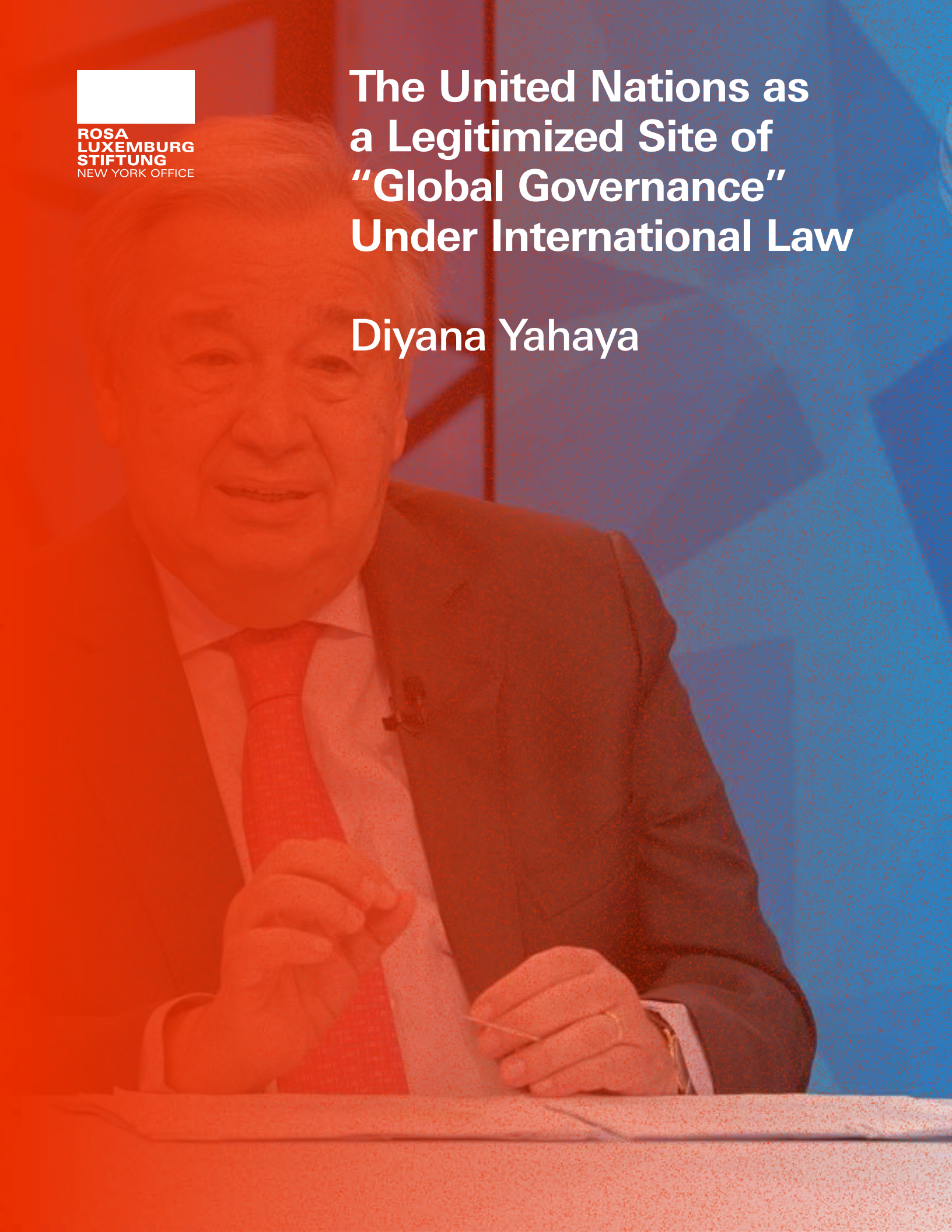


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By **Diyana Yahaya**



Secretary-General António Guterres addresses the World Economic Forum: The Davos Agenda 2022, January 17, 2022, UN Photo by Eskinder Debebe.

## Executive Summary

The United Nations alongside the World Bank and the International Monetary Fund (IMF) - also known as the Bretton Woods Institutions (BWIs) - and the General Agreement on Tariffs and Trade (GATT) - the predecessor of the World Trade Organization (WTO) are the “sites” where most, if not all global governance processes are carried out. Together, these institutions have created global rules that encompass almost every aspect of global policies from human rights, economic development, international security, global health, to environmental sustainability. From its foundational principles of multilateralism, human rights, fundamental freedom, and democracy, to its creation of numerous other human rights treaties, standards and processes, the UN has been established and normalized as the legitimized site of global governance.

The UN however, has also continued to face a set of challenges that is undermining its role and ability to serve as the central and legitimate site of global governance that includes the equal voices and participations of all countries. One of the key challenges facing the UN has been the asymmetrical power relations between states – between rich and poor countries and between the global North and global South. The creation of the BWIs, which predated the UN, was another such legacy which has left the BWIs - while legally under the UN system - as de facto independent of the UN, with a separate and dominant jurisdiction over global economic governance. This in part has contributed to on-going tensions and incoherence between human rights and sustainable development promoted in the UN and the neoliberal economic ideology promoted by the BWIs. Other challenges include undue donor influence, chronic lack of funding, and the corporate capture of many of the global governance processes within the UN.

It is within this context that the emergence and dominance of country groupings such as the Group of 7 (G7) and the Group of 20 (G20) as new sites of global governance that is undermining the role of the UN, needs to be viewed. Both the G7 and the G20's claim for representativeness and effectiveness has no real merit, as its policies and decisions have been made possible through the exclusion of the majority of the countries in the world, behind closed doors, with no public opinion, and no democratic accountability. Many of the policies and decisions - ranging on issues such as tax, debt, and financial regulations - have been pointed out as beneficial only for a select few rich countries, global capital and multinational corporations, while failing to remedy the structural issues that led to the economic and financial crisis that the two Groupings were purportedly created to prevent. While purporting to act for global good, the G7's goal has always been the maintenance of a few countries' hegemony in the global economic order while imposing neoliberal economic policies on global South countries. The G7 creation of G20 was its efforts to pre-empt the risk to G7's organizational legitimacy that resulted from both its political exclusiveness, and the failed neoliberal policies and decisions that it was promoting.

Despite the challenges facing the UN and the proliferation of groupings such as the G7 and G20, the UN remains the most democratic and human rights-centered site for global governance, where all countries can have a say regarding global issues and solutions. The crisis facing multilateralism combined with the need for international cooperation highlights the urgency of reforming and strengthening the UN. The call for reform and strengthening of the UN is not new, and various forms of alternatives and proposals have existed, led by states, civil society or academics. The UN itself has undergone several reforms and changes since its founding more than 77

years ago, which have led to the emergence of alternatives such as the Non-Aligned Movement, Group of 77 and China, and the creation of the United Nations Conference on Trade & Development (UNCTAD). The concept of the New Economic International Order (NIEO) and the Right to Development had emerged because of the advocacy and engagement of the global South within the UN system and continue to influence the mandates and work of the UN to this date.

