

Regional and Global UN Entities: A Constructive Exchange of Ideas

Abstract

The article synthesises the lessons drawn from *Unity and Diversity in Development Ideas: Perspectives from the UN Regional Commissions*. Confronted with the different realities of their regions, the UN Regional Commissions gave different answers to similar issues such as regional cohesion, development, and regionalisation versus globalisation. Their analyses and policies often had an impact beyond the limits of the region where they were elaborated and, conversely, the Commissions also acted as the regional arm of the United Nations, adapting some UN principles and agreements to regional circumstances. The regret is expressed that the wealth of analyses and policies accumulated in the UN regionally and globally has not been used to elaborate an alternative development paradigm that would restore intellectual leadership to the UN.

Keywords: development, industrialisation, regionalisation, globalisation, cohesion, diversity

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In the volume *Unity and Diversity in Development Ideas: Perspectives from the UN Regional Commissions*, the purpose is to see if, and how, the Regional Commissions contribute ideas that help the governments of each region to address their concerns (Berthelot *et al.*, 2004).

The Regional Commissions were created over a period of 26 years, each after protracted debates; nevertheless, they received almost identical mandates. It is therefore all the more interesting that, because they discussed the concerns of their regions, they each developed a different set of priorities and became known for their intellectual contribution in different domains: the Economic Commission for Europe (ECE) for its norms and conventions, the Economic and Social Commission for Asia and the Pacific (ESCAP) for the institutions it created and its technical assistance activities, the Economic Commission for Latin America and the Caribbean

(ECLAC) for its analysis of the deterioration of the terms of trade and its development paradigms, the Economic Commission for Africa (ECA) for its challenging of structural adjustment and for the concept of collective self-reliance, and the Economic and Social Commission for Western Africa (ESCWA) as the economic and social ‘regional arm’ of the UN in Western Asia.

From an institutional point of views, these differences are, in themselves, a justification of the existence of the Regional Commissions. On substance, differences in priorities, analyses and policy recommendations, even when similar issues are addressed, illustrate that the ‘one size fits all’ attitude, sometimes adopted by global institutions, is inadequate.

The impact of the institutional setting on the creation of ideas will be analysed briefly; subsequently I shall illustrate through examples both the unity and the diversity of development ideas matured in the Commissions.

1. The Institutional Impact on the Promotion of Ideas

The volume *Unity and Diversity in Development Ideas* is the only one in the UN Intellectual History Project (UNIHP) series that focuses on the ideas produced by specific institutions, namely the Regional Commissions, and not on ideas produced by the United Nations as a whole on a specific topic. This is why it contains some views on the link between the capacity of the Commissions to generate ideas and their institutional setting.¹

1 The volume is also the only one to be edited and not collectively signed by its authors. The authors selected by the co-directors of the UN Intellectual History Project are of two types of origins. Four had high-level responsibilities in an Economic Commission; of these, three were executive secretaries: Yves Berthelot (ECE), Gert Rosenthal (ECLAC) and Adebayo Adedeji (ECA), and one, Paul Rayment, was director of the Division of Economic Analysis in the the ECE. Two belong to the academic world: Blandine Destremau, who wrote the chapter on ESCWA; and Leelananda de Silva, who was at one time the Sri Lankan delegate to the ESCAP and who wrote the chapter devoted to this Commission.

It is clear that the three former executive secretaries and the former director have sympathy for the institution they directed, and particularly their secretariat. However, they do recognise the weaknesses and shortcomings of the institutions. The two academics take a more distant view in describing the achievements of their Commission and are more critical. This could be considered as a serious bias if it was not generally recognised that the ESCAP and the ESCWA produced fewer ideas than the other Commissions either because after a while the ESCAP focused on technical assistance and the ESCWA on the implementation at the regional level of global ideas, despite the attempt of the secretariat to address the most sensitive issue for the region: its economic relations with Israel (see Chapter 6 of *Unity and Diversity in Development Ideas*).

With few exceptions, it is hazardous to attribute the paternity of any idea to an individual or an institution. Most innovators stand on the shoulders of their predecessors, and diligent scholars usually have little difficulty in finding historical precedents for even the more radical of 'new' ideas. But it must be questioned whether the production of new ideas is actually the most appropriate criterion for assessing the intellectual contribution and influence of an international economic institution. Rather, it can be argued that an institution, through the analyses that its secretariat produces and the debates it organises, creates a common mind-set among governments and between the governments and the secretariat that allows problems to be addressed with reference to shared background information and a mature consensus to be reached on ideas and policies for solving them. Because countries in the same region share, to diverse degrees, geographical vicinity, a common history of wars, disputes and reconciliations, intertwined cultures, similarities in their economic problems and common interests *vis-à-vis* the rest of the world, it is easier to create such a mind-set in the UN Regional Commissions, even if it should be recognised that confidence between governments and the secretariat of each Commission is subject to variations that depend not only on the relevance of the secretariat's work but also on the political will of the former.

