

CHAPTER 7

THE FUTURE OF THE GROUP OF 77

by Lydia Swart

Several items that were on the agenda of the Group of 77 in 1964 remain valid, such as the asymmetries in the multilateral trading system, the transfer of resources between developing and developed economies, including the insufficient flows of official development assistance and the debt burden, the volatility of commodity markets, and the dismantling of protectionist barriers to the markets of developed countries. *Official statement at the G-77's 40th anniversary in 2004*

Few of the Southern diplomats interviewed by us were keen to speculate about the G-77's future and this chapter has therefore benefited substantially less from their input than the others. From the little we know, it appears that China believes it is important for the G-77 to consider its future more actively, and, according to one insider, would like to organize a meeting on the topic.

The overriding reason to continue to participate in Southern blocs seems obvious to most members of the G-77: the huge development gap between richer and poorer countries has not significantly been bridged for most of them. For the G-77, to consider issues related to trade and development among the most important in a world where more than one billion people face systemic hunger makes sense. Moreover, most G-77 members continue to share a strong resentment towards the sense of entitlement and superiority that many of the richest countries display in the UN. For many in the South, especially the lack of implementation of GA resolutions exemplifies the arrogance that accompanies the economic advantages of the North.

Whether efforts from the G-77 to address economic and political imbalances have been conducive to achieving its goals is not all that clear. As fairly neutral but sympathetic observers, we cannot help but wonder if a better mix of idealism and pragmatism in the G-77 would not be advisable, such as seeking more substantial reciprocity deals with the North that would include more effective implemen-

tation measures for GA resolutions as well as improved accountability throughout the UN system.¹⁷⁵

While the G-77 has a large number of internal factions (see an overview on page 23) such divisions have not seriously threatened its existence thus far and insiders believe it's unlikely that any of these will seriously jeopardize the group's continued existence in the near future. Nonetheless, the G-77's unity, relevance, and effectiveness may be at risk for one or a combination of reasons explored more fully below: the current financial crisis; the growing number of emerging economies among G-77 members; the role and influence of the Group of 20; Northern strategies to weaken unity in the G-77; lack of sufficient tangible successes; and internal resistance in the G-77 to update, prioritize, and compromise on its ever-growing number of positions and demands.

Financial Crisis

As explained in Chapter 1, the financial crisis of the 1980s was one of the key factors that undermined the chances of the G-77's original agenda to succeed. Countries from the North tend to use financial crises to argue that they cannot afford sizable UN budget increases, make new financial commitments, or even meet those they have previously made.

It seems that the current global financial crisis has contributed to the growth of right-wing populist movements in some countries in the North. These often nationalistic and anti-immigrant movements easily tap into fears of lower living standards and tend to fuel dissatisfaction with perceived power elites considered to be out of touch with the "real people." While such sentiments don't currently enjoy the support of the majority, they are already influencing stances of long-established political parties that used to be more moderate. Hardened stances in international relations are

¹⁷⁵ The South would like better implementation of GA resolutions, especially where they involve promises from the North towards the South. This is an accountability issue, just like the North would like more accountability in regard to a more effective and efficient UN system with less duplication and overlap. Having Member States look at accountability in all its aspects should make it possible for the North and the South to make deals that satisfy both sides. See previous chapters for other possible reciprocity deals.

likely as a result, and when combined with austerity measures reducing levels of international aid, may end up exacerbating the North-South divide.

For countries in the South, the enormous bail-outs and stimulus packages some Northern countries have been willing to allocate to support their national or regional economies contrasts starkly with the meager assistance the North has been willing to provide to the South throughout the years. Moreover, for the South, the financial crisis clearly shows that the recipes of the North for economic growth are not infallible especially in regard to the role of governmental guidance and regulations, bolstering their own “one-size-does-not-fit-all” argument to develop national strategies for development.

