



7th Raúl Prebisch Lecture

TRIBUTE TO RAUL PREBISCH

By

**Fayza Aboulnaga, Ambassador,
Permanent Representative of Egypt;
Gamani Corea,
former Secretary-General of UNCTAD;
Javad Zarif,
Deputy Foreign Minister for Legal
and International Affairs, Iran;
member of the Group of Eminent Persons
for the UN Year of
Dialogue among Civilizations**

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11th lecture, 2001: Tribute to Raúl Prebisch

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**Rubens Ricupero,
Secretary-General of UNCTAD**

11th RAÚL PREBISCH LECTURE

Geneva, 11 October 2001

STATEMENT BY

Fayza Aboulnaga
Ambassador, Permanent Representative of Egypt

Like my colleagues who are involved in trade negotiations right now, I found your comments most interesting and illuminating. It is, I think, a sad reality-check to find out that we today, probably 40 years later, are still fighting for the same agenda that you and your colleagues were fighting for in defence of the interests of the developing countries, your region and your country. Not only that, but as you rightly stated, we even have the additional challenge of facing new issues being imposed on us, and I very much appreciate your sharing with us what Dr. Prebisch warned about so many years ago, namely the challenge of market forces and how this is going to impact on world trade and also on the relations between North and South. So I greatly appreciate your comments.

This centennial anniversary is not just a traditional celebration. It does bring with it some noble connotations, represented in the world's appreciation of the thoughts and the great accomplishments of Dr. Prebisch. From the very establishment of UNCTAD, Raúl Prebisch was a practical expression of the coming together of peoples on our planet for the sake of a noble objective - contributing to the integration of developing countries in the world trading system in a manner which will push forward the wheel of development in these developing countries. Dr. Prebisch's deep faith and efforts in this direction are the best evidence of the possibilities of collective global action that could lead to the achievement of these common objectives.

Within the framework of the developments that have taken place in the world since the beginning of the 1990s, we do need to try to find inspiration from the thoughts of Raúl Prebisch as regards coexistence and global participation in the achievement of our objectives and the objectives of all peoples. With the changes that have taken place in the last decade and century and the emergence of globalization, we were hoping that the world, with its varied and different cultures and ancient civilisations, would seek further convergence and further joint action in order to achieve common benefits. But unfortunately, instead of pursuing this path all together, we have listened to some voices advocating confrontation rather than convergence, conflict rather than cooperation, voices that deny the possibility of coexistence between civilisations and cultures. There were other voices claiming the superiority of one culture or civilisation or religion over another. Those voices did not benefit from the lessons provided by the history of humanity. They were unable to understand the reality and truth about the various cultures and civilisations that have flourished on our planet. These cultures and civilisations have given to and taken from each other, producing together our common humanity. These voices either

deliberately or accidentally ignored the merits of the most ancient civilisations in relation to the most recent. Maybe the only other excuse is that of ignorance or not knowing enough about other civilisations, but this is not an acceptable pretext, particularly on such a level.

A review of the life and history of my country, Egypt, could provide the best evidence of the possibility for all civilisations and cultures to come together and of possibilities for joint action. The father of all prophets, Abraham, married one of the Egyptian princesses. And the Prophet Moses was born and grew up on the land of Egypt, and it was on Mount Sinai that he received the heavenly message. Egypt and the Egyptian people gave refuge to the Virgin Mary and her child Jesus Christ. The Egyptian church has contributed greatly to enriching Christian thinking throughout the world, and it created the Christian monastic orders. Egypt has also received the message of Islam. It has become a lighthouse for Islamic teaching and thinking.

Before that, Egypt had given the world the Pharaonic civilisation, which has lighted the path of humanity, and along with Greek civilisation it constituted the Hellenic civilisation, which gave the whole world the knowledge that constituted the basis for all sciences being taught in all parts of the world today. And it made its contribution to the Roman culture. Moreover, it has also led Arab and Islamic civilisation. This land, throughout its history, was a refuge for all those who fled from various parts of the world because of persecution of one culture or civilisation by another. So many immigrants came from Africa, Asia and Europe. On the land of Egypt there was a mixture of many civilisations and cultures from all parts of the world, which were all melted together to constitute our Egyptian culture and personality. And on this land, you find side by side Islamic mosques, Jewish temples and Christian churches.

We believe that every civilisation represents the sum total of the cultures of its people, which shape its distinctive personality. Each civilisation has reached a certain level to enable it to make a special contribution to human thinking, and therefore all religions are able to contribute their values and principles. This is quite natural. It is a healthy phenomenon because value systems have developed within the framework of history, politics, and social and economic affairs. And they have passed through various stages. This applies to Islamic civilisation as well as Western civilisation and Asian and all other civilisations.

Here, I wish to clarify that the term Islamic civilisation does not necessarily mean those who profess the Islamic religion; the adherents of this civilisation live on lands which extend from the Atlantic Ocean in the West to the borders of China in the East, passing through parts of Asia, Africa and Southern Europe. And they belong to different religions. They are brought together by common or similar value systems. An attempt has been made to describe this civilisation as being reactionary and rejecting progress, advocating violence and refusing to coexist with other civilisations and cultures. We even hear those who reiterate that terrorism is linked with this civilisation because of practices carried out by a minority of those who adhere to this civilisation, or who might adhere to this civilisation. This is despite the fact that similar examples are to be found in other parts of the world, among people of other civilisations and religions. But unfortunately, sometimes such conceptions find their echo in different parts of the world.

This misconception ignores the comprehensive view of the reality of the Islamic world, particularly the contemporary Islamic world. These negative concepts have created the wrong impression of the existence of a confrontation between the West and the Islamic world. There is no doubt that the crisis lived through by the world since the inhuman, criminal attacks on New York and Washington on 11 September will be attributed to that. But this leads to a misconception, because the sources of terrorism, its causes, are not to be found in an absence of dialogue between civilisations. Terrorism is not due to confrontations between religions, as some claim. The source of terrorism is a feeling of injustice, marginalization, suffering, indignity, deprivation of the most elementary human rights and the continuation of aggression and occupation for so many years and for so many decades. Whether this injustice is political or economic, social or even cultural, following this trend will have dangerous repercussions, unless we all try very genuinely and with joint faith to correct such misconceptions and misrepresentations.

