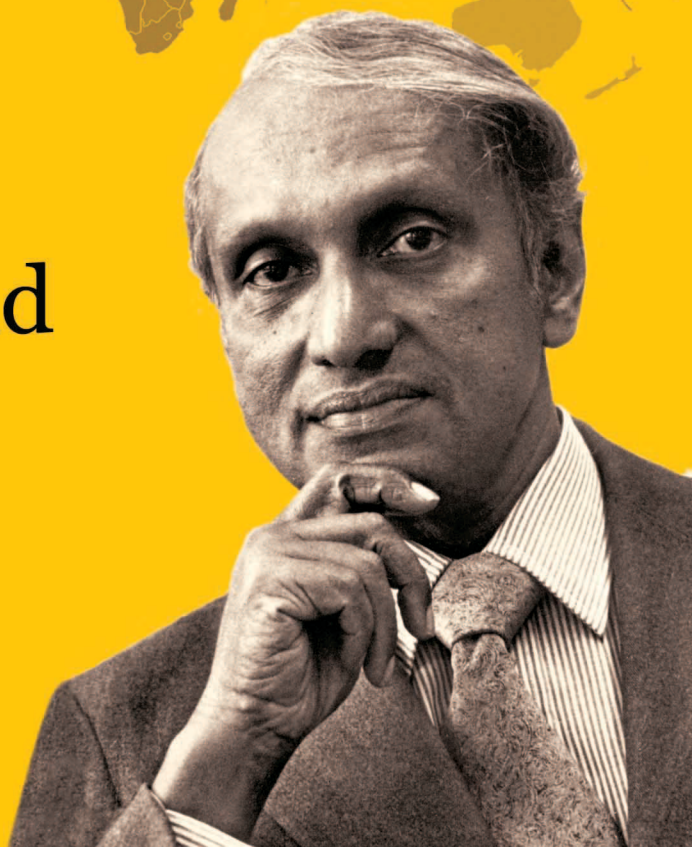


A Tribute to **GAMANI** **COREA**



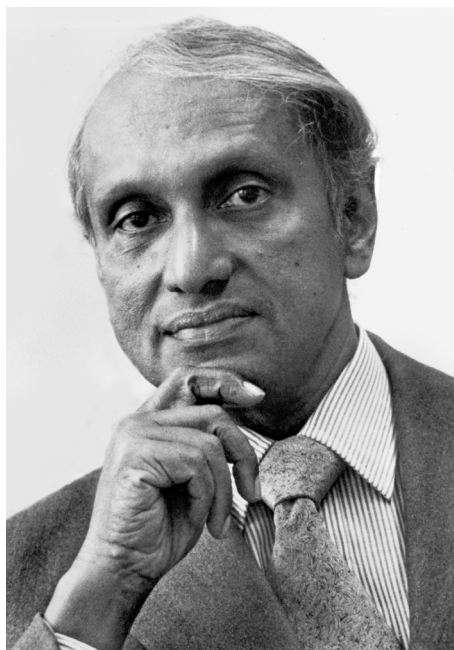
His life,
work and
legacy



**SOUTH
CENTRE**

A Tribute to Gamani Corea

His life, work and legacy



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CENTRE**

A Tribute to Gamani Corea: His Life, Work and Legacy

Published in 2014 by

South Centre

17-19 Chemin du Champ d'Anier

1209 Petit Saconnex, Geneva

Switzerland

www.southcentre.int

Cover design: Lim Jee Yuan

Printed by

Jutaprint

2 Solok Sungai Pinang 3

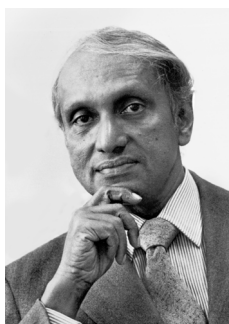
11600 Penang

Malaysia

ISBN 978-92-9162-043-2

This book is a collection of speeches and contributions received for the **Special Tribute Seminar in Honour of Dr. Gamani Corea** organized by the South Centre with the support of the Permanent Mission of the Democratic Socialist Republic of Sri Lanka and hosted by the United Nations Conference on Trade and Development (UNCTAD) at the Palais des Nations, United Nations office at Geneva, on 20 March 2014. It also includes contributions presented at the seminar on “Gamani Corea’s Contribution to Domestic and International Economic Policy”, organized by the Gamani Corea Foundation, the Institute of Policy Studies of Sri Lanka (IPS) and the Marga Institute on 3 April 2014 at the IPS Auditorium, Colombo.

Edited by
Martin Khor, Vicente Paolo B. Yu III
and Adriano José Timossi



Gamani Corea 1925-2013



THE SOUTH CENTRE

In August 1995, the South Centre became a permanent inter-governmental organization of developing countries. In pursuing its objectives of promoting South solidarity, South-South cooperation, and coordinated participation by developing countries in international fora, the South Centre has full intellectual independence. It prepares, publishes and distributes information, strategic analyses and recommendations on international economic, social and political matters of concern to the South.

The South Centre enjoys support and cooperation from the governments of the countries of the South and is in regular working contact with the Non-Aligned Movement and the Group of 77. Its studies and position papers are prepared by drawing on the technical and intellectual capacities existing within South governments and institutions and among individuals of the South. Through working group sessions and wide consultations which involve experts from different parts of the South and sometimes from the North, common problems of the South are studied and experience and knowledge are shared.



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Introduction

This publication puts together the speeches and contributions received on the occasion of the Special Tribute Seminar in Honour of Dr. Gamani Corea organized by the South Centre and the Permanent Mission of the Democratic Socialist Republic of Sri Lanka and hosted by the United Nations Conference on Trade and Development (UNCTAD) at the Palais des Nations, seat of the United Nations Office at Geneva, on 20 March 2014. It also includes contributions presented to the seminar on “Gamani Corea’s Contribution to Domestic and International Economic Policy”, organized by the Gamani Corea Foundation (GCF), Institute of Policy Studies of Sri Lanka (IPS) and the Marga Institute on 3 April 2014 at IPS Auditorium, Colombo.

Dr. Gamani Corea passed away in Sri Lanka on 3 November 2013. Dr. Corea started his career at the Central Bank in Sri Lanka where he later became director of economic research. He was also the Permanent Secretary to the Ministry of Planning and Economic Affairs playing a key role on Sri Lankan economic policy. In 1963 he was invited by Raul Prebisch to join the team involved in the preparation for the first UNCTAD Conference in 1964, an organization which he served later as Secretary-General from 1974 to 1984. He was also instrumental in the establishment of the Group of 77 and, in the 1990s, the South Centre, having previously served as a member of the South Commission (1987-90) and a decade later as member and Chair of the Board of the Centre (2002-03). Dr. Corea promoted domestic and international economic policies aimed at the benefit of the poor and of the developing countries. He contributed to reinforcing unity among nations of the South and their position in multilateral negotiations.

Dr. Corea introduced the Integrated Programme for Commodities – commonly known as the Corea Plan, one of his finest achievements that led to the establishment of the Common Fund for Commodities. The influence of Dr. Corea on the decision to establish the Heavily Indebted Poor Countries (HIPC) initiative is also another of his accomplishments, having previously chaired the Expert Group of the Non-Aligned Movement on Third World Debt which served as the basis for the HIPC initiative. He was a strong proponent of a New International Economic Order (NIEO), and during his tenure, UNCTAD experienced one of the most active moments of its history.

The Special Tribute Seminar of the South Centre not only paid tribute to this eminent South thinker but also discussed Dr. Corea's intellectual legacy as many of his ideas and thoughts can inform the response to the developmental challenges the global South is facing today. This publication has been prepared on the request of participants in order to serve as a platform for conveying the legacy of one of the major figures of the global South and of multilateralism to a broad constituency.

The seminar had three parts. It began with opening remarks by H.E. Benjamin Mkapa, Chairman of the South Centre Board, and H.E. Ambassador Ravinatha Pandukabhaya Aryasinha, Permanent Representative of the Democratic Socialist Republic of Sri Lanka to the United Nations Office at Geneva, and Dr. Mukhisa Kituyi, Secretary-General of UNCTAD (message). This was followed by a tribute session, while the final session focused on the intellectual legacy of Dr. Corea.

The South Centre expresses its gratitude to the speakers and those who contributed to making the event and this book a reality.

GAMANI COREA

**“...an outstanding international civil servant and diplomat,
a brilliant economist, and above all, a warm and caring
human being...”**

Dr. Manmohan Singh

Prime Minister of India (May 2004-May 2014)
and former Secretary-General of the South Commission
4 November 2013



OPENING SESSION OF THE SPECIAL TRIBUTE SEMINAR IN HONOUR OF DR. GAMANI COREA

Gamani Corea: A great son of the developing countries

Mr. Martin Khor, Executive Director of the South Centre

Gamani Corea's role at the South Centre

H.E. Mr. Benjamin W. Mkapa, Chair of the Board of the
South Centre

Gamani Corea: An embodiment of the confident South

Dr. Mukhisa Kituyi, Secretary-General of UNCTAD

**A defender of the economic and social well-being of the
international community**

H.E. Mr. Ravinatha Pandukabhaya Aryasinha, Ambassador,
Permanent Representative of Sri Lanka to the United Nations
office at Geneva



Gamani Corea: A great son of the developing countries

Mr. Martin Khor

Executive Director of the South Centre

We will now begin the proceedings for the Special Tribute Seminar that we are holding in honour of one of the great leaders, one of the great sons of the developing countries, our dear departed friend Dr. Gamani Corea, whom many of us know personally. Some of those of you who are a little bit younger, you know him by name and by reputation. He passed away, as we know, late last year, and we have been trying to find the right time and opportunity to bring together those of us who have known him as a person, as a professional, as a diplomat and as a great leader not only of the South but of the international community. So we are very happy that all of you have made it today. This shows that this was the right time. We had indeed requests by some eminent persons among you to hold it at the time when they could be in Geneva. Many of you have come to Geneva especially for this event, and we thank you very much.

This Special Tribute Seminar is organized by the South Centre. It may not be so well known but Dr. Gamani Corea, especially after he retired from UNCTAD, was very instrumental in the establishment and the operations of the South Commission and the South Centre. In this opening session which I am moderating, we have three eminent speakers who will give an overview, tribute and remembrance of Gamani Corea: the Chairperson of the South Centre, H.E. Benjamin Mkapa; Dr. Mukhisa Kituyi, Secretary-General of UNCTAD, sends his apologies. He is not

A TRIBUTE TO GAMANI COREA

in Geneva today and he is represented by Dr. Richard Kozul-Wright, who as you know is the Director of the Division on Globalization and Development Strategies (GDS) of UNCTAD; and H.E. Ravinatha Pandukabhaya Aryasinha, Ambassador and Permanent Representative of Sri Lanka in Geneva. We thank him very much for supporting us in organizing this event and for the lovely tea that we had before we came in. So, without further ado may I invite H.E. Benjamin Mkapa to say a few words.

Gamani Corea's role at the South Centre

H.E. Mr. Benjamin W. Mkapa

Former President of Tanzania
Chair of the Board of the South Centre

We welcome your presence here today at this Tribute Seminar in honour of a great representative, spokesman and leader of the South.

Like everyone else here, we at the South Centre were deeply saddened by the news about the passing away of Dr. Gamani Corea on 3 November.

Dr. Corea, a Sri Lankan, was a statesman and one of the most eminent economists of the developing and developed world. He had been the Senior Deputy Governor of the Central Bank and Secretary of the Department of Planning of Sri Lanka as well as a distinguished diplomat for his country. He is best known as the Secretary-General of UNCTAD in 1974-84, in which capacity he led the multilateral efforts to strengthen the position of developing countries in various areas, including in commodities and other areas of trade and development, and in the efforts in establishing a new international economic order.

He was a great contributor to the cause of the South and to South-South cooperation, having been instrumental in the establishment of the Group of 77 and UNCTAD.

We are pleased and honoured that Dr. Corea was also a major leader in the establishment and development of the South Centre. He was one of the 29 members of the South Commission which

functioned from 1987 to 1990 under the leadership of President Julius Nyerere of Tanzania, who was the Chair of the Commission, and of the current Indian Prime Minister Manmohan Singh, who was the Commission's Secretary-General.

He provided immense intellectual and personal support to His Excellency Julius Nyerere. The Commission led to the report entitled *The Challenge to the South* released in 1990 and which recognized the need for greater cooperation between countries of the South. Dr. Gamani Corea remained closely associated with the South Centre from its inception in 1991 and for being one of the "founding fathers" of the Centre by providing it with policy and substantive guidance to its work, thus assisting Mwalimu Julius Nyerere to gradually build the Centre into an institution of global renown and standing and making possible its transformation into an intergovernmental organization of the developing countries for promoting and safeguarding their interests.

Gamani played a direct role in the work of the South Centre, including by the writing of some of its important documents, on such issues as environment and development, commodities, the Non-Aligned Movement (NAM) agenda, the reform of the United Nations system, South-South trade, and external debt. He chaired the NAM Ad Hoc Expert Group on External Debt, organized and served by the Centre for NAM. He also made an important contribution in the establishment of the HIPC (Heavily Indebted Poor Countries) initiative.

He became later a member of the Board of the South Centre in 1995 when the Centre was transformed into an intergovernmental organization. He was appointed a member of the first South Centre Board which was chaired by President Nyerere and remained in the Board until 2002, when he was appointed the Chair of the Board, a position he undertook until 2003 when he

retired for health reasons. He was also Chairman of the South Centre's Policy and Research Committee from 1998 to 2001. Dr. Corea played a leadership role in directing and supervising the work of the South Centre in the various capacities through the years.

Among his responsibilities, he also chaired the South Centre's Group of Experts on Financing for Development (2001), and prepared a paper which was submitted to the Group of 77 to assist it in its participation in the work of the Preparatory Committee for the UN Conference on Financing for Development. He has chaired the NAM Ad Hoc Advisory Group of Experts on Debt (1993-94) and the NAM Ad Hoc Panel of Economists (1997-98), submitting its report to the XII Non-Aligned Movement Summit held in 1998 in Durban, South Africa.

We at the South Centre were especially grateful to Gamani Corea for his strong and sustained moral and political support to the Centre during the difficult period that it traversed following the passing away of Chairman Nyerere. His commitment, leadership and policy contribution were extremely valuable to our organization and to the people of the South. The remarkable career and trajectory of Gamani Corea place him among those few towering personalities and intellects which have ably led the South and provided it with its own identity in the global arena, which is a historical and substantive achievement.

He spoke always with passion about the cause of the developing world and of the South Centre.

With his passing away, the developing countries have lost a great champion and the world has lost a tireless leader in fostering international cooperation. He is leaving behind a rich and valu-

A TRIBUTE TO GAMANI COREA

able legacy that will continue to be of benefit for the people of the South and the world for many years to come.

We celebrate today the contributions of a man who advanced the development goals and all-round capacity building of the South.

Thank you.

Gamani Corea: An embodiment of the confident South

Dr. Mukhisa Kituyi¹

Secretary-General of UNCTAD

Dr. Mukhisa Kituyi, Secretary-General of UNCTAD, wishes to express his deep regrets for being unable to be here today. Unfortunately this Tribute Seminar takes place on the same date as a long-planned mission to Cambodia and India. He very much would have liked to take part, but asked me to join you today and offer some thoughts on his behalf.

After the passing of former Secretary-General Corea last fall, Dr. Kituyi delivered a short eulogy in his honour during a special commemoration ceremony organized by UNCTAD's Trade and Development Board. During that commemoration Dr. Kituyi called Gamani Corea an "embodiment of the confident South".

It is an apt description that is, in part, a reflection of the political drive of the developing world in the two and a half decades from the Bandung Conference to the onset of the debt crisis of the early 1980s. UNCTAD was, of course, very much a product of that confidence. But it also tells us a lot about how Gamani's leadership helped steer a course for UNCTAD that continues to serve as a beacon for us today.

His tenure in UNCTAD from 1974 to 1985 was underpinned by a vision for the organization as both an intellectual leader as well as a centre for serious negotiations on matters of global

¹ Message delivered by Dr. Richard Kozul-Wright, Director of the Division on Globalization and Development Strategies (GDS), UNCTAD.

importance. Debt relief was pushed; the Common Fund was established; the Global System of Trade Preferences among Developing Countries (GSTP) was launched; negotiations on a code of conduct for the transfer of technology began; and the discussion on a new international economic order – the mother-ship for all these initiatives – moved ahead. Looking back, this is quite a list of initiatives launched under his leadership.

Gamani, of course, faced huge challenges in advancing his vision. The Group B demand for impartial and transparent analysis of policy options exposed the difficulties of the secretariat in balancing committed policy advocacy to the cause of development with its impartial advisory role, particularly around contentious issues of global economic governance. Building meaningful consensus today on development challenges faces no less, and perhaps even more, daunting challenges.

More than simply taking up where his predecessors left off, Gamani Corea moved the North-South dialogue in a constructive direction. There have certainly been bumps in the road since then; indeed, the shift towards a neoliberal development consensus, which began in the final years of Gamani's tenure as Secretary-General, has posed profound intellectual and political challenges for UNCTAD. But one lasting consequence is UNCTAD's Trade and Development Report, launched by Gamani in 1981. Led by Gerry Arsenis, it was a bold response to the World Bank's World Development Report established a couple of years earlier and already refocusing the development discussion on "getting prices right", and downplaying the influence of international economic conditions on national policy on the grounds that the prime culprit behind the debt crisis was domestic economic policy errors. This positioning of the World Bank was quickly consolidated around adjustment lending and, in so doing, opened up the possibility of an alternative approach

to interpreting the issue of central concern to UNCTAD – the design of development strategies in an interdependent world of asymmetric economic power relations and distorted international markets.

This approach continues to guide UNCTAD’s role as a platform for honest analysis, informal dialogue and consensus building among developed and developing countries. Indeed, it is worth recalling here that even at the height of disagreements between the North and the South during Gamani’s tenure, he inspired the respect of no less than Henry Kissinger himself – who encouraged him to stay the course no matter what their intellectual or ideological differences might have been.

