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G-77 set to chart a new path

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THE developed world has been reminded that it has no authority under international law to take binding decisions that affect developing countries.

The 133 members of the Group of 77 (G-77) meeting in Havana, Cuba, stressed they would not consider any social, economic, financial or political architecture decided without representation.

And that they want to be represented in any forum deliberating and deciding on social, economic or political matters that can "adversely or otherwise affect our countries, whether individually, severally, or as a group".

The first summit of the grouping, which represents 80 per cent of the world's population, has mandated the Presidents of the G-77 and of the Non-Aligned Movement (NAM) to transmit their decision to the next Group of Eight (G-8) Summit.

The resolution, adopted by the summit, was moved by Prime Minister Datuk Seri Dr Mahathir Mohamad in the plenary session. In making the proposal, he had explained that decisions of developed countries affect the poor developing countries adversely.

The decisions and outcomes of G-7 have far reaching impact on developing countries even though the latter are not involved in the discussions, nor their views and concerns taken into account.

The Plaza Accord of 1985, for example, which decided on the yen exchange rate against the US dollar, had an adverse impact on the economies of developing countries with the resultant appreciation of the Japanese currency against the greenback.

More recently the policies and advice of the International Monetary Fund compounded the problems of developing countries. It helped push millions of people who were starting to move into the middle class back into the ranks of poverty.

Then again, the Fund has not kept to its original mandate of promoting "international monetary co-operation, balanced growth of international trade and a stable system of exchange rates".

The developing countries, which have had first-hand experience of the IMF and suffered, have little say in the proposed reforms of the IMF.

Stanley Fisher, the acting managing director of the Fund, recently chose to be the spokesman for developing countries when he said: "You will not find support among developing country members of the IMF for this proposal".

He was referring to a proposal by the International Financial Institutions Advisory Commission, chaired by Carnegie Mellon University economics professor Allan Meltzer, that the IMF restrict itself to short term liquidity lending.

Developing countries may or may not agree with the proposals of the commission. But they have no say. Their views have not even been considered or solicited. Everything is being decided for them, and even articulated on their behalf.

They are merely at the receiving end.

It is time developing countries speak up and have their say.

They must no longer suffer in silence. It is for this reason that Dr Mahathir called on developing countries to be united. They must take charge of their own destinies and not merely react to policies and

interpretations of policies.

"Reacting limits the choice and is less rewarding."

He told the G-77 Summit that while their gathering in Havana "may be regarded as a manifestation of our unity and solidarity", he nevertheless hastened to add that "...while it is easy to meet it is not so easy to act together."

Citing the example of G-7, he pointed out that "although they may have varying degrees of differences between them, they close ranks very rapidly if their dominance is challenged". This is not so with poor countries.

The new forces of globalisation are changing the landscape in which developing countries are being marginalised. Globalisation of finance, which has surpassed globalisation of production, has taken on a life of its own.

Many developing countries are unable to cope with it and this "global force" has had a profound impact on all aspects of international relations.

If developing countries are to make a difference and are to be heard they must be united.

Cuban President Fidel Castro, in his opening address to the summit, said "...this is not time for begging from developed countries or for submission, defeatism or internecine divisions. This is the time to rescue back our fighting spirit, our unity and cohesion in defending our demands".

The summit, the first since the establishment of the G-77 in 1964, offered members an opportunity to take stock of the situation and draw up an action plan. The two documents adopted by the leaders - The Havana Programme of Action and the Declaration of the South Summit - outline their future plans.

The Havana Programme of Action a "succinct forward looking document" will guide developing countries in their collective approach towards the attainment of common goals.

It is an "action-oriented programme" of clearly defined tasks, targets and time frames and deals with economics issues of concern to developing countries.

The Declaration of the South Summit is a "far reaching political" statement, expressing the determination of G-77 to chart a new path. The developing countries are determined to ensure that they are not passive witnesses but active participants on the world stage.

The 133 members, accounting for almost four-fifths of the world's population, vowed to "exert every effort to shape the future through the establishment of a world order that will reflect our needs and interests while also laying the foundations for a more effective system of international development co-operation".

As such they will present their decisions to the seven most industrialised countries when they meet in Okinawa in July.

The aim is for developing countries to give their views in the hope that the developed countries will modify their stand so that it would not hurt developing countries.

It is estimated that currently 1.3 billion people are struggling to survive in circumstances which are classified as "critical poverty".

As the Cuban Foreign Minister Felipe Perez Roque told the summit, the 900 million starving people on the planet, have every right to hope that the scientific and technological advances, and the increase in world trade will mean that they will at least have a decent plate of food every day.

The leaders thus agreed to foster a new North-South partnership in order to promote consensus on key issues of international economic relations and development in addition to renewing efforts to stimulate expansion of

South-South trade and the promotion and development of technology.

As the developed world marches to the beat of "globalisation" and preaches "increased liberalisation" to developing countries, the parents of the 12 million children who will die this year from illnesses that are completely preventable, have every right to hope that the South Summit will defend the most important human right - the right to life.

Developing countries would be failing in their duty if they do nothing.

As UN Secretary-General Kofi Annan said: "History will judge us by what we do, now and in the next few years, to liberate the energies of people in developing countries, so that they can leap aboard the train of a global economy that is rapidly gathering speed".

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