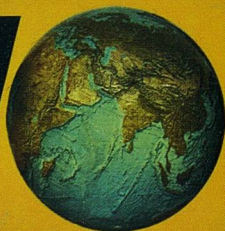


Chakravarthi Raghavan

The

**THIRD
WORLD**



in the Third Millennium CE

The Journey
from Colonialism
Towards Sovereign Equality
and Justice

0091724
RAG

TWN
Third World Network



PERDANA
LEADERSHIP
FOUNDATION
PERDANA

The Third World in the Third Millennium CE

The Journey from Colonialism Towards Sovereign Equality and Justice

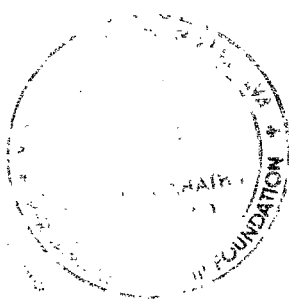
TUN DR. MAHATHIR MOHAMMAD

The Third World in the Third Millennium CE

Volume One

The Journey from Colonialism Towards Sovereign
Equality and Justice

Chakravarthi Raghavan



TWN

Third World Network

PUSTAKA PERDANA



1010664

#PLJ5L0

**The Third World in the Third Millennium CE, Vol. One:
The Journey from Colonialism Towards Sovereign**

Equality and Justice

is published by
Third World Network
131 Jalan Macalister
10400 Penang
Malaysia

© Chakravarthi Raghavan 2014

Cover design: Lim Jee Yuan

Printed by
Jutaprint
2 Solok Sungai Pinang 3, Sg. Pinang
11600 Penang
Malaysia

ISBN: 978-967-5412-83-7

338-9009172L
RAG

Contents

Foreword	ix
Preface	xvii
Part I: Overview	
Setting the scene	3
Part II: South-South Cooperation	
Towards collective self-reliance	53
Towards a new international economic order	59
The promises of Havana	65
The world crisis and the challenge for the non-aligned	71
Part III: Trade and Development	
Jan Pronk: UNCTAD V, despite failure, will prove to be a milestone in global structural changes	91
<i>The Trade and Development Report</i>	95
Crisis <i>si</i> , benefits <i>no</i>	102
What after UNCTAD VI?	108
Present at and witness to first <i>TDR</i>	114
Annex: A reappraisal of development strategies	127
Part IV: The New World Order, Globalization and Development	
The New World Order: A view from the South	139
Oh for a messiah for the new millennium	159
Role of multilateral organizations in the globalization process	164
The New Order, globalization and development	192
An attempt to repeat history	220
Globalization and the lessons of the past	226
A costly annual gathering that has outlived its usefulness	235
Part V: Money and Finance – From System to Non-System	
The emperor has no clothes	243
From Arusha to New Delhi	247
Global finance and trade systems need major overhaul	272
Restructure banking for more balanced and diversified system	282
Part VI: Environment and Development	
New North-South relations needed for UNCED to succeed	293
Right to development vs right to waste?	299
Earth Summit: A costly joke or a real turning point?	307

Part VII: Miscellany	
Industrialization of Third World for benefit of TNCs or people?	313
Third World can cure or control diseases with proper drug policies	319
The law of the seed	325
Equity in ether	331
Book review: <i>India: Degradation and Development</i>	339
A year lost – between market and church	343

To

• *Kalyani and Artie*

Foreword

IF I had to sum up in a single sentence Chakravarthi Raghavan's life achievements, I would say: here is a man who does make a difference. This idea of a man alone with his knowledge and the strength of his moral commitment has always embodied Raghavan's enduring essence in my eyes.

The late Glauber Rocha, the movie director who created Brazilian *cinema novo*, used to describe his attitude towards art and reality in a powerful formula: "an idea in mind and a camera in hand". Paraphrasing the sentence, one could say about Raghavan: "an idea in mind and a typewriter at hand", the idea being the promotion of development through fairness and justice in trade.

When I first arrived in Geneva in November 1987 as the new Brazilian Ambassador to the United Nations and the General Agreement on Tariffs and Trade (GATT), I immediately found out that it would be impossible for me to understand what was going on in trade negotiations if I did not keep in touch with Raghavan's daily column in *SUNS* (*Special United Nations Service*, later renamed *South-North Development Monitor*), printed on golden yellow paper.

The GATT's Uruguay Round of multilateral trade negotiations had just started a few months before and were still in their preliminary stage. I was coming from a completely different background from the trade negotiators' world, having dealt during my whole career up to then with political and bilateral matters, mainly in Brazil's diplomatic relationship with other American countries. I had first tried hard to catch up with my colleagues' far superior experience and knowledge, reading every printed material I could find on GATT subjects. Alas, all the books at the time, and they were not very numerous, limited themselves to narrow issues, to dispute settlement precedents or to long-forgotten negotiations with no particular relevance for understanding the extraordinarily complex agenda of the Uruguay Round!