One of the main tasks of the Commissions has been to assess what is currently happening in the regional economies, to judge how matters may develop in the next 18 months or so, to review the appropriateness of current policies and to warn about possible dangers. Such regular conjectural analysis, if given sense of direction by a coherent mind-set, can help to develop a general framework of ideas that may have a significant influence on policy-makers. All the Regional Commissions, emulating the ECE, have published since their creation a yearly survey of the economies of their region that compares and analyses data for each member country. The emphasis on the comparative approach encouraged national policy-makers and analysts to see their own country in an international setting and perspective. During the Cold War, the ECE survey was

Chapter 1 of the volume is an attempt by the editor and author of this article to make a global presentation of the ideas and the *raison d'être* of the Regional Commissions. While he is fully responsible for the choice of illustrative examples, the judgements made and the conclusions drawn, he asked the other authors to review his text and took their comments on board. It is this chapter that is the basis of the article published here, although new comments have been added because of time passing.

a source of information for the members of the Council of Mutual Economic Assistance (CMEA) on what was going on, not only in the countries of Western Europe but also in those of the Council, including their own. Modestly, this contributed to the documenting of doubts about official propaganda and, therefore, to the evolution of ideas in Eastern Europe.

In proposing, through the surveys and specific studies, analyses of eventually disturbing facts and, sometimes, unconventional policies, the Regional Commissions maintained a degree of constructive scepticism *vis-à-vis* the common wisdom. Such scepticism is necessary for the emergence of new ideas. But it may not suffice to result in changes of policy. In the 1950s, for example, an ECE study, *The Price of Oil in Western Europe*, noted that, for oil from the Middle East, ‘the present division of margin of price over cost between royalties and profits is both arbitrary and likely to change’ and suggested an approach that would ‘explicitly recognise the interests of all Governments, consuming as well as producing’ (ECE, 1957: 23–37). It took 18 years and the oil shock for this suggestion to be temporarily taken seriously. Later, the ECE warned about the ‘shock therapy’ and insisted that institutions matter (ECE, 1990). This was brushed off by many Western officials and so-called experts, including many in the International Financial Institutions (IFIs). The lack of attention given to the building of institutions led to severe crises, particularly in Russia. It was only in its 2000 annual report that the World Bank acknowledged the role of institutions in the transition process (Berthelot and Rayment, 2004: 13–24). Another example given in *Unity and Diversity in Development Ideas* relates to the concept of collective self-reliance proposed by the ECA secretariat (Adedeji, 2004: 260–265). Endorsed in article 1 of the Declaration of Commitment adopted by heads of state and government in Monrovia in 1979 just before the dawn of the neo-liberal era, this concept was never translated into policy by the governments that approved it, and the situation in Africa continued to deteriorate.

The Commissions produced ideas. Some were too far ‘*ahead of the curve*’, others too much at odds with the common thinking to be accepted. Nevertheless many of these ideas made or are making their way. We will now review some ideas that had an impact on governmental policies and highlight the diversity of local circumstances.

2. Diverse Responses to Similar Challenges

The five Regional Commissions share quasi-identical mandates. In each of them governments decide on the programme of work, and the executive secretary has the possibility to table analyses and proposals he or she finds appropriate. Unfortunately, this possibility is less and less exploited, if still available at all. While broadly similar issues have been addressed, the historical context and the particular economic and social circumstances have resulted in very uneven contributions to the intellectual history of the UN. Three issues enable differences and similarities to be highlighted: the cohesion of each region, the development of each, and the challenge of globalisation.

The cohesion of the regions

One of the main concerns of the first executive secretaries was to convince governments that the development of their country required cooperation with other countries of the region. To achieve it, they had to use or create forces of cohesion to counter forces of division. Forces of division were particularly strong in Asia, which was emerging from the violent and cruel conflicts of the Second World War. In addition, when created in 1947, the Economic Commission for Asia and the Far East (the ECAFE, the former name for the ESCAP) encompassed independent countries and territories under colonial rule, the two most populated countries of the world and small islands with a few thousand inhabitants. To forge the unity of the region was indeed the most pressing challenge for its executive secretary. The ECE, also created in 1947, was soon to be divided into two antagonistic blocks by the Cold War. But it kept its sense of a common identity (one suggested by the French historian Jules Michelet who, at the end of the 19th century, compared Europe to a harmonic instrument, each cord of which was essential). When the ECA was created in 1958, Africa was about to emerge from the colonial era. It was united by the old dream of the pan-African movement, championed by Kwame Nkrumah after the independence of Ghana, but economic realities – in particular, infrastructure developed in the interests of the colonial powers and the reliance on exported commodities – did not contribute to cooperation and unity. *A priori*, Latin America and Western Asia were two more homogeneous regions. Both had a tradition of regional or subregional cooperation since the independences of their member countries. But the sub-regional agreements in Latin America

had never lasted long and the many Arabic organisations had not demonstrated their efficiency. In addition, the oil shock, which in 1973 led to the creation of the ECWA despite the opposition of Israel, introduced an economic divide between the oil-producing and non-oil-producing countries of the region, between the rich and the poor.

