covered six major tasks for each country: systematic surveys of physical and human resources to make possible the maximum mobilization of domestic resources; the formulation of development plans for social as well as economic development; the improvement of administrative machinery and incentives for effective implementation; a redirection of science and technology to focus on national problems; an increase of export earnings through the increase of manufactured and semi-manufactured goods; and an increase and more assured flow of capital to developing countries.

The UN was also beginning to set global goals to provide targets for this broader process. In addition to the goals for economic growth and

aid flows, UNESCO set goals for the expansion of education from 1960–1980 while the WHO did so for the eradication of smallpox.

The UN itself followed up this call for growth plus change in many areas and by several institutional changes. The World Food Programme was created in 1961, the UN Research Institute for Social Development in 1963, the UN Conference on Trade and Development in 1964, and UNIDO in 1966. The UN also played a major role in supporting economic and development planning in many countries.

Goal-Setting: An Underestimated Contribution

The UN has set some fifty economic and social goals since 1960, defining goals as those that are quantified and time-bound. All such goals have been agreed by a majority of UN member countries. They fall into four main categories: acceleration of economic growth in developing countries; improvements in human welfare; moves to sustainable and equitable development; and support for these efforts by the expansion of international development assistance.

Have the goals been achieved? *UN Contributions to Development Thinking and Practice* contains a detailed assessment. A few of the goals have been achieved or largely achieved by a large number of countries—for instance, the eradication of smallpox (1966–77) and the reduction of child mortality between 1980–2000. Most goals have been "considerably achieved" by a number of countries, including the expansion of basic education and moves toward achieving equity between girls and boys in primary and secondary schooling. A few goals have been badly missed, such as the reduction of maternal mortality and the provision of aid at a level of 0.7 percent of the gross national product of developed countries.

Smallpox eradication, a goal set in 1966 and achieved in 1977, was the great success. The campaign eradicated a disease that was killing some 2 million people each year in the 1960s. The international campaign, moreover, achieved this at a total cost of only \$300 million—the price at the time of three U.S. fighter bombers.

The 1970s: Basic Needs and Redistribution with Growth

The UN's goal for faster economic growth in the 1960s, although dismissed by some as naïve and overly optimistic, was in fact more than achieved. Well over sixty individual countries exceeded the



5 percent growth target by 1970, and the growth rate for developing countries as a group averaged 5.6 percent over the decade.

Nevertheless, there was widespread dissatisfaction with the result. As the ILO director-general put it in his 1970 report titled *Poverty and Minimum Living Standards: The Role of the ILO*, "The reason for my concern is basically that the immense—and in global economic terms, not altogether unsuccessful—efforts for development during the past two decades have not so far resulted in many perceptible improvements in the living standards of the majority of the world's population" (1).

Over the 1970s, the ILO led the way with alternative thinking on development strategies. The innovations emerged from detailed country-level analyses by international employment missions, each of which consisted of a team of analysts drawn from the various UN agencies, but also included other professionals, that was led by a distinguished economist from outside the UN system. This arrangement was a clear example of the Second UN (of international civil servants) and the Third UN (of consultants) working together to help the First UN (of governments) to change policies. Policy analyses were undertaken of Colombia, Sri Lanka, Kenya, Iran, the Philippines, the Dominican Republic, and Sudan and a number of other countries. By 1976, the ILO—also through its research program—had distilled the lessons of these studies into a set of proposals that were put before the World Employment Conference and published as *Employment, Growth and Basic Needs: A One-World Problem*. This report proposed national strategies prepared at the country level that focused, as an explicit goal, on meeting the basic needs of a country's entire population.

Meeting basic needs was defined as ensuring for each family of a country's population sufficient income for the purchase of food, shelter, clothing, and other essential requirements together with the provision of essential services to ensure basic education, health, safe drinking water, and sanitation. The basic needs strategy also implied the participation of people in decisions that affected them.

The macroeconomic strategy to meet basic needs included two essential elements: an employment strategy to enable all families to generate sufficient income to meet the family's basic needs—in cash or kind, through rural or urban home production, or through employment in the informal or formal sector. The second element of this macro-strategy was redistribution with growth. An acceleration of economic growth was required, but it was recognized that growth alone would not be sufficient to meet basic needs within a generation. Thus an element of redistribution was required, not by any simple "taking from the rich and giving to the poor" but by concentrating increases in production and income and growth on those parts of an economy with disproportionate numbers of poor people. Such a strategy would enable the incomes of the poor to grow faster than the incomes of the rich.

