

GLOBAL SOUTH – AT 50 AND BEYOND

*Proceedings of The ECPD Second
International Round Table*

Editors:

Boutros Boutros Ghali / Negoslav P. Ostojić



EUROPEAN CENTER FOR PEACE AND DEVELOPMENT
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Proceedings of The Second
ECPD International Round Table

Belgrade, October 25, 2014

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PROJECT NOTE

ECPD INTERNATIONAL ROUND TABLE ON THE GLOBAL SOUTH: 50 AND BEYOND?

Within the preparation for the celebration of the 50th anniversary of the Group 77, European Center for Peace and Development (ECPD) of the University for Peace established by the United Nations organised an international round table “Whither the Global South in the 21st Century”. in Belgrade in 12, October 2013. Following a very interesting exchange, it was decided to invite additional views and opinions and thus initiate a broader discussion on this important topic. Based on this decision, the President of the ECPD Honorary Council, H.E. Boutros Boutros Ghali, wrote a letter to a number of distinguished personalities and experts in the South and to several specialised.

In this letter the following issues are particularly emphasized:

The Group 77 celebrates its 50th anniversary in 2014; the Non-Aligned Movement celebrated its 50th anniversary in 2011. The two twin groupings of the developing countries represent an important factor in the world arena. As they embark on the second half of the century of their existence and activity, it is important to ponder on the nature and prospects of the Global South, and on the challenges and opportunities it will face in the coming period.

The South Commission, in its report *The Challenge to the South*, launched in 1990, noted that:

“The countries of the South vary greatly in size, in natural resource endowment, in the structure of their economies, in the level of economic, social, and technological development. They also differ in their cultures, in their political systems, and in the ideologies they profess. Their economic and technological diversity has become more marked in recent years, making the South of today even less homogenous than the South of yesterday.

Yet in this diversity there is a basic unity. What the countries of the South have in common transcends their differences; it gives them a shared identity and a reason to work together for common objectives. And their

economic diversity offers them opportunities for co-operation that can benefit them all.”

The Commission went on to identify some of the bonds that linked the countries of the South and were the basis of their solidarity expressed at the global level by the Group 77 and the Non-Aligned Movement, including:

- *“their desire to overcome poverty and underdevelopment and secure a better life for their citizens”;*
- *the fact that they “are unfavourably placed in the world economic system” and that “they are individually powerless to influence these processes and institutions and, hence, the global economic environment which vitally affects their development”;*
- *and that, for the above reason, “they have made a collective demand for the reform of the international economic system so as to make it more equitable and responsive to the needs of the vast majority of humanity—the people of the South”.*

The Commission concluded that *“The struggle for a fairer international system has consolidated their cohesion and strengthened their resolve to pursue united action”.*

Twenty-five years have elapsed since this broad definition of the South was originally formulated. This has been an eventful, turbulent and challenging period for the Global South, as the international community underwent profound changes and experienced serious economic, financial, political and geopolitical crises.

The aim of the ECPD exercise, undertaken in cooperation with the Group 77, is to elicit views and opinions about the state and prospects of the Global South from distinguished national leaders and personalities that have been engaged in and/or are familiar with the joint efforts of the developing countries to confront challenges of development and to evolve an equitable world economic and political order through the United Nations.

Among the issues that merit attention, for example, are:

- *what is the contemporary raison d'être of the Global South;*
- *how to harness the potential of the rapidly evolving and diversifying South-South cooperation and at the same time to give it an inspiration and meaning that differs from the mercantilistic, neo-liberal rationale that has prevailed in traditional North-South economic dealings;*

- how to improve the efficiency, efficacy and influence of the Global South in the international arena, given its growing group potential and power; and
- what are the elements of unity in great diversity that is characteristic of the developing countries that belong to the Global South, and how this unity can be translated into a platform of basic principles and objectives, or a charter of the South that can have a lasting value and contribute to the struggle to evolve a positive and cooperative global order and maintain world peace.

This Round Table discussed the same topic, and considered the papers received in advance and made them available to the participants.

INTRODUCTION

ECPD SECOND INTERNATIONAL ROUND TABLE “THE GLOBAL SOUTH – AT 50 AND BEYOND”

The Second ECPD International Round Table on the Global South was organized and held in Belgrade on 25 October 2014. It was held in continuation of the Tenth ECPD International Conference on reconciliation, Tolerance and Human Security in the Balkans.

The first ECPD International Round Table on the Global South was organized in 2013 to discuss whether the 21st Century could be the Century of the Global South, while the Second Round Table was organized with the aim to consider the old and new international economic order and to mark the Fiftieth anniversary of the Group 77.