In response to their mandate, the Regional Commissions developed intergovernmental machinery from which emerged networks of officials and experts, networks that survived national crises, strong political divergences, and even revolutions, since people knowledgeable on international matters are not so numerous in any country and resurface even after political upheaval. Some Eastern European experts who participated in the ECE debates became ministers or vice-ministers after the fall of the Berlin wall. These networks constituted the topsoil in which ideas to address the problems of the regions grew and matured.

To address more directly the issue of cohesion, the ECAFE – and, subsequently, the ECLA and the ECA – created an infrastructure of regional institutions among which were the regional development banks, the Asian Development Bank (ADB), the Inter-American Development Bank (IDB) and the African Development bank (ADB), which became more powerful and sometimes more influential *vis-à-vis* the daily choices of governments than their parent institutions. The ECE did not create any such broad institutions, but Gunnar Myrdal pioneered the idea that confidence-building must start with small steps, especially ones seen by the population of the region as bringing practical benefits. After taking over from the United Nations Relief and Rehabilitation Administration (UNRRA), which dealt with the supply of wheat and the allocation of coal and railway carriage, the ECE initiated negotiations on norms, standards and procedures to facilitate border crossing, to simplify trade procedures, to design a network of priority roads linking East and West, North and South in Europe, to harmonise road signs and improve road safety, to speed up relief in the case of an industrial accident affecting both sides of a boundary, to reduce air and water pollution, to improve the quality of perishable goods, to limit risks in the transport of dangerous goods, etc. The functional, gradualist approach initiated by the ECE was subsequently adopted and extended by the Western European countries in the progressive building of the European Union.

The end of the Cold War did not mark the end of history, and forces of division continue to operate in each region: wars and civil

wars in Africa, the Arab–Israeli conflict in Western Asia, nuclear proliferation in Asia, the fate of the Russian empire in Europe and everywhere the dividing lines between poor and rich, the revival of fundamentalism and terrorism. Regional Commissions continue to maintain networks of officials, technicians and experts who contribute to developing a culture of cooperation (see Berthelot, 2004: 18–27).

Development ideas

Regional Commissions contributed ideas and were involved in many debates related to development. This is described in some details and for each Commission, in *Unity and Diversity in Development Ideas*. Here, a few examples are selected: development strategies and industrialisation, financing and aid, regionalisation, facing neo-liberalism. In all these domains, the views and ideas developed by the Regional Commissions were based on statistics that they had often worked out themselves.

Statistics

Before formulating a strategy, it is necessary to have a reliable analysis of the region’s economic situation. Certainly the first invaluable achievement of the five secretariats was to collect statistical data and to publish them in the surveys. Among the statistical series collected towards the end of the 1940s, two deserve particular mention because they drew the ECAFE and the ECLA into uncharted waters and influenced policies in the two regions and beyond.

Analysing the data of population, employment and agricultural production, the authors of the Economic Survey of Asia and the Far East noted that none of the efforts towards industrialisation had resulted in any appreciable reduction in the dependence of the population upon agriculture. As internal or international migrations were not an option, the survey concluded that ‘[this] outlet [international migration] for the surplus of population being closed, one way by which the pressure of population may be reduced would be a reduction in the rate of natural increase of population, but here the position is discouraging’. At that time, it was not possible to answer the question of ‘whether or not birth-rates would decline in countries concerned even during the first stage of their economic development’. The ECAFE’s work helped governments to consider introducing population policies, which they finally did under the pressure of necessity. As indicated earlier, the ECAFE was more pes-

simistic than the ECLA about the capacity of industry to absorb an active population that was increasing in size. It concluded that development would be helped if the natural population increase were reduced. This conclusion, brave for the time, had an impact not only in Asia but also on the decision of the United Nations to create the UN Fund for Population (UNFPA) (see ECAFE, 1947).

More famous are the three tables in the 1949 *Economic Survey of Latin America*; namely ‘Latin America; Population, Exports and Capacity to Import (1925–1949)’, ‘Terms of Trade and Total Import Coefficient of the United States (1900–1949)’ and ‘Terms of Trade and Total Import Coefficient of the United Kingdom (1870–1949)’. These tables led Raúl Prebisch to conclude that Latin America’s capacity to import, and therefore its capacity to invest and develop was constrained by the downward trend in its terms of trade. This conclusion, linked to further observations on productivity and the structure of employment, gave birth to a development strategy that would have a great influence in Latin America and most parts of the developing world (see below).