After some initial controversy, the basic needs strategy received widespread support—from the president of the World Bank, from many parts of the UN, and from many donors and developing countries. It was close to becoming the development consensus of the late 1970s. But wider changes were afoot. With soaring oil prices in 1973–4 and again in 1978–9, the foreign debt of many developing countries rose sharply. In parallel, there was a pronounced shift to the right in developed-country policies, led by the elections of President Ronald Reagan in the United States and Prime Minister Margaret Thatcher in the United Kingdom. Actions to tackle national deficits and debt took center stage and the near-consensus for basic needs collapsed.

The 1980s: Reversals and Structural Adjustment

The 1980s became "a lost decade for development," at least in most of Latin America and Sub-Saharan Africa. In order to cope with deficits and debt, many countries had to turn to the IMF and World Bank for assistance. With this support came stringent conditions, for the stabilization process in the short term and thereafter for structural adjustment. Structural adjustment policies had three declared objectives: to reduce soaring inflation, to correct disparities in foreign balances and national budgets, and to restore economic growth. To



achieve these objectives, government budgets were often severely and indiscriminately slashed, which resulted in the shrinking of public sector employment, including in the areas of education and health, in the name of restoring balance and reducing the size of governments.

Although inflation rates mostly decreased quite quickly, balance in foreign exchange or government budgets was often not achieved and seldom was growth restored. Policies of structural adjustment continued into the 1990s, with disastrous effects on economic growth as well as on human resources. Over the two decades from 1980 to 2000, per capita income actually fell on average in Sub-Saharan Africa and rose only by a miserable 9 percent in Latin America—compared to positive growth rates, respectively, of 36 percent and 80 percent over 1960–80. “The emperor has no growth” is how some commentators characterized the actual impact of neoliberal policies.

Over this period, some parts of the United Nations reacted. The ILO attempted to organize a major international conference on adjustment policies. The Economic Commission for Africa kept up a steady stream of criticisms, but its voice was treated as marginal, at least in Washington and by many donors. From 1985, UNICEF argued for “adjustment with a human face” and gradually made some headway in broadening the immediate concerns of the World Bank to include education and health and social protection. But the economic core of macroeconomic policies continued, increasingly under the heading of the Washington consensus.

The 1990s: The Human Development Paradigm

In 1990, the UNDP launched the *Human Development Report* (HDR), with Mahbub ul Haq—the distinguished economist and one-time Pakistani minister of planning and finance—as the project director. From the beginning, the HDR challenged the priorities of structural adjustment. “It is short-sighted to balance budgets by unbalancing the lives of the people,” the report proclaimed (34). In careful analysis and with well-crafted sound bites, it sent out positive messages about the need for changes in strategy and longer-run priorities: “Reversals in human development during adjustment can be avoided through careful policy management”

(56); “Promoting faster economic growth at the expense of equity can damage the invisible bond between the people and the government” (50). The HDR argued for more attention to environmental issues. The report also brought back the theme of redistribution with growth: “Growth with equity is the best recipe for accelerated human development” (62).

A more detailed description of the human development approach is found in Briefing Note #8. For present purposes, however, three key points should be emphasized:

1. The human development paradigm and the HDR established once again the UN’s leadership in broad matters of economic and social development. The HDR provided a robust and comprehensive analytical framework for development strategy.

2. Human development values and priorities linked directly to the UN’s founding themes: peace and human security in place of war and conflict; economic and social development to achieve higher living standards; and human rights for all.

3. Although the human development paradigm has made headway in development thinking and in the media, neoliberal economic analysis has remained at the core of economic policy making, globally and in most countries. Even within the UN, and in spite of some 140 countries having prepared over 600 national Human Development Reports analyzing their own individual country situations and policy needs, most UN specialized agencies have failed to recognize, let alone adopt, the human development approach as a broader framework within which their own operations can be situated.

The Millennium Development Goals and the Current Global Economic Crisis

At the UN Millennium Summit in September 2000, a set of global goals for poverty reduction were proposed by the UN—the so-called Millennium Development Goals. The MDGs were endorsed by the 147 heads of state and government attending the summit and also by representatives of most other governments and many major international NGOs. For the first time, UN goals also received the formal support of the World Bank and the IMF, in part the result of the involvement of the Organisation for Economic Co-operation and Development in the



early stages of their formulation. Since then, the MDGs have formed the consensus core of international development strategy, receiving repeated endorsement by donor countries and being incorporated in national strategies. Details of the MDGs and progress to date can be found on the main UN websites.

