



Non-Aligned Movement +G77 (Group of Developing Countries) versus G7+NATO+OECD+World Economic Forum

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Lynn Fries (LF): Hello and welcome. I'm Lynn Fries, producer of Global Political Economy or GPEnewsdocs. In this segment, guest Jomo K. S. will be sharing his views on some economic policy and development issues. Jomo K. S. is a prominent Malaysian economist and senior adviser at the Khazanah Research Institute. He is a distinguished academic and a veteran diplomat who has held high level positions at the United Nations Rome and the UN New York headquarters. Notably as Assistant Director General for Economic and Social Development of the Food and Agriculture Organization in Rome and as Assistant Secretary-General for Economic Development of UN DESA in New York. Among numerous other distinctions, he was awarded the Leontief Prize for Advancing the Frontiers of Economic Thought. Welcome Jomo.

JOMO K. S. (JKS): Thank you very much, Lynn.

LF: At an International Development Economics Associates event, you recently spoke on the topic of US policies that as you framed it are driving the world to war and depression. What are some of the key points that you wanted to get across in that public lecture?

JKS: I think it's in the interest of all people, in the rich countries as well as developing countries, to recognize the really existential threats which we face in the world today. And these are threefold. We have the long term problem of sustainability. Which, you know, there's much more attention to especially because of the growing recognition of the challenges posed by global warming. But we have to recognize these two additional problems. That of an induced deep stagnation and depression which would set back even further the regression which has already begun. As you know from all the data which has been reported on the so called sustainable development goals, there has been minimal

progress on the sustainable development goals and considerable regression. Okay.

Now, this has been variously blamed primarily on the pandemic. But I would insist on emphasizing the effects of the withdrawal from quantitative easing. I would insist on the role of the Cold War which began at least almost a decade ago. And I would also insist on recognizing how the sanctions, which are all illegal under the UN Charter, all these sanctions have basically reversed much of the more benign consequences of globalization. I mean, basically, developing countries have been doubly short-changed. They were forced into globalization. They were forced into trade liberalization. They were forced into financial liberalization. And precisely after doing so – this very act of opening up on the trade front, on the financial front, and so on which has resulted in de industrialization in many countries, which has resulted in lack of food security in many countries – all this has turned against them at a time precisely when those things are most needed.

So we have a very, very difficult situation, particularly for developing countries. But as we can see, things are not really all that much better in the rich countries themselves. So there has to be an increased sense of how this system works. And how it works and affects different people differently but how this whole system is really interconnected.

LF: To deal then with the existential threats we face in the world today, you say we all need to be aware of how the whole system is interconnected and the effects US policies are having in this system. You have given us a picture of how the workings of this interconnected system has left developing countries in a vulnerable and very difficult situation. Expand more on your point that things are not really all that much better in the rich countries.

JKS: Let me suggest that the various developments of the last few decades have been problematic not only for the rest of the world; they have been hugely problematic for the US. And we all know about the concentration of power in the US. And we also know that, for example, the dozen years or so of what is referred to as unconventional policies, most easily associated with something called quantitative easing or QE, largely did not enhance US productive capacities. Did not enhance US ability to lead, to enhance its leadership in a variety of areas of technology. And so what it allowed was for others to catch up. Not only China, which is the obsession of the US right now, but also other countries.

So what we have right now is that this illusion of prosperity fostered by what is called financialization has created the impression of wealth but it is not wealth based on a real economy. And so increasingly what we see is a fight to secure much more wealth through other means. So not through the real economy in the usual sense conceived but through things like intellectual property rights and so on.

Who does such income accrue to? It mainly accrues to those who control those rights, those intellectual property rights which are the corporations. And the corporations are extremely

powerful. So I think one has to really think about what has happened to American capitalism itself. American industrial capitalism. Look at what happened with General Electric. General Electric was once known as a consumer appliance manufacturing company, arguably the largest in the world. Today, it's essentially a financial conglomerate with a historical background in consumer electrical products. If we look at, for example, what happened during the last decade with QE and shareholder buybacks and so on and so forth. All this, certainly undoubtedly, enriched a great number of people. But I think it would be a stretch to suggest that the real economy and American technological leadership has been strengthened during this period. In fact, the converse has happened. And this is precisely the crisis which it faces right now.

So American capitalism is on the decline not so much because others have overtaken it or are in the process of overtaking it but because it deteriorated. And for this, I think one has to look at national leadership over recent decades. And who spoke for business, who spoke for capital has increasingly moved from the real economy to the world of finance.

LF: Moving from the problems of induced deep stagnation and depression and long term sustainability issues, talk now about how US policy is driving the world to war.