It is therefore for his spirit of service to development and to genuine and purposeful North-South dialogue that we honour him today. We keep alive his principles and his aspirations for a better world. He put into practice his dream of an UNCTAD that makes a difference, and we are committed to that dream too.

Gamani Corea’s time at UNCTAD may perhaps seem distant, we look back “through a glass darkly”, but in important respects the development challenges that motivated Gamani remain familiar to us today: The workings of the global economic system continue to impede the full potential of developing countries; certainly some countries of the South have emerged as vibrant players on the world stage but many others remain constrained in their development ambitions or, worse still, mired in desperation; and the global economic environment is in flux; the hegemon is losing its grip and multilateralism is weakened, casting into uncertainty not only the global balance of interests and power but the search for constructive cooperation on shared challenges across the international community.

Although today the world may have changed – and with it UNCTAD – in the organization itself, Gamani’s spirit and legacy live on. UNCTAD remains an intellectual centre of excellence on development thinking in the United Nations system, and in the broader development community. And the quadrennial UNCTAD conference remains the only major UN conference on development that takes place on a regular and permanent basis.

And today, just as in Gamani’s time, we have the opportunity to change things for the better. Through the post-2015 process and the forthcoming UNCTAD XIV, we can strive to more effectively address global challenges by marrying bold intellectual thinking with a new spirit of cooperation and consensus in UNCTAD, which is the way that Gamani Corea surely would have wanted. Let us be worthy of his legacy, let us stay the course and persevere.

Thank you very much for your attention.

A defender of the economic and social well-being of the international community

H.E. Mr. Ravinatha Pandukabhaya Aryasinha
Ambassador, Permanent Representative of Sri Lanka to the
United Nations office at Geneva

It is an honour and a privilege for me to be here today, in this Special Tribute Seminar which is organized by the South Centre in honour of the late Dr. Gamani Corea, one of the most eminent economists, civil servant and diplomat, produced by Sri Lanka and renowned throughout the world.

At the very outset, I would like to convey my gratitude to Mr. Martin Khor, the Executive Director of the South Centre, and his team for organizing this seminar in tribute to my fellow countryman Dr. Corea. It is with our deepest appreciation that we, the Permanent Mission of Sri Lanka, join the South Centre as co-organizers of this event. I also wish to extend my sincere thanks to the distinguished speakers, panellists and all the participants who have joined us this afternoon.

Born on 4 November 1925, Dr. Corea was educated at the Royal College, one of the most prestigious schools in Sri Lanka. He graduated from the Oxbridge universities and held a PhD in economics from Oxford. He also received honorary doctorates from a number of national and foreign universities.

At a very early stage of his career, Dr. Corea took a keen interest in the political and economic developments that were taking

shape in the early years of post-independence Sri Lanka, which was known as Ceylon at the time. He was Sri Lanka's Secretary of the Planning Council, Permanent Secretary to the Ministry of Planning and Economic Affairs, Director of Economic Research and later Senior Deputy Governor of the Central Bank, and eventually Sri Lanka's Ambassador to the European Economic Community. Having been the chief architect of Sri Lanka's first 10-year National Plan launched in the late 1950s, until more recent years when he was taken ill, no matter where he was in the world, he continued to make notable interventions in and contributions towards all aspects of Sri Lanka's intellectual debate, through his involvement with first the Marga Institute and later the Institute of Policy Studies of Sri Lanka.

His encounter with Dr. Raul Prebisch, the world-renowned development economist and the first Secretary-General of UNCTAD, during one of his visits to Geneva, resulted in a new turn of events in his professional life. At the invitation of Dr. Prebisch, Dr. Corea joined the panel of experts who were making arrangements for the First Session of UNCTAD, held in 1964. Dr. Corea was also the chief architect of the resolution which established the Group of 77 at the conclusion of the First UNCTAD.

He was elected as the UNCTAD Secretary-General in 1974 and served three consecutive terms in this post until 1984. As Secretary-General of UNCTAD, his primary focus was to usher in a new international economic order, which could deliver fairer treatment and better development prospects for marginalized countries. The Common Fund for Commodities (CFC) and Heavily Indebted Poor Countries (HIPC) initiative are two of the key achievements he made in this context.

After leaving UNCTAD, he joined the South Commission as a member, when the current Prime Minister of India, Dr. Manmohan Singh, served as the Commission's Secretary-General. When the South Centre was set up in 1991 following the winding up of the Commission, Dr. Corea continued his career as a member of the South Centre from 1995 to 1998 and then as President of the Executive Committee from 1998 to 2001.

The principles he enunciated for a new international economic order continue to remain increasingly relevant and valid in the present global context. Of late, the 2008 financial crisis and the ensuing consequences have proven to us beyond any doubt that the economic welfare of the people cannot be solely left in the hands of private enterprises, which are driven by markets and profits. Even the most affluent nations eventually had to acknowledge this harsh reality.

Dr. Corea's active role in reinforcing unity among nations of the global South and their position in multilateral negotiations is well recognized and appreciated globally. His vision and active role in the promotion of South-South and North-South cooperation remains an inspiration for all, including for the Group of Fifteen (G-15), a summit-level group of 17 developing countries² that Sri Lanka currently has the honour to chair. His legacy and intellectual prophecy continues to inspire international institutions such as the South Centre, as well as cross-regional groups of nations such as the G-15, to continue to strive and work tirelessly for a more equitable and just world order.

I believe this seminar is a fitting occasion for us to have a frank exchange of views as to what specific lessons or inspiration we can draw from the economic philosophy advocated by Dr. Corea,

2 Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Senegal, Sri Lanka, Venezuela and Zimbabwe.

A TRIBUTE TO GAMANI COREA

to address some of the tough economic challenges we face in the contemporary world. Dedicating this afternoon to such a cause, in my view, would be the most appropriate way for us to pay our respects to this great intellectual and recognize his lasting legacy toward the economic and social well-being of the international community at large, particularly to us in the global South.

Thank you.

TRIBUTE TO GAMANI COREA: LIFE AND WORK

Gamani Corea's decisive role in keeping the integrity and independence of UNCTAD

Ambassador Rubens Ricupero, former Secretary-General of UNCTAD (1995-2004)

Gamani Corea: A development visionary and a humanist

Mr. Chakravarthi Raghavan, Emeritus Editor of the *South-North Development Monitor (SUNS)*



Gamani Corea's decisive role in keeping the integrity and independence of UNCTAD

Ambassador Rubens Ricupero

Former Secretary-General of UNCTAD (1995-2004)

Member of the Board of the South Centre

I am not one of the happy few who had the privilege to have worked closely with Dr. Gamani Corea like many of those colleagues we see around this table. I cannot refrain from remarking at the outset that there is no better proof of the lasting mark that our dear friend, the late Gamani Corea, left than the presence here of so many of his close collaborators, of the people who worked with him or under him and who travelled from distant places to be among us today. This is not something that happens every day and it is in itself a tribute without words.

If it is true that in philosophy we all stand upon the shoulders of giants who came before us, then I can also say that I enjoyed the privilege of standing upon the shoulders of giants like Dr. Prebisch, Dr. Perez-Guerrero, Dr. Gamani Corea. In my time at UNCTAD, I could sense every day how much of this organization is due to their vision, to their efforts, to their gifts.

Gamani used to come quite often to Geneva and every time he would call on me. For one hour or two we would chat about the past, and the challenges of the present and of the future. The message I want to convey today is something that remained with me as a legacy of those conversations.

After the two initial attempts at creating UNCTAD, first by Raul Prebisch and then by Manuel Perez-Guerrero, the organization was still looking for a permanent identity and there was no assurance that it would survive the conferences of Geneva and New Delhi. My conviction is that it was Gamani who consolidated the organization because he had the wisdom of understanding what was behind the apparently arid legal problem of the role of UNCTAD within the United Nations organization.

UNCTAD had been created as a subsidiary body of the General Assembly of the United Nations. For some people, that was seen as a sort of minor, diminished status as compared to the independent specialized agencies that had their own processes of choosing their Secretary-General or Director-General, which also had their own budgetary processes and for all practical purposes were almost completely independent from New York in administrative matters. The aspiration of UNCTAD becoming a specialized agency had always been present in the mind of some well-intentioned people.

There were others who thought likewise but with intentions that were not so pure or positive, who did not want to improve matters but, on the contrary, would like to see UNCTAD less well protected against the pressure of the powers to be. I am not imagining things. It is enough to read what Professor Richard Cooper, for instance, wrote on the history of international economic organizations to understand that many never concealed their inconformity with the fact that every member of the United Nations General Assembly had to share the burden for UNCTAD's existence even when they did not like the work the organization was doing. The reason was simple: being a subsidiary body of the UN General Assembly, UNCTAD had become intrinsically indissociable from the United Nations.

When Gamani was UNCTAD's Secretary-General in the middle of the 1970s there was a moment when it was offered to him that UNCTAD could become a specialized agency. Those were brilliant, golden days where everything seemed to go the developing countries' way after the two oil shocks. For a moment there was even an illusion that there had been a sort of change in the correlation of forces. Others, in UNIDO, for instance, accepted the offer, believing it would make them stronger and more prestigious.

Gamani had the wisdom of turning the offer down. In doing that, Gamani consolidated the basis for something that is much more important than administrative independence, something that is, to this day, the unique characteristic of UNCTAD: its role as a source of independence and integrity of critical thought in the field of development. If UNCTAD wants to remain the voice of those who have no voice, the poorest amongst the poor, the vulnerable, it should never forget that there will be a price to be paid.

When we say that we pride ourselves – I still speak as a former member of UNCTAD – on thinking outside of the box, on being ahead of the curve, we know that we will have to pay a price. As Keynes himself said, “economists will rather be wrong in the mainstream than to be right out of it”. The price to be paid is pressure, threats, the denial of material resources.

It was Gamani who gave us the guarantee that we would be protected because we were linked to the democratic ground of the international community, to the grassroot process of the UN which is the General Assembly. It may not have too much power like the Security Council but it has the highest degree of legitimacy because it is the uttermost expression of the universality of

the planet. In maintaining our role as a subsidiary organ of the General Assembly, we were able to keep our integrity.

Let me just finish by saying that for all of us who cherish Gamani Corea's legacy, perhaps the most valuable part of that legacy is the fact that UNCTAD remains to this day the moral and intellectual conscience of development. It will only remain so if it resists the temptation to become a part of the mainstream, a very strong and permanent temptation. If you say what others more powerful want you to say, then you may get some rewards but you will have lost your soul.

Thank you very much!

Gamani Corea: A development visionary and a humanist

Mr. Chakravarthi Raghavan

Emeritus Editor of the *South-North Development Monitor*
(SUNS)

It is both an honour and a privilege to participate and speak at this event to pay tribute to and honour Gamani Corea, former Secretary-General of UNCTAD and former Chair of the South Centre, a world-renowned political economist with a development vision, a humanist, and a friend.

I first met Corea either late in 1963 or early in 1964 at the UN in New York. He was among a clutch of Second Committee delegates, sitting in a corner of the lounge on the second floor, conferring with the Under-Secretary-General for Economic and Social Affairs, Philip de Seynes, and Dr. Raul Prebisch, named by U Thant to be the Secretary-General of the UN Conference on Trade and Development, convened to meet in Geneva in 1964. He was, I think, a delegate from Sri Lanka, but Prebisch had asked him to be a member of a group of experts to help prepare for the conference.

I really came to know Corea fairly well after I came to Geneva in 1978, to work at the International Foundation for Development Alternatives (IFDA) and with IPS Third World News Agency on an “Alternative Information Project”, to report from a Third World perspective on activities of UN agencies in Geneva in general, and in particular the trade and development

scene – UNCTAD, the General Agreement on Tariffs and Trade (GATT) etc.

Soon after, in March 1978, we met at his office, and discovered that though from different backgrounds, born and growing up, our lives and thinking had been shaped by national freedom struggles in our countries of South Asia under British colonial rule – Corea in what was then Ceylon (now Sri Lanka) and I in then Madras (now Chennai) in India.

UNCTAD at that time was at the centre of North-South dialogue and negotiations on a range of issues and subjects, like commodities and what is now known as services – shipping, technology etc – as well as core issues of the world economy including trade, money and finance. There were a large number of meetings on variegated issues, with meetings often running late into the night, especially on Fridays.

Corea invariably was at his desk on the ninth floor of the secretariat, and sometimes in the coffee lounge (what is now called the “serpentine bar”), waiting for meetings to convene while regional groups conferred among themselves. As a journalist following these meetings, I was there too, and soon we would spend time together – waiting around, in his office or at the lounge on the first floor – discussing UNCTAD matters and wider issues of international political economy but also touching on our own personal lives and backgrounds.

After coming out of high school in 1938, I had spent two years at home, waiting to enter college: I was two years younger than the minimum entry age of 15 for university at that time. There were no distractions: no TV, no internet, and some short-wave radio. I had spent the two years at home going through my father’s library, haphazardly – law books, religious and philosophical

literature in Sanskrit and some in Tamil and English, English classic novels, Adam Smith, Marx, Gandhi, Nehru, among others. After joining the profession too I had done some haphazard reading of politics and economics.

When I met Corea in 1978, and came to know him well, he took on hand the task of guiding me in some detailed reading and re-reading of economics literature – classical, neo-classical, Marxian and development economics, and trade, money and finance – an almost one-to-one economics crash course (without having to do term papers!).

During his tenure at UNCTAD, and later when he retired and was staying not too far from my home in Geneva, we used to meet at least once a week. We were of the same age group, he was a few months younger. So when we used to meet, I used to tease him that as one younger to me, according to our South Asian culture (which, at least in our younger days, transcended religion, language and national boundaries), he had to bow and pay obeisance to me, but that he could not do so as he was my teacher. I, as a student, had to pay obeisance to him, but could not do so since he was younger to me. He would laugh and say, “But we can have a drink together!”

Much of what I say now on Gamani, his life and outlook, is drawn from his own narration. A number of close associates of his in UNCTAD are due to speak, and I shall leave it to them to speak on this, but touch upon other aspects of his life and work.

Gamani Corea was born into a renowned and affluent political family of Sri Lanka; his mother’s brother, Sir John Kotelawala, was a Prime Minister of Ceylon, while his grandfather, Victor Corea, was a freedom fighter. He was an only child and the family on his mother’s side was so affluent that no one in the family ever

thought of guiding him into any particular educational discipline or a professional career. Everyone, on both sides of his family, was in politics and belonged to prominent political families of Ceylon/Sri Lanka, but Gamani was thought to be too shy and reserved for the rough and tumble of political life.

However, by himself, Gamani began taking an interest in the national politics of Ceylon (but not to plunge into politics); till the end, he had good relations with both the main political parties of Sri Lanka, and in terms of even national polity, both sides listened to him, but did not always follow his wise counsel.

When he learnt that a meeting with Gandhi in 1945, and spending 10 days with him in camp, had changed my outlook and brought me first into politics briefly, and then to journalism, he told me that in his student and younger days, he had been very much influenced by the freedom struggle under Gandhi and Nehru in neighbouring colonial India. "I would get hold as a young man of every writing of Jawaharlal Nehru and read him avidly," he told me. "It gave me a perspective and impelled me to take interest in politics and development, that carried over into my post-university career in the Central Bank, and then United Nations and the development aspects there," he said.

After an educational career in Colombo and then Oxford and Cambridge (1945-52), Corea came back to Colombo to enter government service in the economic departments of planning, as research director in the Central Bank, and in the government as Secretary of the Department of Planning, Senior Deputy Governor of the Central Bank, and then in diplomatic service, as Ceylon's ambassador to the EEC in Brussels, and several UN positions, including as member of the UN Committee for Development Planning. Prebisch named him to a panel of experts preparing for UNCTAD I, and later in the work of UNCTAD

itself where, during the Prebisch era, he chaired a commodity conference on cocoa.

Prebisch too, in conversations with me in 1979 at UNCTAD V in Manila, and again in 1983 at the G77 Ministerial meeting in Buenos Aires, thought very highly of Gamani.

Corea was appointed in 1973 as Secretary-General of UNCTAD for an initial three-year term, when the second S-G, Manuel Perez-Guerrero, resigned to become a Minister in Venezuela. He assumed the post in April 1974, and was reappointed thrice, his last term ending in December 1984. He continued in the post at the request of then UN Secretary-General Javier Perez de Cuellar, and then was told (indirectly) that he would not be continued. The OECD countries were by then dead set against Corea for his role in giving intellectual support for the Group of 77 efforts at restructuring the world economy and international economic system (money, finance and trade) for a more equitable and just order.

At the 1982 GATT Ministerial meeting in Geneva, when the US was trying to expand the role of GATT by including many unrelated areas into the “trading system”, merely by adding “trade-related”, Gamani spoke out very strongly and firmly in support of the position of the developing countries, who were united under the leadership of Brazil and India, and the informal group was insisting that the unfinished business of the Tokyo Round should first be taken up and accords reached, before any new issues like intellectual property, services or investment could be considered as issues for negotiations as trade issues. He also undertook and published studies at UNCTAD on “services”, “technology”, “intellectual property” and other subjects sought to be brought onto the GATT agenda, in particular on their wider role in development.

Sometime later, when he was on the South Commission, he told Branislav Gosovic in the Commission secretariat that the main reason for annulling his third term in UNCTAD and giving him only one year was the fear by the US and the OECD group of countries that Corea “would spoil” their attempts to launch a new round of GATT multilateral trade negotiations with new issues.

Prebisch, as head of UNCTAD, shaped international thinking in development economics and raised awareness within the UN system of the development problematic in the newly independent ex-colonies, and their need for special treatment and assistance for development, such as official development aid, generalized schemes of preferences in trade and the like.

Corea carried forward the Prebisch outlook, providing intellectual weight and economic arguments to the secretariat proposals, and with calls for restructuring the global economy and international economic relations and governance, and addressing problems of development and money, finance and trade in an interdependent manner.