Although widely welcomed, the MDGs are far from providing the comprehensive development framework or strategy of either basic needs or human development. Several key elements are missing: a macroeconomic strategy; concern with employment, inequality, or strategies of redistribution; and a framework for democratic participation. Moreover, although the World Bank has provided a creative range of support for the MDGs, the close involvement of the IMF has usually meant that macroeconomic strategy has followed much of the economic orthodoxy of the Washington consensus.

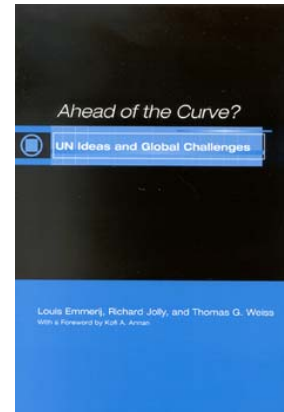
Nonetheless, progress toward the MDGs after 2000 was considerable, especially in China, India, and other Asian countries. In autumn 2007, however, the global economy plunged into crisis, which began in the United States and spread rapidly to all other regions of the world. Much of the blame was due to insufficient economic regulation within the major developed countries, especially in the financial and banking sectors—and to the dogmatic promotion of neoliberal policies by the IMF and World Bank in many developing countries (See Briefing Note # 6).

Asia and western developed countries rapidly embarked on Keynesian actions of stimulus, coordinated by a succession of Group of 20 (G-20) meetings, involving the richest twenty economies of the world. By mid-2010, most of the Asian economies had returned to a trend of economic growth. Although growth was also being restored in most developed economies, rates of growth were still below those achieved before the crisis and levels of unemployment often remained high. In Africa and Latin America, economic recovery was still patchy and far from complete. Except in Asia, poverty had risen, while progress toward other MDGs had been setback—and the likelihood of reaching the goals by 2015 was seriously undermined.

The UN is planning a review of progress in September 2010, when only five years will remain until the target date for completing the MDGs. This will be a critical occasion to consider what has been achieved, or not achieved, and what needs to be done during the final phase. This will be an exercise of considerable technical, political, and media significance, requiring leadership from within the United Nations and from governments in all regions of the world. Unless the exercise is conducted with political skill, development sensitivity, and media awareness, there is a major risk of serious public disillusion with development goals and international poverty reduction efforts.

Assessment and Conclusions

One of the major conclusions of the United Nations Intellectual History Project is that over the years the world organization's contributions to economic analysis and strategy have been of higher quality and have often achieved more influence than many realize. As the title of the project's first book indicated, the UN has often been "ahead of the curve." The UN's approach to development has been multidisciplinary and country-based—in part because the main UN development agencies have been country-based, with country-oriented programs.



Equally important, but still frequently unrecognized, the United Nations in its economic and social development work has often been ahead of the World Bank and the IMF. In contrast to them, the UN from the beginning has recognized the importance of employment and the need for development strategies that include actions to moderate inequalities. The UN's specialized agencies have always prioritized issues of employment and social justice, health and education. The UN has also done important work on fairer trade, agriculture, and industry, although usually with less influence.

In the 1970s, the UN took a major step intellectually and operationally in pioneering the



themes of environment and development, basic human needs, and redistribution with growth, showing how they needed to be an integral part of national development strategies worldwide. In the 1980s, with the political swing to the right, the UN was largely marginalized. The world body, however, was critical of the narrowness and human neglect of economic adjustment policies. But with the creation of the *Human Development Report* in 1990, the UN's intellectual leadership in development strategy was restored, incorporating into development strategy commitments to human rights, participation, inclusive democracy, disarmament, and environmental sustainability.

In some of these areas, the UN has also made pioneering contributions to development thinking and analysis in universities and research institutes. Except at the beginning, when some of the pioneers in development studies had worked for substantial periods within the UN or closely with it, the world organization's influence has been over a narrower field. Even so, the UN has clearly had a major influence in academic work on human rights, basic human needs, employment strategies, redistribution with growth, environment and development, adjustment with a human face, human development, disarmament and development, and human security.

In spite of these creative contributions, the UN's work is still too often relegated to the margins of mainstream international policy, which continues to be largely shaped by the Bretton Woods institutions. This historical record suggests that this is a mistake. Ideas have been among the UN's most important contributions. This should be better recognized and closer links between the UN and the Bretton Woods institutions could strengthen both.

Richard Jolly