Many of the key economic policies and decisions that the G7 or G20 have pursued in its exclusive clubs are policies and issues that have long been discussed, debated, and advocated by various actors and organs within the UN system. Therefore, transferring this global governance power and decision-making from the G7/G20 to the UN is not impossible and are in fact, necessary. Issues around debt, tax and financial regulations, and just global economic governance are not new, and several proposals and alternatives have been put forth within the UN.

In challenging the power of actors outside the UN - such as BWIs and exclusionary forums - where economic global governance have been carried out, proposals have been put forth on ways to restore this decision-making back to the UN. A Fourth UN Financing for Development Conference under the auspices of the UN ECOSOC have been proposed and this proposal aims to address the democratic deficit and structural issues in global economic governance and includes extended proposals on financial regulations, debt, tax, trade, and technology.

The global South has long demanded a debt restructuring mechanism within the UN to address debt issues faced by developing countries. This idea has been developed further with more recent proposal to establish a multi-lateral legal framework for a debt workout mechanism and basic principles for a sovereign debt restructuring process.

On the issue of tax, global South countries have been advocating for a global, inclusive norm-setting body for international tax cooperation within the UN which would allow all member states to have an equal say on tax issues, and a UN Convention on Tax to tackle issues of illicit financial flows. Today, there remains support for a UN Tax Convention amongst both member states and civil society as expressed in the 2023 UN ECOSOC Forum.

All these proposals illustrates that there is still enormous potential and possibility of pursuing economic issues, and a new and democratic global economic architecture within the UN, with the potentials and possibilities resting on the political will of states. Pursuing just global governance through

international cooperation and solidarity is necessary, and proposals such as these will contribute to strengthening the UN as the center and legitimate site for all global governance.

## The United Nations 78 Years On - Legitimized Site for Global Governance

The United Nations recently marked its 77th year of establishment. As one of the very first sites for global governance, it was established following the aftermath of the Second World War. Other global governance sites established around the same time was the World Bank and the International Monetary Fund (IMF) - the two also commonly known as the Bretton Woods Institutions (BWIs) - and the General Agreement on Tariffs and Trade (GATT) - the predecessor of the World Trade Organization (WTO). The goals of the creation of each institution may be slightly different - the UN can be argued to center human rights and public goods, while the others were intended to serve the economic reconstruction, economic cooperation, and development needs of the post-war world. Together, these institutions are where all, if not most of global governance processes are carried out, creating global rules that encompass almost every aspect of global policies from economic development, international security, global health, human rights and environmental sustainability.

The UN Charter - the foundational treaty of the United Nations - while not actually containing the word democracy, begins with the words “We the people”, which therefore reflect the fundamental principle of democracy of both states as well as the UN as a whole. It sets out the principles of respect for human rights and fundamental freedoms. The UN Charter also reflected the principles of multilateralism, which formed the basis of global governance at the time. Multilateralism is a concept within global governance that is intended to include all the world’s states, fostering cooperation and solidarity between them. It also includes the idea that the international rules that are made and applied are made collectively by all states and apply equally to all nations.<sup>1</sup>

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1 Multilateralism remains a complex and contested concept related to international relations, however the majority of academics would define it by quality and characteristics- suggesting that in order for anything to be considered multilateral, favoritism and exceptionalism cannot factor into the decision-making process. Public good must be the main concern, and everyone must be held to the established rules so that a more powerful nation does not get to be treated differently or preferentially on the international scene. In brief, multilateralism opposes discriminatory policies and norms in favor of collective decision-making for public goods with no exceptions for powerful states. See for example: John Ruggie, “Multilateralism: The anatomy of an institution,” *International Organization*, 46(3), 1992, <https://scholar.harvard.edu/files/john-ruggie/files/multilateralism.pdf> 561-598.

Today, the UN system consists of 6 main organs, 27 departments and offices, 15 specialized agencies, along with a host of other funds, programs, and bodies alongside its rapidly growing numbers of partnerships with other non-state actors. It has led to the creation of numerous human rights treaties, standards and processes following the Universal Declaration of Human Rights (UDHR). While the UN's international system for the respect, promotion and protection of human rights remains a work in progress, it has arguably raised awareness and helped foster greater respect for human rights. The UN's human rights multilateral system has also led to further recognition of new sets of rights that were not necessarily acknowledged in the past and in the earliest human rights treaties, such as women's human rights, indigenous peoples' rights, migrant rights, children's rights, the rights to sexual orientation and diverse gender identities, environmental rights, and community rights to name a few. These also help further establish and normalize the UN as a legitimized site of global governance. Together, these form the basis of the UN's legitimacy i.e. the right to act, rule, or govern.

#### **Between the BWIs and the UN**

The World Bank and the International Monetary Fund (IMF), also usually known as the Bretton Woods Institutions (BWIs) got its name from a place called Bretton Woods in New Hampshire, USA. In July of 1944, 43 countries mostly from the global North had come together to sign the Bretton Woods Agreement which created the two BWIs and the Bretton Woods System. The Bretton Wood System was an international monetary management system that promoted fixed currency exchange rates by replacing the gold standard with the U.S. dollar as the global currency. The IMF's goal was to ensure and enforce the Bretton Wood Agreement while the World Bank would serve to improve the capacity of countries to trade by lending money to war-ravaged and impoverished countries for reconstruction and development projects.

At the time of the BWIs founding, the UN had not yet been established, though the UN's foundation had already been foreshadowed prior to 1944. Consequently, when the BWIs were set up, their relationship to the then non-existent UN were left open and vague. When the UN became formally established the following year, the BWIs legally became part of the UN system as a specialized agency similar to the likes of the International Labour Organization (ILO) or the Food and Agriculture Organization (FAO).

Despite the BWIs legal status as specialized agencies of the UN, the World Bank and the IMF, in reality, functions completely independent of the UN and at times, with disregard of the UN's overarching principles and pursuit of human rights. For this reason, throughout much of this study, a distinction is made between the BWIs and the broader UN system. While this distinction is legally incorrect under international law, it reflects the reality of global governance, where the BWIs not only is de facto independent of the UN, but is also more powerful and influential than much of the UN system.

## The Challenges Facing the UN as the Legitimized Site of Global Governance

The UN however, in both its founding and current form, is far from a perfect site for global governance. It continues to face challenges both externally and internally in delivering all of the universal aspirations of human rights, justice and equality for all while faced with constantly changing and complex global geopolitics.

### **Asymmetrical Power Relations Between States**

The UN during its founding was emerging in a world that consisted of both former and presently colonized and colonizing states - with many former colonizers still exerting influence and power over many of their former colonies. The Bretton Woods Conference - which led to the creation of the BWIs - when it took place in 1944, was attended by just 43 countries that were mostly global North countries, and with the rest of the world unrepresented. As a result, the UN and the BWIs was overwhelmingly influenced, led, and shaped by the economic and military powers of the 20th and 21st century. This is reflected even until today, in much of the structure of the UN and most notably, with the UN Security Council (UNSC).

The UNSC, arguably one of the UN's most powerful organs, is perhaps also, the most undemocratic. The UNSC consists of just 15 member states – 10 non-permanent members elected for two-year terms by the UN General Assembly and 5 permanent members – France, Russia, the United Kingdom, China, and the United States (U.S.) – the 5 states who emerged as “winners” of the Second World War and were considered the most powerful at the time of the UN's founding. Any one of these 5 states has the authority of overturning any majority supported resolutions with their veto power. These veto powers have been controversial since the founding of the UN



and remain so to this day as they become universally perceived as an example of the disproportionate power of the 5 permanent members within the UN.