Development strategies and industrialisation

The common aspiration after the Second World War as, later, after independence was to improve standards of living. Europeans referred to the pre-war period and to the United States; the underdeveloped countries, as they were called at the time, looked to the standards of living that prevailed in the United States and Europe and sought to emulate them. The industrialised countries’ standards of living were associated with the diversification of production and industrial development, where the key words were growth, diversification and productivity. Diversification was also necessary to absorb the increase in the labour force resulting from population growth and productivity gains in agriculture, despite the pessimistic view of the ECAFE on the capacity of industry to offer enough jobs. On this point, the view of the ECLA was similar to the ECAFE’s view that migration was not a realistic alternative. This gave it the opportunity to challenge the existing division of labour and established order with some humour: ‘The logical consequences of the premises of mobility of productive factors, which is the postulate on which the theoretical concept of the international division of labour is built up, are very far-reaching and must be borne in mind in any attempt to interpret the significance of this reality by theory’ (ECLA, 1949: 14).

The ECLA developed the most articulate and comprehensive development strategy of all the Regional Commissions. This strategy was presented in the first part of the *Economic Survey of Latin America 1949*. The style of this survey is unusual. It appears as the presentation of the results of economic research, an economic treatise for the use of governments and a plan for the development of Latin American countries. The strategy proposed became generally known as the ‘import-substitution strategy.’ It is well described in Chapter 4 of *Unity and Diversity in Development Ideas* and, for the purposes of this article, only a brief mention is made of the main elements. Drawing on the statistical observations mentioned above and aware of the unrealistic assumptions of the theory of the international division of labour, the ECLA saw in the development of industrial production not only an engine for growth and a source of employment for the workers released by the increase of productivity in agriculture, but also a way to reduce, in the medium term, the need for imports that were constrained by the deterioration of the terms of trade. It noted that ‘measures...of a protective nature have always been adopted by countries in the process of development’ and cautiously admitted that ‘since there [was] no other way...activities which [could] be developed by protective tariffs [did], within certain limits, give rise to an increase in real income’ (Rosenthal, 2004: 181–184). Only later would the ECLA recommend and actively promote regional or subregional arrangements that would strengthen industries by allowing them to reap economies of scale.

The import-substitution strategy was reproduced in most countries of all the regions, but perhaps most successfully in those that would become the ‘Asian tigers’. Korea and Taiwan offer the best examples. Agriculture was modernised in order to increase food security and the income level of the peasants. Industry was then developed under tariff protection to absorb the increase in labour supply due to demographic growth and the manpower released by the modernisation of agriculture. The difference with the policies followed in Latin America, where industries aimed at the national or regional markets, was that industrial products were designed not only to respond to domestic needs but also to meet the quality standards required to be competitive on the world markets. This was in contradiction not so much with the ECLA recommendations as with the rather narrow interpretation by some governments of import substitution. Import-substitution strategies have been heavily frowned upon during the past 20 years, but they were followed by all present

developed economies, and often for a long time. For instance, the US average tariff rate was 40 to 50 per cent in 1875 and 48 per cent in 1931 (Ha-Joon, 2002).

Financing and aid

To raise productivity and diversify output required imports of technology, embodied in equipment, productive inputs and, as income increased, consumption goods to meet the needs of populations. In the initial phase of development, domestic savings were insufficient to finance investment, and imports naturally grew faster than exports, so that most countries faced severe balance-of-payment problems and difficult choices in the allocation of resources between consumption and investment and of investment among sectors. To meet the first challenge, financial resources from abroad were necessary and, to meet the second, planning appeared the most effective solution. All Regional Commissions concurred in this broad judgment.

The ECAFE calculated the region's financial needs and estimated the gap between investment needs and domestic savings. A better fiscal policy could only marginally reduce the gap and to wait for voluntary savings would aggravate the difficulties confronting the economy. Faced with this situation and the dollar shortage, P.S. Lokanathan, the executive secretary of the ECAFE, in his preface to the *1949 ECAFE Survey*, argued that strengthening the region's economic and financial relations with Europe, and particularly the former colonial powers, could offer a partial solution.

This echoed the view expressed, for similar reasons, by Gunnar Myrdal that 'Europe could participate to its own advantage, in the economic development of overseas countries, not only through its exports of capital equipment but also through the provision of financing' (Myrdal, 1950). Not surprisingly, this proposal left those concerned by the immediate overseas balance-of-payments problem of Europe rather sceptical. Myrdal, nevertheless, insisted on this point because he anticipated the reduction and eventual disappearance of the Marshall aid. He feared that this would leave Europe with a deficit in dollars that it would not be able to finance if the United States maintained high tariffs on Europe's industrial exports. This 'interdependence' that Myrdal recognised would later be named and promoted by the United Nations Conference on Trade and Development, UNCTAD (Toye and Toye, 2004).