Emerging Economies

The balances of global economic and military weight are altering, and swiftly. ... in 2045, China could well constitute the largest economic and productive force in the world, bigger even than the United States; India may possess the third largest economy in the world ... Brazil, Indonesia, and possibly a revived Russia could be advancing fast, overtaking the traditional European States in economic heft. *Paul Kennedy, 2006*

Some UN experts expect that the North/South divide will eventually fade as more countries in the South emerge as strong economies in their own right. They presume that national economic interests of these emerging economies¹⁷⁶ will result in new alliances with the North at the expense of those they currently have with the South. They point out that after gaining sufficient economic strength, Mexico and South Korea preferred OECD over G-77 membership. However, it is worth noting that a prospering country like Singapore and some oil-rich countries in the Middle East have not chosen the same path.¹⁷⁷ China too, according to one of its delegates, will not accept an invitation to join OECD. And while recently Chile joined

¹⁷⁶ The term “emerging economies” is not appreciated by the countries it refers to. They prefer to be called developing countries, according to an insider.

¹⁷⁷ One delegate from a prosperous G-77 country suggested that apart from solidarity, “shared skin color” is an additional reason not to join the OECD. Religious, ethnic, and other ideological considerations may also be factors for many countries in the South.

the OECD and others will follow, it is nevertheless unlikely that the G-77 will lose its majority in the GA anytime soon because 29 of its members would have to leave the group for this to occur. (Also see pages 28-29.)

While the G-77's power of the majority¹⁷⁸ is unlikely to change for quite some time, the emergence of strong economies among G-77 members will undoubtedly have an impact on the internal dynamics within the G-77 and could eventually undermine its cohesion. A key aspect of Southern positions has always included a strong objection to the privileges accorded to richer and therefore more powerful countries in international institutions. Now to have the richer G-77 countries openly seeking privileges or leadership roles of their own in the UN is causing considerable friction and resentment, for instance in regard to aspirations for a permanent seat on the Security Council. Although a majority of G-77 countries insists on the equality of Member States in UN decision-making, one delegate from a powerful G-77 country told us nonetheless: "Power has the final say in international relations. In reality, the different sizes of countries do matter, you cannot deny it."

Many delegates in the G-77 believe that even the most powerful developing countries need the G-77 in order to "have sufficient political weight or influence to shape decisions and international regimes of global significance."¹⁷⁹ Others argue that the increased economic strength and international standing of some developing countries will enhance the G-77's bargaining power. But whether countries like Brazil, China, India, and South Africa (grouped together in BASIC) will apply their combined strength to advance the agenda of the G-77 is unclear, although they often stress their continued solidarity with the South. It seems quite likely that they will increasingly be tempted to act as independent brokers between the North and the South, just like the EU has on many occasions acted as a mediator between the US and the South. The climate change negotiations in Copenhagen in December 2009—where the BASIC countries clearly plotted its own strategy towards the

¹⁷⁸ The G77's 2/3rd majority is at risk if the G77 decides that Chile and a handful of others cannot be members of OECD and the G-77 simultaneously.

¹⁷⁹ Ahmia, 2006, in his introduction

outcome independently of the G-77 as a whole—suggest a growing willingness to follow their own course. Comments made in our interviews indicate that these new roles—especially when they include becoming members of elite Northern groupings such as the G20 (see below)—are not warmly embraced by other G-77 members.

It will be interesting to see if BASIC will be able to have a moderating effect¹⁸⁰ on North/South relations especially in light of the fact that the ALBA group is promoting more extreme stances in the G-77.¹⁸¹ The tension between moderate and radical factions in the G-77 is not new, but never before has one faction had so much economic weight and engagement with the North, while the other presents itself as so clearly ideological and inflexible. It is worth noting that at times India, Brazil, and South Africa strategize without China (in IBSA) or alternatively Brazil, China, and India without South Africa.