Similarly, the BWIs are also not governed by a “one country, one vote” basis, but are instead governed by a “one dollar, one vote” system. By basing the voting on the financial contributions of member states, it inevitably assigns more power and influence on richer and developed countries. The BWIs also became the site for the emergence of the “Club governance” term and concept, which while is not new, was coined in the aftermath of the global financial crisis in 2008 by the German Institute for International and Security Affairs. Club governance is defined as “groups of states (sometimes with the involvement of international organizations) explicitly exercising governance functions beyond the immediate circle of actual club members, in one or more field of policy”, while purporting to operate for “the public good”.<sup>2</sup>

While there are also other UN organs and agencies where countries are given equal voting rights - such as the UN General Assembly (UNGA), the UN Human Rights Council (HRC), UN Economic and Social Council (ECOSOC), to name a few, there are firstly, asymmetries of power across these bodies and the UN, and secondly asymmetries between these organs and other organs of the UN – all of which needs to be acknowledged and addressed, in order for the UN to become a more just site for global governance.

### **Undue donor influence and lack of funding**

All 193 members of the United Nations are required to make payments to certain parts of the UN system as a condition of membership. The amount each member state must pay varies widely and is determined by a complex formula that factors in gross national income and population while members can also make additional voluntary contributions.

The United States (US) government for example, is the largest donor to the United Nations, even during the cuts made under the previous Trump administration. In 2021, the U.S government contributed USD 12.5 Billion dollars to the UN, which is a quarter of all the financial contribution received by the UN that year. In 2017 and 2018, the Trump administration made specific funding cuts to the United Nations Population Fund (UNFPA) and the UN agency for Palestinian refugees (UNRWA) respectively. This led to UNRWA to lay off staff and slash its health, education, and food assistance.

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<sup>2</sup> Ulrich Schneckener, “[The Opportunities and Limits of Global Governance by Clubs](#),” *German Institute for International and Security Affairs*, September 2009, 3.

The cut to UNFPA also coincided with the US government’s reinstatement of the Global Gag Rule (GGR) and its [inclusion of designated hate group with extreme anti-abortion and anti-LGBTIQ positions](#) as official US delegation to the UN Commission on the Status of Women (CSW).<sup>3</sup> These groups - such as the Center for Family and Human Rights (C-Fam) and the Heritage Foundation - are groups that have been known to have worked actively and openly to undermine rights related to gender, reproduction and sexuality both in the US and within the UN.<sup>4</sup> The Global Gag Rule, also known as the Mexico City Policy (MCP) was a Ronald Reagan-era policy introduced in 1984 which prohibits US’s international family planning funding from going to any non-U.S.-based organization that provided, referred, counseled, or advocated for “abortion as a method of family planning.” All of these have been viewed by feminist as a concerted move by the conservatives and other patriarchal forces within the US – leveraging the government’s undue donor influence on the UN – to carry out attacks on the sexual and reproductive health and rights of women, girls and other marginalized groups not just in the US, but also, around the world.<sup>5</sup> The example of the US government is just one of a number of instances, which illustrate how states who are larger donors to the UN, are able to exercise much more influence and can create funding crises and serious impairment on the UN body of work by withdrawing their funds.

Despite the increasing global crises and challenges and the broadening of the UN mandate and work around global governance, the funding to the UN has largely remained the same. While the total budget amount of the UN over the years appears to have a gradual growth, when adjusted for inflation using the Consumer Price Index (CPI), it has actually remained the same value for quite some time.<sup>6</sup> This lack of funding to the UN has also resulted in an increased turn and reliance on the private sector either through privatization of public services and public institutions or the new more popular model of Public-Private Partnerships (PPPs) and multi-stakeholder partnership, which has in turn led to increased influence of the private sector and multinational corporations. This has subsequently led to the shifting of the UN’s policies and approaches towards the private sector’s interests, namely profit-driven motives and market-based solutions, and away from what people and the planet really need.

While many countries from the Global South have advocated for a global

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3 See ARROW for Change (AFC), [SRHR in the Era of SDGs](#). Vol. 23 no. 2 2017.

4 The Observatory on the Universality of Rights and AWID, [“RIGHTS AT RISK: TIME FOR ACTION Observatory on the Universality of Rights Trends Report 2021”](#), 115-207.

5 ARROW, [SRHR in the Era of SDGs](#)

6 Elena Marmo, [“We Get the UN We Fund, Not the UN We Need. How the UN Opened Its Doors to Private Funding and Networked Multilateralism,”](#) Rosa Luxemburg Stiftung, New York Office, May 2022.

governance that is based on a global partnership between states based on the principles of Common but Differentiated Responsibility (CBDR),<sup>7</sup> developed and wealthy countries from the global North were instead advocating for global governance that is based on “Multistakeholderism”. Multistakeholderism, while not having a widely accepted definition, is often understood as referring to the partnerships between states and those who have a “stake” or interest in an issue, which in many instances, extends and translates to partnerships with corporations.<sup>8</sup> This hides the power asymmetry between actors with a “stake” such as states and civil society with corporations – when many of these corporations are easily larger than the economies of many countries in the world.

### **Tensions between human rights and the dominant neoliberal economic paradigm**

While the international human rights laws and mechanism under the UN have arguably raised further awareness and helped foster greater respect for human rights, it remains, as mentioned earlier, a work in progress. UN’s human rights system’s record faced challenges when it comes to holding states accountable for its own gross and systematic human rights abuses. Acts of intimidation and reprisals against human rights defenders, survivors and activists, including those who advocate within the UN have occurred.<sup>9</sup> There are large gaps in states’ implementation of human rights

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7 Common But Differentiated Responsibilities (CBDR) is a principle founded in the United Nations Framework Convention on Climate Change (UNFCCC) of Earth Summit in Rio de Janeiro, 1992. The principle is based on the polluter-pays principle where historical contribution to climate change and respective ability become measures of responsibility for environmental protection. The principle is important because it recognizes the disparity between developed and developing countries, and that the more industrialized and developed a country is, the more likely that it has contributed to climate change. Therefore developed countries having contributed more to environmental degradation and have greater responsibility than developing countries. To read more: Per Josephson, [“Common but differentiated responsibilities in the climate change regime: historic evaluation and future outlooks,”](#) Dissertation, Stockholm University, 2017.

8 While there are currently no widely accepted definition of “Multistakeholderism”, this study uses the definition put forth by Harris Gleckman who argued that multistakeholderism is a new emerging global governance system that seeks to ‘bring together global actors that have a potential “stake” in an issue and ask them to collaboratively sort out a solution.’ Theoretically, it means anyone with a ‘stake’ in the issue has a right to be involved, but that doesn’t explain how they are chosen or why someone is legitimately considered to have a ‘stake’ and someone else is not. The critique on multilateralism is that its vague and undefined form is what proves to be very advantageous to corporations who can position itself as one of the stakeholders. The treatment of diverse stakeholders as equals is also problematic as it does not recognize the power imbalances- parliaments, civil society organizations and businesses may all be stakeholders, but their authority, legitimacy and power varies considerably. See also, Transnational Institute’s Workshop Report, [“Multistakeholderism: a critical look”](#).

