

Presentation by Ambassador Terry Miller, Director of the Center for International Trade and Economics at the Heritage Foundation, at the American Enterprise Institute's program "Who Leads the United Nations?"

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It is a particular pleasure for me to be participating in an event hosted by my friend and former boss, John Bolton. I have never known a more dedicated public servant than John. I also want to note the extraordinary contribution of Senator Coleman in helping us understand and deal effectively with the United Nations. He follows in a line of distinguished senators, I think especially of Jesse Helms and Pat Moynihan, who understood the nature of the UN and were able to recognize, in a clear-eyed way, the difference between the idealistic hopes that we all share for international cooperation to advance peace and prosperity, and the reality of a bureaucratic institution whose watchword, both for staff and delegates, is unaccountability.

The Senator highlighted one of the main reasons for this unaccountability when he talked about the free rider problem—the fact that a majority of states that collectively pay less than one percent of the budget can control the direction and level of the activities of the organization. The other main problem is a long tradition of sloppy thinking about sovereign equality and democracy. Sovereign equality is the basis for the UN's one country/one vote decision-making process. Unfortunately, sovereign equality has nothing whatsoever to do with the characteristics that determine a country's ability to assume responsibility for the maintenance of international peace and security—size, wealth, population, and military power.

UN advocates like to describe one country/one vote decision making as embodying the best principles of democracy. Nothing could be further from the truth. Democracy—"demos"—is about people. One person/one vote is the democratic ideal. One country/one vote is something else entirely, like having the US Senate without the House of Representatives. And when many of the countries casting those votes are not themselves democracies, the question of just whose views are represented by UN decisions becomes very real.

The combination of this democracy deficit with the free rider budget problem is poisonous, and at the root of U.S. hesitancy about the UN and its decisions and programs.

The three groups on our agenda today, the Non-Aligned Movement, the Group of 77 and the Organization of Islamic Conference, embody both the free rider problem and the democracy deficit. I want to talk about them from the perspective of what seems to make them tick and what the future might hold for each.

The G-77 is in some respects a creature of the UN and its crazy decision-making rules. The tradition of one country/one vote makes it useful to try to cobble together a coalition of 97 states or more. If you have 97, you can control almost all UN decisions. The G-77 has 130. When it was formed in 1964, and actually had only 77 members, it was still a

number that commanded an absolute majority in the UN, which had only about 115 members at the time. The original 77 were a disparate group. Most were united by a relative lack of development, but the group included members across the political and economic spectrum. Many were firmly committed to socialism or Communism, but there were also a few, even then, who embraced capitalism. What they could all agree on, then as well as now, was that the richer more developed countries should give them money. Requests for more foreign aid were, and are, the core of the group's platform. The agenda was to institutionalize as an entitlement the transfer of money from rich countries to poor. This went so far as to include calls for a kind of tax, 0.7 percent of a rich country's gross domestic product, to be transferred irrespective of actual needs or the ability of recipient countries to use the funds wisely or effectively. Given the lack of democracy, respect for human rights, and accountability in many of the poor countries, the reality was that such transfers would actually reallocate resources from the middle class in the North to the ruling elites in the South. That is hardly something to inspire idealism or inflame humanitarian impulses.

The quest for resource transfers led logically, in the minds of the Group of 77, to calls for special financial and trade privileges for developing countries—a New International Economic Order. We in the developed countries, of course, already had an international economic order of which we were quite fond, one that we knew worked well for most of the people most of the time. We had no interest in replacing it with something based on a socialist, centrally-planned model that its supporters dreamed could tilt the playing field in their favor, taxing the rich and reallocating wealth and resources to poorer countries.

Unfortunately, the G-77 quickly learned the power of its majority in the UN, and didn't hesitate to use it. Soon the Group was controlling not just economic decisions, but the management of the organization as well. This had a significant impact on the UN budget. For countries that collectively pay almost nothing towards the expenses of the organization, and that is the case with the G-77, the easiest solution is always to grow and spend. After all, it's other people's money! Also, there were lucrative UN jobs--36,000 of them--to be had. For a country like the U.S., which was frequently on the losing side of UN votes but required nonetheless to pay the largest share of the costs of the activities instituted by those votes, it often seemed like a tyranny of the majority.

In any case, there was a powerful package of forces driving the G-77: a desire for resource transfers—gifts—from the rich; the ability to command UN spending without financial responsibility; and, for many, an ideology based on Marxist ideas of class struggle and economic betterment of the poor through redistribution of wealth rather than economic growth.