ECPD which initiated and organised the First and the Second Round Table was directed by the notion that the architecture of the old (and actual) international economic order was created by and in the interest of the developed, mostly old colonial states. Interests of underdeveloped countries and colonies were almost neglected. In the meantime the world order has been dramatically changed. The decolonization was successfully completed, new independent states established and Global South became reality, within which new great economies are emerging.

Trough the time the world political and economic order assumed new geopolitical form. In the early 1960s it was consisted of two political and military coalitions (Eastern and Western) and the Third World (Southern). Each coalition adopted rules of internal economic relations. The Council for Mutual Economic Assistance (Comercon) was established to regulate economic cooperation among countries of Eastern coalition, while the Western coalition adopted Treaty of Rome on which basis the European Economic Community was established to regulate economic cooperation among its member countries.

The Third World, however, remained unorganized and subjected to the competition of the two coalitions, serving for a long time as a “market taker” and the “raw material giver”. In the early 1960s the **Non-Aligned Movement** (NAM) was established. As a group of the Third World coun-

tries (without the largest – China) the NAM was formed to challenge the two coalitions rather than struggle for rearrangement on the old international economic order. At the same time (1967) the Group 77 was established (also without China) with the aim to articulate and promote their collective interests and enhance their joint negotiating capacity on the major economic issues within the United Nations system. The strength of the Group 77 and its capacity was far behind the European Economic Community, not to mention the European Union.

The European Center for Peace and Development realized that the old international economic order should be reformed or replaced with the New one, invited the numerous scientific workers from almost all over the world to discuss the matters, comment and/or propose solution for establishment of the new international economic order, which would better suit the Global South countries.

The Second ECPD International Round Table was chaired by H.E. Ambassador Idriss Jazairy who presented his opening address. H.E. Boutros Boutros-Ghali, President of the ECPD Honorary Council, initiator of holding the Round Table (his letter of invitation, endorsed) was not able to attend the Round Table.

THE FOLLOWING PAPERS PRESENTED BY THEIR AUTHORS ARE INCLUDED IN THE PROCEEDINGS

His Excellency, Ambassador **Idriss Jazairy**, in his opening remarks referred to the evolving circumstances within which the Global South operates. He reviewed, with some critical tone, the South's response and suggested some conclusions as to where the Global South should move from where it now stands.

Two Chinese scientists, Professor dr **An Chen** and Professor dr **Fan Yang**, presented at this Round Table their study on reforming the old and establishing the New International Economic Order. Referring to the Global South Coalition (GSC) and the Group 77 work, they emphasized the necessity of reforming the old and/or establishing the New International Economic Order and brought out some specific Chinese points of view on these matters.

H.E. Mr. **Abdlatif Y Al-Hamad**, submitted a paper in which he summarised accomplishments the Group 77 achieved and at the same time suggested what the Group 77 should do in the new and dramatically changed circumstances.

Prof. Dr **Paolo Acanfora** in his paper confirmed that the best way to describe the present international conflicts is the one Sam Huntington came up with in his “Clash of Civilization”. He tried to defy a new concept of society that of a Shared Society and modernity where all nations can live together, sharing a common sense of belonging and maintaining their own identities.

H.E. **Ambassador Idriss Jazairy**, besides his opening remarks, presented the additional paper titled: “In defense of special procedures of the Human Rights Council: An alternative narrative from the South”, in which he discusses the changing environment for the Global South and its evolving role in the world affairs.

Dr. **Ismail Serageldin** in his paper also analyzed the Old International Economic Order created on the Bretton Woods results: the International Monetary Fund, the World Bank and the International Trade Organization. According to his views, these institutions were designed by and served the interest of colonial powers. He analyzed further the dramatic changes in the world economic order and demanded for new approaches towards establishing such an international economic order which would better satisfy needs of less developed countries.

Dr. **Kemal El Shairy** in his paper “Curse of Oil – the Lybian Case” analysed devastating internal and external policy of late Moammar El Ghadafy and its consequences. The Lybian February Revolution and aftermath has also been deliberated by Mr. Dhairy.

Speaking about South-South Cooperation, Dr. **Branislav Gošović** said that for five decades South-South Cooperation was an orphan of the international development agenda; it was in the shadow of North-South Cooperation. At the same time, he highlighted the major reason why it was so and stated that now when the big economies in the Global South are emerging the circumstances for South-South Cooperation are improving.

Profe. Dr **Raoul Weiler** and Prof. Dr. **Timi Ećimović** in their joint paper said that since the end of 19th century sciences were undergoing transformation from the sciences of nature to the sciences of mankind. They tried to clarify their transformation and complexity.