He had an inner conviction and strength, and an outlook that was visionary, developmental and egalitarian. Within UNCTAD he developed several programmes to help development, and remained firm in his view that UNCTAD should remain a part of the UN, an organ of the UN General Assembly devoted to Trade and Development.

While not confrontational or using harsh language, he stood up throughout his tenure to pressures and bullying tactics of the United States or European Communities and their attempts to influence senior staff appointments by planting their own men. He also stood up to the International Monetary Fund (IMF) and

World Bank, whose leadership attempted sometimes to scoff at UNCTAD views and alternative thinking differing from the IMF/World Bank ideology and rulebook.

After retirement from UNCTAD, Corea continued in international public life, especially in the economic and development arena, and was a member of the South Commission. After the Commission wound up and the South Centre was set up in 1991, he played an important role in its work. He was trusted by South Centre Chair Julius Nyerere, and acted as the final authority and filter approving policies, documents and publications of the Centre. He was consulted on a daily basis, both while he was in Geneva (a lot of the time) and when he was in Colombo, and was one of the key persons to help put the Centre on its feet.

He became Chairman of the Board of the South Centre, assuming the post about three years after Nyerere died. He resigned his chairmanship after a mild stroke which impacted on his writing abilities. As an important member of the Centre, he participated in some of the civil society meetings in the preparations and run-up to the 1992 Earth Summit in Rio.

At the time of the 1991 second preparatory committee meeting in Geneva for the Earth Summit, it was fashionable for officials of the secretariat, including the Secretary-General of the Summit, Mr. Maurice Strong, to advise developing countries not to adopt or follow a consumerist Northern style of development.

Speaking at the civil society meeting at that time, Corea scoffed at such efforts of the North to constrain the development of the South to maintain the North's own consumption and lifestyles. He told the NGO forum and the Group of 77 that if such an effort was made, even if governments of the South accepted at Rio

such instruments to curb their development, “long before global warming, the world will be engulfed in global disorder”.

Corea was also present at Rio, as a member of the Sri Lanka delegation. At the end of that Summit, in an interview with Thalif Deen of IPS for the Summit newspaper *Terra Viva*, Gamani famously summed up the outcome as: “We negotiated the size of the zero.”

Thank you.

THE INTELLECTUAL LEGACY OF GAMANI COREA

Moderator: *Professor Deepak Nayyar*, Emeritus Professor of Economics at Jawaharlal Nehru University and Member of the Board of the South Centre

Gamani Corea and commodity price stabilization

Dr. Saman Kelegama, Executive Director of the Institute of Policy Studies of Sri Lanka (IPS)

Monetary and financial issues in UNCTAD under Gamani Corea's tenure

Mr. Michael Sakbani, former Director of the Division of Economic Cooperation, Poverty Alleviation, and UNCTAD's Special Programs

Gamani's role on global management, interdependence of money, finance and trade, and the debt burden of developing countries

Mr. Gerassimos D. Arsenis, former Director of Money, Finance and Development Division, UNCTAD; former Minister of Finance and President of the Central Bank of Greece

The development consensus

Mr. Jan Pronk, former Deputy Secretary-General of UNCTAD; former Minister of Development Cooperation and Minister of Environment of the Netherlands

Anecdotes from the environmental dimension

Mr. Michael Zammit Cutajar, former UNCTAD staff and former Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC)



Professor Deepak Nayyar

Emeritus Professor of Economics at Jawaharlal Nehru University and Member of the Board of the South Centre

We have gathered here today to pay tribute to Gamani Corea. I think we have also gathered here this afternoon to celebrate his life, his contribution to the profession of economics, to the international community, to Sri Lanka, to development, to the cause of the South, for Gamani was a man of many parts. We have had tributes to Gamani in the first session for his innings at UNCTAD, his earlier incarnations in diplomacy in Sri Lanka and later at the South Centre. We also have had two sets of moving, personal reminiscences about Gamani as a human being from people who knew him closely. This concluding session of our seminar is on the intellectual legacy of Gamani Corea. I think it will be very difficult to construct such a panel of eminent persons who were close friends and close associates of Gamani, mostly at UNCTAD but also in Sri Lanka. We have in our midst Dr. Saman Kelegama, who has come all the way from Sri Lanka for this event. We have Mr. Michael Sakbani; we have Mr. Gerassimos Arsenis; we have Mr. Jan Pronk and we have Mr. Michael Zammit Cutajar. I will introduce each of them as I invite them to speak, although I believe none of them needs an introduction to a group of people in UNCTAD in the Palais des Nations.

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Concluding remarks

I simply want to take two minutes, no more, to say that I knew Gamani Corea since the early 1970s. I met him first when I was a young academic at Oxford and we met from time to time. I never had the opportunity of getting to know him as closely as

most of you did. But I remember the wit, I remember the anecdotes. I also remember the egalitarian person that he was, not hierarchical. He was not conscious of age. I remember his quiet, almost self-effacing personality which he combined with the grit and determination that surfaced in argument.

We had only two things in common: a discipline, economics, and geography – we both came from South Asia. But I cannot remember a conversation with him that did not leave me thinking and reflecting. I can only say that if Gamani Corea were alive today, like Michael, I would ask him a question, a different question: is it time to reinvent UNCTAD so that it is able to go better with the world outside that is much more hostile than the world all of you described? For at that time we simply moved from the golden age of capitalism and Keynesian consensus to a Reagan/Thatcher world that was about monetarism but the dominant ideology of market fundamentalism had not quite captured the imagination.

Is it time, therefore, to reinvent UNCTAD? Is it also time to reflect on a changed world where developing countries are no longer the marginal appendage that they were? The world of 2010 is very different from the world of 1980. Perhaps all of us might give thought to this. The last thing I want to say before I thank everyone for finding the time and making the effort to be here, I know that many people, everybody in the panel, has come long distances to pay tribute to Gamani Corea, I simply want to say that I felt remiss that I curbed the time for all of you but I do want to say that the South Centre will produce a short book on the contributions that have been made this afternoon and I know that many of you have written a text and it would be very nice if you could send them to the Executive Director so that we are able to publish the book as soon as possible. With these words, I thank you and bring this session to a close.

Gamani Corea and commodity price stabilization

Dr. Saman Kelegama

Executive Director of the Institute of Policy Studies of Sri Lanka (IPS)

Gamani Corea was a leading economist from the global South who occupied the position of Secretary-General of UNCTAD from 1974 to 1984. His outstanding contribution to development policy and practice has been well recognized and he was a recipient of a number of awards including the Celso Furtado Award in 2004 “for his enduring struggle for political and economic independence of developing countries”. During his decade’s tenure at UNCTAD his main focus was on bringing about stability to fluctuating prices of global commodities. This paper takes a macro perspective of Corea’s approach to commodity price stabilization and highlights some of its successes and failures. The paper is organized as follows. Section 1 looks at the evolution of Corea’s thinking on commodity issues and Section 2 provides the background for commodity price stabilization schemes. Section 3 examines the Integrated Programme for Commodities while Section 4 examines the Common Fund – two of the most important instruments of the commodity price stabilization strategy advocated at that time. Section 5 summarizes some of the criticisms and failures of the price stabilization schemes. The final section makes some concluding remarks.

Evolution of Gamani Corea’s thinking

Most developing countries were commodity exporters at the time of their independence from colonial rule. Foreign exchange

earnings from commodity exports provided the key impetus for development activities in these countries. However, the fluctuations of the commodity prices and the decline in prices had an adverse impact on their economic management and planning.

Corea's doctoral thesis touched on this subject, taking Sri Lanka as a case study. Under the supervision of Lady Ursula Hicks (wife of the Nobel laureate in economics, John Hicks) at Oxford, he focused on the economy's vulnerability to international price fluctuations and highlighted possible policy responses. Later, his thesis was published by the Marga Institute in Colombo under the title "The Instability of an Export Economy" (Corea, 1975).

The fall in the terms of trade for the three traditional commodity exports of Sri Lanka (tea, rubber, and coconut) after the Korean War had an adverse impact on the Sri Lankan economy, which was over 90% dependent on these three commodities for its exports. Corea's thinking was very much shaped by his experience in Sri Lanka during the early 1950s to 1970 and his actions as a policy maker clearly showed that he became a pessimist on commodity export earnings without a strategy in place to arrest the declining terms of trade. He writes: "Unpredictable movement of commodity prices – tea, rubber, and coconut – often vitiated the plans and policies of the government."

At the time when Corea commenced work in Sri Lanka, the Prebisch-Singer thesis of the declining terms of trade of primary commodities and the advocacy of import-substitution industrialization as an escape from resultant unequal distribution of gains from trade had begun to influence development thinking. Corea states: "I was inspired by the efforts of Dr. Prebisch and his colleagues and stimulated by the special focus placed on the global development issues. This was an additional dimension to

my academic background where principles of classical economic theory gave scant attention to the problems of development. The new focus was hence an exciting supplement to what I had earlier learnt as a student of economics. It remained with me throughout the succeeding years” (Corea, 2008: 364).

This line of thinking was further strengthened during his short stints with UNCTAD during 1962 to 1972 when he got an opportunity to work with Dr. Raul Prebisch. He participated in 1969 with the UNCTAD team to establish an international agreement on tea and served as the Chairman of the UN Cocoa Conference in 1972 which resulted in a price stabilization agreement on that product.

The OPEC oil price hike in 1973 also played a key role in shaping Corea’s thinking on the need for commodity price enhancement and stabilization. Developing-country commodity producers saw in the example of OPEC the possibility of achieving the stable high prices which they needed for development. Lacking OPEC’s political power to achieve these prices unilaterally, they looked to the international community to provide these price changes through International Commodity Agreements (ICA) and this gave birth to the New International Economic Order (NIEO). Corea states that the political significance of the OPEC action was such that the dividing line at the UN Special Session was not between oil importers and oil exporters, but between the developing countries which were pursuing an NIEO and the developed countries which were the guardians of the status quo.

He states: “When I came to UNCTAD there was a feeling that the momentum of North-South Cooperation was beginning to weaken in the background of economic and political developments, particularly the growing stresses facing the developed market economy countries. My assumption of office, however,

coincided with the emergence of the new international environment marked by such developments as oil crisis and the increasing awareness of the countries of the third world of the evolving situation” (Corea, 2008: 377).

During Corea’s tenure, UNCTAD focusing on reforming the international trade system for commodities became the key issue of the North-South dialogue on establishing an NIEO. He argued that the bulk of the commodity producers were in the developing countries while the consumers were mainly in the developed countries. Hence he saw the commodity issue basically as a North-South issue and a part of the wider global development issue.

The commodity price stabilization problem

The international price declines for commodities did not escape the attention of international policy makers and the first reference to it was made in the 1948 Havana Charter. The Charter rejected the producer cartels of the pre-war period and unilateral action by producers. It highlighted the need for regulating commodity markets. The Charter did not come into existence but its provisions for dealing with commodities were taken up by the United Nations Economic and Social Council (ECOSOC) in a resolution which called upon governments to accept them as guidelines.

In the post-war period, commodity market control under UN auspices started in 1954 with the International Sugar Agreement and the International Tin Agreement. The subsequent agreements with “economic clauses” were the International Coffee Agreement (1962) and the International Cocoa Agreement (1972). The principle underlying most of these agreements was

supply management via an export quota although tin and cocoa used buffer stocks for fine-tuning the interventions.

Clearly, the Havana Charter/UNECOSOC did not usher in a new phase of international action to deal with the problem of unstable prices in commodity markets other than the emergence of a few ad hoc commodity arrangements. It gave rise to a period of frustration and endless discussion between producers and consumers on the need for commodity-specific price stabilization arrangements.

Developed countries argued for a commodity-by-commodity approach which ensures that any intervention would complement rather than substitute for market forces.

Integrated Programme for Commodities

The essence of price stabilization arrangements is supply management, either through export quotas or stockpiling. It involves the acquisition of stocks as an inherent part of the process of stabilization and improvement of markets. Such action would involve the acquisition of supplies in periods of surplus and the disposal of supplies in periods of shortages.

Stock operations as well as quantitative restrictions on the volume of supplies entering world trade had to be utilized for the purpose although the purchase and sale of stocks were appropriate for dealing with short-term fluctuations rather than longer-term trends.

None of the commodity agreements in existence recognized the concept of producer-consumer sharing the financial burden of maintaining commodity stocks on an obligatory basis. In the international agreement on tin there was a provision for voluntary

financing by consumers but the principle of compulsory contribution had not been written into any international agreement.

This principle of common sharing of responsibilities between producers and consumers on a compulsory basis was introduced in the Integrated Programme for Commodities (IPC) – the new concept that was promoted by UNCTAD. Moreover, emphasis was given to building buffer stocks for reducing or eliminating price fluctuations. Buffer stock stabilization rests on an implicit premise that private sector storage is inadequate.

Corea saw the commodity problem not as a problem of an individual commodity which needs to be addressed in isolation but as a problem which is common to a wide range of products. It is for this reason that the IPC was devised to include in its ambit as many commodities as possible. It was based on the conviction that the solution for an individual commodity, if it is not similar to the solutions for other commodities, would not succeed in creating a totally equitable solution in which the producing countries are all able to benefit from the solution. Thus, intervention action in a framework of commodity arrangements was conceived of for a wider range of commodities, rather than just a few taken in isolation. The IPC was mooted in 1974 and was launched in 1976 and at that time there were commodity agreements for six products in operation: tin, coffee, cocoa, sugar, wheat and olive oil – all of which had economic provision for price stabilization.

Corea's plan had an indexation of commodity prices to the prices of manufacturing products. He writes: "...we see the question of direct indexation as very much a part of the price-fixing exercise we contemplate for individual commodities. We feel that any attempt to introduce direct indexation pre-supposes the estab-

lishment of mechanisms to bring about effective regulations or control of prices” (Corea, 1980: 160).

UNCTAD felt that in parallel to the IPC the establishment of the Common Fund (CF) would increase the prospects of concluding individual commodity agreements. Thus, the CF was considered as a ‘catalyst’ for the IPC. The CF was believed to be a vital arrangement to stabilize and strengthen commodity markets through market intervention.

In sum, the objective of the IPC and CF was basically to provide a floor to the downward movement of commodity prices, as well as a ceiling, so that in the end there will be a regime of commodity markets which operate and function with greater smoothness, greater regularity and stability.

By establishing a series of commodity agreements covering a wide range of exports that are of interest to developing countries and by creating a funding institution for financing these agreements, there was an expectation of taming the commodity markets by stabilizing their prices.

Under Corea’s leadership quite a lot of preparatory work was done for UNCTAD IV in Nairobi (1976). The aim was to obtain a breakthrough for the NIEO with the IPC and CF as the centrepiece of the new order. After a pessimistic initial day at the Nairobi conference, there appeared little hope of a decision. The next day, a Nairobi daily ridiculed UNCTAD, referring to it as “Under No Circumstances Take a Decision”. The next two days, Corea engaged in negotiating with individual country delegates both formally and informally and explained to them the logic of the IPC and CF. On the last day of the conference there was a major breakthrough and the international community indicated that they were ready for a new global deal on commodities. The

conference agreed on a 2-3-year timetable to activate the IPC and mobilize funds for the CF.

After the UNCTAD Nairobi conference, the commodity issue occupied centre stage in the relationship between developed and developing countries. The UNCTAD Secretariat was the third actor, in addition to producers and consumers, in the negotiation process of individual commodities. UNCTAD established ad hoc Committees to overlook the working out of individual products' commodity agreements within a defined time plan. They were to be monitored by the ad hoc Committees. Corea states that around 35 people were working at UNCTAD on the IPC and CF.

This issue occupied centre stage at UNCTAD deliberations. Corea writes: "From 1965 to 1976 the average number of meetings per year ... on commodity issues in UNCTAD was about 12. The number rose to 32 in 1977 and 44 in 1978. In the latter year, commodity meetings alone accounted for little under 60% of UNCTAD meetings" (Corea, 1992: 137).

IPC implementation

There was mild encouragement from consumer countries for such an agreement after the Nairobi conference of UNCTAD. But tea-producing countries refused to agree on a scheme of export quotas for tea. India and Sri Lanka were willing to support prices through a scheme of shared restrictions of exports but newer producers like Kenya which had made large investments for expansion of tea production refused to support such a scheme. Such a scheme of export quotas that was acceptable to all, which Corea believed in, could have enhanced export earnings of all participants by improvement of price. However, there was lack

of unity among the producers, which resulted in the failure to devise and implement such a scheme.

While it is easy for producers to reach an agreement on global supplies to support the price objective, the benefits for each country vary with the share of its total global trade. The distribution of quotas is a matter of hard bargaining in commodity negotiating and a potential cause of disagreement among the producers.

Chile did not support copper agreements with economic provisions, while the Ivory Coast did not join the 1980 Cocoa Agreement. International agreements in jute production (1982) and tropical timber (1983) came into operation, but did not have provisions for price stabilization. It was becoming increasingly difficult to achieve commodity agreements despite the agreement on the CF in 1976. In fact, by the early 1980s the number of commodity agreements that were involved in price stabilization declined, which was a complete disappointment in terms of the agreement reached in Nairobi.

There were a number of factors for this. First, there were technical problems like perishable commodities not being suitable for stockpiling for price stabilization. Second, in certain commodities, the quality differences made supply regulation difficult either via buffer stocks or export quotas. Third, there were problems arising from a multiplicity of products flowing from different stages of production (cotton and cotton yarn) or common end users (vegetable seeds and oil). Fourth, there were complexities from a high degree of vertical integration in producing countries (e.g., iron ore) as well as constraints that were due to the ready availability of synthetic and other substitutes for some products.

Corea states: “I believe that unsuitability of a product for stocking in a technical and a physical sense is not, and has never been, a major factor behind failure to establish and implement proposals and ideas for buffer stocks” (Corea, 1992: 163). He goes on to say that developed countries established stocks for national security or strategic objectives. Corea (1980: 163) states: “A large part of the reason for the failure of the past efforts to establish stocks under the aegis of commodity agreements was probably the difficulty of overcoming the very vital, central and crucial factor of financing these commodity stocks.”