9 See the dedicated [page](#) of the UN Office of the High Commissioner of Human Rights (OHCHR) and intimidation and reprisals for cooperation with the United Nations in the field of human rights and the most recent report of the UN Secretary General on the the [‘Cooperation with the United Nations, its representatives and mechanisms in the field of human rights’ \(A/HRC/51/47\)](#).

commitments. While states' reporting to the various treaty bodies when it has been ratified are inconsistent and there is no recourse that can compel states to carry out their periodic reporting or to implement the recommendations that results from these processes. This is markedly different, for example, from the enforcement of multilateral trade rules where failure of a state's obligations can carry economic sanctions or trade embargoes. Or with the BWIs, where the need for loans can compel governments to implement unfair conditionalities.

To add to this, the Bretton Woods Institutions (BWIs) and the World Trade Organization, while they are specialized agencies of the UN, have not always operated under the same human rights goals and principles of the UN. By holding its own separate and dominant jurisdiction over global economic governance, the BWIs have used this, to prescribe unequal and unjust macro-economic policies on countries. Driven by powerful and wealthy governments and corporations, it has been utilized as a space to advance a particular economic paradigm – the neoliberal ideology characterized by the primacy of market and the pursuit for economic growth above all else. Even when these macro-economic policies have been pointed out as conflicting with the achievements of human rights by various other entities within the UN system, the BWIs have continued to prescribe them.<sup>10</sup> These policies prescribed – whether in relations to trade, investment, taxation, debt and public service delivery – also allow corporations to expand their markets and wealth, at the expense of economic, social, gender and environmental justice and human rights.

As a result, within the UN system itself, there are incoherence and tensions within the global policies and decisions made within the international human rights laws and within the global economic governance. If the ultimate goal for the international human rights laws, sustainable development and climate change multilateral framework are the achievement of human rights, the goal for the international economic, trade and finance framework are arguably economic growth. Contradictions and trade-offs between these policies have taken place. And these can be seen in the contradictions between the human rights and environmental protection obligations of states and the global economic policy framework that allows tax avoidance and illicit financial flows as well as the vital need for increased and redistributive public financing both at national and global levels. It can also be seen in the

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<sup>10</sup> See for example reports of the Independent Expert on foreign debt on the complicity of International Financial Institutions (IFIs) in human rights violations in the context of retrogressive economic reforms ([A/74/178](#)), the impact of the Structural Adjustment Programmes (SAPs) and austerity measures on labour rights ([A/HRC/34/57](#)) and women's human rights ([A/73/179](#)). See also the reports of the UN Independent Expert on the promotion of a democratic and equitable international order on the impact of the IMF conditionalities on development and human rights ([A/72/187](#)) and impact of World Banks' policies on human rights ([A/HRC/36/40](#)).

tensions between state's obligation to ensure and deliver public goods and services to people and their need to meet sovereign debt repayments.

### **The emergence and existence of other "sites" for global governance**

In recent decades, the informal associations of a few states within "global governance" have increasingly established themselves as powerful actors within international politics. While first emerging within the BWIs club governance, some of these clubs has proceeded to establish itself outside of the UN system and therefore independent of public opinion and democratic accountability. Some of the most influential of these informal associations of states such as the Group of 7 (G7) and Group of 20 (G20) consist of select powerful and wealthier states and are formed either around geopolitical alliances or powers. The justification provided for the emergence of these groupings are that they provide more efficient, effective and less bureaucratic global governance sites than the UN. It is also often argued that these sites are filling in the gaps of the UN.

As mentioned earlier, the UN does face a range of challenges which are undermining its ability to act as the central site for all global governance and these challenges ranges from undue donor influence, chronic lack of funding, the corporate capture of many of the global governance processes, the asymmetrical power relations between states, and the continuous tensions between the various global governance rules. The rise of exclusive groupings such as the G7 and G20, as elaborated below, is another additional factor that are threatening both the role of the UN as well as the centrality of multilateralism within global governance.

## **Introduction to Group of Seven and Group of Twenty**

The Group of Seven (G7) was first founded in 1975 as Group of Six (G6) with France, Germany, Italy, Japan, the United Kingdom, and the United States. The goal of the G6 at the time was to create a space for the non-communist powers to come together to discuss economic concerns, which at the time included inflation and recession following the oil embargo by the Organization of the Petroleum Exporting Countries (OPEC). The G6 was also created in response to the collapse of Bretton Woods system of monetary management, which was a direct result of the U.S. government under the Nixon administration ending the dollar's convertibility to gold in 1971. The following year, the G6 was joined by Canada, making it a Group of 7. In

1977, the EU became a non-numerated member of the G7 at the invitation of the UK. Between 1998 and 2014, Russia also became a formal member of the group, resulting in the Group of 8 until its membership was revoked because of its annexation of Crimea. When the G7 was emerging, states around the world were also experiencing shifts from Keynesian economics to monetarist economics - as seen again with Nixon in the US - to the emergence of neoliberal economics that became the dominant economic paradigm later in the 1980s.



Image credit: Heinrich Boell Foundation - The G7 and G20 in the global governance landscape (Licensed under CC-BY-SA 4.0)

The Group of Twenty (G20) was first founded in 1999 in the aftermath of the 1997-98 Asian Financial Crisis as a meeting of finance ministers and central bank governors. Following the 2008 Global Financial Crisis, the G20 graduated into a meeting of the Head of States who have met once every year since. Amidst the Asian Financial Crisis, the G7 issued a communique that the financial crisis was largely the result of Asia’s specifically, and emerging economies’ more broadly, “weaknesses in domestic financial systems” combined with a poor policy response on the part of the Asian countries affected.<sup>11</sup> The following year in September 1999, the G7 Finance Ministers and Central Bank Governors issued another communique declaring the need to “broaden the dialogue on key economic and financial policy issues among systemically significant economies”.<sup>12</sup> While on first view, it appears that G20 is a larger, more inclusive grouping of more diverse states based on an objective statistical calculation, the membership of G20 is in fact, just an exclusive grouping of states that was largely determined and handpicked

11 Report of G7 Finance Ministers to G7 Heads of State or Government, “[Strengthening The Architecture of the Global Financial System](#),” May 1998.

12 [Statement of G7 Finance Ministers and Central Bank Governors](#), September 1999.

by the G7 resulting in the combination of key emerging economies and non-key emerging economies but whom are US allies.<sup>13</sup>

When the G6 was founded, it represented half of the world's economy. Today, the G7 represents just 35%. The G20 on the other hand, represents 80% of the world's economy with the grouping of Brazil, China, India, Russia and South Africa – known as BRICS - making up 31.9%. These changing trends of share of the world's economy alongside the advent of neoliberal ideologies are important because they provide a combination of reasons for both the justifications and existence of the G7 and G20. The trends also provide a critical lens by which the legitimacy of the G7 and G20 can be unpacked vis-a-vis the dynamics within the global economic systems and governance and the relationships between the G7 and G20.