The Group of 20

“The G20 is becoming more structured, more organized. It is a problem, dividing the G-77. We kicked South Korea and Mexico out of the G-77 when they joined OECD, maybe we should do the same for “double dipping” in the G20.” *Ambassador from the South, interview 2010*

The G20 came into being in 1999 mostly to deal with the Asian financial crisis and was hosted by Canada and Germany. After a period of relative inactivity, it was revived following the emergence of the most recent global financial crisis. While previously it was mostly attended by finance ministers, the reconstituted G20 enjoys the highest level of participation. The G20 aims to “discuss measures to promote the financial stability of the world and to achieve a sustainable economic growth and development.” Its current members are: *Argentina*, *Australia*, *Brazil*, *Canada*, *China*, *France*, *Germany*, *India*, *Indonesia*, *Italy*, *Japan*, *Mexico*, *Russia*, *Saudi Arabia*, *South Africa*, *Republic of Korea*, *Turkey*, *United Kingdom*, *United*

¹⁸⁰ It is quite possible that growing currency and tariff tensions between Brazil and China versus the North may make such a moderating role difficult.

¹⁸¹ Cuba, Bolivia, Nicaragua, Ecuador, Dominica, St. Vincent and Grenadines, Antigua and Barbuda, and Venezuela

States of America, and the EU, representing its group, serves as its twentieth member. (Those that are italicized, are also members of the G-77.) By including larger economies from the South, the G20 is more representative than the G7/8, which it appears to have replaced.

The G20 proudly states on its website that its members comprise 90% of the world's GNI and 75% of the world's population.¹⁸² Yet, as a relatively small group, it claims the G20 can more easily agree on financial issues than a universal body. Its elite status is a cause of envy for those that are excluded. The G20 has tried to mute such concerns within the North by giving the EU as a whole a seat and by repeatedly inviting non-member countries, like the Netherlands (its GNI share is easily in the top 20) to their meetings.

According to this posting on its website, the G20 sees itself as quite successful:

The concerted and decisive actions of the G20, with its balanced membership of developed and developing countries, helped the world deal effectively with the current financial and economic crisis. The G20 has already delivered a number of significant and concrete outcomes. It committed to implement the unprecedented and most coordinated expansionary macroeconomic policies, including the fiscal expansion of US\$5 trillion and the unconventional monetary policy instruments; significantly enhance the financial regulations, notably by the establishment of the Financial Stability Board (FSB); and substantially strengthen the International Financial Institutions (IFIs), including the expansion of resources and the improvement of precautionary lending facilities of the IFIs.

There is widespread concern among non-G20 countries that the G20 will take on political as well as financial issues, bypassing the GA. Some G-77 delegates in the Fifth Committee are concerned that even some UN budget issues may eventually be determined by the G20. Among G-77 countries, the response towards the G20 varies between those that are promoting mechanisms to engage the rest of the UN membership more and those that would prefer to ignore the

¹⁸² Argentina, the 2011 G-77 Chair said at the September G-77 meeting of Foreign Ministers at the UN: the G-77 is the "Group that accounts for the highest share of world GDP, the greatest number of inhabitants, demographic density, the largest amount of territory occupation and also the countries that have the greatest number of consumers and that have done the most to favour world economic growth."

G20 or claim indifference to it. One Southern Ambassador interviewed by the Center, for instance, thought that the G20 would fade again, just like it did in the beginning of the new millennium.

That the South has seven seats out of twenty, hardly makes it representative of the South, though its G-77 members claim they represent the interests of the South. In a presentation delivered on 25 March 2010 for the UN University in New York, the Ambassador of Singapore, Vanu Gopala Menon, suggested that the G-77 members in the G20 have “played it well so far,” implying that these countries have not yet seriously damaged their relationship with other G-77 members. He did, however, suggest that the G20 should explore mechanisms for more inclusive engagement and transparency by consulting with non-G20 members before they have their meetings; providing the Secretary-General with an adequate voice in their meetings, and inviting regional groups and others to their meetings.¹⁸³

When interviewing some of the countries from the South who have a seat in the G20, we asked whether they would favor a seat for the G-77 similar to the one for the EU. One smiled uncomfortably and said: “We are not there yet,” and also implied that it would hinder decision-making since the G-77 takes a long time to reach common positions. A delegate from China wasn’t surprised by the question, noting that China is only there as an observer and would have no problem with a common seat for the G-77.