Islam did not spring up in the last decade, nor did it come up to fill an ideological vacuum. Islam, like the other heavenly, divine religions, was established in the world long before those modern ideologies cropped up. We do not ask the West to recognize something that we have not done. Members of the Islamic civilisation did not attribute to this civilisation of the West two World Wars. The most violent conflicts of this century were those that beset the countries that belonged to the Western civilisation until the middle of this century, and the main cause was conflict of interest rather than a conflict of civilisations. This is the best evidence of the wrongness of those who advocate this concept of a conflict between civilisations.

Undoubtedly, we need further action in order to attain a deeper understanding on the part of every culture and every civilisation and every religion, an understanding of the other cultures, civilisations and religions. There is a need to base our understanding on serious and deep knowledge in order to be able to realize the positive interaction between cultures and civilisations. This is likely to help us strengthen the basis for peaceful coexistence. The adherents of Islamic civilisation throughout the past fourteen centuries have enriched the Western civilisations, culturally and scientifically, and today the adherents of Islamic civilisation do not deny that they have benefited from the accomplishments of Western civilisation in the scientific, technological and medical fields. I would like to quote from an article by Mr. Miguel Moratinos, Special European envoy to the Middle East; its title in English is "Europe and the Moslem World, International Relations". I quote: "Perhaps Western societies should rethink their traditional outlooks instead of focusing on the exclusive desire to export their own cultural and civilisational models. It is time for them to accept cultural imports and to improve their understanding of an increasingly and complex and interdependent world"

I would like to dwell on the important role that can be played in this context by the serious mass media in the process of building bridges between the adherents of different civilisations, because they are watched and read by so many people. The media should take seriously their responsibility to disseminate knowledge and facts without any attempt at distorting reality or exciting people's feelings.

We do believe that, in addition to dialogue, which is a basic constituent to promote understanding between the adherents of various civilisations, it is also certain that the achievement of economic progress and the elimination of poverty is a cornerstone in the achievement of this objective. The attainment of justice between the inhabitants of this planet resides in the meeting of their basic needs. This is a decisive factor in bringing about stability. In this connection, we welcome the adoption of international targets for development.

I would like to announce that, in the coming few months, we plan to reopen the Alexandria library, which has preserved the heritage of human cultures for so many centuries. Arab and Islamic Egypt will now revive this ancient library so that it remains forever a lighthouse, guarding the heritage of all humanity with all its diverse cultures and civilisations.

11th RAÚL PREBISCH LECTURE

Geneva, 11 October 2001

STATEMENT BY

Gamani Corea
former Secretary-General of UNCTAD

I want first of all to express my sense of gratitude for the opportunity to be here today on this very significant occasion, the centenary of the birth of Raúl Prebisch. I am proud to be here not only because I am one of his successors as Secretary-General of UNCTAD, but also because well before the date of my coming here to UNCTAD in that capacity, I had the opportunity to know him and to work with him over a period of many years.

I first met Dr. Prebisch here in Geneva in 1963, when he was preparing for the Conference that was due the following year. I remember well; he was accompanied by Sydney Dell and we had a little meeting of economists whom he had to put together from different parts of the world to voice their thoughts on the issues before the Conference and the kind of results that one might strive to attain. I recall Mr. Caldor, and Tommy Belloch; all of them were very eminent people at that meeting. But I also remember that Dr. Prebisch was relatively silent on that occasion. He listened rather than intervening to express his views, and I got the feeling that he was trying to get some feel for the kind of issues that were likely to gain recognition at the Conference itself. When the Conference adjourned, I had the great privilege of being asked by Dr. Prebisch, through Mr. Sydney Dell, to come to New York in 1963 and to join his team for the preparations for UNCTAD I. That is something that I did, and it gave me the tremendous opportunity of acquainting myself with the issues which Dr. Prebisch himself was enunciating at that time and which he was planning to present to the Conference itself. As you said in your introduction, Mr. Chairman, I had a background in economics and so on. But the themes that Dr. Prebisch was trying to elaborate were relatively new to me, despite my acquaintance with the teachings of classical economics, and that gave me a new sense of excitement, because I was acquiring new dimensions which I thought were very relevant to the professional work I had been doing in Sri Lanka and which of course, though I did not know it at that time, I was going to do later in an international setting.

Dr. Prebisch, to me, was in a way the creator of UNCTAD. Technically, in UN parlance of course, that may not be an accurate definition, because there were other procedures which brought him to head the UNCTAD Conference. The then Secretary-General of the United Nations, Mr. U. Thant, and the member Governments of the General Assembly were all involved in the launching of UNCTAD I. But to me, UNCTAD I and its very special contribution owe so much to Dr. Prebisch that one has to, in a way, distinguish his contribution from that of every body else.

I feel that there were four achievements of UNCTAD I which, inevitably, we owe to Dr. Prebisch and his colleagues. First of all, I think UNCTAD I enunciated and put together for the first time what I would call a platform, an agenda for the developing countries as a whole. Up to then, the developing countries were immersed in various

issues in the General Assembly, ECOSOC and so on; they were speaking about aid, they were speaking about trade, but these were not integrated into a single platform, a single agenda, a single programme around which the developing countries could rally and which they could present to the rest of the world and the developed countries.

Dr. Prebisch's first report to UNCTAD I, called "Towards a New Trade Policy for Development", came up with this theme of the trade gap. We were aware of the savings gap between the needs of investment and the savings available to finance those needs. But Dr. Prebisch introduced this other dimension in his report, the trade gap, which said that there was also a gap between the resources in foreign exchange available to developing countries, which they acquired through their exports, and their needs for foreign exchange for imports, which are so essential to the acceleration of the development process.

In that report, it was pointed out that the United Nations had adopted a target for economic growth for developing countries of 5 per cent on average, but it was also pointed out that the import requirement of developing countries to reach that 5 per cent target was 6 per cent a year and yet the export availability through the sale of commodities and other things amounted to only 3 per cent a year. So, there was this gap that needed to be bridged, and though the slogan "trade not aid" was not Dr. Prebisch's, as some people have mistakenly said, it was Dr. Prebisch's theme that this gap had to be bridged by a combination of measures in the area of trade and in the area of aid and other transfers.