JKS: I think as the Bulletin of Atomic Scientists and many others who watch this much more closely than most of us, the threat of war is very, very real. For a whole variety of reasons, many people are increasingly familiar with. But the kind of rhetoric, the kind of behavior which passes for diplomatic behavior, it almost seems as if diplomacy has taken a back seat. There's no more room for diplomacy.

Very often it's not necessarily the generals who are pushing for war. It is what some people in America might refer to as the *chicken hawks*. But whatever the case might be, we see huge possibilities, for example, for the strengthening of what President Eisenhower warned about, the military industrial complex. So the possibility of war is very real on the Western side, on the American side. But it's also very real on the part of Russia. One has to remember that in the three years after the end of the Soviet Union, the Russian economy collapsed by half. Collapsed by half, I have to emphasize. I don't want to finger point and say who was to blame for all this, but it collapsed by half.

And it took more than a couple of decades for the Russians to rebuild the economy. So they are now back at where they were then. Okay. And they have not been in a position to acquire a very new military arsenal appropriate for this age. They are in a situation where they have the leftovers from the late Soviet period. And that's all they have. And what was that? That was essentially a period of which there was a nuclear race going on towards what was called MAD, Mutually Assured Destruction. That was the kind of situation.

So right now, I mean, look at what happens in Ukraine. When Russia wants to get drones, it

has to turn to Iran of all countries to get drones. You know, this is the Russia we're talking about today. The Russian economy is less than 10% of the size of the US economy. So it's nowhere near parity. But it did come close to parity during the Soviet period. And that's the arsenal it has. So when you push Russia and it doesn't have anything else to count on, it can't even count on China as far as some of these things are concerned, what will it do? It will resort to what it has, which is the nuclear arsenal. And this, I think, is a very, very grave danger. And that's why pushing and threatening Russia over the last three decades or so was a very, very dangerous game. And I suspect, I have no proof of this, that Putin does not believe that any successor of his will be able to deal with this issue. And he felt obliged to.

But one should also remember it wasn't Putin who wanted to go into the eastern part of Ukraine. It was the Russian Duma, the Russian Parliament which passed the resolution demanding that Putin do so. So, it's a very complex situation, which we have been oversimplified into, you know, into the ogre of Vladimir Putin. But it's a very, very complex and very dangerous situation precisely because we are dealing with caricatures rather than trying to understand how dangerous and vulnerable the present situation is.

So I'm very concerned about war. And that's why I insist on pacifism. And developing countries in general and non-aligned countries in general know that they are not going to be a third force by any stretch of the imagination on the military front. So they have a strong interest in finding diplomatic and other peaceful means to resolve international differences. So they have a very strong stake in this. And the developing countries have been in a very vulnerable situation. Especially at the end of the Cold War where there was no longer any incentive to try to entice friends in the developing countries by providing aid and so on. So aid has gone down to developing countries. And even the new commitments, for example, relating to climate finance have not have not been met. There was a promise of a significant increase in climate finance from the year 2020. Nobody even talks about it these days in Europe.

And then what do we see? Almost two years ago, there was a promise to get rid of coal. And right after the Ukraine war begins; Germany is going back to coal. I mean, this is a world where developing countries feel that they have very little voice. Nobody's paying much attention. And that they are the victims of this changing international rivalry. And so, they have a strong vested interest, they don't want to be part of either camp. They have no particular interest in aligning with Russia or China or Iran. So they would prefer to be non-aligned. And that space, to recognize a third space, for non-alignment is something which is very important. Which both sides, protagonists in both sides in the current Cold War, if you will, have to appreciate and recognize. And this is particularly important because one of the other casualties of the unipolar world after the end of the First Cold War was the decline of multilateralism. Multilateralism, as a former UN civil servant, I can attest to this multilateralism has had a very, very rough time for more than three decades.

LF: Developing countries have a strong vested interest you say not to be part of either camp of international rivalries in the new Cold War, Cold War 2.0. Do you think this then that among other things this could have a democratizing effect on the UN?

JKS: I think one of the big problems right now is where is the leadership going to come from? The leaders of the Non Aligned Movement first met in 1961 but there was a precedent before that in Bandung in 1955. There are no more such leaders in the world today. And this is hugely problematic.

But it's precisely because of that, that you can have much more democratic arrangements for a new non-aligned movement with people from relatively smaller countries. If you think, for example, of the Prime Minister of Barbados. And you think about some of the other people who have provided extraordinary leadership in these difficult times. We would have much more participatory and democratic arrangements within the non-aligned movement. Which would in turn have an influence on the United Nations.

