

Part I

Improving the North-South Negotiating Process

Approaches and Attitudes

1.1 Improvements in both the substance and form of the North-South negotiating process require basic changes in approach and attitude.

1.2 Changes are required on the part of the North and the South. The first steps should be directed towards breaking the vicious circle whereby the behaviour of each side has progressively increased the suspicion and scepticism of the other. There is an urgent need for confidence-building measures which will reverse this process.

1.3 Bringing about such changes will not be easy and mere exhortation is unlikely to get very far. Important interests are at stake and attitudes will only change when governments are convinced that their real interests will be better served by different approaches.

1.4 The degree of complacency and indifference displayed by the developed countries constitutes a major part of the problem and they therefore offer an unpromising starting point in the search for a solution. This means that the initiative in changing approaches and attitudes will almost certainly have to be taken by the countries of the *South*. This is not because they have a greater moral responsibility to do so, nor even because they have ultimately more at stake, but because they are the ones who are most convinced of the need for progress in the negotiations.

1.5 We believe that the prospects for successful negotiations would be enhanced if the *South* were:

- (i) To concentrate its energies on making the strongest possible case for (a) the positive *mutual* benefits which would result

from the facilitating of rapid and widespread development in the South; (b) reforms which would permit the full commitment of the developing countries to an international economic system in which they were adequately represented; and (c) action designed to avert great and growing danger of widespread disorder, breakdown and violence which will exist as long as these goals are not achieved.

This means avoiding making its case in adversarial terms and in terms of the moral responsibility of the North to redress past wrongs.

- (ii) To adopt in line with this a more restrained, persuasive and factually based negotiating style. Ideology and rhetoric may have been functionally effective in the initial stages of the North-South negotiations in order to promote unity and to secure the attention of developed countries. But in terms of those negotiations today they are seriously counter-productive. As a rule they have no effect in moving Western governments. But they do have the effect of strengthening the hand of intransigent and alarmist elements in Western countries. At the same time, in so far as the rhetoric is contradicted by private statements of Southern spokesmen (as it often is), it reduces the credibility of the South's negotiating posture.
- (iii) To acknowledge fully and without reservation that economic progress in the South depends as much, if not more, on the adoption and implementation of sound domestic policies as it does on international action. If the developed countries are to be convinced by Southern assertions of urgency, that urgency must be demonstrated in the South's own actions. International reform must be presented as a necessary accompaniment of, not an alternative to, resolute domestic action. It is appreciated that such action is difficult and often politically dangerous. But if appeals to Western leaders to show political courage and foresight are to be convincing, those that advance the arguments must be prepared to display the same qualities.
In saying this, we recognise fully that a deteriorating international environment can blunt the edge of even the best domestic efforts of developing countries. As one instance, while the low income oil-importing countries expanded their export volumes by more than 40 per cent over the decade 1970-80, the purchasing power of those exports over non-fuel imports decreased by a third.
- (iv) To examine seriously whether the existing forms and procedures of the South's group system optimise the

prospects of progress in negotiations with the North. Multilateral diplomacy, conducted through the agency of groups, is a necessity in contemporary conditions and the original creation of its own group system in the 1960s constituted an imaginative and constructive act on the part of the South. But with the passage of time there has been a tendency for that spirit of innovation to be replaced by an increasingly rigid attitude and, with a few notable exceptions, a resistance to adapting the group system to changing circumstances.

It is necessary to ask whether it is convincing to seek changes in the forms and procedures of the North-South negotiations while exhibiting reluctance to accept changes in the South's own group system; and whether more effective and less time-consuming decision-making procedures in the South are not a precondition for progress in global negotiations. We appreciate the importance of solidarity for the South. But we believe that, in terms of advancing the negotiations, it is time to consider the desirability of trade-offs between the principle of unanimity on the one hand and greater adaptability and more effective leadership on the other.

- (v) To recognise that, whatever views are held as to the justice of the majoritarian principle of one country one vote, resort to majority decision should be used sparingly, both because the countries in the minority will not agree to be bound by such decisions and because frequent resort to voted resolutions encourages dissonance and politicisation. Greater cooperation is likely if this is accepted and if effort is focused on achieving a more realistic balance between numbers and weight, rather than on attempting to supplant one by the other.

1.6 In sum, we believe that it is time to recognise that the Southern attempt to achieve its goals by frontal assault has become counterproductive in present circumstances; that its persistence results in negotiating strategies which hamper rather than facilitate progress; and that an approach which takes seriously both the claims of the South and the interests of the North should be adopted.