## The G7 & G20 As the “New” Sites of Global Governance - implications and relevance

While the rules and policies made under the G7 and G20 are not legally binding under international laws in the same way that the UN human rights treaties and conventions are, in reality, these rules carry as much if not more weight than international human rights laws.

Human rights treaties and conventions are made legal through the process of adoption and ratification by UN member states. Following the ratification, states then would need to transpose the treaties and conventions into its various national laws and practices, validating and solidifying these norms as part of states' legally binding obligation. And to facilitate and ensure accountability, the UN has established a variety of mechanisms – such as treaty bodies, Universal Periodic Review and Special Procedures – for monitoring and ensuring the compliance of member states with their human rights obligations under the international law.

The rules and policies made by the G20 and G7 on the other hand do not require a process of ratification and does not have a variety of accountability mechanisms of its own, in the way that the UN does. Therefore, the G7 and G20 rules and policies are not formal legal rules and are not considered as treaties and conventions. Most of the policies made by the G7 and G20 are usually implemented either through the voluntary adoption of the rules by states for national implementation, or through the rules and reforms being

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13 Viola, “Systemically Significant States”.

facilitated by existing global economic governance institutions such as the BWIs and the WTO. When the IMF, for example, puts the G7/G20 policies into implementations, it has and can do so through its structural adjustment programs and loan conditionalities. Because the G7 and G20 consist of some of the wealthiest and most powerful states in the world, its policies, and decisions, even when voluntary, remain very influential and dominant. In this era of globalization and free movement of capital, if a country fails to follow the neoliberal practice which the G7 and G20 promotes in its domestic financial governance, investors and multinational corporations would then simply opt for another country with open, deregulated and liberalized financial markets.<sup>14</sup>

Some of the key policy decisions that the G7 and G20 have taken with large global impact repercussion:

### **International financial regulations**

The G7 from its very initial beginnings were concerned with issues regarding the international financial system. Following the collapse of the Bretton Woods system - which was brought by the US itself - the US and the 5 other countries came together to deliberate what was to come after the Bretton Woods system. One of its first acts as a small club was to create a new set of international financial standards and regulation through the Basel Committee on Banking Supervision (BCBS). The BCBS is a committee of banking supervisory authorities that was established by the central bank governors of the Group of 10 countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States) in 1974. In 1987, the BCBS came up with the Basel Accord, which shifted the attention of global economic governance from tightening domestic regulation to instead raising capital requirements for all commercial banks around the globe. This was a clear favor of market-based discipline instead of state regulation over the financial system. According to a study by Daniel Drezner, half of the financial codes and standards that exist around the world emanated from club-like international governmental organizations or private orders such as the G7, G10 and the institutions such as BCBS and the Financial Stability Forum (FSF).<sup>15</sup> “In the case of the “international financial standards project”, Drezner shows how the US and the EU initially used small ‘club’ settings which

14 Lee, “Neoliberal Diffusion”, 114.

15 Daniel Drezner, “All Politics is Global: Explaining International Regulatory Regimes,” Princeton: Princeton University Press, 2007.



they controlled to develop a set of new international standards they favored. These settings included various international standard setting bodies such as the Basel Committee on Banking Supervision (BCBS) as well as a new institution they created in 1999 – the Financial Stability Forum – to coordinate the process.”<sup>16</sup>

### **Global tax rules**

In 2021, the G7/G20 approved a new corporate tax deal which may limit but does not stop corporate tax dodging. The deal, brokered by the Organization for Economic Cooperation and Development (OECD) and endorsed by 137 countries and jurisdictions is known as the Inclusive Framework (IF). The IF consists of 2 pillars. Pillar 1 sets out the categories of companies that the IF applies to, i.e. companies with more than 20 Billion Euros in averaged worldwide revenues and a before-tax profitability margin of at least 10 percent, while Pillar 2 sets the minimum corporate tax rate at 15%.

The IF, while arguably one of the largest and most significant global tax reforms in decades, has also been criticized for its failure to deliver for developing countries and being bad for development for a number of reasons. Firstly, the minimum tax rate at 15% is much lower than the statutory corporate tax rates of many countries in the Global South and the global average for minimum corporate tax rate, which is 25%. Secondly, the IF entrenches the taxing rights to headquarter countries over global profits, which means that should a country choose to collect the 15% from a corporation headquartered in its jurisdiction, no other countries which host said corporation’s subsidiary can collect further taxes. And because most multinational corporations in the world are headquartered in global North countries, this rule inevitably disadvantages many countries in the global South. And finally, the IF negotiation itself was held behind closed doors, with no transparency and accountability. Not only did one-third of the world’s countries have been excluded from the negotiation, but the OECD secretariat reportedly ignored the negotiation positions of both the African Tax Administration Forum (ATAF) and the Group of 24 representing a range of countries in the global South while prioritizing the interests of certain OECD and EU countries such as Ireland, Malta and Estonia who has powers to block the deal being adopted at the OECD and the EU.

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16 Eric Helleiner & Stefano Pagliari, “[The End of an Era in International Financial Regulation? A Post-Crisis Research Agenda.](#)”

## Sovereign debt related policies

When many global South countries proposed for a debt restructuring mechanism and multilateral efforts to tackle the debt servicing issues facing developing countries through UNCTAD, they were vehemently opposed by many rich and developed countries.<sup>17</sup> The US particularly wanted to maintain discussions around debt restructuring within creditors clubs, such as the Paris Club. Maintaining the Paris Club's control over the discussion was also key to ending the momentum that was emerging amongst global South countries that viewed their debt problems as part of the structural issues of inequality between developed and developing countries. The Paris Club as a grouping of country officials from major creditor countries, also shared a lot of overlap with the G7. Consequently, the political and transformative changes to the global debt crisis which the global South wanted took a blow and the technical and small patch fixes of the G7 took priority. This can be seen as well through the G20 Debt Service Suspension Initiative (DSSI) introduced at the beginning of the COVID-19 pandemic. The DSSI, created on the urging of the IMF, was an initiative which allowed for countries to suspend, not cancel, the repayments of part of their existing debt. This initiative took over the much larger and broader global calls, including at the UN for more holistic debt restructuring initiatives as well as debt cancellations.

There are also other policy areas such as climate or energy or food, where the G7 and/or the G20 have attempted to make policies and decisions on. However, many of these policies and decisions are still centered around financial or fiscal policies and regulations. For example, the creation of the range of environmental, social and governance (ESG) framework for investment, encouraging more "green" investments or encouraging more sustainable finance etc. It is however important to note that while some of these policies might not be as harmful as many other G7/G20 policy and decision-making, these are largely voluntary types of framework and are not being imposed through all the approaches in which some of the G7/G20 policies above are. Some of the proposals, such as the G20 Sustainable Finance Roadmap are highly profitable for banks and investors, and do not tackle inequality. It also does not in any way prohibit the financing of activities that are climate and environmentally harmful.

As some of the examples above illustrates, through the combination of different approaches for enforcing its rules and decision-making, the G7 and G20

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<sup>17</sup> Quentin Deforge and Benjamin Lemoine, "[The Global South Debt Revolution That Wasn't: UNCTAD from Technocratic Activism to Technical Assistance](#)", *Sovereign Debt Diplomacies: Rethinking sovereign debt from colonial empires to hegemony* (Oxford, 2021; online edn, Oxford Academic, 22 Apr. 2021).

have been able to create a powerful international economic and financial architecture, behind closed doors and outside of the UN, with impacts on national and domestic policies that are often more far-reaching than any UN treaties or conventions.