In terms of the measures that need to be taken in order to support the development activities of third world countries, Dr. Prebisch put together a comprehensive but very central list of issues. His first issue was commodities, because most developing countries were exporters of primary products and raw materials, and the first chapter analysed the experience of these countries and the weaknesses they had to face up to in world markets, and it ended up with the need for united international support to strengthen and give life to commodity markets and commodity prices. He went a great deal into the history of earlier attempts at commodity price regulation and shortcomings and the needs for the future, and then he talked about the industrialization imperative and how this industrialization process also required assistance in various ways, and about the unsatisfactory external climate which prevailed, which acted as a hindrance to the rapid industrialization of third world countries. He mentioned already his concept of the "centre" and the "periphery", and he felt that if developing countries were to industrialize, it was not sufficient that they look for markets in the developed countries, which were mostly self-contained in respect of industrial requirements. It was necessary that they be able to provide their own requirements and have trade amongst themselves. So, he put a great deal of emphasis on regional cooperation towards industrialization and also, in the international setting, on the concept of preferences received by developing countries in the developed countries for exports of manufactures. And even at that time he was saying that these preferences should be "generalized preferences", given without discrimination to all developing countries, because otherwise the big powers would group individual developing countries in proximity to them as recipients of preferential treatment, ignoring the rest, and this would then divide the world. He mentioned the United States and Central and South America, Europe and Africa and I remember asking him what about South Asia, because I came from South Asia? He thought for a bit and he said: "Well, the Soviet Union can be the 'rich uncle'". That rich uncle has since committed suicide, and so South Asia would not have benefited from any arrangement for non-generalized preferences, as

had been the tradition in the past, while generalized preferences were, of course, very relevant.

In that first report, Dr. Prebisch also highlighted other issues - the emerging debt problem of developing countries, the need for compensatory financing, and the need for the creation of special reserve assets as reserves of international currency. All these things were foreseen by him in that first report. So, it was a platform, it was an agenda, and it was interrelated, and that was, I think, the first occasion on which the developing countries had before them a manifesto which more or less put together all their requirements in the international setting.

There was, I think, another achievement of UNCTAD I again associated with Dr. Prebisch, and that is the grouping together of all the developing countries into a single unit, the creation of the Group of 77. Before that, of course, each country spoke by itself, maybe together with some of its neighbours. But I remember being myself very excited at the prospect that for the first time the countries of Latin America and Central America, of Africa and of Asia were going to come together to present a common front to the UNCTAD Conference and to the developed countries at this Geneva meeting. This was not for the purpose of a confrontation between the developing and the developed countries; it was simply to give some strength, some muscle to the developing countries because the greatest source of their power was the strength of their numbers and if they did not mobilize their presence in international fora, they would be very weak. So, the creation of the Group of 77 was one of the results of UNCTAD I; it was thought of just prior to the Conference, but it came into being on that occasion.

Another achievement was the establishment and creation of UNCTAD as a permanent organization. UNCTAD still has the name "conference", because it was intended to be a creation of UNCTAD I to overlook world events periodically, but it became more than that, and it has turned out to be a permanent institution with, as its agenda, the broad canvas of development issues, particularly the interaction between those issues and trade. So, UNCTAD I became a permanent body, and that too, I think, is a result of the work of Dr. Prebisch and his colleagues and his supporters on that occasion in Geneva.

Dr. Prebisch, I was reminded, was very careful that this new body, with a developing country majority, united in the Group of 77, should not be a forum for confrontation, sterile confrontation, between the various groups of countries. He wanted it to be a forum for dialogue, and he introduced a special procedure to make sure that decisions would not just be steamrollered through by majority votes but that there would be an opportunity to think and interact and maybe achieve results. All this was part of the concept of Dr. Prebisch - creating not only a strong institution reflecting development issues but one which could interact with the world economy as a whole.

And the ultimate contribution that comes to mind was the insistence of Dr. Prebisch on what he called an intellectually independent secretariat. He did not want the UNCTAD secretariat to be a kind of partisan body reflecting interests of third world countries or reflecting interests of developed countries. He wanted the secretariat to be divorced from national and regional interests and to have this quality of intellectual independence. In the pursuit of that, he was able to bring together an admirable team of colleagues and assistants from different part of the world and by no means from developing countries alone; in fact some of the big names of UNCTAD staff at that time were from the developed countries. But they had one thing in common - they were committed to the development problem, to the problem

of bringing up the poorer countries from their status of deprivation and creating a better, more harmonious world. So, from all these points of view, one can see that UNCTAD I was a special event, and it owes its results so much to Dr. Prebisch that we have got to associate those results with the name of Raúl Prebisch.

Since that time, the UNCTAD process has had its ups and downs. Dr. Prebisch, I think, was only able to remain in UNCTAD for four years after the first conference, but he kept up his contacts with UNCTAD and he gave it every encouragement on every possible occasion. He attended the four-yearly conferences and addressed them, and whenever he came to Geneva, he took the opportunity to brief us and get briefed by us as to what was happening. I think that the period after UNCTAD I was a period of ups and downs, a period of mixed results, but it was a period in which the concepts of Dr. Prebisch were given a certain visibility on the world stage and which did get certain results. I have mentioned the acceptance of the concept of the Generalized System of Preferences. Later on, there were other results, all passed by consensus without a vote. You will be surprised to know that this included the integrated programme for commodities; this was not something that developing countries just pushed down the throats of the developed countries - they were all parties to it, but it is now a dead letter, and so we have to ask why. The Common Fund was also set up by all the members of UNCTAD. The code on restrictive business practices, the code on multimodal transport, the code on liner conferences, the charter on the rights and duties of States - all these were part of the UNCTAD results, achieved not by using the steamroller majority of third world countries, but by dialogue in order to get an agreement. If they are all ineffective today, we have to ask why. Why is it that objectives which were supported by the whole international community at one period of time have now come to be put aside and have lost their relevance? I think the answer depends a lot really on the changing world scene.