Corea attributes the failure to establish an IPC to the failure to establish the CF. “One of the central arguments in support of the IPC was the failure to extend the range of stabilization arrangements due to lack of finance for stocking operations. A lack of certainty whether individual commodity schemes could ever turn to a CF was no less important.”

He also observes that all energies of the UNCTAD Secretariat and the government were focused on the CF rather than IPC due to its “innovative and controversial character” (Corea, 1992: 139). The IPC would have amounted to little without the CF and individual commodity negotiation did not make much headway with all energies focused on the CF. This was especially the case for commodities on which stocking operations would have contributed to stabilizing the prices. From the major commodity-exporting countries the leadership for working out commodity agreements was lacking. Thus, the UNCTAD IV Nairobi (1976) timetable had to be revised.

Common Fund

The CF was first mooted in UNCTAD II in New Delhi (1968). The Secretariat argued for the creation of a central fund specifi-

cally designed to assist the financing of international buffer stocks as it would constitute a major improvement over the present situation in that the source of funds would then be readily available to support the new commodity stabilization schemes agreed by governments as desirable.

With the CF in place, the total financing needs for the stocking of commodities need not be provided by way of government subscription, which would be burdensome for developing-country governments.

At one point Corea argues that “to the extent these arrangements do not suffice to improve prices and earnings, or the commodities covered are not amenable to buffer stock and export quota measures, there would be scope for arrangements for compensatory financing, both of a short and long run character, to help meet unforeseen shortfalls”.

UNCTAD was of the view that there are merits in terms of financial resources of a CF compared to having a sum of individual commodity funds. Some had argued that a CF should only be examined at the end of the process of commodity negotiations, which was not realistic in the view of UNCTAD.

Establishing the CF also was not easy as it needed a constitution with precise articles of agreement. Financing of buffer stocks was the key function of the CF, but there was room to undertake other activities as per the requirement of member governments. But UNCTAD emphasized that it should be a self-financing operation for stocking and other activities.

The borrowing of the CF according to its constitution would be firmly secured by a guarantee of member governments, producers and consumers of individual commodity agreements that

use the fund's resources and collateral of commodity stocks acquired in the process of market intervention. These arrangements were done to give the CF a high credit ranking so that it could mobilize more funds from the international capital markets successfully.

Corea argued for the CF using the reality of that time. He argued that action for the CF could not be rejected on the grounds that it interfered with the laws of the market place when the developed countries spent between \$125-150 billion a year on agricultural subsidies which deprived the developing-world exports of the right to compete in markets. He saw the subsidies essentially as commodity agreements to stabilize and guarantee the incomes of Europe's own farmers.

The CF had two windows – the first window was supposed to remain a remunerative outlet for investment funds and would carry out borrowing and lending activities against collateral of commodity stocks and the capital or guarantees provided by governments. The second window would operate on the basis of voluntary contributions by donors provided on concessional terms or as grants. The resources of this window would be used for the commodity sectors' diversification, R&D, and promotion of processing activities.

Studies by the UNCTAD Secretariat indicated the financial requirements for the CF which covered several commodities under the IPC to be around \$6 billion.³ It was proposed that \$2 billion would be direct contributions from member governments and \$4 billion by borrowing (Corea, 1992: 92). In actual practice, \$400 million was allocated to the first window. The second window would receive at least \$70 million to supplement the voluntary contributions for which a target of \$280 million was set.

3 Coffee – \$1.1 bn, copper – \$1.1 bn, rubber – \$0.21 bn, tea – \$0.09 bn, tin – \$0.27 bn, sugar – \$1.2 bn, cotton – \$0.6 bn, cocoa – \$0.33 bn, and others – \$1 bn.

Problems of the CF

But the CF did not live up to this expectation. The CF could not be developed during Corea's tenure in UNCTAD and it finally came into operation only in 1989, after a delay of nine years since the signing of the agreement. It came into operation when the global scenario had changed and the Cold War was about to end. Some developed countries weakened the support for international commodity agreements to stabilize prices. The victims were the Coffee Agreement (International Coffee Organization Pack – the export quota-based pack that operated from 1960 to 1987 with a gap in between from 1973-80). The US, for instance, did not ratify the CF agreement and was not a member of the CF. Most Western countries had ratified the CF at the start but the support for price stabilization schemes had waned by 1989.

Corea argues that with only Rubber and Cocoa Agreements remaining operational with the provisions for price stabilization, the CF was in the position of a banker with a severely limited clientele. The readiness of private banks to lend to the CF for stocking operations underwent changes with the debt crisis of the developing countries and the negative experience of the International Tin Agreement, which collapsed in 1985 due to excessive stocks (Gilbert, 1996).

This is clearly reflected in the paltry contribution to the CF of \$70 million compared to the pledged amount at the time of signing the agreement of \$280 million. The Philippine government, for instance, had pledged \$50 million for the CF during UNCTAD V in Manila (1979) but by 1988 it had backtracked on the amount.

Critics of the CF argue that the interest of poorer countries can be promoted by improving productivity, diversification of prod-

ucts, earnings stabilization, etc., than by simple commodity price stabilization and the creation of institutions for that purpose (Corea, 1992: 85). The argument influenced the African countries who argued for a CF that financed other activities like product diversification, in addition to stockpiling operations. Their support for the CF became increasingly conditional on expanding the scope for the CF, to which Corea had reservations.

He states: “The extension of the scope of the CF to include aid activities would have undermined the economic basis of the project and destroyed the major argument in favour of the fund – that it would serve the mutual interest in price stability of both producing and consuming countries and that it will function on sound and strict financial principles” (Corea, 1992: 86).

Criticisms of UNCTAD’s commodity price stabilization

Critics of the commodity price stabilization scheme as articulated by UNCTAD have highlighted the following points:

- (a) That the IPC is not beneficial for developing countries because developed countries are the major exporters of commodities. Corea’s response to this has been that UNCTAD has been selective of the commodities, leaving out grain, an array of minerals, etc. that are mainly exported by developed countries. The calculations done on these by UNCTAD are presented in Corea (1980: 166).
- (b) That the IPC and CF are against market fundamentals and basically lead to a bureaucratic process with administrative complications. Here Corea (1980) argues that both the IPC and CF were to supplement the market and improve its functioning with greater stability by establishing limits for

excessive declines of prices that take place under an unregulated market system.

- (c) That commodity prices will be raised indiscriminately and induce income transfers from consumer to producer countries. Corea argues here that it is not correct that prices will be unduly increased on an ad hoc basis and that individual prices will be negotiated between producers and consumers under the commodity concerned in the IPC.
- (d) That there will be surpluses due to stockpiling and even over-production that could disrupt the commodity markets. Corea (1980) argues that supplementary measures to stockpiling such as export quotas were going to be used, in order to avoid such surpluses. He goes on to highlight the cases of coffee and tin where commodity agreements already were in operation but there were no surpluses but on the contrary shortages which made the operating aspects of the pricing arrangement somewhat ineffective. Although this was the scenario when Corea wrote on the subject, the Tin Agreement collapsed in 1985 precisely due to overstocking in the face of a collapse of demand by developed countries (Gilbert, 1996).

According to Gilbert (1996), the failure of the IPC was partly a result of a continuing disagreement on what international agreements were meant to achieve, with producers more interested in the level than the variability of prices, and due to the confusion about the division of the spoils when the agreement did manage to raise the price.

Athukorala (2004), testing the export pessimism embedded in the terms of trade decline hypothesis using Sri Lankan data, concludes that it clearly suggests that diversification into manu-

factures from structurally-weak conventional primary commodities under market-oriented policy reforms has enabled Sri Lanka to escape from unequal exchange relations in world trade. He concludes that “the Sri Lankan experience with manufactured export expansion clearly rebuts the new terms of trade pessimism about gains from diversification into manufactured exports in a traditional primary-exporting country” (p. 47).

Concluding remarks

At the UNCTAD Nairobi conference in 1976 a decision was reached on signing around 16 commodity agreements. However, only one new commodity agreement incorporating price stabilization came into effect, i.e., the Natural Rubber Agreement of 1979 which provided for market intervention to regulate prices exclusively through the purchase and sale of stocks. It was an addition to the six already existing agreements which were renegotiated. The original aim of having 16 agreements to cover 90% of total commodity trade of interest to developing countries never became a reality. Developing countries failed to coordinate their positions and plan among themselves a decisive plan of action. By 2000, all the existing commodity agreements had either lapsed or collapsed.

The outcome was basically influenced by the development thinking at that time. In 1979 Thatcher had assumed power and in late 1980 Reagan became the President of the USA; thus throughout the 1980s supply-side economics with the emphasis on tax cuts, deregulation and privatization became the key areas of economic governance. This ideology was quite contrary to the market intervention and regulation that commodity price stabilization schemes emphasized, and thus there was lukewarm support especially among the developed countries for the IPC and CF, the two key components of price stabilization schemes. Moreover,

by the late 1980s the Cold War came to an end, globalization gathered momentum, and there was even less enthusiasm for commodity market stabilization. Some of the developing countries that opened up their economies in the late 1970s and early 1980s had a fairly robust manufacturing export base by the mid-1980s, with commodity exports playing a less significant role in overall foreign exchange earnings. Thus, they did not bother to work out commodity price stabilization schemes under the IPC and CF. All these factors basically reduced the effectiveness of UNCTAD's commodity price stabilization schemes.

There was no indication that promotion and diversification of production to manufactured goods was seen by Corea as the way forward from the decline in the terms of trade that commodity exports faced. Even in Sri Lanka when Corea was the key economic policy maker during the late 1960s, he opted for a dual exchange rate policy for export promotion which the IMF referred to as the "wrong step in the right direction". The half-hearted approach to the exchange rate policy was very much influenced by his pessimism on manufactured exports, presumably influenced by the fallacy-of-composition argument. He may have also felt that the lag in industrial production in developing countries compared to developed countries may make industrial export promotion an uphill task, thus the thinking may have been that full focus on the existing commodity market base would be the way forward.

However, Dell (1988: xii), in his introduction to a collection of essays in honour of Corea, indicates that Corea suggested commodity market stabilization as an interim solution till industrial development in developing countries took off: "Dr. Corea did not see the Integrated Programme and the Common Fund as providing the final and total answer to the commodity problem, which could, in his view, ultimately be solved only through eco-

conomic transformation of producing countries, notably through industrial development.” Whichever way one sees it, one must give credit to Corea for the conceptual breakthrough he achieved in the IPC and CF, which Dell (1988: xii) referred to as the “finest of his achievements”.

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Monetary and financial issues in UNCTAD under Gamani Corea's tenure

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Gamani Corea came of age as an economist at the time when the international economic system as we know it was established. It was clear to him and his generation of economists hailing from the South that the Bretton Woods Conference produced institutions with incomplete mandates designed with no reference to development problems. Corea, I.G. Patel, Manmohan Singh, Amartya Sen, and Mahbub ul Haq wrote and spoke about the shortcomings of the system throughout their careers.

In order to understand their stands, a little history might be in order.

In the Bretton Woods Conference, Committee I of the Conference produced the International Monetary Fund (IMF) agreement which set forth the present-day international monetary system (IMS). The central institution, the IMF, had decision making and qualified majorities all based on the size of a member's quota. Thus, sovereign political decisions of the main members dominated its work.

The prevailing IMS did not have a true international reserve system; the IMF cannot increase or decrease international liquidity.

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Rather, it has a pool of contributions whose size and deployment are subject to the sovereign decision of the big quota members. In effect, this implies that it had no mandate to decide the pattern of international adjustment of the world economy and to finance it.

The exchange rate system was a hybrid based on the US dollar which in turn was based on gold as long as the US accepted this link at the price it chose. In August 1971, US Treasury Secretary John Connolly abandoned the agreed price and thus brought down the system. The US at the time had a gold stock of \$13 billion and official dollar liabilities in excess of \$100 billion. This dollar system was plagued from the start with the Triffin dilemma of uncertainty and credibility. It also had no relationship between the exchange rate and a country's competitive position and this was particularly so for the surplus countries. The scarce currency clause did not amount in reality to an enforceable symmetry.

When the IMF adopted in the 1960s its concept of adjustment through deflation rather than expansion or financing, it overlooked the difference between a one-country case and the case of many countries. This led to a fallacy of composition: what is valid for one country might not be so for many countries all at the same time. There is no analytic basis to accept that one size fits all. Thus, the conditionality that stemmed from all that was inappropriate in numerous cases. Furthermore, up to the 1980s, the IMF considered itself a monetary institution which could only lend for the short term, usually less than a year. As a political institution, the IMF's help was, in any event, subject to the sovereign decision of the big quota members rather than anything else.

Committee II of the Bretton Woods Conference produced the International Bank for Reconstruction and Development (IBRD),

an official multilateral institution for reconstructing Europe and helping finance, under certain conditions, the infrastructural needs of the developing countries. There was nothing about private finance in its report, in particular capital markets.

Committee III, the Trade Committee, failed to agree on establishing an international trade organization. It referred the matter to a meeting two years later in Havana, Cuba. When the Havana Charter was drafted, it annexed trade issues of importance to the developing countries: commodities, trade in agricultural goods, terms of trade, transnationals, transfer of technology and restrictive business practices. These and the development issues raised in chapter IV were subjects unacceptable to the US Senate. The Havana Charter therefore fell by the side.

Realizing that an agreement was not at hand, the developed countries set up the General Agreement on Tariffs and Trade (GATT) in order to generalize the MFN (most favoured nation) clause and boil down the trade problems to those of market access.

Corea's career

Gamani Corea's first intellectual work was his PhD dissertation on the integrated commodity programme, an international topic steered under the guiding hands of Ursula Hicks and the advice of Joan Robinson, two economists outside the mainstream. This topic was to guide the professional interest of the man throughout his professional life.

Returning to Sri Lanka, he joined the Central Bank and stayed there for several years. In the early 1950s, he joined the Planning Commission and in a short time became its Executive Secretary reporting directly to the Prime Minister. Corea's work in the Planning Commission set the course of the Sri Lankan economy

for years to come. Under Corea, at the advice of I.G. Patel, Gunnar Myrdal, Nicholas Kaldor and Jan Tinbergen, the Planning Commission used Keynesian models with a prominent state role within a market framework. This planning was not Soviet-type; it was dirigisme with limits akin to French indicative planning.

After a decade of such work, Corea returned to the international scene by becoming Sri Lanka's ambassador to the European Community in Brussels.

Corea met in Cairo in 1962 Raul Prebisch, a prominent Latin American economist who, despite his conservative central banking background, was an internationalist with trade views favourable to development.

The two hit it right and complemented each other. Prebisch had three principal elemental planks: a trade system that grants the developing countries favourable, non-reciprocal treatment; an integrated commodity programme for commodity trade; and external financial flows that solve the two-gap problem of developing countries, the savings and payments gaps. Corea wholeheartedly subscribed to all three. His expertise in commodity issues and interest in money and finance had in fact enriched and added to Prebisch's planks.

Prebisch, impressed by Corea's elegant "anglophonie", asked him to write the final conclusions of the Cairo Conference on convening a UN conference on trade and development. And he was to draft, again at the request of Prebisch, the position of the Group of 77 in the General Assembly regarding convening the Geneva Conference of 1964 to establish UNCTAD.

In 1965, Corea contributed to Prebisch's report to UNCTAD I. In 1966, Prebisch convened an expert group meeting, under

Corea, to look into the financial and international monetary aspects of development. With the able help and backstopping of Sidney Dell, the director of UNCTAD's office in New York, Corea's expert group report explored the relationship between the monetary and financial systems and development. Its conclusions and proposals were to guide UNCTAD's work till the mid-1970s.

Two separate outcomes hail from the work of this group and similar other work in UNCTAD and elsewhere: the establishment of the Complementary Financing Facility (CFF) in the IMF and that of the commodity stabilization facility.

The thoughtful observations of the report on the prevailing IMS addressed the shortcomings outlined above. The report also broached the subject of creating an international currency and linking it to the financial needs of development. It should be recalled that the question of international liquidity and the basis of the international reserve system was the subject of wide-ranging debate at the time.

After Prebisch, Manuel Perez-Guerrero pursued this work in UNCTAD with vigour and determination. Under the able leadership of Sidney Dell, assisted by Gerry Arsenis, the Division on Money and Finance of UNCTAD participated in the Committee of 20 (C20) meetings on international monetary reform held in 1972-74. Among other things, UNCTAD articulated the SDR Link Proposal in its two versions.

At this time, the Money and Finance Division of UNCTAD succeeded in developing a simple quantitative model for estimating the needed flows of external finance for achieving the UN target of development at 5%, which was dubbed in the press as the Sidney Dell model. In fact, the origins of this work were due

to the work that Gerry Arsenis did in the UN's Economic and Social Affairs (ESA) Department in the early 1960s and published in 1964. The estimates made by Arsenis were referred to in Prebisch's 1965 report. Thereafter, under the leadership of Sidney Dell, the Division on Money and Finance made annual calculations of developing-country capital requirements. In the New Delhi Conference, the Division made a more systematic presentation of its calculations.

The so-called Dell model estimated the external financial needs of developing countries over and above their internal savings necessary to fulfil the UN development target of 5%. To finance the requisite investments, it asked for external inflows of 1% of the GDP of developed countries, of which 0.7% is in official development assistance (ODA).

After Corea succeeded Perez-Guerrero as the Secretary-General of UNCTAD in 1974, he collaborated with the UN Development Programme (UNDP) in setting up in 1975 the G24 project. This project has backstopped the representation of the G77 views in money and finance in Washington ever since. And this coincided with the establishment of the Development Committee which gave UNCTAD an observer status as in the Interim Committee.

The 1970s were years of intense activity in UNCTAD and of significant international developments. The eruption of the oil crisis created major balance-of-payments problems for the oil-importing developing countries. UNCTAD under Corea had an influence in promoting the establishment of the oil facility in the IMF and in modifying the formula for calculating export shortfalls of developing countries in the CFF.