1.7 Indeed, whenever the South has formulated specific proposals based upon business-like procedures within its own group, e.g. proposals which it is prepared to back with its own financial contribution, the North has been encouraged to complement them. Examples are provided by the negotiations leading up to the International Fund for Agricultural Development (IFAD) and agreement on the Common Fund.

1.8 As far as the approaches and attitudes of the *North* are concerned, we believe that the only realistic starting point is to accept the fact that it will only take significant action in terms of its perceived self-interest and that, given its present advantageous position in political and economic terms, its approach will include a strong conservative component.

1.9 On that basis, we believe that the real interests of the *North* in the North-South negotiations would be best protected if its governments were:

- (i) To accept the reality of the Third World as a continuing and significant organised political entity which reflects profound changes of structure and consciousness in the world since 1945 and has a legitimate role to play in the international economic system. Its presence and claims therefore cannot be responded to successfully as a passing phenomenon, capable of being thwarted by a strategy of delay and passivity.
- (ii) To accept also that there are secular demographic, income and environmental trends which, taken together with greatly increased interdependence, require coordinated international action if major, and perhaps catastrophic, tensions and strains are to be avoided in the next decades. We believe that the unbroken circle of poverty in which the lives of millions are currently confined is a fundamental source of instability in the world.
- (iii) To recognise that, to the extent that they feel impelled to pursue conservative policies, the most effective way of doing so in the face of genuine and powerful agencies of change is not by means of a negative and passive resistance to these agencies, which serves merely to build up explosive pressures. It is rather by a policy of flexible, timely and, if necessary, bold adjustments to forestall disruption, and to anticipate and influence the direction and tempo of change. Such a policy should seek to identify areas of common interests and initiate action in relation to them.
- (iv) To recognise that, as every Western government has found it necessary to curb and modify the operation of market forces quite substantially in its own domestic policies, it is unjustified and unconvincing to insist on the inviolability of these forces in the context of the North-South negotiations. Further, that it is doubly unconvincing when the developed countries are prepared to interfere with these forces in the international sphere when it suits their interests to do so.

- (v) To approach the negotiations in terms which recognise their full political and strategic dimensions as well as their economic ones, rather than attempt to conduct them in terms of economic criteria alone. This is not to suggest that economic criteria are not extremely important. It is to maintain that other, non-economic criteria are equally relevant and important and that some trade-offs between economic rationality and other interests are necessary.
- (vi) To weigh short-term advantages against medium- and long-term considerations. We recognise the strength of the electoral and group pressures operating on Western governments to resist concessions and adjustments in the present economic climate. But we believe that global economic interdependence is such that policies which revive growth, even when they involve apparent financial concessions to the South, will facilitate essential structural changes in the North and obviate the need for protectionist measures.
- We recognise also the force of the dictum that “in politics a week is a long time” and that normally short-term considerations will prevail over longer-term ones. But we believe that the magnitude and gravity of what is at stake in the North-South negotiations calls for a willingness to look beyond short-term advantages and the courage to bear short-term political costs. They call for what is usually termed statesmanship. Such statesmanship needs to be supported by a vigorous and sustained programme of public education on the issues.
- (vii) To act on the assumption that it is in the North’s interest to strengthen the pragmatic and realistic forces in the South and to recognise that until now the objective consequences of its policies often have been the exact opposite. By failing to discriminate between sound and unsound proposals, and by failing to react positively to the former, they have cut the ground from under the feet of the realists in the South and strengthened the extremists.
- (viii) To accept the fact that, given the great increase in the number of international actors and the much higher level of interdependence that now exists, multilateral and group diplomacy are unavoidable; and that the only sensible course is not to stand aside from them with distaste, or to regard them as some aberration from the norm, but to work to make them as effective and equitable as possible.
- We also believe that, while it has become customary to equate the North with the developed market economies of

the West, the time has come when the term must also embrace the centrally planned economies of Eastern Europe. As these countries become increasingly integrated into the world economy, as the focus of the dialogue shifts from historical causes to what is to be done, and as any major crisis would involve *all* countries, we believe that these countries can no longer stand aside from the North-South negotiations. They must play a part commensurate with their economic weight and political influence.

- (ix) To realise that while it is understandable, on grounds of responsibility and ability to contribute, to resist the principle of one country-one vote in international economic decision-making, it is necessary to move towards some synthesis between the principle of numbers and that of “weight”.