In the early 1970s, which is about the time I came to UNCTAD, we had the effects of the oil price increase and the tremors it sent round the countries of the world, including the major consuming countries, the need for some kind of solution, leading to the sixth special session of the General Assembly, and the New International Economic Order with its focus on collective self-reliance and structural adjustment. That was the period in which it was possible to launch some of these things that I have referred to. For me, it was a lucky period because that was the time that I became associated with UNCTAD, in 1974. But I do remember one thing; the year that I came to UNCTAD happened to be the tenth anniversary of UNCTAD, and I called a meeting of leading personalities to mark that event. On that occasion, Dr. Prebisch said one thing which did not register with me at the time, but which since I have thought about time and time again. He said: "The one thing that made it difficult for me to achieve the goals I set out to achieve was this *strange belief* in market forces." He said: "I don't know what your experience is going to be, but if I was to single out one thing which slowed down the pace of progress in my time, it would be this conviction about market forces, the sanctity of market forces and so on."

I was rather naïve at that time, because it was the time when the sixth special session had launched the NIEO, the integrated programme was being actively canvassed, the UNCTAD IV conference was coming up and I did not believe that market forces would be there to thwart what I did. But now, many years later, I can see the relevance of Dr. Prebisch's warning, because if there has been an undoing of whatever UNCTAD achieved, I would put the main responsibility for that on the revived belief in market forces amongst the leading players in the world economy and the leading countries.

The change, as you have said, came in the late 1970s and the early 1980s, after the OPEC actions; it began with the developed countries first having conservative governments taking office - in the United States, in Britain, in Germany and elsewhere - then those countries putting their own economies right by contracting economic activity in order to reduce what they called overheating of their economies, leading to a drop in growth rates and unemployment in their own societies, but with a tremendously negative impact on the developing countries as exporters of commodities and so on. At that time, individual developing countries felt that they were compelled to go to the Bretton Woods institutions for relief and to the bilateral donors rather than try to find solutions at multilateral conferences, which really don't have the capacity to deal with their needs.

That was the first thing. Then came the crumbling of the Berlin Wall, the break-up of the communist bloc, the end of the bipolar world and a situation in which development assistance was not linked to trying to dissuade countries from joining one or the other bloc. I remember the first aid meeting for Sri Lanka which I attended; I was sent to the State Department of the United States in order to be advised, and I got some very good advice from Mr. Hugin Rostof, the brother of Ron Rostof, who told me that what would impress the Americans would be being positive and not just sharing cares about falling rubber prices or coconut prices; he said "Be positive, Americans like to join a success story," and I thought this was very good advice. But then he added that, if in addition you can point to some communists on your heels, that would really be of influence. Sri Lanka did not have many communists at that time, and I remember coming back from Colombo and complaining to the General Secretary of the Communist Party that he was of no use to me, because he was not giving me the pretext I needed in order to mobilize aid or resources for Sri Lanka. But anyway, there was this feeling that support for the third world had something to do with the Cold War; there was a desire to keep third world countries away from one or other of the camps, so not only did the Western camp give aid, but the Eastern camp also gave aid to developing countries for the purpose of not letting them get aligned with the rich countries. But then came what everyone has been talking about, globalization and liberalization, introduced as a fast express train that everyone was asked to get on to in order to be carried to new heights, to a single global village.

In the first few years, there were success stories to point to, because world trade increased at an unprecedented rate, world capital flows increased at an unprecedented rate, and technology also experienced a great revolution in areas such as communications and transport and so on. And everybody said: "You see, the way the world is going, it is in everyone's interest to join this bandwagon and to march under its banner".

Since then, there has been some disappointment. The euphoria has declined. It was found that the benefits of trade and capital flows and so on were really exchanged by the developed countries among themselves, leaving out many of the developing countries. Some in Africa and sub-Saharan Africa were actually marginalized in the process, and the gap between the rich countries and the poor countries, instead of narrowing, was getting bigger and bigger. So, there was a feeling that globalization and liberalization were not producing the benefits and rewards that were needed.

Dr. Prebisch, as you said, died before the theme of globalization became prominent. But I do remember that, about two or three weeks before this death, we were together in New York for some expert group and we were walking down the street with Sydney Dell when he remarked: "I have never known a worse situation

than today". That was before things got even worse, before the situation of the current time, but even then the signs were there and Dr. Prebisch was beginning to worry and get concerned about how this was going to affect the developing countries.

Anyway, I feel that the developing countries now, and this is the last point I would like to make, have one lesson to learn from all this. I think it is that they should retain what is valid and relevant in the original agenda put forward by Dr. Raúl Prebisch. Things like resource flows, trade improvements, debt relief, stabilizing commodity prices and so on are all as relevant as they ever were. But they should also look at the changes that have come about in the world since that time, the greater integration of countries, the improvements in technology and transport, the need for some method of governance of the world economy, the need for ways in which the developing countries could participate in the decision-making process of the financial institutions, the importance of bringing in new issues such as the environmental issue and the social issue, which are now being handicapped, and interweaving all of this with the old agenda in order to make a new platform more relevant to the needs and requirements of the current time. I think that this is the challenge facing the developing countries today. It is not to go back to the period of controls and regulation and so on, but to take advantage of what is positive in the new setting, but also to add to it things that are of importance to them. I think one of the big shortcomings of the current discussion on globalization is the failure to recognize the different needs of countries at different stages of development. You cannot give the same prescriptions to all countries. When you come to conditionalities, you find it is the same set of medicines prescribed to every country; whether it is Brazil or Chad, it does not matter. I think there needs to be some differentiation. Today all talk about level playing fields should be dropped, because if you have a level playing field, the stronger team will keep winning year after year, and that is not what you want. You want to have a setting that recognizes the weaknesses of developing countries and gives them the time, the opportunity and the instruments to overcome those weaknesses and then progressively become fully subscribing members of whatever international regime is there.