## The G7, G20 and its Legitimacy - Neither Representative nor Effective

The G20 declares itself the 'premier forum of international economic cooperation'. It makes this declaration on its claim to be both representative and effective, as well as the coverage of the world's economy and trade that its members are said to represent. These claims, when viewed critically, can be dismantled.

### Not representative

The G20, even with its more diverse composition of countries than the G7, still excludes 172 countries of the world. Furthermore, it cannot even claim to be regionally diverse and representative, as only one country from the entire African continent is a member of the G20.

During its founding, the G20 members were largely handpicked by G7, notably by the US and Canada - not based on a systematic statistical calculation, but on "an intuitive sense of which countries were most systemically significant".<sup>18</sup> As a result, G20 members did not include some of the countries whose economies were large and advanced enough to impact on the global economy in the event of a crisis, for example, Greece, New Zealand, Singapore, Thailand, Spain, Sweden, and Switzerland. And while the G20 did include some large and advanced economies, it also included many other countries that were either relevant US allies or states that are more likely to adhere to the neoliberal economic paradigm that the US was promoting.<sup>19</sup> For example, Australia, which is a historical key and loyal US ally in the Asia and Pacific region,<sup>20</sup> and Argentina, one of the earliest bloodies neoliberal experiments in Latin America, having begun in the early 1970s with support of the US government.<sup>21</sup>

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18 John Kirton, "G20 Governance for a Globalized World," *London: Routledge*, 2013.

19 Viola, "Systemically Significant States".

20 Iain D. Henry, "[Adapt or atrophy? The Australia-U.S. alliance in an age of power transition](#)", *Contemporary Politics*, 2020, 26:4, 402-419.

21 Billy Davis, "[Debt, Death, and Deregulation: Neoliberalism, Human Rights, and American-Argentine Relations, 1976-1983](#)", Eastern Illinois University, 2021.

The G20 even amongst its members, had clear asymmetries of power, capacities, economy, and development. As mentioned in an earlier section, when the G20 was founded, it was rationalized by the G7 as a dialogue amongst “systemically significant economies”, a term which is now used broadly in various global governance processes, and which in fact, has never been defined under any international law to this day. While at first glance, the use of the term presents some nominal idea of further inclusion, it ultimately serves as a new category of country stratification rooted in a neoliberal ideology.<sup>22</sup> Because of this, the G20 cannot make any claims of its representativeness, since it was not formed on the basis of any objective standards, nor did it have an equal representation of at least all the regions in the world.

### **Not effective**

In claiming to be more effective than the UN, the G7 and G20 would point to its ability to avoid the bureaucracies and polarized opinions that usually bogged down the UN. While it is perhaps true that the G7 and G20 can produce policies and decisions at a faster rate than the UN, the actual benefits and effectiveness of said policies and decisions are questionable.

When the G20 was created, one of the issues that it was intended to address was the “weaknesses in domestic financial systems” mentioned in the previous section. Over time, the weaknesses in the domestic financial system which the G7 had referred to became synonymous with the domestic financial policies and practices in Asia and in other emerging economies that were inconsistent with neoliberal economics.<sup>23</sup> This narrative subsequently created an environment in which the US and the IMF could promote more structural adjustment packages tied to neoliberal economic reforms, including the reduction of government spending and further liberalization of the financial sector. As a result, many of the recent policies and decisions made by the G7 and G20 have either failed or have been criticized for not being in the interest of all countries or global good.

### **Failure in ensuring the stability of the global financial system**

While the goal for the establishment of the G7 and the G20 was the stability of the financial system, both the groupings adherence to the neoliberal

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22 Viola, “Systemically Significant States”.

23 Pei-Shan Lee, “[Neoliberal Diffusion and Regulatory Capture of Financial Rules: Lessons from the 2007-8 Global Financial Crisis](#),” *Public Administration & Policy*, No.55, December 2012, 109-136. Lora Anne Viola, “[“Systemically Significant States”: Tracing the G20’s Membership Category as a New Logic of Stratification in the International System](#)”, *Global Society*, March 2020, 34:3, 335-352.

economic dogma has led to its failure to fix or ensure the stability of the global financial system, as evidenced from the last 2 major economic crisis that has taken place since the G7 and G20 began. The G7, instead of acknowledging that the Asian Financial Crisis was the result of regulatory failures or lack of regulation of the financial market, had instead pushed for further deregulation of the capital market through creating the G20. The deregulation that followed the Asian Financial Crisis subsequently contributed to the 2008 Global Financial Crisis. Following the 2008 Financial Crisis, the G7/G20 once again agreed to address issues within the financial system, and yet many issues remain unresolved and these issues have created a wave of other problems during the pandemic and in the current post-pandemic context.

### **Failure is addressing the sovereign debt crisis**

The G20 2020 DSSI - which was a flawed initiative to begin with because it was not a debt cancellation - was considered ineffective for several reasons. Firstly, the initiative did not include and obliged private banks and investors, and as a result, only one private creditor had participated in the initiative. Secondly, out of the 73 Low Income Countries (LICs) eligible for the initiative, only 43 applied for a total of \$13 billion of debt service suspension. This accounted for just a quarter of the amount the G20 announced the DSSI would deliver. And finally, as of the time of the writing of this study, the DSSI has long ended and states have since resumed their debt repayment. The DSSI when it ended at the end of 2021 came at a time when the world was facing one of the worst debt crises in decades and with the debt burdens coming at the expense of public services, climate mitigation, as well as COVID-19 recovery efforts.

### **Failure in addressing the global race to the bottom on taxation**

As mentioned in the earlier section, the recently proposed G7/G20 Inclusive Framework (IF) will only deepen inequality between countries and will not deliver much needed resources to developing and least developing countries in the Global South. The low corporate tax rate that the deal proposes has been described as a tax deal that will replace a "race to the bottom" for tax competition into a "race to the minimum" for countries that currently have a higher corporate tax rate.

## Between Hegemony & Legitimacy: From the G7 to G20

“The Dollar Wall Street Regime (DWSR) is largely reproduced and regulated through coercion rather than consensual arrangements. Yet this coercion does not involve brute force, but operates through less visible and highly complex networks within the transnational bourgeoisie and political elites. In the management of both the global economy and national economies, for example, the coercion we are talking about has taken the form of a shift of the locus of decision-making to forums that are independent of public opinion and democratic accountability.”<sup>24</sup>

A number of studies have argued that the creation of G20 was ultimately to serve and maintain the legitimacy and hegemony of the G7 and its neo-liberal economic agenda, in a changing geopolitical and global economic context.

The Canadian Finance Minister Paul Martin in July of 1999, just shortly before becoming the head of the newly established G20, said, “It is not reasonable to expect sovereign governments to follow rules and practices that are ‘forced’ on them by a process in which they did not participate. Therefore, whatever form the renewed global financial architecture ultimately takes, all countries must ‘buy into it’ and take ownership. Only then will the framework have legitimacy.”<sup>25</sup> While this may sound as purely rhetoric on the part of some of the most powerful countries in the world, this may not simply be rhetorical, as further elaborated below, and that the need to maintain hegemony while ensuring legitimacy was the key contributing factor to the G7’s creation of the G20.