In the same decade, under the impulse of the Non-Aligned Movement (NAM) and the President of Mexico, the United Nations General Assembly adopted the charter of rights and duties in the New International Economic Order (NIEO). Corea was one of the early supporters. He tried, to the extent possible, to bring through UNCTAD elements of that into the intergovernmental dialogue.

The oil deficit was financed largely by borrowing from the international capital markets. The accumulation of private debt by developing countries presaged the development of the debt problem in 1982. Corea warned of this impending problem in his report to the Nairobi Conference in 1976.

After Nairobi, UNCTAD pursued this anticipation in the annual reports to the Trade and Development Board (TDB) and Committee on Invisibles and Financing related to Trade (CIFT). In 1980, Gerry Arsenis succeeded in obtaining the TDB decision number 222 to set up in collaboration with the UNDP a project to restructure and revise the terms and conditions of the official debts of developing countries. The gains for developing indebted countries were in excess of \$6 billion. Subsequently, UNCTAD enlarged this work and systematized it by establishing the Debt Advisory Services. Through this project, UNCTAD helped organize a database for the countries involved and extended technical help to their Paris Club negotiations (official debt) and those of the London Club (private debt).

The documentation to the Manila Conference in 1979 had proposals on IMF conditionality, on the terms and conditions of aid and other external financial flows, on debt and on international monetary reform. Except for the reform, progress was made on all these topics. As to reform, the developed countries

raised the issue of the appropriate forum and did not enter into the matter.

After the Manila Conference of 1979, Corea established a division in UNCTAD for developing-country cooperation. He envisaged such cooperation to cover monetary and financial cooperation and trade cooperation. In trade, the division was also to take up the evolution of the GSTP and service all the regional and sub-regional groupings. In the monetary area, the division serviced the clearing and payments arrangements and their Multilateral Coordination Committee as well as the monetary union schemes of developing countries. This work continued after the departure of Corea and in 1990-91 produced a path-breaking series of studies (four studies) on establishing an International Trade Financing Facility.

Unfortunately, despite the technical and substantive merits of this work, the intergovernmental expert group convened in 1991 in UNCTAD did not reach agreement. The developed countries, acknowledging the merits of the studies, held that they would consider participation after this agency is established by the developing countries, while the developing countries wanted the developed countries to participate in the initial funding of the facility. Near the end of his term, Corea convinced OPEC countries to set up in UNCTAD a fund for South-South cooperation.

Corea guided UNCTAD into exploring the interdependence of trade, money and finance. In the last Conference of UNCTAD under Corea, held in Belgrade in 1983, there was a separate and independent agenda item, "item 8", on interdependence.

In this regard, Gerry Arsenis, in characteristic inspired form, started in 1981 the annual exercise of the Trade and Develop-

ment Report. This report developed and pushed the boundaries of interdependence and provided intellectual underpinning for a right conception of the globalization of the world economy as this process unfolded in the late 1980s and the first half of the 1990s. Numerous topics in money and finance found treatment in the various issues of the TDR. Under Shahan Abrahamian and, later, Yilmaz Akyuz, Corea's ideas on interdependence found their full expression.

Corea's interests in South-South cooperation came to dominate his work after his departure from UNCTAD. He was an active supporter of UNCTAD's work in this domain, like he was of the work of the South Centre. He came to realize that the North-South dialogue had reached its high water mark in the early years of the 1980s. After the Cancun Conference, Mrs. Thatcher and Mr. Reagan abandoned this dialogue and recast the development paradigm in terms of the Washington Consensus in which the problems of developing countries were considered as ones of mismanagement and inappropriate macroeconomic policies and, later on, non-market-oriented policies.

The North-South dialogue thereafter came to a halt. But Corea still remained a firm believer in the common interest of the North and the South and the possibilities of this cooperation. He held that this cooperation along with South-South cooperation were two sides of the solution to development problems.

UNCTAD's achievements in its first 25 years were not negligible: the GSP, the Common Fund, debt relief, the G24 project, the framework of the Code for the TNCs, the GSTP backstopping, the backstopping of ECDC, the indirect influence on the IMF facilities and conditionality, and its own TDR and Least Developed Country Report. These are significant, but surely fall short of what was hoped. A fruitful productive dialogue requires two

committed parties, which was not the case in the UNCTAD intergovernmental machinery on most issues. However, it cannot be argued that UNCTAD did not change the terms of the debate on development. UNCTAD's TDR has voiced out a unique tune in challenging the neoliberal views of the Bretton Woods institutions and offered a valid consideration of the interdependence of money, finance and trade in the *problematique* of development.

Corea the man

Gamani Corea was a gentleman from the South. He combined in his personality the influence of his education in Oxbridge and his experience of the development challenge in his native Sri Lanka. He believed in the possibilities and power of diplomatic persuasion. He believed that market capitalism has limits and frequently suffers market failures. His advocacy of the state's role was not in any sense one of anti-market ideology; it was a realistic and pragmatic assessment of the conditions of developing countries.

Gamani Corea was a non-pretentious man capable of appreciating the conditions of the poor, despite his aristocratic and wealthy background. His humanism marked his work in development economics, the environment, South-South and North-South cooperation. He was a man capable of establishing enduring friendships. He was also a man of sharp intellect and great dry wit. His shyness and polite demeanour masked tenacious and brave convictions. His refusal to accept organizational independence from the General Assembly for UNCTAD and his firm stand that while the Secretariat is neutral in respect of member states, it stands committed to development, are cases in point. In the years I worked in his office and after that, I always enjoyed our

forays into economics, politics, and many cultural issues. He was well read and soundly trained.

He visited Italy in his early career to ask for food aid. On observing his prosperous-looking presence, an Italian counterpart remarked that looking at him, one could not believe that Sri Lankans had a food shortage. Corea flashed his usual smile and said, “But I represent their aspirations.” After the Rio Earth Summit, I saw him in Geneva. I asked him about his evaluation of the Summit. He smiled and said we succeeded in defining the zero. Many such sharp witticisms marked his encounters and conversations.

For us all, Gamani is no more, but his life journey left his imprints on UNCTAD, on his friends and on the institutions associated with him. In the short span of his life on earth, he enriched our lives. Blessed be his memory.

Gamani's role on global management, interdependence of money, finance and trade, and the debt burden of developing countries

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I want to express my sense of gratitude for the opportunity to be here today on the occasion of this tribute seminar in honour of Dr. Gamani Corea. I consider myself privileged that I had the opportunity to work with him over a period of many years.

It was in 1963, at the UN headquarters in New York, when I first met Gamani Corea. I was introduced to him by Sidney Dell, then a senior economist at the Economic and Social Affairs (ESA) Department. I was a young economist in the same Department. Gamani was invited to join a team to help prepare Prebisch's first report to UNCTAD I, "Towards a New Trade Policy for Development".

It so happened that I had completed an econometric study on the capital requirements of developing countries, in order to achieve the growth target of 5% p.a. set forth by the first UN Development Decade. The study was presented to a group of experts in 1962 but the Secretariat was diffident about circulating it widely, possibly because it went against the mainstream of development theory. The study demonstrated that foreign

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exchange earnings rather than savings were the limiting factor and that, in order to meet the development target of 5% p.a., import requirements had to increase by 6% p.a. while export availability was estimated to grow at only 3% p.a. The resulting deficit, which became known as the \$20 billion trade gap, had to be covered through a mix of trade and aid measures. Sidney Dell unearthed the study and brought it to the attention of Raul Prebisch and Gamani. Elements of the study were included in the UNCTAD report. That is how I met with Gamani and that is how I joined the UNCTAD Secretariat.

I have a vivid recollection of those days. There was a sense of intense excitement in the team which – under the influence of the romantic optimism of the post-colonial period – believed that all dreams can come true. Gamani was an impressive figure in the team: brilliant, articulate, polite, amiable, soft-spoken and with extraordinary ability to grasp quickly the essence of the matter in the midst of complex issues. His mild manners could hardly hide the inner Gamani, a determined man of courage, vision and dedication to the cause of cooperation, peace and development in the world.

I stress the first encounter of Gamani with UNCTAD issues for two reasons: First, because Gamani's contribution in shaping the policy framework of UNCTAD I is not well known and, as an old timer myself, I feel that I ought to place it on record, and, secondly, because I believe that that experience played a catalytic role in shaping Gamani's views on the world economy and the challenge of development. The crossing of two strong intellectual currents during the period of preparations, the Prebisch centre-periphery dependence and the Keynesian version of Cambridge, offered a fertile ground for the genesis of UNCTAD's approach to economic development.

By the time Gamani arrived at UNCTAD, in 1974, many things had changed in the world and in UNCTAD itself. The world economy was in turmoil. The Bretton Woods system had collapsed, balance-of-payments disequilibria showed structural rather than cyclical characteristics, and the oil price shock and the widespread inflation created a climate that encouraged a shift of emphasis in developed countries from full employment targets to anti-inflationary policies. The first warning clouds were already visible in the sky, foretelling the advent of a new conservative era in the West.

Until then, in UNCTAD, we did not question the fundamental stability of the economy of developed countries. Following Prebisch, the challenge of development was to adopt international measures to offset market failures in some specific sectors so as to integrate developing countries in the world economy under conditions of accelerated growth. But the widespread crisis of the early 1970s posed serious questions about how to best place the development issue in an unstable world economy.

While accepting the market mechanism as a necessary ingredient of the economic system, UNCTAD has always been skeptical about the efficiency of markets and has forcefully argued against market fundamentalism. The world crisis revealed that market failures were more widespread than originally thought and, more importantly, that markets are indeed interdependent. The compartmentalized approach to deal with key issues such as money, finance and trade in separate organizations may serve well under conditions of smooth functioning of the world economy but it is inappropriate when the system is derailed, exactly because markets do not get the macroeconomic prices right. In such a case, the development agenda should be considered an integral part of global management of the interdependent issues of money, finance and trade.

Some background work on interdependence had already been done under the inspiring guidance of Sidney Dell with a small team of economists including Roger Lawrence, Shahen Abrahamian and myself and was presented to the UNCTAD Conference in Santiago in 1972.

There was a broad consensus that the issues were indeed interdependent and the President of Chile, S. Allende, in his welcoming speech to the plenary, put it succinctly. He said, "... so close is the connection between monetary problems and trade relations, as the crisis of August 1971 testified, that it is the duty of UNCTAD to discuss the subjects in depth and to see that the new monetary system, studied, prepared and administered by the whole of the international community, will also serve to finance the development of the third world countries, alongside the expansion of world trade." While the Conference did not succeed in reaching agreement on a world conference to examine jointly the issues of money, trade and finance with secretariat support from UNCTAD, GATT, IMF and the World Bank, as proposed by the G77, it did accept that the development issue should be taken into account in the deliberations for the reform of the international monetary system. This opened the door to UNCTAD's participation in the "IMF Interim Committee" on the reform of the international monetary system and the "IBRD/IMF Development Committee".

When Gamani was appointed Secretary-General of UNCTAD in 1974, the conditions were ripe for UNCTAD to place the development agenda squarely within the broader issue of global management of money, finance and trade.

Gamani proved to be the right person at the right time to lead UNCTAD in its new phase. He moved quickly with courage and foresight and managed to place UNCTAD at the centre of

the ongoing dialogue on the world economy. He broadened the scope of UNCTAD's work, and he made UNCTAD's presence felt in the Interim Committee and the Development Committee where he supported the view that the monetary system should be balanced and adequately underpinned so as to meet effectively the requirements of development. He also argued forcefully for the link between allocations of Special Drawing Rights (SDRs) and development assistance. He also provided technical support and intellectual leadership to the G24, which was created in order to coordinate the work of the G77 in the Bretton Woods institutions. The delegates to those institutions were from the ministries of finance or the central banks and, as a rule, they tended to be much more restrained than their counterparts in UNCTAD who consisted of delegates from foreign affairs, trade or development ministries. In a sense they spoke different languages. Gamani, who spoke both languages, moved comfortably between these constituencies; he managed to bring them closer to each other so that the position of developing countries on money and finance would show a reasonable degree of consistency in all international fora.

Gamani is known – and rightly so – as the father of the Common Fund and the Integrated Programme for Commodities (IPC). But I think that his contributions to other areas such as debt and interdependence were of equal significance.

At the Nairobi Conference, in 1976, the Common Fund and the debt problems of developing countries were the twin key issues. In fact, some observers thought that the debt issue rather than the Common Fund would be the major outcome of the Conference.

In the event, common ground was found for the Common Fund, but in the case of debt, we did not succeed in reaching an agree-

ment on the establishment of an Independent Debt Commission. The creditor nations were not ready to accept the notion that debt repayment is an integral part of the broader issue of capital flows to developing countries and insisted on treating the debt problem as an ad hoc operation of deviant nature. Furthermore, in the G77, there was a rift, with several developing countries of Latin America wishing to avoid any involvement or guidelines by international organizations concerning their access to capital markets. As a result, the scope of the debt issue was narrowed to refer only to official bilateral loans.

In this respect, some progress was made and the Conference accepted [Resolution 94 (IV)] that a ministerial TDB should consider the issue. After difficult and lengthy negotiations, in 1978, the TDB [Resolution 165 (S-IX)] endorsed, in effect, the suggestions made by the Secretary-General of UNCTAD that debt relief, in the form of retroactive adjustment of terms of past loans, could be provided to “poorer developing countries” as a means of improving the net flows of official development assistance. This resolution was a major departure from the traditional stance of creditor nations and opened the road later on to the so-called HIPC initiative by the Bretton Woods institutions which provided substantial debt relief to Heavily Indebted Poor Countries. It is noteworthy that Gamani’s contribution to this initiative was significant as Chairman of the relevant Committee of the non-aligned group.

But, the establishment of guidelines for debt rescheduling proved to be a very thorny issue. After protracted and difficult negotiations, and numerous meetings of intergovernmental groups of experts, the TDB, in 1980, succeeded in reaching consensus on guidelines for debt renegotiations [Resolution 222 (XXI)].

This was a major breakthrough since debt renegotiations in multilateral fora, mainly the Paris Club, were expected to move away from the traditional “short leash” approach and adopt a balanced mix of policy measures that would take into account the interests of creditor countries as well as the development requirements of the developing country seeking debt relief. The negotiating position of developing countries was further enhanced by the participation of the UNCTAD Secretariat in the Paris Club negotiations.

No doubt, there were impressive achievements but they fell short of what we considered necessary in order to deal effectively with the problem of indebtedness. We did not succeed in introducing the debt problem of developing countries as an established feature of the finance system. The case-by-case approach which has been adopted considers debt rescheduling an isolated one-off mechanism designed to overcome a temporary debt servicing problem. Notwithstanding the adoption of the guidelines to which I just referred, this approach tends to place undue emphasis on misguided domestic policies and to ignore the fact that a debt crisis may indeed be the upshot of malfunctioning of the international finance system. In such circumstances, debt becomes pervasive and requires a broader approach which surpasses the confines of the case-by-case treatment.

Gamani was worried that the exposure of many developing countries to capital markets, under conditions of global uncertainty, may lead to a systemic debt crisis with serious repercussions on the development process. There was not – and even today there is not – an institutional framework to deal with the debt crisis when the global finance bubble bursts, but it was thought that there should be, at least, a forum where such issues could be discussed. UNCTAD became such a forum. During Gamani’s tenure in UNCTAD, the review of the debt of developing coun-

tries became a regular item of the agenda. It was considered in the context of the interdependence of issues of money, trade and finance at the global level. This approach enabled UNCTAD to highlight the chain reactions from global financial instability to widespread debt crises and, finally, to development crises. In its reviews, UNCTAD warned time and again about impending debt crises in specific countries.

The interdependence of issues – money, finance and trade – was the central theme of the annual review of the Trade and Development Report which I consider one of the top achievements during Gamani's tenure in UNCTAD.

Pressure had been building for years inside the Secretariat and in the Group of 77 for an annual review of world developments by UNCTAD. All major publications of multilateral institutions reflected a neoclassical orientation which formed the basis of the so-called Washington Consensus, and it was thought that an alternative and development-oriented perspective should be offered. I remember the strong resistance we encountered but Gamani, without hesitation, gave his full support. The Trade and Development Report was launched in 1981 and it soon became the flagship of UNCTAD. It provided a new development paradigm, offered an effective critique of views expressed by circles of market fundamentalism and presented a realistic assessment of the inherent instability of capitalist economies and warned many a time of impending crises in the absence of timely and effective international measures.

Looking back at these years, what can we say now?

Were all these efforts in vain as some argue? I do not think so. True, we did not succeed in establishing a new economic order but some important international measures which were agreed

at UNCTAD in the period of Gamani's leadership survived the neoconservative backlash. More importantly, we succeeded in placing on the table an alternative development paradigm which has left a strong imprint on global deliberations.

UNCTAD's work and policy proposals during Gamani's leadership have been fully vindicated by later events. The intellectual heritage remains intact. For the occasion of the seminar, I had a look at some of the back issues of the Trade and Development Report and I was impressed and I realized how relevant and valid this work is for the present world economic situation. That is why UNCTAD must continue its work on the same track.

If all efforts did not come to fruition, it was not because of lack of effective argumentation. Unfortunately, in international negotiations, persuasion is not enough. Success requires negotiating power but, during Gamani's period, the negotiating vigour of developing countries was waning while in developed countries the neoconservatives had gained the upper hand. What is more, in issues relating to money, finance and debt, the participants did not constitute an all-inclusive group. The capital markets were not there. I remember what the spokesman of Group B told us in the Contact Group, in Nairobi, when he explained his objection to including private capital flows in the debt guidelines: "We cannot include them because they are not here." How right was he! Today, we are living under the supremacy of financial capital. It is a sad commentary on the quality of global governance when at G8 or G20 summits, the leaders worriedly look behind their backs to guess how the markets would react to their policies!

We should draw the right conclusions from past experience. To my mind, no significant progress can be made at the international level if we fail to engage the faceless capital markets and to hold them accountable to an intergovernmental institution for their

actions which should be consistent with the international norms of development and stability. I am painfully aware that this is an extremely difficult task to undertake under present conditions but we cannot shy away from it. Under globalization, world income is distributed more unequally among nations and within nations. There are now poor people in developed countries and extremely rich people in developing countries. Opportunities now exist to form coalitions for development not only among nations but also among social groups in all nations. We should encourage the mobilization of powerful global constituencies which could tip the balance of power. I feel that that's what Gamani would have liked to see happening.