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ECPD INTERNATIONAL
ROUND TABLE ON
THE GLOBAL SOUTH:
50 AND BEYOND?

BOUTROS BOUTROS GHALI

PRESIDENT OF THE ECPD HONORARY COUNCIL

FORMER SECRETARY-GENERAL OF THE UNITED NATIONS

LETTER OF INVITATION

Once again, on account of other obligations, I regret deeply to be unable to take part in this tenth ECPD annual conference. I would have liked to be again in Belgrade and in this region, which I am attached to and familiar with its problems which I experienced during my term as the UN Secretary-General.

I welcome and congratulate ECPD on its excellent, highly valuable work over the last three decades, and encourage it to continue and expand its significant activities.

Problems besetting the West Balkans today are similar and often identical to those experienced by developing countries in different parts of the world, namely those arising from the interrelated challenges of: a) attaining development objectives and aspirations; b) maintaining peace, including domestic peace; c) protecting national sovereignty and dignity; and, d) playing a role and having an influential say in the conduct of world affairs. It is important to recall that some 50 years ago, these very objectives brought together leaders of developing countries from Africa, Asia and Latin America in our host city Belgrade, objectives which, to the present day are shared by all developing countries and which they promote jointly through their group action in the United Nations and in the global arena.

Lessons learned and experiences in this region are of relevance to all developing countries and especially to the Arab countries, to the United Nations, and also concern multilateralism and global governance. Here, I single out the need to manage and respond to realpolitik practices of contemporary geopolitics, which have resuscitated some ghosts from the recent and more distant past. Today, they continue to affect and are felt acutely in the West Balkans, as well as in the Arab world, both well-known for their turbulent histories, especially in the 20th century.

How your countries and peoples deal with and confront these multiple, interrelated challenges of peace and development is thus of wider, global significance.

I insist that in these efforts it is essential to transcend bigotry, religious and political fundamentalisms and populisms, and jointly to address the root causes of old and new problems, in search for solutions through common efforts, solidarity and enlightenment. ECPD, as an institution established under the UN mandated University for Peace, has been trying to contribute to this goal through its unique activities.

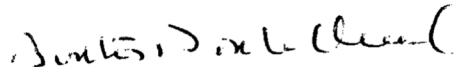
It is my sincere wish that in this manner it will also contribute to rebuilding, on new foundations, a community of peoples and nations that existed in the region during the era of SFR Yugoslavia, by promoting economic cooperation, mutual trust, and solidarity in the quest for common welfare in the West Balkans.

As someone who comes from Egypt, today facing social, economic and political upheavals, and wars in the Arab world, I also wish to salute the efforts by ECPD to revive its important earlier work on development and South-South cooperation, domains which can help Arab countries to solve and overcome their internal problems.

I wish you success in your deliberations and proceedings.

Boutros Boutros-Ghali

Former Secretary-General of the United Nations
President, ECPD Nonorary Council



IDRISS JAZAIRY

AMBASSADOR; PERMANENT REPRESENTATIVE OF ALGERIA
TO UN OFFICE IN GENEVA

OPENING REMARKS

Last year, our ECPD conference addressed the secular change in the environment of the Global South. We asked ourselves whether the latter could regain the initiative of setting the global multilateral agenda. Would we be equal to the task of promoting broader-based accountability of global institutions still reflecting the balance of powers emerging from WWI? In other words, could we succeed in making world standards less power-driven and more value-driven? Finally we raise the issue of whether the South-South format could continue to effectively enhance through cooperation and solidarity the long-term interests of the developing countries.

Basically my assessment was that the South was sitting on the horns of a paradox: When it was economically weak but politically strong and united, it was able to reshape, if not the reality, at least the international agenda on the reform of the world economy. But when it later became stronger and able to generate over half of world GNP¹, its status was downgraded from “market maker” to “market taker” in a globalised economy. I referred however to the fact that the Global South had an historic opportunity, as the locomotive of world economic growth 2010–2013², to participate more effectively in channelling the global forces that shape the international economy and to make them subservient to the acceleration of income convergence between South and North.

Since we met in these auspicious surroundings last year, many events have had a direct bearing on last year’s assessment of “whither the Global South”.

This year, with the benefit of our previous analysis of 2013 on secular changes in the world environment of the Global South, we can assess the evolving circumstances within which the South operates. This is the purpose of the first part of my presentation. Against this background, I then propose to review critically the South’s response thereto. Such is the purpose of the second part of this presentation. In the third part of my remarks, I will sug-

¹ 50.4% versus 49.6% according to IMF World Survey 2014

² UNCTAD Trade and Development Report 2013

gest some policy conclusions as to where the Global South should move from where it now stands.