When the Asian Financial Crisis happened, it led to a range of criticism towards the “magic” that was free market and free movement of capital. While the IMF, the US and many rich countries in the global North attempted to blame emerging economies for poor macroeconomic, and particularly fiscal policies, these quickly lost its weight when considering that many of the Asia countries were just heralded as the “growth tigers”.<sup>26</sup> When these arguments failed to hold, the G7 quickly shifted to blaming the “crony capitalism” in the emergent economies as the cause of the

24 Susanne Soederberg, “[The New International Financial Architecture: Imposed Leadership and ‘Emerging Market’](#)”, Vol. 38: *Socialist Register 2002: A World of Contradictions*, 179.

25 Paul Martin, “The International Financial Architecture: The Rule of Law”, remarks before the Conference of the Canadian Institute for Advanced Legal Studies, Cambridge, United Kingdom, July 12 of 1999.

26 Soederberg, “The New International Financial Architecture”, 177.

financial crisis. Neither the G7 or the IMF was willing to admit that the crisis was caused by liberalization of the financial and capital markets, having been previously forced on Asian countries through international pressure of the US and IMF-related conditions and reform. Amidst this torrent of distrust and criticism towards the current global financial system, and particularly, the neoliberal agenda within it, the US needed means to ensure that countries around the world continue to adopt the neoliberal rules and standards preferred by the G7, which brings us to the creation of the G20.<sup>27</sup>

Antonio Gramsci in his analysis argues that imposing hegemony requires a mixture of coercion and consent. And this consent is secured through the use of culture, ideology and thinking. In elaborating further Gramsci's analysis, Robert Cox wrote "the dominant state takes care to secure the acquiescence of other states according to a hierarchy of powers within the inter-state structure of hegemony. Some second-rank countries are consulted first and their support is secured. The consent of at least some of the more peripheral countries is solicited".<sup>28</sup>

If we look then at the G20, its function for legitimizing G7 policies and decisions can be seen. By including China, Russia, India and Indonesia, G20 can claim to represent the world's largest and most populous countries and ones with, historically, very different social and economic systems than that of many G7 and global North countries. By creating G20, the G7 had a way to "manage" the challenges that were presented by the new emergent economies in the global South through a neoliberal approach. Because of how large many of the economies in the global South had become, it was in the interest of the G7 countries and the investors based in them that the financial systems of global South countries would remain open. That there will be no return or emergence of any kind of 'development state'. The risk to the G7's organizational legitimacy that it was pre-empting through the creation of the G20 was not only about its political exclusiveness, but also linked to the types of neoliberal policies and decisions it was promoting.

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27 Lee, "Neoliberal Diffusion", 109- 136. Soederberg, "The New International Financial Architecture", 175- 192.

28 Rober Cox, "Gramsci, Hegemony and International Relations: An Essay in Method," in Stephen Gill, ed., Gramsci, Historical Materialism and International Relations, (Cambridge: Cambridge University Press, 1993), 49-66.

## The United Nations as the legitimized site of “global governance” under International Law

Amidst the proliferation of even more groupings, this study maintains that the UN remains the most democratic and human rights-centered site, out of all the existing sites for global governance. For this reason, the UN, as imperfect as it may be, is the legitimate site for global governance, where at least all countries are represented and can have a say regarding our global problems and the solutions. The current crisis facing multilateralism combined with the needs for international cooperation amidst increasing global challenges have further illustrated the needs for the UN as well as the urgency of reforming and strengthening the UN. What is needed to address the key problems today – whether pandemic, global inequalities, financial crisis, climate crisis or poverty – is not an informal leaders forum or a grouping of a select few countries such as the G7 or the G20, but through treaty-based and global deliberations within a multilateral framework.

However, for many of these issues to be pursued successfully and in the spirit of multilateralism within the UN, an overall reform and strengthening of the UN is needed and is a call that has been consistently put forth by states, academics, and civil society. These calls and proposals towards reform and strengthening of the UN are not new. The UN itself has undergone several reforms and changes since its founding more than 77 years ago, where the traditional dominance of many global North countries within global governance have not been left unchallenged. Various forms of alternatives and proposals have existed, led by states or civil society and at times, by both.

### **From alternatives to reforms, strengthening the UN treaty-based multilateral association of nation states**

From the beginnings of the UN, there has always been recognition by global South countries that the UN and the current international economic and political order perpetuates inequality and therefore needs to be reformed. This led to the Bandung Conference that took place in Indonesia in 1955, which brought together 29 newly independent Asian and African states as the Non-Aligned Movement in an attempt to imagine an alternative way of just global governance. This was followed by several calls throughout the UN for remedies and reforms, one of which was the creation of the United Nations Conference on Trade & Development (UNCTAD). 77 countries had voted



for the UN Resolution authorizing the creation of UNCTAD in December 1962. Raul Prebisch, an Argentinian and the first UNCTAD Secretary General, following UNCTAD's first gathering in 1964, shared his optimism over the "constitution of a new force within the Third World contingent in UNCTAD, namely, the Group of 75", which by the end of the meeting in Geneva had become the Group of 77.<sup>29</sup> These 77 countries were the precursor of what is known today as the Group of 77 and China. In 1974, the UN General Assembly adopted the resolution on the Declaration on the Establishment of a New International Economic Order. And in 1986, the UN General Assembly adopted the resolution on the Declaration on the Right to Development. All of these were part of the global South's collective efforts to change the rules of the old international economic order and establish an alternative 'New International Economic Order' (NIEO) based on principles of justice, sustainability, and equality between states.

While the call for the NIEO order eventually faltered, and UNCTAD for example, has transformed from a bastion of critical thinking and promoting systemic remedies on a variety of economic policy issues into a technical agency facing not only an institutional crisis but also increasing neoliberalism, some aspects of the alternatives have survived, have continued to influence to UN and have continued to be built upon as agendas for reforms and strengthening of the UN.

The concept of the Right to Development which emerged as the result of the 1986 Declaration was instrumental because it brought forth a new conception of human rights within the UN, such as its emphasis on collective versus individual rights. The concept also contested the meaning of human rights that was generally accepted in the 1950s and 1960s, which was also used by global North countries to obscure exploitative economic structures that eventually paved the way to aggressive neoliberal transformation. The Right to Development is now included in the mandate of many UN institutions and offices. It was also a key principle in the beginning of the discussions around the post-2015 development agenda and eventually the Sustainable Development Goals (SDGs).

The Grouping of 77 and China continue to exist until today and has since expanded into 134 developing countries. The Grouping includes Brazil, India, and South Africa as members, and China as participants. The G77 and China represent the largest bloc of countries operating and advocating collectively issues such as trade, debt, and tax within the UN system. A few countries from the G77 and China have also since embarked on the

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29 Joseph L. Love, "[Latin America, UNCTAD, and the Postwar Trading System](#)," November 2001.

creation of their own alternative groupings. BRICS for example, are setting themselves up as an alternative to existing international financial and political forums, and particularly G7. BRICS have also provided a challenge to the BWIs, by creating its own New Development Bank (NDB), where one country has only one vote, though it remains to be seen whether the NDB presents valid alternatives for many countries which had suffered painful experiences under the IMF's structural adjustment programs and loan conditionalities.