So, I think that the third world countries need now to put together a new agenda, a new platform, combining on the one hand what is relevant in the old platform that came from UNCTAD I and which they are still sticking to because they have nothing else, and on the other their response to the new issues from their point of view, not necessarily rejecting protectionism, for example, just because it has been abused, but taking what is necessary in a disciplined way, for example looking at foreign investment not from the point of view of opening our doors but to see how you can make foreign investment contribute to enhancing national capabilities, or not rejecting planning altogether, but seeing how planning can bring about reinforcement and mutual interaction between the private and the public sectors. There are a whole lot of issues that developing countries should address and which will not be addressed for them by the developed countries or by the multilateral institutions. This, I think, is the big challenge they face, and it is a challenge which I hope they would take up and live up to and deliver, using bodies like UNCTAD because UNCTAD can make such a big contribution. I feel that within the third world there is no other organization or the cohesion elsewhere to take these things up. I was made the Chairman of an Ad Hoc Committee on Economics for the Non-Aligned Movement in Durban, and when we presented our report I said: "You know, you can write music, it can be good music, it can be bad music, but it will be totally unavailable if you don't have an orchestra to play." So I think that the third world countries need now to come back, get their act together, take account of the differences among them because the differences are bigger than in 1964, and put on the table some agenda which reflects the interests of every third world country and around which they can all unite. This, I

feel, is the challenge of the moment and a challenge which bodies like UNCTAD, more than any other, can encourage and help achieve.

11th RAÚL PREBISCH LECTURE

Geneva, 11 October 2001

STATEMENT BY

Javad Zarif

**Deputy Foreign Minister for Legal and International Affairs, Iran;
member of the Group of Eminent Persons for the UN Year
of Dialogue among Civilizations**

It is indeed for me a great pleasure and honour to participate in this important gathering, commemorating the centennial of one of the foremost advocates of dialogue, Raúl Prebisch. His dedication to institutionalizing dialogue was translated into concrete action when UNCTAD and the Group of 77 came into existence to encourage and promote dialogue between developed and developing countries in dealing with the major challenge of the day, which remains a major challenge of today, namely underdevelopment.

Today, we are indeed indebted to another visionary, the current Secretary-General of UNCTAD, Professor Ricupero, for his vision in bringing Dialogue among Civilizations to the focus of attention in UNCTAD, the top development-oriented body in the United Nations. I listened carefully to your comments, Professor, both on the role of dialogue as well as on the tradition of Raúl Prebisch. And without going into much detail, I want to add that the Secretary-General addressed an important issue facing us in the era of globalization, that is a sort of dichotomy that is emerging between localization and globalization, between identity and globalization, and how these two trends, which are taking place at the same time, could be integrated. My answer is that one way to do that is to dialogue among civilizations, which would give globalization a human face.

The tragic events of 11 September highlighted in the most vivid yet *inhuman and barbaric* form our common vulnerability. They also indicated how new and non-traditional actors can have a significant and sometimes devastating role in global relations and in shaping the future of international relations. But most importantly, they brought into focus the need to address the very mentality and modes of globalization that provide the roots for terror and violence.

I pointed out in my statement before the General Assembly last week that "terrorism is in fact a heinous product of an outdated paradigm of international relations". That paradigm was founded on the "will to power" and the arrogance that is usually associated with it, the idea that "might makes right". As might ruled, injustice prevailed and hatred flourished, some who were

dispossessed were inclined to resort to violence and terror, in fact in a peculiar way to compensate for their lack of conventional might. We must eradicate terrorism by changing the prevalent mentality that provides such a fertile ground for those perverted responses to lack of mind.

An important characteristic of the outdated paradigm of global interactions is exclusion in its various forms. It defines the world in terms of modes of loyalty and divides people into coalition members and enemies, and on that basis distributes rewards and blame. The need for an enemy is so strong – it is in fact a tool for governance – that at times enemies are forged in order to be able to manage domestic as well as global society. This approach to global politics has brought bloodshed and devastation to human society, suppressed much potential, and wasted vast human resources and capabilities, giving rise to domination, violence and underdevelopment.

Globalization can potentially contribute positively and has in fact contributed in many ways to the comprehensive and sustainable development of the developing world, but when addressed within the paradigm of exclusion, it can lead to further marginalization of the underdeveloped economies, exacerbation of poverty and hunger in vast parts of Asia, Africa and Latin America and the further widening of the gap between the rich and the poor in other parts of the world. It is increasingly depriving the neediest areas of the planet of the scarce international development resources, and that is a point that our Chairman has very rightly raised today.

The desire of the international community to break away from the paradigm of exclusion was demonstrated by the designation of this year by the United Nations General Assembly as the United Nations Year of Dialogue among Civilizations. A new paradigm is emerging today because there is a wider appreciation that what unites us is far greater than the differences that divide us, but more importantly and probably more vividly today than only a month ago, because of our appreciation of our common vulnerability to threats ranging from terrorism and organized crime to poverty and environmental degradation. In the era of globalization, there can be no island of security, prosperity and development. Thus, our common humanity and our common vulnerabilities are emerging as better tools for global governance, as well as local governance, than perceived or imaginary enemies. Let me quote here from the draft of a forthcoming book entitled *Crossing the Divide* which has been written and is being published by the Group of Eminent Persons on Dialogue among Civilizations, of which I am honoured to be a member: "The processes of globalization are giving birth to a new paradigm of global relations: equal footing, reassessment of the enemy, dispersion of power, stakeholding, individual responsibility, and issue-driven alignments. The current reality is a mosaic of the old and the new. The elements of the new paradigm are already there, but to a certain extent we are blinded by the old paradigm, which prevents us from seeing what is emerging. The new paradigm also starts from the assumption that the sources of knowledge and wisdom are inherently diversified, that each civilization has much to offer, and that inclusion will bring with it mutual enrichment and mutual benefit. Thus the emerging paradigm of dialogue among civilizations is founded on inclusion,

and a collective desire to learn, uncover and examine assumptions, unfold shared meaning and core values, and integrate multiple perspectives through dialogue."