Regionalisation

The ECLA and, later, the ECA were strong advocates of subregional agreements. The preference for such arrangements was purely practical. In Latin America, the differences between subregions would have made it difficult to set up an overall regional scheme. In the ECA, the disparities within the region were even greater, and subregional arrangements were seen as steps toward stronger regional cooperation. The economic rationale for the creation of subregional arrangements was twofold. First, national markets were often too small for certain industrial activities to be economically viable. Subregional arrangements were expected to open and enlarge such markets while permitting the protection of infant industries. Second, the fear that ruinous competition between new enterprises would lead to a waste of already scarce resources for investment pleaded in favour of subregional cooperation.

Regionalisation did not yield the expected results, mainly because the second rationale mentioned above proved wrong. Indeed, in manufacturing, international trade is more intra-industry than inter-industry and consists largely of intermediate and capital goods. An explanation for this pattern of trade is that, as the extent of the market increases, economies of scale and coordination allow the intermediate parts and processes required in the production of manufactured goods to be separated out and entrusted to specialist producers external to the enterprise. Already in 1966, Robert W. Gregg had noted that regional integration was more the result than the cause of development. 'If recent experiences with integration yield any lesson, it is that urban-industrial societies with a relatively high level of economic diversification are better candidates for more rapid progress towards union than underdeveloped, mono-cultural societies. Ironically, the integration movements in Europe...are probably an important factor in spurring experimentation with economic unions in areas which otherwise fail to meet some criteria for integration' (Gregg, 1966: 213).

So, regional trade follows rather than precedes industrial development. This does not weaken the fact that, for new industries, the region can offer some protection while already training the management for the competition on foreign markets. It also suggests that, if industrialisation does not follow spontaneously the creation of a regional entity, there is a need for policies that encourage the emergence of an industrial fabric, which means policies that favour small and medium enterprises.

Confronting neo-liberalism

None of the Regional Commissions considered that the allocation of resources between sectors and states, consumers and investors, could be left entirely to market forces. Each was convinced that government was the key actor in building up an economy that could meet the needs of people and establish balanced relations with the rest of the world. The instrument for guiding the action of the government was planning. Until the middle of the 1970s, this belief was not controversial.

By the mid-1970s, the vogue of planning was in decline. In the ECE, indicative planning appeared unable to 'reduce uncertainties' in countries overwhelmed by the problems of adjustment that followed three decades of sustained growth and the first oil shock. As the failure of Eastern countries to reform their planning methods and their economic difficulties became better known abroad, serious doubts were raised throughout the world about planning as an effective instrument. By the end of the 1980s, with the fall of the Berlin Wall, the Washington Consensus was established as the new common wisdom.

Did the Commissions change their line in the 1980s or 1990s? For the ECE and the ECLAC, the answer is 'yes and no'. Certainly, they integrated the changes in the world economy and both became more explicitly market-friendly, although the underlying philosophy in the ECE remained firmly in the Myrdal–Kaldor tradition. At the same time, they challenged the simplistic assumptions of the Washington Consensus that, as Williamazon put it in the 2001 ECE Spring Seminar, 'failed to understand modern capitalism' (ECE, 2001: 59–72). Both challenged the idea that stability is the centrepiece of the development process. The neo-liberals believed stability to be a necessary and sufficient condition for economic growth and generally harmonious development. Both Commissions believed that it was necessary to a degree – certainly not hyperinflation, but the pursuit of inflation rates of 2 per cent was dogma. They believed that efficient product and factor markets would be the outcome of successful development rather than a precondition for it.

The ECA, reflecting both on the increasing marginalisation of the continent in the world economy and its excessive dependence on foreign capital, foreign skill and foreign technology, forged an alternative strategy of collective self-reliance in order to increase the participation of the mass of the people in production. Later, its criticism of structural adjustment programmes obliged the Bretton Woods institutions to review their rhetoric, if not their practice. As

early as 1990, the ECE underlined the risks of shock therapy and throughout the decade stressed consistently that market-economy institutions were necessary if liberalisation and privatisation were to yield the expected results. Similarly, the ECLAC was favourable to a gradual dismantling of trade barriers and an orderly process of privatisation. Both were favourable to the inflow of long-term capital but had serious reservations about the liberalisation of short-term capital movements. They considered the latter were often de-stabilising and obliged governments to pay excessive attention to macro-economic equilibrium at the expense of growth. After the Asian crisis the ESCAP joined them in articulating this line. All the Commissions warned about the social costs of reforms and crises stressed the need for sharing the costs of adjustment equitably in order to reduce the risk of political crises. But, again, the ECLAC went further in offering a holistic framework articulating growth and equity, private and public responsibilities, and micro- and macro-economic dimensions for the short and long term (Rosenthal, 2004: 216–229).