1.10 Finally, without challenging the general validity of the North-South framework, we believe that it would be beneficial if both North and South acknowledged that not all issues are best dealt with inside that framework. As far as some matters are concerned — the exporting and importing of commodities and technology, and shipping come readily to mind — the structure of interests cuts across the North-South division and a negotiating procedure which recognised this would be more rational and effective. In other words there should be a willingness to contemplate the evolution of a diversity of negotiating processes around the central North-South structure, rather than attempt to force the discussion of all issues into one strait-jacket. In this context, we also believe that it would be highly desirable if the concept of the “like-minded” group in the North were extended in such a way as to allow for the creation of alliances of countries with similar views across North-South lines. Such alliances would probably shift from issue to issue.

1.11 We believe that in the case of both the North and South a revision of approaches and attitudes along the lines proposed would not run counter to their fundamental interests. On the contrary, they would facilitate the pursuit and defence of those interests. They would also greatly enhance the likelihood of progress in the North-South negotiations.

Institutional and Procedural Changes

1.12 We believe that some of the existing institutional and procedural arrangements contain obstacles to the negotiating process which, if

removed, would improve the prospects of achieving success in the North-South dialogue. Among the most serious of these obstacles are:

- the inadequate coordination of policies and communications at the national and group levels in North and South;
- the difficulty in mobilising and utilising expert preparatory and back-up support;
- the problem posed by the inevitable involvement of a very large number of states and a multiplicity of interested international organisations;
- the difficulty in agreeing on what are the appropriate forums for negotiation;
- the difficulty in establishing priorities and selecting issues for agendas;
- the difficulty in reconciling different views concerning the criteria for participation and levels of representation in negotiating groups;
- the problem arising from different philosophies and conceptual frameworks; and
- the proliferation of negotiations and the resulting dissipation of negotiating resources and political will.

1.13 Bearing these obstacles in mind, we make the following recommendations:

- (i) Governments should enhance the coordination of the implementation of their national policies on North-South issues. At present, different departments of government in developed countries sometimes work at cross purposes, e.g. differences between Departments of Trade and Foreign Affairs. For developing countries a somewhat more mundane problem often arises because of inadequate communication between representatives of the same government in different forums and between the representatives and their capitals. Coordination would ensure that all departments of government in both developed and developing countries would have access to the same information and would work in unison and in a manner consistent with the stated development policy of that government. The modalities for achieving more effective coordination should be left to each government.
- (ii) The Group of 77 should establish its own Secretariat which, though modest in size, would play a role of providing technical support for developing countries similar to that provided by the OECD Secretariat for developed countries.

The Third World Secretariat should consist of a group of persons whose range of technical competence would cover the spectrum of issues on the North-South agenda. It should maintain liaison with other similar institutions and should avoid duplicating their work. The establishment of such a Secretariat would reduce the technical inequality which exists between North and South, would enable the Group of 77 to adopt a more factually based negotiating style and would make it unnecessary for the Group to call upon international officials to play a partisan role.¹

- (iii) The specialised agencies and other international organisations should avoid conflict, duplication and competition. We urge the Administrative Committee on Coordination of the United Nations to intensify its efforts to coordinate the activities of such institutions. We draw particular attention to the need for closer coordination and cooperation between UNCTAD and the Bretton Woods institutions. It is also essential for issues which are interrelated to be treated in a comprehensive manner and not fall victim to compartmentalisation and institutional rivalry.
- (iv) The Global Round of negotiations on international economic cooperation for development should be launched as soon as possible. We believe that the UN General Assembly, being the most representative body in the international system, should play a central role in the Global Negotiations. This need not be inconsistent with respect for the role and competence of the specialised agencies. In order to do this, the General Assembly will have to equip itself in two ways. First, it will have to constitute a small, representative and efficient negotiating and overseeing body.² Second, it will have to attract the attendance of representatives of high political stature and professional competence so that it will be able to carry out the central role and overview function which are envisaged. We therefore recommend that the UN General Assembly move soon to establish such a small and representative body to assist the Assembly in discharging its central and overview role.
- (v) The length of agenda and the quantity of documentation for negotiating conferences should be reduced. We appreciate that agendas are often swollen with items in order to cater to

1. This recommendation is elaborated in paragraphs 4.28 and 4.29 of Part II.

2. The recommendation in sub-paragraph (vii) of this paragraph is relevant here.

the diverse interests of participants in a conference. The fact is, however, that not all subjects and issues are equally ripe for negotiation and, to be productive, the agenda of a conference should contain only those subjects and issues which are ready for resolution. The quality of documentation prepared for negotiating conferences should be improved.