In debate, which we have all been used to in the United Nations, we attempt to convince the other side of our view, and often without even listening to the other side; this certainly sounds familiar to me and I am sure to all of you. But we start a dialogue with a readiness and in fact a desire not only to listen but to be convinced. Debate was itself a major step forward from war and fighting, but it was in essence an attempt, as in war, to overcome the adversary, albeit through a much more civilized avenue. A paradigm shift would require a revolutionary change from debate to dialogue. According to the Group of Eminent Persons: "Dialogue brings with it equal footing as it is a process by which we accept, as much as we want to be accepted. We include, as much as we want to be included. We listen, as much as we want to be listened to. In these terms, dialogue can perhaps usher in a new paradigm of global relations because it challenges the old *paradigm of hegemonism, the politics of power, and in other words 'might makes right'*. Dialogue can be a framework where the weakest is accorded the privilege to be listened to, and where the strongest finds it necessary to explain its case to the others."

This, in my view, is the very core of the objectives and principles of the United Nations and of this august body, UNCTAD. I am reminded here of a visionary statement in this context by Raúl Prebisch at the plenary meeting of UNCTAD in 1964: "A fruitful dialogue is now about to commence. Developing countries are not merely called upon to solve their own economic problems. They can contribute a great deal because they have a concept of life and of human values which will, I am sure, enable them to contribute decisively to resolving basic incompatibilities between technological and spiritual values. Many developing countries bear the imprint of thousands of years of civilization. They could do much to ensure that, in our common efforts to control economic forces, we do not subordinate man to the demands of technology or purely economic processes, but enable him to free himself from economic need, from poverty and from his inherent ills."

In the Group of Eminent Persons on Dialogue among Civilizations, we have been investigating how this vision can be brought to reality. This is how mutual enrichment through integration of multiple perspectives can lead to the emergence of a set of common values which can be embraced by all and develop into global ethics. While "liberty, right and personal dignity" have received universal recognition and reverence, the contribution of the countries of the East and the South in bringing into focus corresponding values such as duty, human responsibility and the good of the community can help develop a fuller agenda in addressing social disintegration, environmental degradation and abject poverty, to name just a few.

In the same vein, while values such as liberty, rationality, legality and rights have received considerable attention in contemporary political discourse, we may be able, through dialogue, to integrate liberty with justice,

rationality with sympathy, legality with civility, and finally rights with responsibility.

When and if such a dialogue gains momentum and begins to bear fruit in terms of reaching a common understanding on shared global ethics, then progress in the other fields of human existence is bound to be facilitated, and we will gradually learn that we need to be each other's keepers.

Globalization and the information revolution in our increasingly shrinking world now empower each and every one of us to directly or indirectly affect the quality of life of the rest of the world's population. That is a tremendous power. We ought to reflect collectively on this in the context of a set of shared global values and ethics to discern global responsibility, global accountability, probably in the context of a global civil society and the individual responsibility that must accompany such unprecedented power at the disposal of every individual and group, albeit in significantly varying degrees, across space and indeed across time. Only under such circumstances will we all realize that we are part of the whole and with that realization all become stakeholders of the new world.

Those who hold dear to their hearts and minds the ecosystem of the earth, which is one; those who hold dear the objectives of the free market, which they believe is one; and those who hold dear the dignity and human rights of their fellow human beings, irrespective of their latitude or longitude on this planet, have something in common. They all believe consciously or unconsciously that we are all part of the whole, of the world community which is interconnected and whose parts mutually affect each other. The greens, the global financiers, and the human rights advocates perhaps unknowingly share a common vision, that the world is one for all, and we are all component parts of that entirety. In other words, each assumes that they have a stake in the world.

We will realize that, as stakeholders, humankind has a common destiny from which there is no escaping. With stakeholding, the idea of "us" versus "them" will begin to lose its utility and a zero sum game will no longer be applicable as the predominant mode of rational and objective analysis. Most situations, ranging from the environment, the global economy, trade and the transfer of knowledge and technology, to the eradication of terrorism, organized crime and weapons of mass destruction can be analysed in positive sum or negative sum propositions. Let me correct myself. We can make them positive sum or negative sum. If we approach the realities of the era of globalization with a zero sum mentality, which is the remnant of the old paradigm, we would all lose and indeed end up with negative sum situations across borders. Environmental degradation, instability, drugs, terrorism, chemical or biological weapons and now terrorism using chemical and biological weapons don't recognize any boundaries. This must have become abundantly clear to all of us at least since 11 September. Thus, we need to shift to a paradigm and a mindset based on dialogue and stakeholding, which allows us to appreciate this clear reality of being all parts of one unit. Another

visionary, the renowned Iranian poet, Sa'adi, eloquently articulated the fundamental underpinning of such a mentality 700 years ago:

"The descendants of Adam are limbs of each other,
Having been created of one essence.

When the calamity of time afflicts one limb
The other limbs cannot remain at rest.

If you have no sympathy for the troubles of others
You are unworthy to be called human."

Nearly 40 years ago, Raúl Prebisch had the realism and the courage to lambaste market forces that, despite promises, failed to "solve our problems of development and income distribution, and spread the benefits of technological progress." The global economy today is comparably not much better. He also had the vision and the farsightedness to prescribe that "a new rationality must be sought, but not one based on hegemonic interests, rather one not merely based on economic and social objectives but on eminently ethical ones." Being one of the lonely voices introducing human rationality and ethics to the global economy 40 years ago, Raúl Prebisch was not overly optimistic. But I wish to pay tribute to him for his vision and to express the hope that a new paradigm of dialogue aiming at the realization of equal footing, stakeholding and global accountability could indeed gain increasing momentum.

11th RAÚL PREBISCH LECTURE

Geneva, 11 October 2001

STATEMENT BY

Rubens Ricupero
Secretary-General of UNCTAD

The Globalization of Raúl Prebisch



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"So I had to begin my working life as an economist in a major world slump and now, quite late in life, I am witnessing another crisis of capitalism. What has happened in between? The developed countries have had a long period of prosperity, of extraordinary growth rates such as never occurred before in the history of capitalism. And undoubtedly the developing countries were able to take advantage of these extraordinary growth rates in the centres and begin industrial exports, some of them with considerable success. This was beneficial but accompanied by very adverse consequences."

