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Platform for LDCs to have views heard

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GLOBALISATION and liberalisation are being bandied around as a state of existence that will benefit the world's population. Yet, many developing countries are being marginalised even as the developed world and industrialising countries sprint ahead.

Globalisation, growing more pervasive and challenging with each day, has rewritten the traditional paradigm of development and the role played by different actors.

The poor, developing countries are left to their own devices to survive even as the rich, developed countries speak of free trade, transparency, governance, the Internet and New Economy. Many in the developing countries live on US\$1 a day and find the purchasing power of their earnings being reduced.

"Interdependence between national and regional economies and global economies, and between areas of trade, finance, the environment, and development are realities that call for new answers," says Mr Francisco Soberon, president of the Central Bank of Cuba.

Even though developing countries are greater in number, their voice is weak and not heard, and their concerns not addressed. The fiasco in Seattle and demonstrations in Davos and Bangkok have helped put the focus on the frustrations of many interest groups and countries.

The concerns of developing countries about the march of globalisation and liberalisation are numerous. Even as they try to deal with the old issues, they are expected to make new concessions. Much of the demands put on them are unreasonable and which these countries are unable to meet.

They are told to open their markets, in the name of liberalisation, yet the markets in developed countries for their goods are closed or are subject to various non-tariff barriers. Many of the benefits they were promised at the Uruguay Round of trade talks have not materialised, remaining "pies in the sky" while some other countries have accumulated the bulk of the advantages.

The Group of 77 (G-77), established in 1964, provides the means for the developing world to articulate and promote its collective economic interests and enhance its joint negotiating capacity on major international issues. Even though the membership of the group now stands at 133, it retains the G-77 title as it was set up by 77 developing countries.

The members and over 100 leaders of developing countries converge in Havana, Cuba this week to consider the plight of the poor countries and the new challenges they face. Apart from the effects of globalisation, the group will consider North-South relations, South-South cooperation as well as technology and the New Economy.

The need for developing countries to have a say in the formulation of policies and their implementation will be considered. The world may have moved into the new millennium but sadly many of the problems that led to the creation of the G-77 some 35 years ago are still unresolved, and have gotten even worse.

New problems have exploded a call for reflection and coordination on the part of developing countries. Even as the present is full of challenges for these countries, the future appears even bleaker.

The recent financial crisis in Asia has underlined the need for cooperation and shown that existing structures are not able to cope with

the changed e-economy. Even the existing multilateral lending institutions are not capable of handling the situation.

There is an urgent need to take a critical look at the issues and raise these with leaders of the developed countries and multinational corporations. Some of the multinationals boast market capitalisations that are much higher than the GDPs of many developing countries.

In most cases, the views of developing countries are not being heard. Proposals for a reform of the world financial structure are being bogged down by talk and discussions.

There is no sense of urgency as the "crisis has blown over". This may be so - and the immediate threat to the developed countries from the near collapse of Long Term Capital Management (LTCM) may be a forgotten event - but the vain pursuit of the poor in many of the G-77 countries for their daily bread is real.

Even as the developed countries continue to sing their own praises and speak of the tremendous technological advances made, it is a sad fact that the number of countries identified as Least Developed Countries (LDCs) almost doubled from 25 in 1971 to 48 in 1999. Of the total, 33 are in Africa, nine in Asia, five in the Pacific and one in the Caribbean.

According to the United Nations Conference on Trade and Development (Unctad), official development assistance (ODA) to the LDCs has fallen by 23 per cent to the lowest level yet in real terms. The average share of aid to LDCs in the gross national product of the development assistance committee (DAC) countries of the OECD fell from 0.09 per cent in 1990 to 0.05 per cent in 1997. Only a third of the DAC countries met the programme of action threshold of 0.15 per cent of GNP as ODA to LDCs in 1997. And this is a world that is said to have grown more prosperous and integrated.

The coming G-77 summit offers the developing countries a chance to state their views and concerns and draw up and enhance their collective negotiating positions at international forums.

It also offers them an opportunity to explore again South-South cooperation. Even though the concept of South-South cooperation has not received as much attention as it deserves in recent years, the recent economic crisis has shown that there is value in cooperation and self-help. Developing countries recognise that "no one will do for them what they are not prepared to do for themselves".

Prime Minister Datuk Seri Dr Mahathir Mohamad, who is leading the Malaysian delegation to the summit, will outline the unorthodox and home-grown, self-help measures Malaysia has implemented. This will offer the other leaders the opportunity to hear first-hand the "alternative" policies that countries can resort to and adopt instead of subjecting themselves to harsh conditions in return for IMF funds and giving up their autonomy.

Malaysia, together with other developing countries, will stress the need to reform the international financial architecture. In this context, the need for a regional financial mechanism will be discussed. Japan had proposed an Asian Monetary Fund but this has been shot down by the US and the IMF on fears that it would undermine the IMF. This need not be so. As Thailand's Deputy Prime Minister Dr Supachai Panitchpakdi says, if there can be regional development banks such as the Asian Development Bank and the Latin American Development Bank which are not deemed to be undermining the World Bank, why can't a Regional Monetary Fund exist?

Such funds will in fact supplement the work of the IMF at regional level and function as a sister organisation with the same stringent standards as the IMF's.

The challenges are many and the future bleak, so members of the G-77 must cooperate for a better understanding of the rapid changes taking

place in the New Economy.

They must coordinate their policies if they are to come to grips with the new processes and "emerging supranational governance and reckless neoliberalism fostered by developed countries, which have been designed only in keeping with and as an answer to their own interests, absolutely mindless of ours (that of developing countries)".

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