Numerous civil society organizations have also submitted proposals for reforming and strengthening the UN through changes within different parts of the UN system. Many of the UN's work including its human rights multilateral framework, for example, would benefit from adequate funding to all its work and this would require concerted efforts from all states to ensure that such funding is available. The growing trend of "multistakeholderism" and the use of stakeholders instead of public sector representatives and rights holders in multilateralism and the UN, is being challenged. Civil society have suggested that governance should be shifted back to prioritizing rights holders rather than stakeholders. Additionally, states and civil society organizations have questioned the World Bank's and IMF's accountability and power in global economic governance, noting its lack of democratic decision-making processes and disregards to human rights principles. This challenge to the dominance of the BWIs global economic governance – which is dominated by G7 and G20 - have been accompanied by the proposals to restore economic decision-making power to the UN and various UN organs and agencies. Some of these proposals are elaborated further below. Only by restoring these powers and decision-making to the UN, while transforming some parts within the UN, can the democratic deficit and structural issues within current global governance be potentially addressed.

Pursuing global economic agendas and issues within the UN system  
Many of the key economic policies and decisions that the G7 or G20 have pursued in its exclusive clubs are economic policies and issues that have long been discussed, debated, and advocated by various actors and organs within the UN system. Therefore, transferring this global governance power and decision-making from the G7/G20 to the UN is not impossible and are in fact, necessary. Issues around debt, tax and financial regulations, and just global economic governance have seen several proposals and alternatives of its own – some of which are concrete and specific. All of these have been put forth within the UN, where there is potential for a more just global governance.

# A New and Democratic Global Economic Architecture

Civil society has long raised the challenges of holding actors de facto outside the UN, such as BWIs - where the G7 and G20 dominate - to account. They have also questioned the power that the IMF wields and exercise over global economic governance when the IMF is neither a neutral arbiter nor does it have democratic decision making processes within it, and where its approaches are rooted in a narrow, neoliberal and non-human rights approach to economic policy.

One such proposal is the ongoing call by civil society organizations for the fourth UN Financing for Development (FfD) Conference, which will take place under the auspices of the Economic and Social Council (ECOSOC), one of the 6 key organs of the United Nations. The proposal is intended to challenge how economic policies and decisions are currently being made in closed and exclusionary forums and to return those policies and decision-making to the UN as the “only space for global finance and development where all governments are represented with an equal vote and voice.” It also aims to remedy the democratic deficit and structural issues within the current global economic governance. This proposal also includes several other key proposals – including on debt and tax that are discussed below, and several more around trade and technology not discussed in this study.

## **International financial regulation**

During the UN General Assembly in September 2009 - following the 2008 Global Financial Crisis and the elevation of the G20 from a gathering of finance ministers and central bank governor to heads of state - the President of the United Nations General Assembly released a Report of the Commission of Experts on Reforms of the International Monetary and Financial System. The report positioned the United Nations General Assembly, as the world’s only legally constituted and globally inclusive intergovernmental body with a clear mandate on economic affairs, to have a special and unique role in global economic governance and the regulation and creation of the international financial system. The report also stated that “decisions concerning necessary reforms in global institutional arrangements must be made not by a self-selected group (whether the G-7, G-8, G-10, G-20, or G-24), but by all the countries of the world, working in concert. This inclusive global response will require the participation of the entire international community; it must encompass representatives of the entire planet, the G-192.”

One of the overarching themes of the UN FfD conference has been the need to enhance the coherence and consistency of the international monetary, financial, and trading systems to ensure that they support the internationally agreed upon development goals, including social and environmental sustainability. Civil society has repeatedly called for the UN FfD process to be a site for conversations on global economic governance, including around the international financial system.

## **Debt justice**

One of the demands of global South countries for more equitable global economic governance was around the need to address issues of debt servicing that was faced by developing countries. This issue led to recommendations at the 1975 UNCTAD's conference for a debt restructuring mechanism, which was quickly rejected by global North countries.<sup>30</sup> Yet, the idea of a set of global principles to guide sovereign debt restructuring and the creation of a debt restructuring mechanism has never been abandoned and has consistently and continuously been called for within the UN system. Most recently in 2014, the G77 and China secured a UN General Assembly resolution committing the body to work towards establishing a multilateral legal framework for a debt workout mechanism and basic principles for a sovereign debt restructuring process. These would ensure a systematic and timely approach to orderly, fair, transparent, and sustainable sovereign debt crisis resolution. Numerous civil societies and UN agencies, such as UNCTAD, have continued to put forward valuable contributions to the discussion on how to design such a solution. UNCTAD for example, has published a roadmap towards sustainable sovereign debt workouts. While the European Network on Debt and Development (Eurodad) had released its own civil society principles for sovereign debt resolution. All of these are being proposed under the auspices of the UN, currently the only forum in which all countries have equal say and is neither a creditor nor a borrower.

## **A UN-led Tax Treaty & Convention**

Since 2014, the G77 and China have been advocating at the UN for international cooperation on tax matters which would include the creation of a global, inclusive norm-setting body for international tax cooperation at the inter-governmental level which would allow "all member States, including developing countries, to have an equal say on issues related to tax matters". In 2019, Senegal, speaking on behalf of the Africa Group at the UN High

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30 Deforge and Lemoine, "The Global South Debt Revolution That Wasn't".

Level meeting on International Cooperation to Combat Illicit Financial Flows and Strengthen Good Practices on Assets Return called for a UN Convention on Tax, and stressed that the group believed such a convention could help to tackle the issues of illicit financial flows. The following year in 2020, in response to the COVID-19 crisis, a 'Menu of Options' produced as part of a UN process to consider how the international community could respond to the Covid-19 pandemic included the proposal for the negotiating of a UN Tax Convention. Today, there remains support amongst member states for a UN Tax Convention, even after the launch of the G7/G20 Inclusive Framework. This support was echoed at the March 2023 ECOSOC Special Meeting on international cooperation in tax matters in March 2023. Eurodad has also published a detailed proposal for what a UN Convention on Tax might look like.

All the alternatives and proposals above share one commonality: it positions the UN as the most legitimate site for the discussions and negotiations of these issues to take place. As illustrated above, the potential and possibility of pursuing just global governance, including on matters of global economic and financial issues within the UN is enormous. With the potential and possibilities resting more on political will of states rather than any administrative effectiveness and practicality within the UN. And as with many of the most pressing and urgent issues of our time, pursuing these issues and agendas in a way that is just, that redistribute wealth and resources and power, that considers historical responsibility, and that puts human rights, environmental, social, and gender justice at its center can only happen through international cooperation and solidarity. Such international cooperation and solidarity are not possible in forums where only a handful of states are presence and where most countries, civil society, and social movements in all its diversity, especially from the global South, are not part of the debates and conversations. These proposals are actionable and can contribute towards strengthening the UN as the global governance site that is based on the principles of democracy, multilateralism, solidarity, and cooperation.

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