The development consensus

Mr. Jan Pronk⁶

Former Deputy Secretary-General of UNCTAD

The concept coined by Gamani Corea which I remember most is the “development consensus”. In 1985 he described the need for such a consensus as follows: “The motivating factors now are not only the political need to respond to the problems of newly-emerging nations or the humanitarian compulsion to alleviate poverty and reduce the widening gap between rich and poor countries. There is now also the need for a framework of international economic relations which provides for the maximum utilization of mutually reinforcing and interacting forces for growth and prosperity throughout the world economy. The underlying theme for systems adaptation must be the incorporation of a ‘development consensus’ comparable to the ‘full employment consensus’ which was written into the post-war systems. This is not, by any means, a sectional interest of the developing countries. It is an imperative for the world economy and hence for the developed countries as well” (Corea, 1985b).

It was a new phrase, though not a new approach, anyway not for Gamani himself, since he had been appointed as member of the UN Committee for Development Planning. The mandate of this Committee, amongst others, was to design Strategies for the United Nations Development Decades.

The Strategies of the First and Second Development Decades, in the 1960s and 1970s, had been guided by economic thinking

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based on the two-gap theory: when domestic savings of poorer countries cannot match the investments needed to speed up economic growth, the gap can be bridged by foreign savings, including development assistance, or by reducing the counterpart: the trade gap between exports and imports.

The latter can be achieved by reducing imports or by increasing exports. Cutting imports, however, may negatively impact growth, unless domestic production is directed towards import substitution. This had been advocated by Raul Prebisch, UNCTAD's first Secretary-General. Gamani Corea, both as member of the UN Committee for Development Planning and as Secretary-General of UNCTAD, had always advocated a third approach: economic growth, relying not on import substitution or on development assistance, but on exports.

The first two approaches (relying on international aid and on import substitution) are valid, but not sufficient to ensure self-sustaining economic growth. Mobilization of resources, domestic and foreign, in order to finance investment needed to increase production for markets both at home and abroad, would provide better prospects, provided that all countries would cooperate.

Such cooperation would require a systematic change in the framework of international trade, both in commodities and manufactures. Guaranteeing developing countries stable and increasing commodity export earnings, and, temporarily, preferential market access to their industrial products was essential. This would result in higher and self-sustaining economic growth of developing countries, and increase their import capacity. Ultimately, this would be in the interest of both developing and industrialized countries. This approach came close to the notion of an international development consensus, which Gamani Corea elaborated a decade later.

Calling for a New International Economic Order

Closing the gap between the developing countries of the South and the industrialized countries of the North would require structural change not only in trade itself, but also in the fields of money, finance, debt, insurance, transport and technology. In the terminology of the 1970s, a New International Economic Order (NIEO) was called for.

Developing countries, having become frustrated by the lack of results of previous international strategies, had demanded such a new order in the very period that Gamani had chaired the UN Committee for Development Planning, as a successor of Jan Tinbergen, and taken over the helm of UNCTAD, succeeding Manuel Perez-Guerrero in 1974. Kissinger, at the time US Secretary of State, had declared, “We do not need a new international economic order, because the present order, based on open trade, free movement of capital and technology and freely disposable raw materials and natural resources has served us well.” This was a rather confrontational position – after all, who are the “us” who it is claimed have been served well? – intellectually no less confrontational than Prebisch’s *dependencia* theory, postulating that the industrialized countries of the North were developing the underdevelopment of the South.

The confrontation between the North and the South had not been overcome, despite the adoption of a Declaration and Action Programme on the Establishment of a New International Economic Order by the Sixth and Seventh Special Sessions of the UN General Assembly in 1974 and 1975. The implementation of the action programme would require ongoing negotiations on the basis of a specific agenda, which itself had to be agreed in advance.

This is what Gamani accomplished. Negotiations about money, finance and trade would be essential in order to make progress towards systematic change, but the Bretton Woods organizations and GATT kept aloof. UNCTAD was the only forum which adopted an agenda towards the implementation of an NIEO. This happened at UNCTAD IV in Nairobi, and later at UNCTAD V in Manila and UNCTAD VI in Belgrade. For a period of about 10 years intense negotiations took place on all chapters, step by step. Corea saw the Integrated Programme for Commodities not only as valid per se, but as a first step in a comprehensive attack on prevailing structural inequalities and instabilities in the system, to be followed by many others.

By choosing this approach as an international civil servant Gamani showed courage. He demonstrated impartiality in his contacts with governments, but told them that he could not be neutral about underdevelopment: “underdevelopment (is) a scourge to be eradicated and there has to be a total commitment to (its) eradication” (Corea, 1980: 20).

He advocated the concept of the New International Economic Order, despite ongoing distrust and hostility shown by Northern countries. He asked these countries to “see the New International Economic Order not as a one-way street, not as involving any loss and transfer of the gains that they (had) achieved, but rather as a new set of relations without which the global economy itself can hardly survive or function smoothly in the future” (Corea, 1980: 23). To Southerners he made clear that “agreements to introduce changes in the prevailing order of things do not come about easily; they do not come about only by convening meetings and launching negotiations. They depend on the climate and attitude of the times, on the study and analysis of problems, the mobilization of opinion and the reconciliation of interests” (Corea, 1985a: 2).

Interdependence and mutuality of interests

This is the spirit of consensus through negotiations, on the basis of a common perception of mutual interests. It is a spirit which has consequences both for the process as well as for the outcome. Gamani Corea had presented the need for a New International Economic Order not in terms of a conflict of interests but as a common interest. From 1980 onwards he tried to address the stalemate in North-South negotiations by referring to the interdependence between nations. All countries share a common interest, as had been outlined by the Brandt Commission in its report *North-South: A Programme for Survival* (Independent Commission on International Development Issues under the Chairmanship of Willy Brandt, 1980). Highlighting this meant a digression both in philosophical terms – away from Prebisch's centre-periphery *dependencia* model – and politically: from polarization towards consensus. Interdependence, though against a background of international inequality, is not a one-way street.

Time and again Gamani Corea has emphasized the need to agree on a new international development consensus. "I believe," he wrote, that "(the) imperatives of the world situation and the reality of interdependence demand a return to dialogue and multilateral cooperation" (Corea, 1985a: 4). However, in the mid-1980s negotiations came to a complete standstill.

Why has this approach failed in the end? In my view the failure was not due to a deficient analysis of international economic structures. It was a political failure, due to short-sighted perceptions on both sides of the North-South divide.

In the end the concept of interdependence was only paid lip service to by all. The slowdown in world production and trade

in the 1980s gave rise to inward-looking approaches in the North as well as in the South: adjustment to so-called realities, instead of innovation. Deflationary policies were advocated, instead of growth. Major parties in the North had perceived the claim for a New International Economic Order as an insult. Others felt threatened. The prevailing international inequality of power led to arrogance: Northern countries tried to impose adjustment measures in Southern countries.

They demanded that the South open up their markets to foreign investments and service goods from the North, as conditions for reaching agreement on expansion of trade in commodities and manufactures. Creditor countries and the IMF demanded budgetary cuts by debtor countries, affecting their capacity to grow and their social expenditures. Developing countries experienced the 1980s as a lost decade, marked by economic stagnation, social hardship and political marginalization. Divide and rule came in the place of deliberate efforts towards a consensus.

Gamani Corea presented a political answer. He called on developing countries to stick together, to intensify economic co-operation amongst them and to attain some form of collective self-reliance. In his view this was not in conflict with the need to reach consensus. Corea did not advocate Southern collective self-reliance as a fallback answer to a lack of response from the North to the demands of development cooperation. He foresaw that growing production surpluses of the South could not be absorbed by the North alone. So, he considered economic cooperation between developing countries as “an imperative for the good functioning of the future world economy and ... therefore an objective in which the developed countries themselves have an important stake” (Corea, 1985b: 300).

New dangers

We are now 30 years later. The world has changed tremendously. The Cold War has ended, but a new confrontation between East and West is emerging, which will also affect the South. Globalization has entered a new phase. Within many countries domestic conflicts have escalated into violence with – due to economic and technological globalization – consequences across frontiers, endangering other countries. Environmental setbacks and climate change are threatening the welfare of future generations. New tensions between states are emerging, in the Middle East, in Asia as well as in Europe. World middle-class aspirations in many countries are heavily mortgaging scarce natural and raw material resources overseas. New information and communication technologies have altered the world scene, politically as well as economically. Mounting world purchasing power has not resulted in less poverty, but in more social exclusion and inequality.

Gamani Corea foresaw that an international development consensus is crucial if we want to run the system, rather than the system running us. “The disquieting question is whether ... efforts would be brought about by the march of events or by a timely anticipation of the dangers involved” (Corea, 1985b: 298). And the dangers are real: “If ... the devastating experience of recent years is not reversed, there could be serious political and social destabilization with global repercussions” (Corea, 1985b). Such a warning may at the time have been perceived as a doomsday sermon rather than an intellectual analysis of trends in the world economy, but we know better now. Global accumulated market power has become footloose, beyond the control of most individual countries. This is the situation in the banking industry, the arms industry, in the sectors of energy,

food, chemicals and pharmaceuticals, and also in large segments of commerce, services and entertainment.

The world has changed and the agenda should change accordingly. During the decades of the 1970s and 1980s negotiating parties could perhaps yet be excused for not following a rationale of consensus and common interests as put forward by Gamani Corea and Willy Brandt. However, presently there is no excuse whatsoever anymore. The threats to world economic and political stability have become even bigger than they were 30 years ago. Rational intellectual analysis of what is going on in the world compels us to conclude that there is no alternative than aiming at a consensus in the common interests of mankind. If not, the chances that “there could be serious political and social destabilization with global repercussions” would be even greater than at the time when Gamani Corea issued his warning.

Rational economic analysis would point to the need to strive for consensus. Rational economic thought, however, can be blurred by irrational cultural or religious confrontation or by short-sighted political power interests. If the perception prevails that, rather than through international cooperation, a country's interests can better be served by preserving power inequalities and by giving precedence to national security over international welfare, there is not much chance to reach consensus through negotiation and cooperation. This is all the more difficult when negotiation forums are no longer representative for all countries and all people. Decisions seem to be taken in forums such as the G2, G7, or G20, or in regional trade negotiations, rather than in the family of the United Nations. I am sure that Gamani Corea would consider today's investment protection treaties and the trans-Atlantic and trans-Pacific trade and investment partnerships as a deviation from a world development consensus.

The South has become economically more diversified than 30 years ago. Quite a few developing countries have joined the ranks of the newly emerging economies, leaving other countries behind. Some commentators say that there is no point whatsoever anymore in advocating a joint approach amongst developing countries. However, the weakening of the UN system and the divide-and-rule tactics by the countries and companies in the centre of globalization demonstrate that there is reason for the present periphery to join forces. That periphery does not only consist of poorer countries, but includes population strata which are being impoverished by processes of globalization, in richer as well as poorer countries.

The divide between North and South is no longer a confrontation between countries only. About two-thirds of the world's population have in one way or another access to the world market, providing them real opportunities as consumers, producers, labourers or investors. They live in rich countries and emerging economies, but also in developing countries. The remaining one-third of the world's people are being marginalized. They find themselves excluded from meaningful participation in international economic relations. They are poor, underemployed, lacking access to the means necessary to increase productivity beyond mere subsistence: capital, credit, education, technology, land, natural resources, energy, water, and adequate social services.

These people live around the world, in poor countries as well as in emerging and richer countries, characterized by increasing structural economic inequalities (see also Pronk, 1986). This pluralistic dualism of the world's economy – both between and within countries – calls for renewed efforts to define Gamani Corea's world development consensus. Corea asked for a consensus between countries, in the more or less direct interest of

their people. In the 21st century people's interests will no longer be served by governments confining their efforts to better market conditions. Socioeconomic interests of classes of people in different countries diverge in a more complicated fashion than during the negotiations on a New International Economic Order. So, reaching a meaningful consensus in the interest of all countries and all people will be more difficult than 30 years ago. However, it is also more urgent, in order to avoid the dangers of further "political and social destabilization with global repercussions" as foreseen by Gamani Corea.

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Anecdotes from the environmental dimension

Mr. Michael Zammit Cutajar

Former UNCTAD staff and former Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC)

I have been a former UNCTAD staff member three times over. UNCTAD was my entry point into the United Nations Secretariat, back in 1967. I was brought in by Wladek Malinowski, one of the architects of the institution. I left for the last time in 1991, from the Cabinet of Secretary-General Kenneth Dadzie, when I was parachuted into the climate change negotiations. During my second spell on board that started in 1974, Secretary-General Gamani Corea took me on as “special assistant” for some four years.

My overall recollection of that time in Gamani’s front office is of striving, in support of Deputy Secretary-General Stein Rosen, to keep the “management agenda” on Gamani’s desk while his brilliant mind was fixed on the prospect of transforming the global commodity economy – an uphill struggle indeed!

But it is not that Gamani Corea whom I will recall today. It is the Corea who was a pioneer on the interface of “development and environment”, later known as “sustainable development” – the Gamani I discovered when I first left UNCTAD to join Maurice Strong’s secretariat preparing for the 1972 Stockholm Conference on the Human Environment.

Founex and Stockholm

The Stockholm Conference was initially perceived as a “Northern” initiative, dealing with pollution as “a disease of wealthy societies” (in Strong’s words). Developing countries questioned its relevance to their national priorities. On taking over the secretariat, Strong realized the need to integrate the development perspective in the aims of the conference and thus attract the engagement of developing countries. To this end, he mobilized a few development economists from the “South” as Special Advisers. Gamani Corea was one of these; the others were Mahbub ul Haq and Enrique Iglesias.

Strong drew on their advice to convene a Panel of Experts on Development and Environment that assembled in Founex, near Geneva, in June 1971. It was an intellectual powerhouse, comprising mainly economists and development planners from across the globe. (Among them, I mention today Jan Tinbergen, Nobel laureate in Economic Sciences and early mentor of Jan Pronk, present here.) There were surprisingly few environmentalists in the group. Corea chaired the Panel (admirably, said Strong in his foreword to its report); ul Haq led the drafting and Iglesias made an important substantive contribution.

The Founex Report was instrumental in opening the way for the proactive participation of developing countries in the Stockholm Conference. Surviving participants that I have been able to contact, notably Maurice Strong himself, have confirmed to me the political weight that Gamani’s presence in the Chair lent to the event and to its product. Maurice added that Gamani’s committed leadership meant a great deal to him and deserves to be recognized and remembered.

While the location of the Panel – the Motel de Founex, up by the Divonne autoroute exit – was recently demolished, the thrust of the Founex Report echoes through the decades. Its central messages were:

- Poverty eradication must be the overriding aim of economic and social development.
- Environmental norms, costs and benefits must be integrated in the development framework.
- Additional development assistance is needed, inter alia to cover the incremental cost of environmentally advantageous technologies.

We have heard those messages since. We still hear them today.

In that context, the report also signalled:

- the potential for developing countries to leap-frog the “mistakes and distortions” experienced by industrialized countries through their neglect of the environmental dimension of development;
- the possible impacts on developing countries’ exports of changing patterns of production and consumption in their developed markets – today we would talk of the trade impact of the “green economy”; and
- the risks of environmental protectionism and conditionality.

There is another distant echo. In Strong’s assessment, the Founex Report brought out important differences in the perspectives of

industrialized and developing countries, while making a compelling case for common action in some areas. This tension between differentiation and commonality is with us to this day.

Cocoyóc

Soon after taking over as head of UNCTAD, Gamani Corea convened with Strong, by then Executive Director of the UN Environment Programme (UNEP), the Symposium on “Patterns of Resource Use, Environment and Development Strategies” held in Cocoyóc (Mexico) in October 1974.

The intellectual drivers of that group were British economist Barbara Ward (Lady Jackson), Norwegian polymath Johan Galtung and (Polish-born) French socio-economist Ignacy Sachs. The proceedings in Cocoyóc were much influenced by the political context of the times in the United Nations – that was the period of Special Sessions of the General Assembly, the New International Economic Order and the Charter of Economic Rights and Duties of States, the latter proposed by Mexico’s President Echeverría who attended the Symposium.

The content and the tone of the Cocoyóc Declaration were thus more radical, more ideological than the Founex Report: redefining the purpose of development – “not to develop things but to develop man”; attacking inequality; rejecting “trickle down” and “growth first” models; proclaiming the diversity of self-reliant development paths; and exploring the scope for social justice in the space between the physical “outer limits” of the planet and the “inner limits” of basic human needs and human rights.

It is not surprising that this Declaration drew the wrath of US Secretary of State Henry Kissinger on the heads of UNEP and UNCTAD – though Kissinger did not decline to attend the

UNCTAD IV conference two years later in Nairobi, the home of UNEP.

In the next few years, Gamani Corea lent his name and gave advice to initiatives following up on Founex, Stockholm, and Cocoyóc: the 1975 Dag Hammarskjöld Foundation project entitled “What Now? Another Development”, and the International Foundation for Development Alternatives (IFDA), set up in 1976 in Nyon, both directed by Marc Nerfin, who was Maurice Strong’s Chef de Cabinet in the Stockholm secretariat – and my boss. Strong was involved in both initiatives and Jan Pronk, as Netherlands Minister of Development Cooperation, was one of their main supporters.

South Commission and South Centre

The remaining evidence I have of Gamani Corea’s activity in the environmental dimension of development comes a long time later, after he had left UNCTAD and moved into the sphere of the South Commission and its successor South Centre. And for this evidence I am indebted to Branislav Gosovic, formerly on the staff of both these bodies.

In September 1991, Gamani chaired a working group on “The South and UNCED”. President Nyerere had convened this group at the suggestion of the Secretary-General of the UN Conference on Environment and Development (UNCED), Maurice Strong, to remedy the disarray in the negotiating positions of the Group of 77.