- (vi) More use should be made of single-issue conferences. Recent experience suggests that such conferences have frequently been more productive than conferences with a mixed agenda. We have in mind, for example, the successful outcome of the negotiations on the Common Fund and on Debt Relief.
- (vii) Where possible, negotiations should be conducted in small groups rather than in plenary bodies. The negotiating groups should be small enough to be efficient and large enough to be representative of all the interests. The negotiating groups should be composed primarily of those who have real interests at stake in the negotiations. Experience of the Third UN Conference on the Law of the Sea suggests that the process of miniaturising the negotiating forum, from one consisting of all participants to small, efficient and representative groups, is an attractive one and deserves emulation, although its adaptation must be left to each conference and its principal officers to initiate. While we do not under-estimate the difficulties of composing small negotiating groups which would reflect the different interests involved, the task is not insuperable. The range of separate circumstances and interests to be found within the Group of 77 is in fact less wide and varied than is usually supposed. Depending upon the issue involved, our analysis suggests that there are no more than half a dozen to a dozen identifiable sub-groups of interests within the Group of 77.¹
- (viii) Other negotiating procedures and devices which have proved productive should also be given more serious consideration. They include the practice of pre-negotiations between groups, the use of closed rather than open-ended groups, the enforcement of strict time-limits for the completion of negotiations, the employment of full-time, professional chairmen and the maintenance of channels of communication between groups and between members of different groups.
- (ix) Greater use should be made of expert panels, especially in situations where profound differences exist between

1. This point is elaborated in paragraph 4.25 of Part II.

contending groups of countries and where a subject or issue is technically very complex. An example is the preparatory process for the UN Conference on New and Renewable Sources of Energy which drew heavily on the reports of technical experts.

- (x) The group system, which is likely to be a permanent feature of the North-South negotiating process, should be operated with some flexibility. The internal structures and procedures of the groups should not lead to their negotiators being given so narrow a brief as to make negotiation impossible. Where the interests of delegations and the subject of negotiation cut across the group structure, the negotiating process should reflect this. When an impasse develops, the group system should not prevent the emergence of sub-groups of delegations in the competing groups which could seek to build bridges between the groups. In this respect we consider the activities of the sub-group of like-minded delegations in the North as a significant development.
- (xi) Considerable care should be taken in the choice of negotiators and spokesmen of groups as well as the chairmen of negotiating conferences. A good negotiator should be a person possessing technical competence, negotiating skills and personal integrity. A good chairman must possess, in addition to the three qualities above, objectivity, a capacity to reconcile differences and the courage to put forward compromise proposals.
- (xii) Ministers should be urged to plan their attendance at conferences in such a way that they will be present during the critical decision-making stage. At present, Ministers usually attend the beginning of a negotiating conference but are absent during the decision-making stage. Recent experience suggests that, at critical junctures in the negotiating process, a meeting of Ministers could help to break a deadlock and achieve results.
- (xiii) Mini-summits on specific issues should be held at auspicious moments. These could facilitate the North-South negotiating process by elevating an issue or problem to the collective consciousness of the highest level of government and by injecting impetus and political will into the negotiating process.
- (xiv) Governments and private institutions in the developed countries should actively support the dissemination of information to the public concerning the extent of human needs in the developing countries, concerning the interdependence of nations and the economic benefits which

the North will derive from accelerated development in the South and concerning the dangers to world order of continued stagnation. By so doing, they will help to build public support for the cause of development in the Third World.

- (xv) Though a weighted voting system exists, the South should be urged to make full use of its representation in the Bretton Woods institutions to put forward its policies and advance its interests. Many significant negotiations in the field of finance and monetary affairs take place within these institutions — in the weekly meetings of the Boards of Executive Directors, in the annual meetings of the Governors, and in the biannual meetings of the Interim and Development Committees (held at Ministerial level).

1.14 In accordance with our terms of reference, this Report has focused on obstacles in the *process* of the North-South negotiations. We believe that this is an important aspect of the overall problem of achieving progress in these negotiations, especially in the light of the major structural changes which have taken place in the international system in recent years and the novel forms of negotiation which have resulted from them. However, we recognise that, even if forms and procedures are improved, progress will remain limited as long as the current economic recession continues. Nothing will contribute more to progress in the North-South negotiations than global recovery. But we believe that the converse is also true, that an enlightened approach to North-South issues can facilitate such a recovery and create the conditions for rapid development in both developed and developing countries. Such an approach might well include a set of key policy initiatives taken by concerned countries of the North in the mutual interest which could pave the way for detailed agreements to be hammered out during the forthcoming negotiations. An essential element would be steps that are within the power of the North to take designed to forestall the re-emergence of recessionary and inflationary shocks to the world economy as an upturn commences, and to prevent any interruption in the flow of resources for development. Indeed, such an approach may be a necessary condition for placing global recovery on a secure footing.