Those words were spoken by Raúl Prebisch in Geneva on 6 July 1982, in the first of a series of lectures held by UNCTAD in his honour, which bear his name. A few months later, the problems of the developed countries were to unleash Latin America's external debt crisis.

If he were with us today, Prebisch would have to add another world crisis to those he witnessed and took part in throughout his long career, a crisis which has had painful consequences for his native country. Having begun his working life during the Great Depression, which was to be followed by the experience of World War II, he was to die before Latin America succeeded in emerging from its debt crisis and the Lost Decade. In this sense, his life was that of an intellectual and a man of action who lived out intensively the uncertainty and crisis that characterized the 20th century.

It is partially for that reason that I wanted to call my lecture *"The Globalization of Raúl Prebisch"*, if it were not pretentious to give so grand a name to a few topical comments. I use the term globalization with two meanings: First, to describe Prebisch's personal and intellectual progression towards an increasingly universal dimension: from Argentina to Latin America and from Latin America to the *économie-monde* system as a whole. Second, to suggest that one of the best ways of remembering this great Latin American is to try to imagine what globalization would be like had it followed his design and intentions, rather than as it has turned out to be, generating and provoking a growing protest movement that most recently found expression in Genoa.

From the standpoint of his personal career, it is not hard to observe that globalization was the natural outcome of a form of thought and action which came up against the reality of

Argentina, the Latin American country which was probably the best integrated into the international division of labour to emerge from the first great globalization process of 1880-1920 and which was to reap the greatest profits from that process but which - nevertheless and perhaps for that very reason - was the most harshly and lastingly affected by its collapse.

It was logical and natural that, after seeing how his confidence in neoclassical economic doctrines waned in daily contact with the complex reality of the Great Depression, the former director of the Central Bank should feel drawn to the broader problem of Latin American development, in which Argentina served as a linchpin. Like other thinkers before him -- and here I would like to mention the great Brazilian Marxist historian Caio Prado Júnior -- he soon realized that the problems experienced by his country and by the other countries of the continent were closely related to the nature of the links that bound them to the world economy, which were in many cases inherited from the colonial past and were further reinforced in the period following independence.

As the experience of Argentina has shown, what matters most with integration is not so much the degree, intensity or quantity of the linkage, but its quality. And if I may be allowed to cite the case of my own country, I might recall that Brazil, which took its name from a commodity or merchandise that dominated its first economic cycle, has for 350 years been perfectly integrated within the world trade system. What more perfect and complete integration with world trade could there be than that of an economy which exported practically the whole of its sugar and coffee crops? Yet that same process, which bound us to the world, led to internal disintegration, because it was based on a combination of slavery and latifundia, the plantation system.

Examples of that kind induced Prebisch to put together the building blocks of an original theory of development, ranging from the centre-periphery dichotomy to the need for industrialization and for the incorporation of technological progress. His theory was contemporary with that of Fernand Braudel, whose own major theoretical construct attempted to give an account of the history of the *économie-monde* in its entirety and of its development through secular cycles.

Like the French historian, the Argentine economist never allowed his contemplation of the trees to prevent him from seeing the wood, and he always showed a greater preference for long-term trends and for the pattern of events detached from their immediate context. Braudel once compared events to the glow-worms of Brazil's tropical nights: they shine but they do not light the way. Prebisch was also attracted by the whole picture and by what was essential and long-lasting. It is hardly surprising, then, that his reflection on Latin America should inevitably lead him to extend his gaze once his analysis of the external determinants and limitations of development made it apparent that no solution would be effective unless it succeeded in changing those global conditions.

The "great adventure" that was the founding of UNCTAD appears in this light as the frustrated culmination of his career -- an adventure that was magnificent and full of hope in a utopian era when all dreams appeared attainable. It should not be forgotten that the 1960s, or at any rate the earlier part thereof, coincided in Latin America with the peak of a cycle of economic and democratic expansion, under the guidance of presidents who in many countries were reformist and progressive. It was the first cycle of illusion, of apparently irreversible economic and social progress enshrined in such initiatives as the Alliance for Progress, the establishment of the IDB, the signing of the first Montevideo treaty and the launching of LAFTA. They were also the unparalleled years of the start of the Cuban Revolution. In the spiritual world, after the ecumenical renaissance introduced by Pope John XXIII, they were the years in which Pope Paul VI could refer to development as "the new name for peace".

They were also years of cultural upheaval, of profound changes in lifestyle brought about by rock music, the sexual revolution, militant feminism, the counter-culture, hippie communes and resistance to societal pressure on the individual. It all culminated in the student movements of May 1968, under the banner of such slogans as "be realistic: demand the impossible", based on the conviction that what was needed was not only to change one's life (individual) but also to change life (collective) -- that is, the very nature of life in society.

The year 1964, when UNCTAD was founded, was also the year that Herbert Marcuse's "Unidimensional Man" was published in the United States, as an "essay on the ideology of advanced industrial society", which was to have so much influence on the students of the generation of '68. In the closed society described by Marcuse, where reductionism restricts all dimensions of human existence to productivity, man runs the risk of losing all his critical capacity of analysis and rejection, of selection and choice -- his chance of being a protagonist in the "great questioning" - or in Marcuse's words, "the Great Refusal". Philosophers and scientists tend to adopt an uncritical attitude of passivity and resignation in the face of what Emmanuel Mounier described as "established disorder". Thought is limited to what is particular to one person, which confirms Hobbes' assertion that "we must prefer the present, defend it and consider it as the best there is". This may sound familiar, my friends; does it remind you of *la pensée unique* (a single system of values)? Any similarity is more than coincidental.

Prebisch was to react strongly against all that and was to experience what the Brazilian national anthem called an "intense dream": the hope that all States -- those "cold monsters of egoism", as de Gaulle called them -- would agree in the name of interdependence and mutual interest to negotiate formally a "new international economic order".