The group – including Martin Khor and Chakravarthi Raghavan here today – proposed “a comprehensive negotiating strategy for the South” towards the 1992 UNCED (also known as the

Earth Summit) in Rio de Janeiro and the parallel negotiations on biological diversity and climate change.

The two strategic objectives that emerged were:

- ensuring adequate “environmental space” for the future development of developing countries; and
- obtaining on the right terms the resources, technology and access to markets required for development.

On climate change, the bold complementary vision encompassed long-term convergence of per capita emissions of greenhouse gases and international trade in emission rights.

The discussion in this working group led to the later formulation by the Group of 77 of its position on “common but differentiated responsibilities” that was incorporated in the Rio Declaration. Here I note – compared to the hint from Founex that I quoted earlier – the change of the order of the two concepts and the substitution of “but” for the earlier “and” – both tweaks putting the weight on differentiation. I also note that, in the 1992 Climate Change Convention (UNFCCC) that was opened for signature in Rio, this formula was expanded with the rider “and respective capabilities”.

Moving forward to 2002 and looking ahead to the Johannesburg World Summit on Sustainable Development that year, Gamani Corea – as Chairman of the Board of the South Centre – wrote a brief note as a preface to an essay published by the Centre on the continuity of the basic issues before the Summit over the three decades since Founex. The note was modestly entitled “Some random thoughts on ‘sustainable development’”. This

two-pager is precious in that it is the only text on this subject signed by Gamani that my searches have unearthed.

In his note, Corea identifies “development” as the common goal of developing countries and asks why the condition of “sustainability” should be applied to those countries alone. I respectfully question this definition of “development”, believing that to be a universal goal. I would also question the implication that sustainability is a constraint on development, understanding development to be the advancement of human well-being over the long term. But I support the conclusion – which I paraphrase – that sustainability in technologies and lifestyles must be an aim for all countries in their different ways and that developed countries must walk their sustainability talk, show the way ahead and make room for the growing demand of developing countries for ecological space.

Concluding thoughts

Looking back on Gamani Corea’s activity on the development and environment front, the feature that I retain is his political commitment: his readiness to engage openly with an emerging and sometimes controversial agenda that would give a deeper meaning to the concept of development itself, his availability to provide advice and guidance.

Had Gamani been with us today, I would have asked him for his take on the evolution of the “South” and the “North” over the half-century since UNCTAD I. What are the implications for international equity of growing inequalities on both sides of that political and emotional divide? How to apply the principle of South-North differentiation when the countries in the middle range of the global income per capita ranking – as well as in the “Top Ten” – are a mix of both North and South?

His Life, Work and Legacy

I am sure he would have offered a thoughtful reply, perhaps provocative and certainly witty! Alas, he isn't here. And I can only strive to imagine what he might have said.



INTERVENTIONS AND CONTRIBUTIONS

A man who walked tall

Hon. Lakshman Kadirgamar, former Minister of Foreign Affairs of Sri Lanka

A tribute to Dr. Gamani Corea

Mr. Ken Khaw, former Special Assistant to the Secretary-General of UNCTAD

Gamani Corea's intellectual contribution to development thinking

Dr. Godfrey Gunatilleke, Chairman of the Gamani Corea Foundation and Chairman Emeritus of the Marga Institute

Gamani Corea and stabilization of international commodity markets

Mr. Lakdasa Hulugalle, former head, Division for Economic Cooperation among Developing Countries, UNCTAD

Dr. Gamani Corea (1925-2013) – A career of distinction and achievement

Mr. Leelananda De Silva, former Sri Lankan government official and consultant to UNCTAD (1980-84)

Gamani Corea's thinking and contributions towards a New International Economic Order

Dr. Nimal Sanderatne, former Chairman, Bank of Ceylon and National Development Bank; Deputy Chairman, Gamani Corea Foundation, Sri Lanka

An intellectual and a pragmatic defender of the interest of the South

H.E. Modest Mero, Ambassador, Permanent Representative, Permanent Mission of Tanzania to the UN in Geneva



A man who walked tall

Hon. Lakshman Kadirgamar⁷

Former Minister of Foreign Affairs of Sri Lanka

When Dr. Gamani Corea was appointed Secretary-General of the United Nations Conference on Trade and Development in 1973, the third holder of that post, he was completely ready, as few persons are when they are called to high office, to undertake with confidence his new responsibilities and, indeed, to do more to reinvigorate an organization whose mandate for assisting the developing countries in matters of trade and development had been imaginatively pursued by his two distinguished predecessors, Prebisch and Perez-Guerrero. By virtue of his thorough and complete undergraduate and postgraduate education, by dint of the work experience he had gained at the Central Bank and the diplomatic skills he had acquired as Sri Lanka's Ambassador in Brussels, he was clearly the right man for that job at the right time.

The manner of his appointment to the post indicated that Gamani Corea had the ability to gather consensus. Today, an expensive, time-consuming, ugly and politically bruising international campaign – replete with deals and tradeoffs relating to other elections – has to be mounted by a government desirous of

⁷ This speech was delivered by the late Hon. Lakshman Kadirgamar at the Gamani Corea felicitation ceremony organized by the Institute of Policy Studies of Sri Lanka (IPS) and the Sri Lanka Economic Association (SLEA) at the Ceylon Continental Hotel in Colombo on 2 November 2004. The South Centre is grateful to Mrs. Suganthie Wijayasuriya Kadirgamar for having generously provided the text of the speech.

placing one of its nationals in a high international office. None of this was necessary in the case of Gamani Corea as consensus quickly developed around his candidature. Despite his close connections with Prime Minister Sir John Kotelawala (his maternal uncle) and Prime Minister Dudley L.J. Senanayake, Prime Minister Sirimavo Bandaranaike had no hesitation in appointing him Ambassador to Belgium so that he was well positioned in international circles when the UNCTAD vacancy arose. Gamani Corea's work at UNCTAD meetings prior to his appointment was well known, especially in the field of the environment and in relation to commodities, where his notable chairmanship of the Cocoa Conference had earned him a high reputation.

Within weeks of his assuming office, it became clear that he was going to wield significant influence on the development of international economic affairs. His public presentations and speeches were fluent, clear and elegantly phrased. They drew the admiration of the entire global economic community. They certainly made all the Asian delegations, indeed all Third World delegations, extremely proud because in Gamani Corea they had found a man who walked tall, stood his ground and was more than a match for his interlocutors from the developed countries. It was good for the morale of the Third World to have Gamani Corea as Secretary-General of UNCTAD.

During his tenure, UNCTAD became a veritable boiler-house of intellectual activity. A stream of studies on a wide range of subjects touching on almost every conceivable aspect of international trade and commerce – banking, insurance, shipping, intellectual property, the transfer of technology, restrictive trade practices, commodities, and so on – issued from the UNCTAD Secretariat. Whether one agreed or not with their conclusions and recommendations, these studies were universally acknowledged to have reached a high standard of professionalism and

academic vigour. Numerous international agreements were concluded in his time. A great deal of work was done on the Common Fund for Commodities which will always remain associated with his name.

The work of UNCTAD during Gamani Corea's 11-year tenure had immense educative value for the governments of developing countries. Their own research and policymaking units tended to be weak – inadequately resourced and staffed. The voluminous and high-quality documentation that emerged from UNCTAD during this period helped to open the eyes of policymakers in the Third World to critical issues with complex international ramifications that could affect the welfare of their peoples.

Paradoxically, the very success of Gamani Corea's UNCTAD in revitalizing Third World thinking on trade, economic and related issues might have contributed to its later undoing. UNCTAD had become a thorn in the side of the developed world. It had become a Third World forum in which the First World was uncomfortable. Well-informed Third World delegations were asking awkward questions and staking out well-argued positions on important issues that impinged on the First World's dominance of the international economic agenda.

Nineteen years have elapsed since Gamani Corea's departure from the helm of UNCTAD. To the immense benefit of Sri Lanka and the international community, he has remained alert, interested in and committed to the work to which he has devoted a lifetime. He was a much-sought-after speaker at home and at international events abroad. He shares his knowledge and experience with numerous committees, foundations and other entities in Sri Lanka and abroad. He is the Chancellor of the Open University.

Just two years ago he was appointed Chairman of the South Centre headquartered in Geneva. He had served on the Board of the Centre during the lifetime of its founder Chairman, his friend Nyerere of Tanzania. With his death the affairs of the Centre had fallen into neglect. Gamani Corea's appointment to the Chair, with an excellent Board he could work with, was an attempt to revive the Centre and make it what it was always intended to be – a mini-UNCTAD, an institution to service the developing countries with advice and studies.

Gamani Corea has always shunned personal publicity and the razzmatazz which usually surrounds an international celebrity. That is a considerable virtue. What is a fault is his needless reticence in pursuing worthy causes of his own. After much pushing and prodding by friends, he agreed to establish the Gamani Corea Foundation. This organization now exists as a legal entity but is not yet up and running. It is meant to be a research and study centre for economics in Sri Lanka. His valuable library and papers will be housed in the Foundation, which is accommodated in his own ample residential premises at Horton Place. It has adequate financial resources to get started. Gamani's many international friends are eager to help by linking it to other similar foundations abroad.

I have a suggestion to make to this distinguished audience today. What is needed now is that an organized effort should be made by his numerous friends and well-wishers – the economic community which is represented here in large numbers – to ensure that the Gamani Corea Foundation is activated and energized. Gamani Corea has become a legend in his lifetime. A legend should be nourished in perpetuity.

He was born to the purple – to wealth and privilege. Scion of an illustrious family, richly endowed by nature with physical

stature, an engaging presence, a warm disposition and charismatic personality, educated at Royal College, Colombo, and the Universities of Cambridge and Oxford, blessed with a vivacious intellect honed over the years by accumulated knowledge and practical experience acquired during a long career of involvement in national and international affairs, innately modest when conceit would be justified, it could be said of Gamani Corea, if I may coin a phrase, that he has “strolled through life in the tranquil consciousness of effortless superiority”.

On behalf of all of you, I wish him long life and good health.

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A tribute to Dr. Gamani Corea

Mr. Ken Khaw

Special Assistant to the Secretary-General of UNCTAD,
1979-84

Born on 4 November 1925 into a distinguished Sri Lankan family, Dr. Gamani Corea obtained BA and MA degrees from universities in Sri Lanka and the UK (Oxford and Cambridge) before receiving a DPhil in Economics from Oxford University. He served his country with great distinction as an economist and Ambassador to the EEC and the Benelux countries (1973).

But it was his international career over a period of nearly 40 years, notably his work with the United Nations Conference on Trade and Development (UNCTAD) before and after it was established in 1964, and his role as the Secretary-General of UNCTAD from 1974 to 1984, that established him as a leader of great intellect, conviction and political courage, as well as an ardent advocate of change in the international economic order. In fact, the theme that marked his international service and career was the need for change. This was the subject of his book *Need for Change: Towards the New International Economic Order*, published in 1980, in which he set out the intellectual and substantive arguments for change.

In October 1973, before Dr. Gamani Corea had joined UNCTAD, members of the Organization of the Petroleum Exporting Countries (OPEC) imposed an oil embargo, sending shockwaves across Western countries, which suddenly felt vulnerable. This prompted a call for more effective international cooperation, which led to intense rounds of negotiations both outside the

United Nations, at the Paris Conference on International Economic Cooperation, and in UNCTAD and the United Nations. This provided a real opportunity for Dr. Gamani Corea and for the developing countries to push for a transformation of the international economic order.

It was in this context that UNCTAD IV, held in May 1976, mandated UNCTAD to negotiate an Integrated Programme for Commodities with a Common Fund for Commodities. The objective of these initiatives was to transform the functioning of international commodity markets in order to make them more stable and equitable. Dr. Gamani Corea later wrote extensively on the subject in his book *Taming Commodity Markets: The Integrated Programme and the Common Fund in UNCTAD*, published in 1992. UNCTAD IV also adopted a programme of work on various other topics, including restrictive business practices and debt relief for developing countries.

With these mandates, UNCTAD embarked on an ambitious round of negotiations, creating a period of excitement and fervent activity. At its peak, there were four simultaneous inter-governmental meetings per week, making a total of about 200 such meetings per year. Many of these meetings ran into the early hours (at times until three or four in the morning) so much so that the wives of delegates reacted in disbelief and kept the phones ringing or came themselves to the meetings. (The strain was so great that eventually the governments decided to limit the number of meetings in UNCTAD.) With so many meetings to organize, the developing countries often had to cope with opposing views on whether they should bring their Ministers to Geneva to settle important questions. At one meeting, after a prolonged debate without any clear outcome, Ambassador Brilantes of the Philippines proposed that a Ministerial meeting be

held, “preferably at the Ambassadorial level”. It cleared the air, and an agreement was reached.

However, despite the intensive efforts, the results did not match the aspirations and objectives of the initiatives. A scaled-down Common Fund for Commodities, based in the Netherlands, was established in 1989 to finance commodity projects in developing countries and has been doing so for over two decades.

The international efforts to establish a New International Economic Order (NIEO) did not gain much traction. The developing countries failed to present a solid front, and whatever leverage they had was not fully mobilized. As one disappointed African diplomat said: “What muscles do we have to flex?” The developed countries adopted a minimalist approach. Further, the international efforts were dissipated among several forums.

The quest for a better-functioning international economic order continues. Prompted by the financial crisis of 2008, the 5th International Cooperation Summit met in Changchun, China, in August-September 2009, on the theme of “Promoting the Establishment of a New International Economic Order”. The meeting brought together CEOs, governors, mayors and political figures from all over the world and was addressed by Mr. Dominique de Villepin, the former French Prime Minister, as the principal keynote speaker. Meanwhile, the transformation of the world economy is already happening with the emergence of BRICS and the G20 as major actors in the world economy and in international economic diplomacy. However, much remains to be done to bring about a more stable and equitable international economic order.

Dr. Gamani Corea also played a pioneering role and provided intellectual leadership in many other areas. He chaired the pre-

paratory group of experts for the United Nations Conference on the Human Environment, held in 1971, and acted as Special Representative of the Secretary-General of the Conference, helping to conceptualize the relationship between the environment and development. He presided over the work of the UNCTAD expert group on monetary problems in 1965 and 1969 and chaired the negotiations for the elaboration of the first international cocoa agreement in 1972. He served as the Secretary-General of the first United Nations Conference on Least Developed Countries, held in Paris in 1981.

The various disappointments faced by Dr. Gamani Corea did not detract from his outstanding leadership qualities. He showed great political courage when, in 1980, he appointed Mr. Jan Pronk, former Minister of Development Cooperation of the Netherlands, as the Deputy Secretary-General of UNCTAD in the face of strong political opposition from the developed countries. By tradition, the post was filled by a national of developed countries. But the developed countries objected to the appointment of Mr. Pronk because they saw him as being too close politically to the developing countries. Dr. Gamani Corea showed much wisdom when he resisted strong political pressure to turn UNCTAD into a specialized agency.

His independence, political courage and articulateness in defence of the interests of developing countries did not make him very popular among the developed countries, and he was even attacked personally by one of their political pressure groups. But Dr. Gamani Corea stood firm and confronted the pressure group. Ultimately, he paid a high political price in terms of the extension of his appointment in UNCTAD.

After his departure from UNCTAD, Dr. Gamani Corea continued to work on development and environment issues, first as

a member of the South Commission, then as a member of the Board of the South Centre and subsequently as its Chair in 2002-03. He played an important role in the founding of the South Centre, helping in programme design and implementation and providing substantial intellectual inputs.

Back in Sri Lanka, he served as founder and Chairman of the Institute of Policy Studies, as well as founder and Chairman of the Sri Lanka Economic Association from 1985 to 1991.

Dr. Gamani Corea was a towering intellectual. He was so gifted that he could make a lucid, well-structured and forceful speech, with a full mastery of the facts, without any notes. His former colleagues remember him very fondly for his great wit, warmth and kindness. He was a true gentleman. His sharp perception and wit was famously captured in his observation regarding the outcome of the Rio Earth Summit in 1992: “We negotiated the size of the zero.”

His death in Sri Lanka on 3 November 2013 was a great loss not only to Sri Lanka but also to the international community which he had served so brilliantly. The developing countries have lost a good friend and his “lifelong dedication to the cause of development” (Jan Pronk).

Gamani Corea's intellectual contribution to development thinking

Dr. Godfrey Gunatilleke⁸

Chairman Emeritus, Marga Institute
Chairman of Gamani Corea Foundation

Let me begin by joining Dr. Kelegama and extending a very warm welcome to all of you on behalf of the Gamani Corea Foundation. As Dr. Kelegama briefly explained in his welcome speech, this seminar has been organized by the Gamani Corea Foundation to commemorate Dr. Corea's life and work. We realize that in a half-day session it would not be possible to provide even an introductory overview covering the full range of Dr. Corea's professional work. We are however expecting that this seminar would be only the first in a series of discussions and that as we go along developing a programme of work for the Foundation, we would be able to organize seminars on selected issues and themes around Dr. Corea's wide-ranging contribution to development issues, where we could hopefully engage in a more searching analysis and discussion.

Let me at this point make a brief comment on the future of the Foundation. The Board had earlier intended to use this opportunity to acquaint you with the state of affairs of the Foundation and give some publicity to the Foundation's future programme of work. But we felt that it would be premature

⁸ This speech was delivered at the seminar on "Gamani Corea's Contribution to Domestic and International Economic Policy", organized by the Gamani Corea Foundation with the Institute of Policy Studies of Sri Lanka (IPS) and Marga Institute on 3 April 2014 at IPS Auditorium, Colombo, Sri Lanka. The South Centre is thankful for the author's authorization to publish his text in this book.

to do so at this stage when matters relating to his will are not yet legally concluded. We are hopeful that we might be in a position to organize a conference sometime towards the end of May at which we could examine how the intellectual objectives which Dr. Corea had in mind for the Foundation could best be fulfilled.