Northern Strategies to Undermine the G-77

The key countries from the North were not overly enthusiastic at the time when the G-77 first emerged on the international scene. Seeing it as an unwanted opponent, rather than as a partner in negotiations, and denying to developing countries the right to organize themselves as a group, some of these countries have not spared efforts to neutralize and discourage the work of the Group, relying on a variety of means, including tangible and specific pressures targeting individual developing countries and often also their leaders. *Mourad Ahmia, 2006*

¹⁸³ See www.ony.unu.edu/events-forums/new/MDForums/2010/global-governance-the-g20-and.php One Ambassador noted that the G7 used to invite the G-77 Chair to meetings in the past.

As noted earlier, many Northern delegates will openly admit that breaking up the cohesion of the G-77 is often one of their strategies to advance their own agenda. While this can occur by fair exchanges of ideas, coercion comes into play as well. Few delegates have been willing to provide details on the pressure that is exerted on G-77 members by the North, though the following strategies are well-known:

- Using purse strings to align Southern with Northern priorities.
- *Démarches*: Complaining to higher officials about “rogue” delegates or Ambassadors
- Linking ODA to positions taken by recipient countries in the GA.

As was explained in chapter 4 on the Fifth Committee, the North pays roughly 80% of the regular budget and furthermore provides even larger shares of voluntary funding besides assessments for many UN activities, funds and programmes. In light of the size of their contributions, countries in the North feel they should be able to ensure that their money is spend wisely. During deliberations at the GA, countries from the North at times threaten to reduce their financial contributions to the UN in general or for a specific activity in order to influence negotiations towards a more desired outcome from their point of view.

We were informed that some Northern countries have no qualms to contact Ministers or, in rare instances, even Heads of State from Southern capitals in order to lessen the influence of perceived difficult or “rogue” Ambassadors at the UN. One G-77 Ambassador confirmed that “Ambassadors do get slapped on their wrists if they kick up too much fuss.” However, Ambassadors can often argue that they were just promoting common G-77 positions. There seems to be a perception among Southern diplomats that issues in the GA rarely cause serious repercussions for Ambassadors or delegates after *démarches*—“there is less retaliation in the GA.” But in the case of the Security Council, the picture can be quite different. Of the six Southern Ambassadors who remained “undecided on the Iraq resolution, five were soon replaced by their capitals,” according to one key player.

On occasion, Ambassadors are approached by countries in the North with complaints about their experts in the Main Committees.

In the words of one Northern observer: “there can be a disconnect between the delegate and the permanent representative.” It seems clear that many G-77 Ambassadors more easily wear their “bilateral hat” than many of their delegates—keeping specific economic interests with other countries in mind—and are furthermore more likely to be conscious of the bigger picture. We are not aware of any *démarche*, however, that caused the removal of a Main Committee expert.

Only one Ambassador interviewed was willing to confirm that the North does tie aid to positions taken at the UN.

It is, however, not easy for a G-77 country to ignore common G-77 positions in case of a vote. One source suggested that in such instances, a country ends up being ostracized, with their delegates pointedly ignored at G-77 meetings. Another source indicated that after a vote against a G-77 position, a country will have a much harder time to be heard about those issues it really cares about.

All in all, as previous chapters show, strong arm-twisting is often counterproductive and is more likely to unite than divide the South.

It is not unusual among Northern delegates to believe that the “South needs the North more than we need them.” However, the tables could turn and it is not unthinkable that sooner or later some countries from the South may themselves start assessing who their “privileged” partners in the North should be, rather than the other way around. The argument could be made that it is in the long-term interest of Northern countries to be seen by the South as real partners¹⁸⁴ in overcoming world problems—including critical inequities and disparities—for strategic as well as moral reasons.

Tangible Successes?

In judging the successes of G-77, you have to take into account the formidable odds against developing countries succeeding in light of decision-making processes at the UN and the role of the Secretariat and other entities in the UN system. The South is marginalized, there are many institutional impediments. *Former G-77 Chair.*

¹⁸⁴ Delegates from the South invariably will refer to Northern delegates as the “partners” - not without a dash of sarcasm it seems.