Globalisation

Despite its failure, the New International Economic Order (NIEO) raised developing countries' awareness of their collective strength, which in turn gave a new dimension to regionalism. Countries in a given region saw more clearly that they had common interests or concerns that could be better defended in international forums if they were united. The Regional Commissions were the obvious place to articulate and develop common positions and programmes. In the preparation for and the follow-up to the global conferences of the 1990s, their contributions helped to distinguish better between what was of universal application and what had to be left to the regions. They also became the forums where the policies pursued by the Bretton Woods institutions could be discussed or challenged. In most cases they also engaged in a constructive exchange of ideas with UNCTAD.

From this perspective, the globalisation movement was a challenge for the Regional Commissions as it denied implicitly the rationale for different regional approaches. In the course of the 1980s the word 'globalisation' came indeed into fashion to describe what many felt to be a new and central reality of the times. This 'reality' was supposed to be first the result of technological progress that had reduced the costs and the risks of international communications

and transports and dramatically increased the capacity to process information. Second, the progressive removal of trade barriers in industrialised countries since the Second World War and, since the 1980s, the deregulation of financial markets and privatisation were expected to give full effect to technical progress and managerial rationalisation in the developing world and, after 1990, in Eastern Europe.

Globalisation: not a new theory

Globalisation as a phenomenon or a theory is not as new as it is said or thought to be. From statistics on trade and financial flows, it is not even a fact. Such is the thesis developed by the five executive secretaries in statements they made at UNCTAD X in a debate chaired by Rubens Ricupero, the then Secretary-General of UNCTAD.

It cannot be denied that there has been significant technical progress in recent years. But, can it really be claimed that the pace of change has been greater than in the late 19th century when the speed of communication between Europe and North America, for example, was reduced in the 1860s from several days' sailing time to the minute or so that it took to send a telegraph message? This development, in conjunction with the technology of the steamship and railway, led to a boom in foreign investments and to a degree of openness, as measured by the ratio of merchandise trade to GDP, which for many countries was, prior to the First World War, as high or higher than in the early 1990s. The point here is that the rupture in the way of doing business introduced over the last two decades by the new information technology is not without precedent of similar magnitude.

The ideological dimension of globalisation is not new either. Since the word appeared, it has been legitimised by the belief, shared by some policy-makers, academics and entrepreneurs, that open trade and investment regimes would lead not only to faster growth for the world economy but also to increasing convergence of national incomes per head across the world. To achieve these objectives, advocates of globalisation recommended releasing market forces by limiting the economic role of the state to securing the good functioning of markets, and by avoiding interference with market forces. Indeed, the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank were instrumental in imposing this line. The WTO continued to advocate the elimination of trade barriers and in addition started establishing rules that re-

stricted the space for manoeuvre that governments had for carrying out agricultural or industrial policies. The World Bank and the IMF did not enact rules but, through conditionality embodied in structural adjustment programmes and debt management schemes, required countries starved of financial resources to reduce state intervention and to liberalise and privatise, irrespective of their economic and social circumstances. In this normative mode, so to speak, the globalisation agenda turns out to be the traditional neo-classical, neo-liberal agenda, updated for a world where geographic distance is alleged to have little significance for business activity.

The ideology is not new and, worse, globalisation failed to deliver its promises: it did not improve the situation of all throughout the world. The United Nations Secretary-General recently challenged this dogma: 'Trade is the most visible manifestation of globalisation. It has proved its ability to deliver jobs and wealth for some. Yet there is widespread unease, and even distrust, about the new economic and technological space we inhabit. So many people have yet to benefit, and in the developing world there has been great dislocation without a safety net.' Finally, Henry Kissinger's cynical vision of globalisation as an instrument of US hegemony – 'what is called globalisation is really another name for the dominant role of the United States' (Kissinger, 1999) – maybe at least has the merit of reconciling ideology and politics.

Globalisation: not a fact

The theory behind globalisation is not new; even more disturbing is that globalisation does not even appear as a fact if the geographical pattern of trade flows and foreign direct investments is observed.

For each of the UN regions, Europe and North America, Asia and Pacific, Latin America and the Caribbean, Africa, and Western Asia, there are political agreements covering all member countries, but no formal economic arrangement with the exception of the recently formed African Union, which so far has had no economic impact. A comparison between the shares of intra- and inter-regional trade in the exports of these world's main regions in the year 2000 shows that for Europe, Asia and, to a lesser extent, North America² and Latin America, intra-regional trade is of particular importance. A comparison with similar data over the last 50

2 Intra-regional trade in North America is low compared to intra-European trade because trade between the various USA states is not taken into account.

years shows that, contrary to what could be expected, given the relentless publicity about the 'global village' and global markets, the external trade of these regions evolved towards a much closer integration of the countries within each region rather than towards a global engagement. This is a first important fact.