Such forces might have had enduring power in a static world, but life moves on. Capitalism, that great agent of evolutionary change and the efficient allocation of resources, which had already brought unheard of levels of prosperity to the United States and Western Europe, was continuously perfecting and extending its markets, both domestically and internationally, with changes that improved the responsiveness and transparency of the system. By the 1970's, the gold standard was gone. In were floating

exchange rates to help regulate international flows and better clarity and understanding about monetary policy. We learned how to manage growth without inflation. The Uruguay Round brought unprecedented liberalization of trade, and the economic barriers between countries began to fall. Today we call this process globalization, and it is bringing high rates of sustained economic growth around the world, even in the poorest countries. That's according to the World Bank, the IMF, and even the United Nations itself.

So a strange thing has happened to the G-77, this group of self-identified underachievers. Many of its members have begun to succeed. And they have succeeded not because of the redistribution of wealth - the aid flows they had so ardently championed - but because they found they could compete in open international markets and grow. They have not changed the system, but have found ways to prosper within it. They have made themselves attractive targets for foreign investment. They have instituted the rule of law, and even risked the true revolution of democracy and freedom. Not all of them, but many. And the successes have begun to add up to the point that calls for more aid, once the be all and end all of the Group's program, have become almost silly in the light of the rapid expansion of trade flows, foreign direct investment and remittances sent home by immigrants to foreign lands. We don't hear many calls these days for a New International Economic Order. Why create a new order, when the current one is working so well for so many?

The future of the G-77 is uncertain. The disparities in the group, already evident at its founding, are becoming ever more striking as the countries that reform prosper, while those that don't are left behind. The socialist ideology that infected the group at its founding is largely discredited, or at least a pale reflection of what it once was. The G-77's ability to inspire or coerce greater aid flows has become almost meaningless in light of the massive transfers coming to them through capitalist markets. What remains is the ability to direct and control the UN. This may be enough to sustain the Group for some time to come, but one need not look very far to see a new challenge for it on the horizon. That challenge is the issue of climate change. Whatever one believes about the science or economics of climate change, it is clear that it will form a large part of the agenda of the UN for years to come. It is also clear that the members of the G-77 will have vastly different positions on the issue depending on their size, their economic level and their geography. Already this summer, the Group became essentially paralyzed in Economic and Social Council negotiations on climate change. There is more of that ahead.

The Non-Aligned Movement is a little different. Created even before the G-77, the NAM is really a product of the Cold War and the desire of certain key third world leaders for a larger voice in world affairs, independent of competing powers. It's not a bad strategy in theory, but in practice there have been severe limitations. The benefits of Cold War alignment were significant, in both security and economic terms. And countries, including member of the non-aligned movement, did align with one or another of the superpowers. Most of them actually aligned with the Soviet Union, but enough sided with the West that on several occasions, most notably during the Russian war against

Afghanistan, the movement's cohesion was severely strained. Today, with the Soviet Union and the Cold War things of the past, the very concept of non-alignment makes no sense. As its charismatic founders have passed from the scene, the NAM has had little in the way of theory or philosophy on which to rely. What the NAM stands for today, if it stands for anything, is opposition to the United States, to the U.S.-supported international system based on western values of respect for human rights, democracy and economic freedom, and on opposition to Israel. The puzzling thing is that the policies of the NAM as a collective do not actually correspond to the policies of the vast majority of the NAM members as individual countries. The Movement has become, in many respects, the last haven for tyrants and dictators. Cuba is the current chair, the most recent major conference was in Iran. A major supporter is Venezuela. The increasing identification of the Movement with its most radical members is costing it credibility and influence.

I was struck during the last General Assembly by the spectacle of Cuba, the NAM chair, repeating the exact same statement exhorting NAM members to oppose country-specific human rights resolutions on at least a half dozen occasions. Almost all the resolutions passed anyway. Why? Because most of the people in most of the NAM countries actually do believe in human rights and abhor human rights abuses. With the growth of democracy, and advances in communication that transmit UN debates and resolutions around the world, the citizens of most NAM countries now have the ability to hold their governments accountable in some degree for their actions. It is hard to see how a movement like the NAM can long survive in an open, transparent and democratic world. Of course, we don't quite have that world yet, and the demagogues and dictators who remain will continue to do everything in their power to sustain and extend the power of the Non-Aligned Movement.

Finally, I want to say a few words about the OIC. It's not big enough to command an absolute majority by itself, but its size is significant in determining G-77 and NAM positions. In many ways it is the most challenging of the groups to deal with, because its rationale is so foreign to those of us used to freedom of religion and the separation of church and state. The OIC exists to promote Islam and Islamic values. It is implacably opposed to Israel, and committed to a system of values, including Sharia, that is inconsistent with fundamental tenets of western philosophy, including some of those embodied in the Universal Declaration of Human Rights. The OIC's strength comes not so much from its numbers as from its focus and the strength of its belief in its own rightness. It is not clear if the West has collectively the courage of its own convictions to match the OIC. This is one of the great ideological, cultural and political issues of our time. Its resolution will influence lives and events far beyond the United Nations.