The G-77 has seen its share of political successes at the UN General Assembly, as amply described in the previous chapters. But few would argue that these successes have transformed the lives of most poor people in the South. Lack of tangible successes on the ground contain the potential danger of undermining the G-77 because some of its members may begin to wonder whether participation in the Group is still in their national interest, especially in light of the fact that escalating confrontations between the North and the South at the GA can sour more concrete bilateral relationships and undermine the GA.

Anniversaries typically invite introspection and when the G-77 celebrated its fortieth in 2004, it issued a declaration summarizing its aims, achievements, and hopes for the future. Among its achievements, the group stated:

- Thanks to unity, solidarity, commitments of its members, and its vision of fair and equitable multilateral relations, the G-77 was able to influence the international agenda that individual countries could not have achieved by themselves.
- The G-77 shaped the development agenda through its work for an equitable international trade regime.
- The G-77 has significantly influenced economic and social multilateral diplomacy. “Major achievements are its contributions to the successful negotiation of the Generalised Scheme of Preferences, the Charter of Economic Rights and Duties and the Integrated Programme for Commodities including the Common Fund.” The Group “also played an important role in the adoption of internationally agreed targets for the transfer of resources to developing countries.” G-77 initiatives led to the creation of UNIDO and IFAD, and “formulation of new rules, guidelines, norms, principles, and comprehensive framework of cooperation on a whole new range of economic and social issues. Real landmarks in this regard have been the launch and development of South-South cooperation, the holding of UN major conferences and summits and the adoption by the UNGA of the Declaration and Programme of Action for the Establishment of a New International Economic Order.

In our interviews, questions about G-77 successes rarely met a detailed or lengthy response from interviewees. Many delegates from the South were concerned with the lack of tangible results which they blamed on the North which holds most of the purse strings in international relations. Even though the G-77 has obvious influence in the Second and Fifth Committees, the implementation of decisions is woefully lacking because, in the words of one delegate,

“international law does not force Member States to meet commitments made in the GA.” He added, “There is the moral aspect, however. Our work in the GA reminds the rest of the world about the importance of the development agenda.” Only one Ambassador allowed self-criticism when he said that “the G-77 can be posturing at times.”

That the G-77 gives smaller countries a voice in international affairs on joint economic and financial interests, was also considered important. One former Ambassador thought that without the G-77, the “UN agenda would tilt even more towards the North.”

Moreover, that the G-77 has reached common positions in spite of diverse economic and political realities, is quite an achievement from the perspective of many G-77 delegates.

The increasingly prevalent view among delegates from the North, however, seems to be that many of the former and current leadership of Southern countries increasingly bear most of the blame for their nations’ disadvantaged and marginalized positions. They see corruption and bad governance as key reasons for the continued development gap and are increasingly less convinced that the South’s problems can be lessened by commitments from the North. At the recent MDG summit, German Chancellor Angela Merkel even remarked that “development aid cannot continue indefinitely.” While to challenge aid effectiveness is a valid exercise, to already foresee its end rather than work out collaborative efforts to make improvements seems unconscionable to many observers in light of the seriousness of systemic poverty.

It is hard to tell whether the G-77’s recipes for change, such as those contained in the NIEO, would have worked even if the North had actively contributed towards their implementation. It seems reasonable to think that in the end for countries to develop quickly and sustainably, a complex set of elements has to be in place. Achieving an optimum and constant balance of internal conditions, however, is no easy feat, especially in those countries still suffering from the after effects of colonialism and whose borders were often arbitrarily drawn up, leaving many minorities disadvantaged economically and politically. To succeed these countries would require a mostly non-corrupt, strategic, and stable leadership with a long-term perspective that has the support of the majority of the

population. In addition, external stimuli would have to consist of reliable levels of aid and investments that come with reasonable and non-politicized accountability standards for all parties involved and are compatible with the development strategies of the beneficiary country. G-77 goals such as fair trade, technological transfers, favorable debt terms, internationally agreed monetary policies, and financing for development are likely just a few of the many components that can contribute to necessary economic growth.