LF: With respect to efforts to democratize the UN, comment on the defunding of multilateralism. In other words, do you see this as a serious problem for the more democratic fora within the UN?

JKS: Yes. This is a very, very major problem where organization after organization within the UN system – and I am talking here about the World Health Organization, the Food and Agricultural Organization, UNIDO and so on, face a situation where if they do what they're supposed to do, they are deprived of funding and unable to operate. And, you know, this has become a pattern. So, for example, the US and the UK and a couple of other countries pulled out of UNIDO, the United Nations Industrial Development Organization. And a whole variety of other institutions have been held hostage by rich countries. So the result has been that many of these institutions are grossly, grossly underfunded. And the member states themselves are complicit because they are not prepared to come up with alternative funding. So the organizations make all kinds of compromises. So you have a situation where the powerful corporate interests have been able to take advantage of this and sneak in their agenda.

LF: And to advance their agenda, the go to mechanism for powerful corporate interests has proven to be World Economic Forum type multi-stakeholder arrangements. So it is not surprising to see the WEF listed in the US-led big power bloc presented in your lecture. I am thinking here of your visual showing NAM 2.0 plus G77. So the current non-aligned countries plus the group of developing countries versus the G7+NATO+OECD+WEF.

With respect to this big power bloc, I will quickly note for viewers that these WEF type multi-stakeholder arrangements place corporations at the center of decision making over public goods and resources. So it is not so hard to understand why they are so well funded.

And why corporations and other elite interests that are not accountable to or elected by the public find this an effective vehicle for advancing their agenda in sector after sector. And why people in sector after sector, from food and agriculture, to Big Tech, health, the environment, education, you name it, broad-based coalitions like for example the *Peoples Working Group on Multistakeholderism* have called this out as the corporate takeover of global governance.

And also of special relevance to today's conversation, in this case with respect to the G7 and OECD, I will briefly cite some award winning research published in 2000 by John Braithwaite and Peter Drahos. I refer to their discussion on 'forum-shifting' discussed in chapter 24 of their book *Global Business Regulation* (The book btw can be downloaded online). The issue is about how the post Second World War US reacted when it was not able to get multilateral agreement on what it wanted, so it did not get enough votes in the one country one vote UN multilateral voting system. Or conversely, how the US reacted when multilateral agreement was reached on what it did not want. A prominent example of the latter being the 1974 UN General Assembly adoption of the *Declaration on the Establishment of a New International Economic Order* with UNCTAD having served as their technical adviser.

Braithwaite and Drahos have this to say about how in the 1970s the US and other major powers reacted. In Chapter 26 under the header *Recapturing the Sovereignty of the People* they wrote: "...when UNCTAD became a more genuinely democratic force for a New International Economic Order (where developing nations could use their superior numbers to win votes). They set up the G-7 to make the major coordinating decisions on the international economic order; shift trade policy to GATT, and investment, tax and competition policy to the OECD, and consolidated the G-10 as the dominant forum on banking. Meanwhile UNCTAD languished as a talk-shop with dwindling budget and clout. This is the lesson of Chapter 24 on forum-shifting as a fundamental strategy of potent players. "

The UN General Assembly has since made valiant efforts to perform as a more genuinely democratic forum. Given your direct involvement, I will cite one such effort in 2008. This was when the President of the UN General Assembly established a high-level commission to propose reforms in the world financial system aimed at preventing a financial crisis like that of 2007-2008. You served not only as a member of that commission of experts chaired by Joseph Stiglitz but also as adviser to the President of the UN General Assembly in your capacity as UN Assistant Secretary General for Economic Development at UN DESA. As a veteran diplomat in the world of multilateralism, perhaps you could help us make sense of all this into the present.

JKS: The United Nations, unfortunately, will continue to remain captive to the big powers. But insofar as it offers a moral force; it can provide leadership in an extraordinary period. So the period you referred to Lynn is a very important period. Because in 2008, precisely

because of that, the UN was able to sit in and influence quite a number of important decisions. But it really depended on friends of the UN including big powers at that time. So these big powers, who had particular reasons for favoring us, for turning to us, allowed us to have this kind of influence which was important.

And so, for the first time, and perhaps the last time for some time to come we were able to influence the discussion. Our slogan of a Global Green New Deal as a way of addressing that crisis was largely taken up. I still remember Prime Minister Gordon Brown calling up the Secretary General and saying that he wanted to talk to the Secretary General about his opinion [inaudible] and so on. And we were able to shape the discourse. Unfortunately, of course, as we know, Gordon Brown was very successful in raising money. But most of it, as we know, went to strengthening the IMF. And not even for the purposes of helping developing countries but really for helping the PIGS, as they encountered their own problems at the beginning of the last decade.