The *only* and *exclusive* source of honest and unbiased assessment I came across, and I emphasize the two adjectives, was Raghavan's knowledgeable and reliable analytical reports. This may sound exaggerated to a young reader nowadays, but he should keep in mind that I am speaking about Geneva a quarter of a century ago. That was a period when the Ronald Reagan and Margaret Thatcher counter-revolution had already imposed the hegemonic intellectual dictatorship of *la pensée unique*, of triumphant globalization.

Multilateral economic organizations – the International Monetary Fund (IMF), the World Bank and the Organization for Economic Cooperation and Development (OECD) – had all been unanimously mobilized as an intellectual auxiliary line of the negotiating demands sponsored by the United States and its like-minded developed partners. The exception was UNCTAD, the United Nations Conference on Trade and Development, but its independent and respected *Trade and Development Report* came out only once a year, often too late for the everyday pressure of ongoing negotiations.

UNCTAD's main trade expert, Murray Gibbs, was indeed providing useful assistance to negotiators and his work, together with that of some of his respected colleagues, would prove invaluable in helping developing-country negotiators influence the negotiations in the right direction, principally on the Agreement on Services. Nevertheless, efforts such as the help coming from UNCTAD were hampered by the effective pressure exerted by the United States and developed nations' diplomats to intimidate the United Nations bureaucracy and neutralize its possible intervention in the negotiating process.

It is hard to imagine today how completely isolated negotiators of developing countries found themselves at the start and during most of the Uruguay Round's duration. None of the myriad of non-governmental organizations (NGOs) that now devote their activities to various aspects of trade negotiations existed at the time, or if they had been in existence like Oxfam, they had not discovered trade's central importance yet. China was very distant from acceding to the GATT. Even the most important and active developing-country participants such as India or Brazil were far from mustering the intellectual resources that advanced nations' negotiators received from the OECD and numerous think-tanks. The imbalance was such that

at the beginning of the services negotiations the sheer absence of statistics and elementary knowledge on the part of the South became a serious obstacle to progress in the talks.

Prestigious Nobel Prize winners such as Joseph Stiglitz and Paul Krugman had not yet seen the light on their roads to Damascus. There were no “aid for trade” programmes, no networks to train and educate developing nations’ officials to attain the capability of identifying their true commercial interests and define their negotiating positions accordingly. I do not have to mention that we were still decades away from the moment when the World Bank would, albeit reluctantly and partially, recognize at last what UNCTAD had been repeating from Raul Prebisch’s time in the early 1960s: that the multilateral trading system was imbalanced and unfair, that its rules and proceedings tended to perpetuate a situation detrimental to the trade interest of developing economies and that trade rounds had been ignoring for more than 30 years the “unfinished business” of development-friendly negotiations.

In other words, the asymmetry in economic and political power that already made a level playing field a hopeless proposition for developing countries had been further aggravated by the imbalance in the power modality that comes from information and knowledge. To be more precise, what was missing was sound, scientific knowledge to guide negotiations in an impartial way.

There was in fact no scarcity of false, ideological knowledge circulating as rocket science. Most of what had been imposed on developing nations’ negotiators by the GATT secretariat as well as by the Bretton Woods organizations and the academic world would better fit into what Karl Mannheim had defined as “ideology”, that is, a system of beliefs and values corresponding to class interests displayed as possessing objective and scientific value. As in Gresham’s law, the false currency was driving out the good and authentic.

Thus, the most pressing and fundamental need served by Raghavan’s writings was simply to demystify, to deconstruct the counterfeit stuff, laying bare the economic sectorial interests hidden behind apparently objective data and research. This he did superbly, through his masterful command of contemporary economic and international history, bringing to readers’ attention the precedents,

for instance, in the discussions of similar problems during the Havana Conference of 1947 or comparing the OECD's arguments with independent researchers' findings.

I was glad to learn that the publishers of Raghavan's articles decided to devote the first volume of this work to the historical developments that led to the current state of play in the United Nations, thereby recognizing the importance of making young readers fully acquainted with the history of economic and political organizations in the United Nations system.

Lest someone fear that I am darkening the picture on purpose, let me narrate a telling episode about the conspiracy to deny developing-country negotiators crucial access to relevant information about what was at stake.