My presentation does not claim academic rigour nor aim at providing an exhaustive picture of the challenges and opportunities which lie ahead. It will have served its purpose if it triggers a discussion from which new approaches may emerge.

I. ON THE EVOLVING ENVIRONMENT WITHIN WHICH THE SOUTH HAS BEEN OPERATING RECENTLY

The overall climate of the world economy has been sullen over the past year. As noted with concern by the recent Summit of the G77 plus China, we have witnessed since the beginning of this Millennium increasing concentration and asymmetry in the distribution of wealth world wide but more specially in some major developed countries. This was graphically demonstrated by Professor Piketty in his book “Capital in the Twenty-First Century”. The attendant increasing polarization of incomes is leading to an intensification of inequality which appears to be a market failure of neo-liberal globalization where fiscal policies do not mitigate income gaps sufficiently.

While the Bretton Woods institutions and their main sponsors long claimed that such policies had benign effects on growth, probably being conducive to savings and therefore helpful to investment, it now appears that empirical evidence points in the opposite direction. Indeed a recent publication of IMF³ shows that inequality reduces growth and that if growth occurs while leading to greater inequality, it is unlikely to be durable. This together with the substantial bailouts of the main culprits of the 2008 crisis goes a long way towards explaining the limited impact of macro-economic policies which have been taken to overcome the obstacles to growth.

Thus since the 2008 crisis, continental Europe has been in and out of recession, latching on to austerity policies and fiscal restraint at a time when even the IMF recognizes⁴ the inappropriateness of its usual prescriptions as a way out of the current slowdown. The ECB is only now engaging on some conditional quantitative easing. When in the past developing countries were in crisis, the IMF was wont to impose through structural adjustment budget cuts, fiscal tightening, cut down on subsidies and an ending of such “State profligacy “ as engaging on Keynesian infrastructure development programmes to fight against unemployment.

³ IMF Note on Redistribution, Equality and Growth, 25 April 2014

⁴ IMF, World Economic Outlook 2014

However when the US and other developed countries were durably affected in the aftermath of the crisis of 2008, the IMF reversed its policy and advocated both quantitative easing and the appropriateness of launching public works financed through borrowing.

This course of action helped the US and the UK to avoid the repeat crises of continental Europe albeit at the cost of added indebtedness. The pick-up of their economy however was tardy and not sufficiently vigorous to relay the developing-country locomotive. The pace of the latter had decelerated having made heroic efforts to support the health of the world economy at arms length for several years. And these efforts were indeed heroic as the developing countries lost half of their hard earned reserves in the process.⁵

Emerging countries were exposed to massive inflows of speculative capital which moved out of western stock exchanges where interest rates were very low only to move out no less massively when tapering was announced by the Fed. The correlation of investment flows and of asset prices in these countries completely destabilised the economies of several of them. The pro-cyclical management of foreign funds in emergent countries is making matters even worse.

While the debt burden in developed countries was higher than in developing countries, the reserve currency countries i.e. the US, the Eurozone and the UK can, to different extents, service this debt more or less painlessly by printing money, that is by exporting inflation. This, of course, is not the case for developing countries thus making their more modest external debt more burdensome.

No wonder then that the rates of growth have been more modest in the South though Africa is putting up a remarkable performance despite all odds. This is a reminder that globalisation has created a degree of interdependence which links growth trends worldwide in the medium term.

Many of us considered last year, and I was one of those, that the developing countries should cut a better deal as a counterpart for playing the role of locomotive for the world economy over several crucial years after the 2008 crisis. Today we all share some disappointment at the South's limited harvest of benefits even as we witness the loss of momentum of the Southern economies.

Not only did the South not derive benefits from its pilot role to pull the world economy out of the crisis but also it was exposed to arbitrary measures which run counter to the very precepts of globalisation and neo-liberalism. I will quote but a few:

⁵ This information, backed by interesting statistics, is provided by Dr Andreas Antoniadis in a paper entitled : »Beyond Democratising Global Government. : Furthering South-South Cooperation and the Role of BRICS » September 2014