As a foretaste of the leaden years of the following decade, the 1960s were also years of confrontation and radicalization. Forty years ago, the decade opened symbolically with the building of the Berlin Wall, the Berlin crisis and the Cuban missile crisis, and ended with the escalation of the Viet Nam war and the Têt offensive. In the intervening years, there was the 1964 military takeover in Brazil, ushering in a cycle of military dictatorships throughout Latin America, the intervention in the Dominican Republic, the first sparks of guerrilla warfare in Central America, the Colonels' coup in Greece, the coup in Algeria, Sukarno's bloody succession in Indonesia, and the emblematic death of Ernesto "Che" Guevara in Bolivia. In international affairs -- which, like social affairs in general, are invariably a mixture of conflict and cooperation - the former was stressed to the detriment of the latter. As always happens in such cases, power once again played a central and decisive role; it was not in the interest of the era's authorities any more than it is in the interest of today's leaders to back the changes that Prebisch was calling for.

Don Raúl then went back to Latin America -- the hearth or "forge" from whence he had started -- and spent the last years of his life in the heyday of the neo-conservative offensive of Reagan and Thatcher, the beginning of market triumphalism and globalization. He was to die a few years before the fall of the Berlin Wall and the apparent end not only of history but of any sort of alternative to the closed society model, and the apparent end, amongst others, of original theories of development. It is true that Prebisch's ideas continued to gain ground and in their authentic version to inspire other countries and regions, especially in Asia, unaffected by the imperfect comportment of Latin American Governments and ruling circles. Just as Christianity was to triumph in Greece and Rome, and not in its native Palestine, and just as Buddhism never met with the same success in India as in Tibet or Japan, Prebisch's message was better received in Asian countries than in his own backyard. This message was in favour of competitive industrialization based on the export of manufactures; the progressive and growing dominance of technological progress and its full incorporation as a factor conducive to qualitative competitiveness; and the fundamental responsibility of individual countries for

their national development and their willingness to accept sacrifices and discipline, resist the conspicuous consumerism of the rich, promote domestic savings, redistribute profits, combat poverty and give wholehearted support to education. Like others before him, such as Celso Furtado -- a shining model of integrity and coherence whom I profoundly admire and respect -- Prebisch suffered the fate of the prophet who is listened to more readily in foreign lands than in his own.

The international trade organization with supranational powers that Prebisch had envisaged finally saw the light of day just halfway through the 1990s, and its foundation also signals the culmination of the first phase of this latest globalization and the beginning of monetary and financial crises, whose growing frequency was to expose the mortality and vulnerability of globalization, as with all products of human culture and history. It is still not the multilateral system that Prebisch hoped for, considering that it was born under the shadow of the original sins of its predecessor, the GATT, in the form amongst others of the almost total exclusion of agriculture, textiles and clothing, the continuation of high tariffs on so-called sensitive products, tariff escalation and unequal treatment of industrial and agricultural subsidies.

The effort to set up a more balanced trade system was to become one of Prebisch's main lines of action in UNCTAD. Despite undeniable achievements, such as the establishment of the Generalized System of Preferences (GSP), there was little progress towards special treatment that would recognize the differences of economic structure between advanced and developing countries, towards obtaining minimum stability for the prices of commodities or towards any substantial alleviation of the worsening terms of trade. This is only to mention just some the objectives of what at one time was referred to as the creation of a new international economic order.

The new globalization order is beginning to take shape, but it does not resemble the one dreamt up by Prebisch; in fact this new order is in many ways its exact opposite. It is precisely in opposition to this type of globalized economic order that we are now witnessing a reaction expressed not only in books, essays, articles and seminars, but also and perhaps mainly in the streets and public squares of Seattle, Washington, Prague, Davos and Genoa. It is interesting to note that this movement of intellectual protest and direct action is very different in its origins from the late 1940s and 1950s movement in which Prebisch played a leading role. At that time, a substantial part of intellectual criticism of the organization of the international economy came from Latin America, and was basically inspired by the thinking of Raúl Prebisch and his collaborators. Nowadays, by contrast, practically everything that is published in terms of critical analysis of globalization originates in England, the United States or France -- that is, in what Don Raúl would call "the centres". Could it be a consequence of the broader and more direct experience of globalization acquired by central countries? I really cannot offer a definitive answer, but whatever the explanation, there is no disregarding the fact that at least a considerable proportion of the arguments in favour of equity and justice put forward by some if not all of the sectors of the anti-globalization movement in fact originate in the ideas advanced by Prebisch.

In the present circumstances, and faced with the danger of extremism and violence to which they may lead, one wonders whether the selfish resistance to Prebisch's message in his time did not pave the way for the danger of radicalization we are experiencing today. In 1870, more than a century ago, a great Brazilian statesman, Senator Nabuco de Araujo, addressed the Senate on slavery in these terms:

"Gentlemen, this is an extremely serious matter. It is the greatest problem facing Brazilian society and it would be dangerous to leave it exposed to the vagaries of chance (...). Political affairs depend primarily and above all on knowing how to exploit the right opportunity at the

right time. Reforms, even if few in number, are worth a great deal at the right time, but if the opportunity is missed they will prove insufficient, even if they are numerous and great".

I should like to conclude as I began, by quoting Prebisch's own words. At that 1982 UNCTAD conference, commenting on the effect of recession in Latin America, he said:

"Those years of the great slump saw the beginning in Latin America of a movement of intellectual emancipation which consisted of taking a critical look at the theories of the centres, not in an attitude of intellectual arrogance -- these theories have great merit -- but with the realization that they deserved critical study. I must say that the United Nations played a big part in this critical inquiry which led us to seek our own path towards development instead of copying others; to ponder the realities of the situation and to try to meet the economic, social and moral requirements of development -- the path of equity."

And he went on:

"Despite huge obstacles we were making progress, but when those great years of prosperity arrived and we allowed ourselves to be blinded by the centres, the search for our own path was broken off."

Almost prophetically, he then added:

"Not only that, but in much of Latin America there was a resurgence of the neoclassical theories which had guided our development before the great world depression, in the hegemonic interests of the centres and of the hegemonic groups in the periphery but without regard for the great mass of the population, which industrialization barely touched."

Those words are still quite relevant. In them and in the model of moral and intellectual integrity that Raúl Prebisch left us, we must seek the inspiration to continue today along the path he first charted for us.