The same data permit one to establish a second important fact: that the more a region is industrialised, the more important is its intra-regional trade. The regional trade concentration has been a long-standing phenomenon in Western Europe, which increased especially during the 1960s and 1970s and again in the 1990s with the rapid growth of Eastern Europe exports toward Western Europe. The same phenomenon occurred in Latin America and Asia with the diversification of their economies. For Africa and the Middle East, the very low level of regional integration reflects the countries' continuing dependence on a few commodities exported throughout the world, as well as their low level of industrialisation.

The dynamic of intra-industry trade helped to explain why regional integration follows rather than precedes development (see above); this dynamic can also help to explain the strength of regionalisation versus globalisation. Intra-industry trade could in principle be extended on a global basis, given the decline in transport costs, the reduction of tariffs and other trade barriers, and the cheaper business travel and telecommunications highlighted by the advocates of globalisation. But, in practice, it is likely to proceed more rapidly among neighbouring countries with similar industrial structures. As increased interdependence resulting from increased specialisation has a cost – the risk of disruption in the supply of intermediate inputs – enterprises will attempt to minimise this risk in keeping their supply lines as short as possible, both in geographic and economic terms. This process is cumulative, as enterprises tend to migrate to areas with available supplies of skilled labour, good transport and communication systems, and opportunities for subcontracting part of the production process. This was already demonstrated when the Italian government failed to attract in the Mezzogiorno the enterprises that were gathering in the Milan and Turin areas. It also explains why free trade zone arrangements did not succeed in accelerating the industrialisation of developing countries when there were no compelling reasons for enterprises attracted by cheap labour and fiscal exemption to call on local suppliers.

With the liberalisation of capital movements, it was expected that capital flows would have globalised. But, foreign direct investments for which data are available replicate, if slightly less sharply, the

pattern of regional trade concentration. Even if FDI data by provenance and destination are not among the most reliable of economic statistics, they suggest indeed that, for Western Europe and North America, FDI is positively, and not negatively, correlated with the structure of trade by partner country. The evolution in Asia and Latin America goes in the same direction. For Europe, in a longer historical perspective, the change in concentration is especially marked. According to Angus Maddison, in 1914, at the end of what could be called the previous phase of 'globalisation', just under 19 per cent of the gross value of Western European capital invested abroad went to other parts of Western Europe, 40 per cent was invested in Latin America, Asia and Africa, and 14 per cent in Eastern Europe, as against 58.7, 12.6 and 3.7 per cent respectively for the period 1990–92 (Maddison, 1995: 63). There is no globalisation of Western European investments, but increasing concentration in the region.

Statistics confirm the dynamism of regional integration and also its sensitivity to political factors. They do not reflect a trend towards globalisation in the trade of goods and in foreign direct investment. This leads to the conclusion that despite the reality of technical factors that should accelerate globalisation and the strength of the ideology and interests behind globalisation, geography and, therefore, the rationale for regional agreements continue to matter (Berthelot, 2004: 42–44).

Open regionalism

ECLAC made a successful attempt to reconcile the concepts of regionalisation and globalisation, often opposed by academics and policy-makers, in forging the concept of open regionalism. The ECLAC secretariat produced in 1994 a landmark document called *Open Regionalism in Latin America and the Caribbean*, which tried 'to reconcile unilateral trade liberalisation with preferential arrangements'. The document discusses how to convert sub-regional or regional trade agreements from 'stumbling blocks' into the 'building blocks' of a more open and transparent international trading system. It describes the interaction of non-discriminatory trade rules and preferential arrangements (ECLAC, 1994):

First, the trade liberalisation and deregulation policies introduced at the national level by virtually all countries [of Latin America]... have helped to build up reciprocal trade and investment within Latin America itself, taking advantage of geographical proximity. Second, this 'natural', non-discriminatory attitude towards other countries has been

complemented by integration based on explicit agreements or policies, which do entail certain preferences with respect to the treatment accorded to other nations. The way in which these phenomena interact is of decisive importance. Depending of their content and scope, formal agreements can prove to be either contrary or complementary to the shift toward a growing interdependence guided by market forces and aimed at better integration with the international economy. The aim, therefore, should be to strengthen the reciprocal links between the two elements in the context of what is termed 'open regionalism', i.e., a process of growing economic interdependence at the regional level, promoted both by preferential integration agreements and by other policies in a context of liberalisation and deregulation, geared towards enhancing the competitiveness of the countries of the region and, insofar as [is] possible, constituting the building blocks for a more open and transparent international economy.

Despite the criticisms of Fortress Europe fashionable in the 1990s, the Economic Commission for Latin America and the Caribbean (CEPALC) had conceptualised what the European Common Market and the European Economic Community had been doing for years and was attempting to justify the conduct of regional agreements and policies at a time when the globalisation ideology ignored them.