1. Increased resort by advanced economies of unilateral coercive measures against emerging and developing countries. Such measures are illegitimate in international law when not sanctioned by the Security Council under Chapter VII of the UN Charter. Much has been said about the development of smart sanctions which are supposed to spare the living conditions of innocent civilians in the targeted countries. But what is now developing is a new form of economic warfare from which no one will be spared. In a world economic context where the resumption of growth is fragile, such sanctions and unavoidable retaliatory measures must be resorted to sparingly. Furthermore, history has proved with the embargo on Cuba, that sanctions are ineffective as a way for States to force changes in policies of other states...
2. Side-tracking of WTO rather than to seek to address the legitimate concerns of the developing countries in the WTO including ensuring the right to food for the destitute. There is an attempt by advanced countries to seek to obtain through regional trans-Atlantic or trans-Pacific free-trade deals the kind of agreements that have been elusive in WTO because they did not safeguard the interests of developing countries. Such trans-regional deals sidetracking of WTO would also make it possible to introduce Investor-State Dispute Settlement Clauses that even industrialized countries find hard to palate. Reluctance by trading partners is due to the fact that there has been an abuse of international arbitration by multinational enterprises, not to challenge arbitrary behaviour by expropriating states but to influence or undermine policies of sovereign states.⁶
3. Subversion of ICT by States for political purposes which undermines this modern mode of communication in its support of the expansion of international trade and jeopardizes globalisation.
4. Claim to extra-territoriality of national legislation: A district court judge in New York can invalidate a restructuring agreement worked out by the Argentine Government with an overwhelming majority of lenders at the request of a “vulture fund” and orders the state to reimburse the fund at face value when the latter bought the bonds at 80% discount. This decision enables the vulture fund to

⁶ See Financial Times: “Toxic talks”, 7 October 2014

make a 1600% profit on a short-term investment at the expense of 40 million Argentines.⁷

In another case, one advanced country, the US, decides of a unilateral ban on trade and financial transaction with a developing country the Sudan without Security Council approval. Another country, France, maintains normal relations with the same developing country and makes a payment to the latter using the sanctioning country's international reserve currency, the US dollar, to make the payment. The French bank making the payment is subjected to a huge fine by the US.

5. Politicization of technical instruments for international financial settlements: The System of International Financial Telecommunications (SWIFT) created in 1973 and based in Brussels is apolitical. It has become part of the life of ordinary citizens in over 90 countries. Now powerful countries strive to politicize it by already having pressured it to ban financial settlements with Iran and now to get it to do the same with Russia.⁸ These are dangerous precedents which could apply to any other developing or emergent country.

These 5 items have a common feature: they are an expression of the dual standards practised by advocates of market forces and globalisation and can turn out to be counterproductive for all trading partners by introducing unpredictability and arbitrariness.

II. THE SECOND PART OF MY PRESENTATION REVIEWS CRITICALLY THE RESPONSE OF THE GLOBAL SOUTH TO THE EVOLVING WORLD ENVIRONMENT IN WHICH IT HAS BEEN OPERATING OF LATE.

This will be done from two perspectives:

- that of the response of the Global South in world fora
- that of progress in South-South cooperation.

Both these perspectives were abundantly discussed at the Ministerial Meeting of the NAM in Algiers in May 2014 and at the Summit commemorating the Fiftieth Anniversary of the Creation of the G77 in Santa Cruz, Bolivia in June. The issues of the response of the Global South from these perspectives were further deliberated upon at the 60th commemora-

⁷ Le Monde diplomatique : “Les effets planétaires d’une décision de la justice américaine” by Marc Weisbrot, No727 of October 2014.

⁸ See Financial Times : “A hidden cost to freezing Russia out of finance”, 3 October 2014.

tion of the Bandoeng Conference followed by another NAM-G77+China Joint Coordination Committee meeting in New York in September 2014. This indicates the renewed determination of developing countries to take their future in their own hands and to revert to their initial position of market makers and not only of market takers in the world economy.

In Santa Cruz, the Global South reiterated in a remarkable show of unity and solidarity its commitment to promote with renewed energy in world fora a new international economic order. Its need had become more pressing than ever in the wake of the world economic and financial crisis of 2008. It made it clear that it would also press for real

democratisation of the UN and of the Bretton Woods institutions in terms of both decision-making concerning management and oversight and of ending the arcane procedures applied for appointing their Chief Executives. The democratisation of the procedure for designation of the Directors General of ILO and WHO also merit consideration. The ILO, which holds dear the principle of non-discrimination in employment, has never, since it was created in 1919, had an African or an Asian chief executive. Likewise the WHO has never had an African Director General. Therefore while the General Assembly of the United Nations should be given a greater role in the appointment of the Secretary-General as required by the Santa Cruz Summit, this should also be the case in ILO and in WHO. It is particularly shocking that in the latter, the WHO assembly is not even given the authority to choose between two candidate but has to vote on the proposal of a single name proposed by its restricted Board.

Bizarre as this may appear, the principle of geographic rotation applied for the selection of the UN Secretary-General is opposed by Western countries when it comes to the appointments of the chief executives of ILO and WHO.