The Platform of the G-77

To cope with new developments and problems in globalization, we should open our minds, further improve the institutions, conduct more studies and come up with well-targeted and clearly-defined goals and policies to guide our work in the future. G-77 should also adopt a more open and pragmatic attitude ...” *Statement of the Chinese government at the G-77’s 40th anniversary.*

As noted earlier, the agenda of the G-77 has expanded considerably during the last decades. (See Appendix II for an overview.) Between NAM and G-77, a majority of issues on the agenda of the GA are subject to common positions of the South. To our knowledge, however, these positions are rarely reviewed and updated to reflect new realities and since each has its own proponents they tend to be fairly inflexible.

In spite of decisions made at its Summit meeting in Havana in 2000, according to insiders, a genuine prioritization of G-77 issues has not taken place. In Havana, the G-77 agreed to: “a sharply focused action-oriented agenda, geared to implementing a number of high priority initiatives within specified timeframes.” As far as we know, this recommendation has not been implemented. Without setting priorities, strategizing effectively within the Group, holding useful reciprocity debates with the North will be difficult. To be fair, one Northern Ambassador complained that the EU too rarely indicates its priorities clearly.

In the opinion of some Northern delegates common G-77 positions facilitate decision-making at the UN—how you would deal with individual positions of 131 countries, they wonder. However, bloc positions cannot be quickly reconsidered and therefore often contribute to a starker division along North/South lines than is

desirable. One interviewee believes that in face of an often inflexible Southern bloc, a growing number of countries from the North will turn recalcitrant and stubborn. With the EU increasingly less inclined to play a moderate role and the current US administration more positively engaged, a convergence of positions in the North will occur more often. If the North is more often united, it might result in an even more pronounced stalemate between two monolithic blocs—not unlike the stark partisanship one currently sees in two-party systems like the US. This may well further undermine the relevance of the UNGA. And with the GA becoming less and less relevant, the G-77 will lose its key locus for achieving its goals.

The common perception in the North that many G-77 positions do not represent genuine ideological differences but instead reflect a desire to flex its numerical muscle may be somewhat of a misconception. Yet, the G-77 should be aware that its moral underpinning is at risk when it is seen as unwilling to compromise on issues that are not strictly at the heart of the G-77's original mission.

Conclusion

The future of the G-77 seems inextricably linked to the future of the UN itself. While South-South cooperation clearly has the potential to strengthen economies in the South without Northern influence or approval, the most logical place for the North/South dialogue and global decision-making still seems to be the UN. The UN General Assembly, with its universality and expansive agenda, provides legitimacy and allows for interlinkages of major issues that no other intergovernmental body can match.

It is common for diplomats and observers from both the North and the South to question the relevance and effectiveness of the UN General Assembly. Previous Presidents of the General Assembly from the South – such as Sheikha Al-Khalifa from Bahrain for the 61st session and Miguel D'Escoto Brockmann from Nicaragua for the 63rd, openly expressed their frustration concerning the relevance of the GA.¹⁸⁵ The current President of the General Assembly, Joseph Deiss from Switzerland, has just started his term by stressing

¹⁸⁵ See www.centerforunreform.org/node/272 and www.centerforunreform.org/node/392

the need for effective global governance and the role he believes the GA should play in this regard.

That the effectiveness of the UN General Assembly is often hampered by opposing priorities between the North and the South has undoubtedly made the GA less relevant than it could be. Member States are rarely held accountable for this by civil society or the media. Media representatives at the UN are more likely to report on the Security Council than the GA and tend—with some rare exceptions—to show Northern bias by picking particular subjects and angles. One journalist explained that his newspaper's editors are simply not interested in the North-South divide in the GA unless it takes the dramatic form of, for instance, votes against the UN budget. Civil society organizations too often work on single issues—development, disarmament, human rights, peace, etc.—and neglect the bigger picture. It is nevertheless our hope that the most effective and professional civil society organizations will recognize a need to organize themselves to jointly influence governments from both the North and South to find constructive ways to overcome their differences and find common approaches so that the General Assembly can deal effectively with the world's most urgent problems. To succeed, civil society will need to equally understand the concerns of the South and North and hopefully this book will make a modest contribution in this regard.