In mid-1989, the Informal Group of Developing Countries in the GATT had instructed me in my capacity as coordinator and spokesman of the Group to ask Dr Arpad Bogsch, the Hungarian-born American Director-General of the World Intellectual Property Organization (WIPO), to provide an estimate of the increase in royalty payments likely to derive from changes in patent legislation sought in the TRIPS (Trade-Related Intellectual Property rights) negotiations under the Uruguay Round. In spite of the fact that WIPO was the sole international organization with competence on the matter, Dr Bogsch told me that WIPO's mandate was confined to legal aspects, lacking the capability to conduct economic studies.

Unconvinced and undaunted by the explanation, the Group insisted. The Director-General then invited a small group of developing nations' ambassadors to luncheon and told us in no uncertain terms that the United States and other developed countries would never allow him or the organization to carry out such studies on the economic consequences of the negotiations. It was only a couple of years after the Uruguay Round had ended that WIPO formally requested UNCTAD and the European Commission to assess the economic implications from the TRIPS Agreement. Of course, at that juncture it was too late for such a study to produce any practical result.

This is only one among several significant instances in which developing countries were let down by the very international organizations that had the duty, if not to protect their interests, at

least to remain neutral and impartial during the negotiating process. The inevitable consequence was that negotiations of vital importance for the world had to be carried out largely in the dark, by ear, without any serious attempt at assessing their probable impact on development prospects.

In an age when no major project or work can be financed by the World Bank without a prior environmental impact assessment, it is really astonishing that commercial negotiations that deeply overturned growth and employment prospects of countries and industries had to be conducted with no evaluation of their likely social and economic consequences for the people concerned.

Raghavan tried to fill the information gap as completely as he could. At the release of the major reports of international organizations, voluminous studies of hundreds of pages that overworked negotiators had no chance of reading, he would have ready for dissemination clear, remarkably precise and concise summings-up of what was being circulated. From time to time, there would be special articles on the subjects under negotiation and interviews with independent experts. *SUNS* became a permanent platform for the expression of alternate views from the dominant and suffocating orthodoxy dictated by those who, in Emmanuel Mounier's words, were the watchdogs of "the established disorder".

What proved crucial in Raghavan's contribution was the exacting, meticulous chronicle-cum-analysis of daily negotiations during the Uruguay Round. For most of the duration of the Round, that is, until 1991, there had been no less than 15 different negotiating groups on the most diverse and complex subjects, from the traditional area of manufactured goods to the still largely uncovered field of agriculture, from anti-dumping, countervailing duties and safeguards rules to the new and unknown issues of services, intellectual property and investment, from the relationship with other international economic organizations to the functioning of the GATT.

It was almost impossible, except for a very few delegations, practically all from developed countries, to follow each and all of these groups. In spite of the always renewed promise to avoid scheduling major sectorial negotiations at the same time, several different groups would often meet on the same days, making it even more difficult for developing nations' delegations simply to be present,

to say nothing of truly participating in a meaningful and active way. That was the moment when Raghavan's *SUNS* saved the day for most of us.

Even in the Brazilian Mission, which was relatively larger-staffed and capable of sending a representative to each meeting, we soon concluded that Raghavan's reports were generally far superior to our own attempts at summing up the development of work in the different groups. To this day I do not know how he was able to perform such a miracle of accuracy and comprehensiveness in covering negotiations where he could not enter the room! Reading now some of the articles gathered in this book and its companion volume, I was amazed again by his incredible versatility and acuteness of perception. I am sure that for future historians this collection of *SUNS* articles will become *the* work of reference, the most complete and honest description of the negotiations and of the external environment within which they took place.

To the despair of official spokesmen intent on making sure that the press corps would quietly swallow the conventional truths, Raghavan was always present at the press conferences at the GATT or at the Palais des Nations (the United Nations office complex in Geneva). It was not without trepidation that the audience would impatiently wait for the conclusion of the bland introductory remarks just to hear the first and point-blank biting question from the *SUNS* representative.

I myself had the experience, in my days as UNCTAD's Secretary-General (1995-2004), of often being at the receiving end of the questions asked. I can therefore attest that there was no possibility of escaping his probing interrogation just by stammering a few elusive nonsensical explanations. Never disrespectful but firm, he would not countenance any bad-faith attempt at cheating those who were entitled to truthful information.

His day-to-day performance in delivering all these challenging tasks was up to the highest standards of first-class journalism because he set for himself the most demanding moral and ethical standards in his attitude as a citizen not only of his native India, but as a truly universal citizen of the South and of the World. To be a journalist in the fullest sense of the word is by no means to be neutral in relation

to moral values, to stay indifferent in the face of violations of justice, fairness and freedom. Understood in this light, journalism is one of the most difficult and dangerous human vocations.