When considering the funding of the UN and of its subsidiary bodies, the G77+China Summit in Santa Cruz expressed concern at the growing imbalance between assessed and voluntary contributions.

Starving the UN of budgetary resources and giving the possibility for Western donors to finance projects à la carte “bilateralizes” what is meant to be multilateral cooperation and undermines the meaning of multilateralism. This unfortunate trend affects not only economic agencies such as UNCTAD but also agencies that are particularly vulnerable to political manipulation such as the Office of the High Commissioner for Human Rights. It is no accident under the circumstances that the majority of the staff in both these agencies remains from western countries. This is particularly disturbing for UNCTAD where the remark applies to both staff and consultants, giving the impression that the elites of the South are not equally qualified to address the economic problems of the South! With the recent doubling of its resources, the OHCHR could also have done a bet-

ter job at correcting the geographical imbalance of the staff as repeatedly invited to do so by the Human Rights Council, the Secretary-General and the Joint Inspection Unit.

I referred earlier to attempts to sidetrack WTO. The main reason for this is the relative success achieved by the group action of the Global South to make this body become more responsive to the basic needs of their peoples. Free-trading countries of the South such as Brazil are supporting the claims of more vulnerable partners to protect their peasant agriculture and to uphold the right to food. The challenge here for all trading partners is to give new impetus to the Doha Round that pains to deserve the epithet of being “for development” while progressively prying open the stranglehold of the “Quad”⁹ on the evolution of WTO or lack thereof.

As indicated earlier, the advocacy of free trade has not prevented free traders from introducing restrictive practices such as unilateral bans on trade and transfers of funds targeting countries outside their sphere of influence. Customs unions between developing countries can reduce vulnerability of developing countries to such practices.

An alternative to SWIFT may have to be put together at the initiative of developing countries using modern communications technology if the current system cannot be insulated from political interference. But there are few alternatives to reliance on the current set of world reserve currencies. This would warrant the meeting of a group of experts from the South to mull on the possible elaboration of a code of conduct to protect currencies of account of international transactions from political manipulation by the country of origin of the said reserve currency.

Restrictive practices on the transfer of scientific knowledge and technology have also hampered the growth of developing countries. The South African decision in 1999 to permit unlimited access to retroviral drugs at affordable prices for treating citizens contaminated by AIDS was a landmark. It put in perspective a fact that should have been obvious to all that is that the sanctity of life has precedence over the sanctity of patents.

This timely initiative has given a new twist to the TRIPS in WIPO and was one of the factors leading to the development agenda of WIPO spearheaded by a broad-based group of developing countries.

Another recent instance of response of the Global South to restrictive practices from the North is the move of the G77+China Group in support of Argentina. It initiated a resolution which was adopted by majority vote to set up a mechanism for restructuring sovereign debt that will not be open to abuse.

⁹ US, EU, Japan, Australia

Referring apparently to this case and to others I mentioned earlier the Santa Cruz Summit rejected the extra territorial extension of national laws and regulations. It also rejected economic coercive measures imposed unilaterally in particular against Cuba and the Sudan.

Last but not least in terms of joint responses of the Global South in world fora is its position in terms of the post-2015 Development Agenda. I mentioned last year the limited impact of the MDGs on the inequities of the current international economic system. I stressed at the time that 7 out of the 8 goals had to do with mainly domestic policy prescriptions while the 8th had to do with international cooperation. Not to introduce reforms but just to do what had been decided several decades ago. Goal 1(a) called for the reduction by half by 2015 of the proportion, not the numbers as initially pledged, of people suffering from hunger. The fact that the world was getting closer to this shrunken objective was the cause of wide acclaim. It is presented as a great UN achievement although it would, at the current rate take a full 150 years for hunger to be eradicated.¹⁰ This is a far cry from the 15-year time span which the UN High Level Meeting set last year as a goal for the eradication of hunger.

Providing the right response, the Santa Cruz Summit emphasized the need for the post-2015 Development Agenda to be broader with coordinated and comprehensive goals leading to rapid, sustained and comprehensive growth.

In order for action to be sustainable at the multilateral level, it must be complemented by progress of action to reinforce South-South cooperation, both having a systemic interaction. This is the second perspective from which to assess the response of the global South to evolving challenges.

The best way to argue persuasively with Northern partners about the necessity of doing away with colonial pact approach to trade is to apply patterns of South-South trade which generate employment and local value-added for all trading partners involved. After an initial focus on imports of raw material from Africa against Chinese manufactured exports, China is now assisting its trading partners in the South in developing their infrastructure and moving up the value chain.