3. Circulation of Ideas within the UN

Since the creation of the Regional Commissions, ideas had circulated among them and global entities. Prebisch's analysis of the deterioration of the terms of trade may have benefited from Hans Singer's work on the issue, but it was he and the ECLA that transformed the ideas into a development strategy that inspired the other Regional Commissions, the economic department in New York and, later, UNCTAD (Toye and Toye, 2004). The ECAFE pioneered work on population and prompted the UN entities and specialised agencies to integrate the population dimension into their activities. When the UNFPA was created, it took over responsibility for population policy and actions in the United Nations, and the ESCAP cooperated closely with the new body. Several of the conventions and norms or standards adopted in the ECE, such as the Convention on the Transport of Dangerous Goods, became global; others, such as the Convention on International Road Transport (known as the TIR convention), were adopted by neighbouring countries. The protocol on the emission of heavy metals served as a reference in

the preparation of a global effort to reduce this form of pollution. The Aarhus Convention, *Access to Information, Participation in Decisions and Access to Justice in Matters Related to Environment*, has retained the attention of both the United Nations Environment Program (UNEP) and the Office of the High Commissioner for Human Rights (UNHCHR). The work of ECA inspired the UN Program of Action for Economic Recovery and Development (UN-PAERD) and the UN New Agenda for the Development of Africa (UN-NADAF) contributed to the UN's views on structural adjustment.

The ECA's pioneering work on women contributed directly to the first Women's Conference in Mexico, and led to the creation of the United Nations Development Fund for Women (UNIFEM). More significantly, as pointed out by Margaret Snyder, the ECA had organised in the early and mid-1960s, 'much before anybody was talking about women in development' and 'long before Americans had any such concepts', meetings on the 'Role of Women in Community Development', the 'Role of Women in Urban Development' and 'Participation of Women in National Social and Economic Development'. The 'women and development' approach introduced by the ECA complemented the gender-equality approach championed by the North American feminist movements. Subsequently, the Commissions progressively raised awareness of the problems facing women in their regions and contributed through their statistical and conceptual work to changes in the status of women.

The ECA prepared special programmes for Africa and succeeded in having them discussed and adopted by the General Assembly. UN-PAERD, 1986–1990, followed by UN-NADAF, 1991–2002, were the results of two programmes prepared by ministers of planning in the framework of ECA. UN-PAERD was the first programme adopted by the General Assembly on a geographical basis; previously, special programmes had aimed at addressing the problems of a category of countries, such as the least developed.

Conversely, global initiatives such as the Development Decades or global ad hoc conferences invited contributions from the Regional Commissions and drew them into areas that they had not previously explored or that would have been difficult to tackle without the authority of UN resolutions and global events. Contributions to the development decades initially mobilised the secretariats of Commissions to convey to the global level visions about development that had matured in the regions. But it soon appeared that, in the way the development decades were designed, a sort of multilateral di-

plomacy was winning over the economics and leading to long catalogues of measures, the merit of which was to be acceptable to the West, the East, and the South, but which no one was really committed to implement. Participation by the Commissions, thus, turned into a series of routine exercises.³

Blandine Destremau, in Chapter 6 of *Unity and Diversity in Development Ideas*, gives a fascinating description of how the ESCWA secretariat was able to address the very sensitive issues of women, population, conditions of labour, and migration because these themes had been addressed at the global level. Of course, it adapted global analyses and recommendations to the specificity of the region, but the ESCWA, deliberately and more than any other Commission, played the role of a ‘regional arm’ of the United Nations.

4. A Concluding Remark

Thus ideas moved back and forth between global entities and Regional Commissions, the former stimulating or helping the latter, and vice versa. The Regional Commissions have played an important and useful role in the realm of ideas. Creative, they developed ideas that responded to the needs of their members and, sometimes, to those of the larger global community. Receptive, they have adopted global views or principles and advocated them in their region. Examples have been given above, and many others can be found in *Unity and Diversity in Development Ideas*. But it is regrettable that in an organisation with such limited resources, the scattered teams of economists have rarely if ever joined forces in a common undertaking. There remains the need – and the potential – to build on the wealth of the diverse experience in the Commissions’ secretariats and, together with some global entities, forge alternative approaches to development that would challenge the ruling paradigm. The Regional Commissions, their member states and secretariats have together developed cultures and mind-sets, and accumulated experience, that provide the building blocks for a bottom-up process to improve development thinking. However, the pieces need to be brought together. And who will have the talent, the modesty, the courage and the leadership skills to do that? A Myrdal or a Prebisch could have done it, but even they would have

3 A more balanced view on the development decades is found in Jolly *et al.* (2004).

a much more difficult task today in overcoming the institutional complexity and bureaucratic obstacles that constitute a major constraint on substantive work in the present UN. The question remains open, but it will need to be answered if the UN is to recover an influential and constructive role in economic policy in the future.

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