Independence, of course, is the essential prerequisite that is particularly hard to attain in a profession where the media owners will not tolerate views that run counter to their personal interests. As we have been watching in the United States or in the United Kingdom recently, far from being resolved, the threat posed to democracy by right-wing plutocratic domination of the media is second only to the distortions in democratic government brought about by the capture of the legislative and executive branches by the banking and financial special interest lobbies.

Obviously no Western foundations or individual donors would contemplate financing *SUNS*' troublesome work of enlightening Southern negotiators. Raghavan was only able to find a way to barely survive by accepting a sort of permanent vow of poverty, just making ends meet on the basis of a few dwindling yearly abonnements or fortuitous and sporadic contributions.

In writing that he was alone, though, I did not mean that he could never count on the help and cooperation of a few collaborators or on the willingness of well-placed people to serve as sources of information or providers of some kind of endorsement, such as *SUNS*' informal advisory board of developing-country representatives. I myself had the honour of seeing my name listed for years on the *SUNS* front page and I take special pride from this privilege. In effective terms, however, he was in practice isolated as compared to the multiple resources and widespread penetration of the media aligned against the developing countries' perspectives in economic and trade negotiations.

Despite this disproportionate imbalance in human and material resources, Raghavan did ultimately prevail. Not in the sense that he succeeded in changing the dynamics of negotiations, a goal that has always been much beyond his reach or the reach of any disarmed prophet of truth and knowledge. Negotiations of any kind, political, strategic, economic, are in all cases a game of power, of power defined in terms of interests. They are no Socratic process where the outcome automatically follows the identification of truth.

A journalist's victory should be defined in terms of being right in finding out the facts, in telling things as they are and extracting the correct conclusions from the facts. In other words, journalists are the historians of the present time, of contemporary life. Their vindication should come in the form of history confirming their perceptions and informed predictions. In that sense, what better vindication could one ever expect than this terrible financial and economic crisis that Raghavan's analyses had foreseen, this complete moral and intellectual bankruptcy of market fundamentalism in financial and commercial matters?

Not that he will be given credit for it. His reward lies elsewhere, in the gratitude, admiration and esteem of those, among whom I count myself, who are indebted to him for the gift of recovering "the knowledge we had lost in information and the wisdom we had lost in knowledge".

Rubens Ricupero
Sao Paulo, 3 January 2013

Rubens Ricupero is Dean of the Faculty of Economics and International Relations at Foundation Armando Álvares Penteado (FAAP) in Sao Paulo, Brazil. He was Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) from 1995 to 2004. He is a former Brazilian Minister of Finance (1994) and Minister of the Environment and the Amazon (1993-94). He has also served as his country's Ambassador to Italy (1995) and the United States (1991-93). From 1987 to 1991 he was Brazilian Ambassador to the UN and the General Agreement on Tariffs and Trade (GATT) in Geneva, during which time he served as Chairman of the GATT Council of Representatives (1990) and Chairman of the GATT Contracting Parties (1991).

The development path traversed by the countries of the Third World since emerging from the colonial era has been anything but smooth. Their efforts to attain effective economic sovereignty alongside political independence, even till the present day, face myriad obstacles thrown up on the global economic scene. This drive to improve the conditions of the developing world's population has seen the countries of the South seek to forge cooperative links among themselves and engage with the North to restructure international relations on a more equitable basis – not always with success.

In this collection of contemporaneous articles written over a span of more than three decades, Chakravarthi Raghavan traces the course of dialogue, cooperation and confrontation on the global development front through the years. The respected journalist and longtime observer of international affairs brings his inimitable blend of reportage, critique and analysis to bear on such issues as South-South cooperation, corporate-led globalization, the international financial system, trade and the environment-development nexus. Together, these writings present a vivid picture of the Third World's struggle, in the face of a less-than-conducive external environment, for a development rooted in equity and justice.

CHAKRAVARTHI RAGHAVAN, Editor Emeritus of the *South-North Development Monitor (SUNS)*, is a veteran Indian journalist whose professional experience spans six-and-a-half decades, including nine years covering the United Nations in New York and, since 1978, in Geneva closely monitoring and analyzing activities and negotiations at UNCTAD, GATT and the WTO as also the UN specialized agencies. He was formerly at the Press Trust of India, including as its Editor-in-Chief (1971-76). He is the author of *Recolonization: GATT, the Uruguay Round and the Third World*; *The New Issues and Developing Countries*; *The World Trade Organization and Its Dispute Settlement System: Tilting the Balance Against the South*; and *Developing Countries and Services Trade: Chasing a Black Cat in a Dark Room Blindfolded*; as well as other papers and numerous articles on trade and development, finance and other issues. He was presented the Group of 77/UNDP award for TCDC/ECDC (Technical and Economic Cooperation among Developing Countries) for 1997.

ISBN 978-967-5412-83-7