Nor is there a better way of alleviating western-imposed conditionality on loans by BW institutions than to make such loans available on economic merit without policy strings attached, in the ambit of South-South cooperation.

This is what the BRICS have decided to do by creating the New Development Bank. Admittedly, its paid-up capital of \$50 billion is relatively

¹⁰ UN Chronicle, Vol. LI, Number 1,2014, "Fiftieth Anniversary of the G77" by Idriss Jazairy, p.13, note2.

modest when compared, say, with the debts of Brazil and China alone to the World Bank which are in the range of \$65 billion. However the new Bank's authorized capital is \$100 billion and is open to private capital. Irrespective of its capital stock, the founding members will keep 55% of the shares as against 35% in the World Bank. It is not clear however if the largest shareholder in the NDB has a blocking share of the votes as is the case in the WB. The paid-up capital is fully in US\$ while this currency is limited to 10% of the World Bank's capital.

The BRICS also decided to set up in the same spirit the Currency Reserve Arrangement with a capital of \$100 billion. This is reminiscent of the Chiang Mai currency swap arrangement of about \$250 billion set up between 13 developing countries of Asia. Both have the same feature of requiring from borrowers an approved agreement with the IMF, above a certain ceiling of 30% of quotas in the case of the CRA. That may explain why the Chiang Mai deal has not so far served its purpose. Hopefully the CRA will be spared such a fate.

It will be interesting to see how these two new institutions can protect their activities from the kind of political manipulation of the reserve currency country of origin that I have referred to earlier in this presentation. Both initiatives are still in their infancy and deserve strong support from developing countries to reinforce their autonomy and effectiveness. It is likely that these initiatives and other similar ones like the Asian Infrastructure Bank under the aegis of China will lead by their example. In this case their policies and practice will encourage the Bretton Woods institutions to become more sensitive to the aspirations of the borrowers and not only of the lenders.

Resort to the creation of new regional and cross-regional financial institutions by emergent countries will continue so long as they are prevented from enjoying more equitable representation, side by side with other developing countries, in existing world bodies. It remains to be seen whether this leads to an improvement in the voting power of emergent countries in the Bretton Woods institutions for instance. The paralysis of the modest outcome of the 2010 reform of voting rights in IMF adding some 6% to the share of emerging countries is not a good omen in this regard.

Likewise, efforts to open up the recruitment of the Heads of Bretton Woods institutions and to make merit a determining factor in the process, failed to change the status quo of Western dominance of these organizations.

While being refused formal recognition as key players in development agencies, the more influential developing countries get co-opted to participate in informal for a like the G20 where the agenda is determined in advance by big powers. Discussions are thus circumscribed to status

quo issues precluding advocacy of reform by countries of the South whose presence nevertheless lends legitimacy to G20 decisions.

I referred last year to the slow progress towards the entry into force of the GSTP between developing countries which was signed by only about half of its members at Fos do Iguacu in December 2010. Its anaemic performance tends to show that WTO type patterns may not be the only solution to promote South-South trade. Indeed we have witnessed in the course of the past few years a spectacular expansion of trade between developing countries. It now represents 25% of their overall trade as compared to 10% three decades ago.

Emerging countries are now leading the process of intensification of trade and financial relations between developing countries. Under their leadership promising new forms of South-South partnership have taken shape. Thus individual emerging countries such as Brazil, Turkey, China and India have engaged with Africa as a regional group. These partnerships involve trade, finance and capacity building. They tend to be successful because they are governed by the principles of mutual interest, non-interference in internal affairs of partners, respect for sovereignty and shared experience as developing countries.

Such formats are now being replicated by France, the EU and even recently for the first time, by the US all of which have organised Summit with Africa. This is increasing the visibility and attractiveness of the Continent in areas other than extractive industries and commodities.

The possibility for these novel forms of partnership to proliferate outside the UN in fora over which they have no control has incited Western countries which were previously hostile to using UNCTAD's budgetary resources for South-South cooperation to reconsider their position. They have now approved the creation in UNCTAD of a unit for cooperation and integration among developing countries 11 years after having eliminated an ECDC unit in the same agency.¹¹ Similar action has been taken by developed countries in UNDP.

III. SOME POLICY CONCLUSIONS AS TO THE DIRECTION OF THE GLOBAL SOUTH'S FUTURE ENDEAVOURS:

1. The old chestnut about delinking the South from the North is neither realistic nor practicable: it is not realistic because industrialised countries and emerging countries are already one economic

¹¹ Branislav Gosovitch Economic and Political Order : "South-South Cooperation – An Opportunity for the South to Change the World Economic and Political Order", Paper of 25 August 2014.

and financial cluster representing 90% of world GNP and 2/3 of world population. It could not be practicable in this era of globalisation.