So we have a situation where, of course, it's never a simple process of making steps forward but this was important. And also very importantly, there was a recognition of some of the problems of financialization. And the United Nations system, including colleagues at UNCTAD and so on, recognized this and we were able to influence the discussions and some of those decisions. Unfortunately, that moment turned out to be quite fleeting. And people inform me that although there's a lot of lip service is still given to the UN, the UN is not really at the main table when it comes to these discussions.

But your point about the G7 being created. Actually, as you remember, it was the G5 which was created. And then to strengthen the Anglophone side of the G5 they added Canada and Australia. And thus it became the G7. And so this, all this was very important at a particular moment in time. But the very fact that there was a felt need for the G7 to be created is in a sense a testimony to the significance of 1974 and the New International Economic Order. Many years later, when the global financial crisis happened, as you know, the status of the G20 also became elevated. The G20 began meeting for the first time at the summit level, not just among finance ministers as at the outset.

It is never a straight forward path of progress. It is zig- zaggy. It's one step forward, sometimes one step, two steps backwards and two steps forward, one step back. But that unfortunately is the very nature of progress at the international level, especially when you have the big powers basically calling the shots. There have been some very interesting recent developments. Including, for example, a great deal of talk, some of it exaggerated in my view, about de-dollarization. And how the BRICS might lead this. One has to remember that the BRICS are a changing bunch of countries. We know what happened with Bolsonaro when Bolsonaro was president and so on and so forth.

Now there is a proposal to include even more countries. And this might be interesting. But

the very act of having an organization of relatively big countries basically keeps out the smaller countries. And so this is likely to lead to some degree of alienation and division among the developing countries. And that's why I believe that it is important for the non-aligned movement to reconvene on a new basis. On a pacifist basis and on a basis which recognizes that we are not in a situation of fighting ideological and political battles of the First Cold War. But rather we are in a battle for the future of humanity itself. For the ability of humanity to survive not only in terms of sustainability but also in terms of the avoidance of war and strengthening the institutions to avoid war.

LF: As well as strengthening the UN as an institution to avoid war, I would like to briefly touch on your thoughts about strengthening the UN as an institution to avoid the other major existential threat to humanity, that of climate change. As you said at the open, there is a lot more attention to the long term problem of sustainability because of the growing recognition of global warming.

I specifically want to touch on the issue of long term sustainability as it applies to food and agriculture given the current system is a major contributor to global greenhouse gas emissions. And given it's an area of expertise where you have a lot of experience. In your high level position at UN Rome based Food and Agriculture Organization, the FAO, and into the present as a member of the IPES-Food Experts Panel you have been a major advocate of agroecology. The case for agroecology, as I understand it, is quite compelling. In short, the agroecological-led farming and food systems are a win-win-win for moving the world towards long term sustainability in terms of the environment, the production of food, and also the livelihoods of millions of people throughout the world. And most notably, people in developing countries that as you explained earlier have been left in a very difficult situation. What comes across very clearly in all this is your position that agroecology should be given a lead role in agenda-setting over the future of food at the UN. What then do you think is needed now that could possibly move things in that direction?

JKS: I think one of the major challenges going forward, as far as agroecology is concerned, is to do what the people have done with the IPCC. The IPCC, let's face it, actually produces documents which are compromised documents. Compromised in the sense that those who are very concerned, for example, about the likelihood that the way things are going we're going to exceed the upper limits which the UNFCCC has established of 1.5 degrees Celsius within a couple of decades. Okay.

So there is a real concern that all this is going to happen, but we can't get the momentum going. But what the IPCC have successfully done has been to warn the world. And since it's an intergovernmental panel, nobody challenges them. Everybody sort of recognizes that it's a compromised document but its credibility remains largely intact. And this is what is needed right now to rescue the future of food and agriculture especially from the clutches of the corporate agribusiness and the agrochemical companies. This is how I would see this as

possibly getting out of the situation, the mess we are in.

And, you know, it's left to the Secretary General as to whether he will exercise that kind of leadership. The Director General of the Food and Agriculture Organization is not averse to it but he wants to keep the organization together. And so the government representatives at these meetings will need to insist on an intergovernmental panel rather than one of these so-called multistakeholder arrangements where the corporations come and take over simply because they have all this money with them.

LF: Jomo K. S., thank you.

JKS: Thank you, Lynn.

LF: And from GPENewsdocs in Geneva, Switzerland, thank you for joining us.

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