2. It does not make sense to separate South-South cooperation from South-North interaction if only for the following reasons:
 - a. The trade and financial flows of developing countries are still predominantly between North and South. South-South cooperation while not substituting for North-South interaction, can broaden the policy space of developing countries. It can also egg on Northern partners to evolve in their attitude vis-à-vis the South towards a more business-like, win-win partnership.
 - b. Through greater solidarity between different groupings of the South from the G77+China to the bewildering alphabet-soup list of their different sub-groups, developing countries can be increasingly successful in enlisting the support of the North to reshape the world economic system. Will then the South be finally listened to when it seeks to achieve greater democracy and transparency in international institutions? Will the South be able to reverse the current erosion of multilateralism? Much will depend on its member countries' capacity to resist the "divide and rule" tactics of the North and to let strategic commonality of interest prevail over the pursuit of narrow short-term interests.
3. In their pursuit of the improvement of the fate of their people, national leaders of the South drew up in the 'seventies of last century, agendas for international negotiations which were transformational of the status quo. From the 'eighties onward, this agenda lost steam as the Berlin wall went down. An era of triumphant neo-liberalism ensued which prevails to this day and which underpinned the basics of the MDGs and of the outcome of the 2005 UN Summit.

The question which remains is whether it will be possible for the South to catch up with the North by continuing to rely on the neo-liberal rationale. It may have looked like the right choice in the heady period between 2000 and 2009 when the rates of growth of emerging countries were exceeding 7% and reaching double digits in some cases, therefore more than doubling each decade. Africa's economy alone has grown fourfold since the beginning of the Millennium according to the President of the African Development

Bank¹². Had this trend continued, “convergence with a vengeance” of emerging countries which was one of the scenarios I mentioned last year at this ECPD meeting, would have occurred with the US over the next three decades. But the situation is now different. Apart from China, the growth of emerging countries which was previously nearly double that of rich countries is now less than half a percentage point ahead. ¹³If, as is now more likely, this trend continues to prevail, then the second scenario I offered last year, i.e. “convergence with temperance” with, oh so much temperance, will be the bitter lot of the South. The time horizon for catching up under this scenario would be more like 3 centuries.¹⁴

So we are back to square one: Will the political leadership of the South revert to a transformational agenda to address traditional and evolving new challenges including environmental protection and climate change? This seems to be the option retained by the Santa Cruz Summit of the G77+China. It remains to be seen how this will translate in joint positions to be taken in North-South fora. A first reality test will be the content of the post-2015 Development Agenda for which a Summit is scheduled to take place probably in 2015.

4. The South needs to be aware of the migration of political, economic and social conditionality from the IFIs to the Human Rights Council. A policy is being shaped to reintroduce in this forum a number of, though not all, the domestic issues which are the subject of conditionality elsewhere. For what reason? Because conditionality may have to be toned down in the BW context for reasons of competition with emerging-country lenders or lending institutions. Conditionality is thus in search of, and may have found a new home where some of its issues can legitimately be raised and where some relevant policies may be enforced.

Human rights, whether civil and political rights or economic, social and cultural rights are in themselves worthy objectives to be pursued by all countries, developing and developed. The trend of the current international human rights machinery is to focus on protection of alleged victims in specific country situations. This results in reducing the political space of mainly developing countries. However this machinery cannot do much

¹² Financial Times, FT Special Report : The New Africa, “Continent starts to become master of its own destiny” by Donald Kaberuka, page 7, Monday 6 October 2014

¹³ Estimates of World Bank’s International Comparative Programme, April 2014

¹⁴ The Economist, “Briefing Economic convergence: The headwinds return”, pages 24 to 26, 13 September 2014

to support, through technical assistance and training, national policies of prevention. This is because it lacks budgetary resources and voluntary funding is usually; earmarked for investigative purposes.

Despite its reforms of 2008, this machinery remains driven by North-South pressure politics and is therefore far from being value-driven. The South is divided in confronting this new challenge while the North is united. Each country of the South should do its utmost to comply with human rights covenants. South-South cooperation can even be pursued to achieve the highest standards in this regard; However G77 and NAM solidarity should extend more specifically to defeating politically motivated initiatives to undermine the sovereignty of their member-states.

It is recommended that the harmonisation of a G77+China and NAM position on UN human rights issues be promoted by their periodic Summits and that voting discipline be improved as occurs in the Western group also known as WEOG and that the diplomatic missions of group members adopt a joint platform on key issues before each session of the Human Rights Council.