For all these reasons we decided that this presentation of mine at the commencement of the seminar should serve as an introduction to the main themes of the seminar and place them firmly in the context of Dr. Corea's own approach to these themes. You would observe that in the title that I give to my brief introduction, I am using the term "development" rather than "economic". I am in fact underscoring the word. When I was reflecting on how I should deal with Gamani Corea's intellectual contribution I realized that the title of our seminar refers to "economic policy" and I paused at the word "economic". I felt that we might have reworded it as "development policy". I think the term "economic" left to itself is likely to deflect our attention from what is distinctive in Dr. Corea's contribution to our thinking on development both at the national and global levels. Therefore let me say at the outset that the focus on development is vital to a proper understanding of Gamani Corea's contribution to national and global policies.

Without this focus, we would miss the comprehensiveness and the fine balance in his approach to a whole range of issues:

- his approach to the role of markets and his critique of markets as they prevailed in an international economic system and his central concern with the flaws and inequalities in that system;
- the key role he assigned to planning and to the vital part played by the state in the national economy and by

- international institutions in the global economy;
- the responsibilities and obligations of the global institutions and the international community in reducing global disparities and accelerating the process of development, bringing thereby a moral and ethical dimension to development policies.

However, using the term “development” raises a whole host of issues. These arise out of the better understanding we have today of the complexity of the development process. We might for instance ask how we define Dr. Corea’s approach to development within the conceptual framework of human development that has evolved – a framework in which development is perceived as a composite of economic, social and political well-being. We may have to address some of these issues in the sessions that are to follow. But at this stage I would proceed by stating that Dr. Corea’s primary focus was on economic development and the defining character of his thinking was the way in which he approached economic issues through the prism of development. At the national level he was primarily concerned with the transformation of the economy.

For instance, in the major planning exercise over which he presided – the Ten Year Plan – the main task was to map the structural change of the economy, the transition of Sri Lanka from its state as a developing country heavily dependent on the agricultural sector to an industrializing country with a manufacturing sector which had the capacity to absorb the rapidly growing workforce. At the international level he was focusing on international economic relations and asking a similar question; he was paying special attention to the relations between the countries which were classified as developed and those that were classified as developing, and asking how countries could move from the condition defined as developing

to the developed condition. And in all of this Dr. Corea focused on economic growth as the key determinant. In later years he was quite critical of what he regarded as development fashions. He was critical of the over-emphasis on basic needs or sustainable development when they tended to obscure the centrality of economic growth in the process of development. At the same time, for him, economic growth had to be linked firmly to the distribution of growth both at the global and national levels.

Dr. Corea's economic thinking was essentially about development, mostly about policies and institutions that would facilitate the transition from the underdeveloped to the developed condition. Development for Dr. Corea meant change for the better and change of this kind meant policies directed actively at goals and objectives all of which are significantly different from the *laissez faire*, market-oriented approach. His approach could be described as normative. He worked on the premise that the economy both at the national and global levels required planning and orderly direction. In the words of E.M. Forster, he wanted "to see things steadily and see them whole". The concept of "interdependence" on which he placed so much importance in his UNCTAD days and which I will refer to later derived from this approach. We could call him a normative economist as against the positivist variety. He was more at home with economists like Kenneth Arrow, Arthur Lewis, Myrdal, Stiglitz and Amartya Sen than with the Chicago school, with Friedman or Lucas.

In order to grasp the full significance of this focus on development and to elicit what I would argue is of crucial contemporary relevance, we need to examine in some depth the evolution of Dr. Corea's thinking from his postgraduate days to his contributions to the global discourse on development. These contributions were wide-ranging; they covered the

entire field of development. In our seminar we have sessions devoted to both parts of his contribution – the national and the international. However, in this introductory presentation I intend to focus more on the conceptual approach that guided him in his work at the international level. I would argue that this approach to the development problems of Sri Lanka drew on the key concepts that were more explicitly formulated and applied in the tasks he undertook at the international level. Those tasks covered three broad areas.

- **First:** the tasks related to the reform of the Bretton Woods system and its key instruments for managing the post-Second World War economy – mainly the work he undertook as Secretary-General of UNCTAD. The main part of his contribution is well documented in the two collections of his speeches: *Need for Change* and *Taming Commodity Markets*.
- **Second:** they included strategies of development for the developing countries, strategies for enhancing their capability and collective self-reliance. These tasks included his involvement in the UN Strategies of Development, his contributions as an advisor to the Group of 77 and the Non-Aligned Movement and the South Asian Association for Regional Cooperation (SAARC), and the leadership he provided to the South Centre.
- **Third:** Dr. Corea's contribution as the Chairman of the Founex Commission on Environment and Development in 1971. He provided the intellectual leadership for placing environmental issues firmly in the context of development. He helped to re-conceptualize the key issues distinguishing between the environmental crisis of industrial pollution in the affluent countries and the environmental crisis of deprivation and poverty. Later on, he spoke and wrote on the larger global implications of the environmental crisis. He pointed to the

inevitable restraints on global consumption that are needed to protect the planetary ecosystem and concluded with some bold and challenging assertions of how those restraints should be shared between developed and developing countries.

In all of these we can distinguish a common theme. Gamani Corea as a developing-country economist saw that the systems he was dealing with were flawed systems and that the answer did not lie, as some argued, in the greater freedom of the market and further liberalization but in the reform of the system towards a more managed, orderly process of equitable growth. How then do we describe Gamani Corea as an economist? In what category of economists do we place him? The answer to that question is, I think, quite relevant to the economists of the present generation. It is important because in answering that question we would need to ask whether in the analytical framework we apply to development problems in Sri Lanka we may be missing some of the essential ingredients in Gamani Corea's comprehensive, inclusive conceptual framework.

Here I would like to digress for a short while to point to some unique personal attributes of Dr. Corea, some inner strengths of character and intellect, some habits of mind that helped to shape his thinking and motivated him in his task. I believe that if we do not keep these characteristics in mind we might make the mistake of categorizing him as this or that type of economist.

If I go on to elaborate on some of his personal attributes we may get closer to his approach as an economist or development thinker. He had an inner self-assurance which enabled him at all times to maintain a firm independence of mind. From the inception of his career, Dr. Corea acquired an intellectual self-reliance, a critical inquiring mind ready to question the mainstream explanations. He was never intellectually

subservient to or overawed by citations of theory or expositions of the accepted wisdom in economics. In his memoirs he reminds us that he often made the point that there has to be a local expert to make best use of a foreign expert. His relations with external advisors were a mutual learning process. At the same time this characteristic never expressed itself as intellectual arrogance. His reactions to pedagogic exhortations by experts and advisors sometimes were tinged with an impish humour.

I recall one evening in Sussex when Dudley Seers, who was head of the Institute of Development Studies, was speaking critically of foreign economic advisors in developing countries and referring to his monograph on the subject entitled “Why visiting economists fail”. Gamani turned round and inquired, “Should not the title have been ‘Why failing economists visit?’” It was a piece of good-humoured raillery which included Dudley Seers himself who was leading missions to advise foreign governments. But Gamani was always receptive to new ideas. Dealing with development meant a continuous learning process adjusting to the changes and sudden shocks. On one occasion he described in his inimitable way what happened at a meeting of the UN Committee for Development Planning of which he was a member.

Tinbergen, who was the Chairman of the Committee, had made a dramatic entry and placed a slim book on the table and said, “This remarkable book has just come out, what it says changes our entire agenda on development.” The book was *The Limits to Growth* published by the Club of Rome. It was one of those rare historic moments of shocking revelation and Gamani conveyed it with a sense of drama which displayed his own intellectual sensitivity to new developments. “The pattern is new in every moment and every moment is a new and shocking revelation of all that we have been.”

Dr. Corea's intellectual self-reliance also derived from the fundamental premise that each development situation had to be understood in its specific context. Our analytical approach to it must evolve from a deep knowledge of this specificity. It was this approach that he brought to his analysis of Sri Lankan development and it was this approach that enabled him to steer Sri Lanka's external economic relations and negotiate with strength with international institutions like the World Bank and IMF when he was head of the Planning Ministry in the 1965-70 period. He gives us an insight into what happened in his brief account of that period in his memoirs. He firmly established the framework for negotiations in which the main elements of the social welfare programme would be left intact and accepted as an essential component of the unique mix of development in Sri Lanka. This held good for future negotiations that were to come after the 1977 reforms.

What was particularly striking about him was the unique unbiased quality of mind which could be best described as "open" and "non-partisan". As a planner at the national level he had to apply his mind to planning tasks in two entirely different contexts – one with a capitalist private sector orientation, the other with a state-centred socialist orientation. In the UN, Dr. Corea had to work with a pluralistic system which had to accommodate the Western capitalist countries, the socialist countries and the heterogeneous shifting mixed economies of the non-aligned. In attending to both these tasks Dr. Corea displayed an intellectual quality of openness, a capacity to identify and reach out to what was valuable in different systems and different ways of organizing the economy.

And in all of this he was able to reach beyond the orthodoxies of the day – whether they were of a capitalist type or socialist type – and define the fundamentals of development that had a universal

validity – addressing the wide development inequalities and disparities at the global level, seeking ways of bringing order, stability and equity into markets and empowering developing countries. It is important to place Dr. Corea's thinking in the context of these tasks. In doing so we get to what is most valuable in his work. We then begin to understand why he was in such great demand as Chairman, both as an intellectual and as a person who could preside over very contentious issues and reach out to the core development principles that could evolve a consensus across ideological divides.

I would like to spend a few minutes on his doctoral dissertation which has been published by the Marga Institute under the title "The Instability of an Export Economy". It is perhaps the best analytical study of the evolution of the export economy in Sri Lanka during the 19th and early 20th centuries and deserves to be a standard work of reference for students of economics in Sri Lanka. Dr. Corea's insights into the problems of the export economy anticipate some of the issues that would dominate his thinking in later years. His account of the cinnamon industry and the export segment based on cinnamon is a fascinating cameo. Cinnamon was the first export-oriented plantation sector in Sri Lanka in the late 18th and early 19th centuries.

Dr. Corea analyzes the inherently unstable nature of the market for an agricultural commodity, the wild gyrations and speculations it promotes and the failure of domestic policies to cope with them. In his concluding section he briefly discusses the implications of this instability for economic development and points out that the best domestic policies would still fall short of mobilizing the resources needed for either a policy of stabilization for mitigating the peaks and troughs of commodity markets or for a strategy of investment leading to increased development. Dr. Corea was applying a Keynesian frame of

analysis. On the one hand, he was arguing that market forces left to themselves can result in wide fluctuations, and, on the other, pointing out that those domestic policies that attempt to cope with the instability could be counterproductive in an unstable external environment that is outside the ambit of national policies. As an economist he had been trained in the mainstream of economics as taught in the advanced countries. The economics he had been taught had little to do with the problems of development as he was encountering them. In his own mind he was casting the dilemmas of development in Sri Lanka in a frame that was later to fit into what he calls the UNCTAD philosophy of development.

From here it is easy to plot the path that took Dr. Corea to the intellectual commitments he made in the 1960s. The answers to the problems of development with which developing countries were grappling could not be found in the orthodox economics of the day. The operation of a free market within a highly skewed distribution of resources and income at the international and national levels could not produce the equitable process of development that would reduce these inequalities and empower the developing countries. These problems were being analyzed and explained by different schools of politico-economic thought. The theoretical framework for understanding the processes of development was taking shape in the new work of economists working on the problems of the developing countries – W. Arthur Lewis, Prebisch, and Singer. Mainstream economics developed a branch of development economics to study this process of growth but over time it tended to deny that processes of development required a special analytical framework that was significantly different from what was applied for the study of economic growth in general. Of the schools that attempted to develop an analytical framework specially designed for the

study of the unequal economic relations between countries, three had come into prominence:

- The Marxist writings of Sweezy and Baran which provided Marxist solutions based on class action at national and global levels leading to the collapse of capitalism and the ushering in of the socialist system.
- The work of a group of economists, sociologists and political scientists who were analyzing structures of dependence and underdevelopment – Gunder Frank, Oswaldo Sunkel, Cardoso – whose prognosis remained largely at the analytical level, and were pessimistic about outcomes and for the most part without clearly defined strategies for moving out of what they termed dependence.
- And finally the group of economists led by Raul Prebisch who worked in the UN system, providing a middle ground both in terms of the theoretical foundations as well as the institutional means for a process of restructuring the world economy and the relations between developed and developing countries – what Dr. Corea calls the UNCTAD philosophy of development. It was a model which was not conflict-oriented and was based on interdependence and cooperation.

It is the approach to development taken by the last group that was most congenial and best fitted the conceptual framework that was evolving in Dr. Corea's own mind. In the chapter on "The Birth of UNCTAD" in his memoirs he provides a lucid explanation of the core concepts of the development process that guided UNCTAD's work and that attracted him. The first UN Strategy of Development had the laudable goal of accelerating the development of the poor countries and set what it considered a satisfactory rate of growth. There was therefore

a global consensus for a desirable rate of growth. In doing so the UN had defined a normative framework for development. But achieving a satisfactory rate of growth required resources over and above the resources that developing countries were able to mobilize. The large deficit or gap in resources which the developing countries faced found expression first in the savings gap but the savings gap had another dimension.

These additional resources had a component of imports which countries were not able to finance with income from their current exports – a resource gap in the external sector of development. Prebisch argued that this gap in external resources had to be met with increases in trade and aid. Within this framework, a whole range of policy initiatives and institutional reforms opened up to make good the resource deficit for development – aid, balance-of-payments support, access to markets for developing-country manufactures, rationalization of commodity markets, coping with what seemed to be the unfavourable terms of trade between agriculture and manufacturing, transfer of technology, cooperation among developing countries, elimination of restrictive business practices, regulation of shipping. The whole agenda of UNCTAD unfolded. It is to this very challenging and intellectually demanding task that Gamani Corea dedicated himself.

Let me wrap up this brief introduction by flagging four salient features of Dr. Corea's development thinking:

- **First**, Dr. Corea approached all development issues with the conceptual framework of a development planner. This meant a conscious ordering and direction of development processes to well-defined goals and clearly perceived desirable outcomes. This meant an inquiry into the weaknesses in prevailing systems and a recognition that the correction of these weaknesses could

not be left to unregulated market processes that had been shaped historically by structures of power that had emerged during the colonial period and governed the post-war world. This then required a comprehensive understanding of the development process as a whole. When it came to the global economy he defined it as the interdependence of issues. He argued that it was not possible to make a fully effective correction in the global trading system without simultaneously making corrections in other parts of the global system – the systems of money and finance and the transfer of resources.

- **Second**, this conceptual framework also implied a normative framework which identified what ought to be in place in terms of goals, objectives, processes and institutions. We might describe Dr. Corea as a normative economist. He certainly recognized the vital importance of the market for creating opportunities and capabilities for enterprise but, like Amartya Sen and Mahbub ul Haq, he emphasized the importance of deliberate and, where necessary, direct non-market action for promoting capability and opportunity particularly for the deprived and disadvantaged. And for this purpose the extent to which public goods were available made a considerable difference to the quality of development. In his N.M. Perera Lecture he identified economic infrastructure – transport and communication infrastructure, power – which creates the physical capital, and education which creates the human capital as the two most important driving forces in development. In both these the state and public agencies will play a vital role.

- **Third**, as an economist he was inclusive and pluralistic in outlook. In the wide spectrum of economic thinking from a state-directed socialist economy to a laissez faire free market capitalist economy, his advocacy for development was somewhere in the middle ground. Like Kenneth Arrow, he might have

made a cautious case for socialism and also gone on to make a cautious case for capitalism. This inclusiveness enabled him to relate to and evaluate all systems in terms of the development fundamentals to which he was committed – an orderly process of equitable growth. If he had been intellectually active during the last 10 years he would have tried to elicit the lessons to be learnt from the remarkable development performance of China and how it has sustained the highest rates of growth, avoiding the worst crises of the market economies. And like Stiglitz, he would have highlighted the contradictions of a global economy where the international reserves of a poor country like China were being used to sustain the excessive consumption of the world's richest country.

- **Fourth**, dedicating himself to development was for Dr. Corea a deep personal commitment, a vocation. This assessment could be substantiated by the choices he made in his life. The option of political power which was readily available to him never attracted him. He often quoted Prebisch's statement about UNCTAD: "UNCTAD could no more be neutral about eradicating underdevelopment than WHO [World Health Organization] for example could be neutral about eradicating malaria. Both are scourges that have to be eradicated and there has to be a total commitment to that eradication." What concerned him most were the systemic flaws and institutional failures that were causing and perpetuating morally unacceptable global disparities and conditions of deprivation.

Finally there is the large part of the unfinished agenda which had been so clearly articulated by him that remains to be carried forward. Many eminent economists like Stiglitz go back to that agenda. Many of the recommendations that Stiglitz makes in his recent book *How to Make Globalization Work* resonate with many of the measures that Dr. Corea advocated and positions he

took on matters of trade, money and finance, and environment. This is seen for example in Stiglitz's discussion of fair trade versus free trade and his elaboration of what a fair global trade regime is, or in his suggestion for an international reserve currency that recycles the reserves of the countries with surpluses for investment and development in developing countries, or his recipe for management of the global commons. In the early 1980s Dr. Corea foresaw the need for a World Economic Conference on the lines of the postwar Havana Conference, a conference that might recast the world economic framework. If he had been intellectually active during the last 10 years of his life he would have strongly advocated such a conference to address the new opportunities and challenges that have arisen with what economists have referred to as the gravity shift in the global economy – a shift that has taken place with the rapidly growing developing economies, the major Asian powerhouses in particular.

Gamani Corea and stabilization of international commodity markets

Mr. Lakdasa Hulugalle⁹

Former head, Division for Economic Cooperation among
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Gamani Corea's abiding interest in commodity market control is comprehensible only against the background of the influences under which he had grown up. Once his ideas matured over time they were pursued in a single-minded fashion. He never doubted the rightness of his perceptions and his solutions. The principles he held rigidly, perhaps in a doctrinaire fashion. Contrarian views, academic and practical, were brushed aside. The best solutions to control commodity markets he believed could be found politically if the approaches were flexible and pragmatic.

What was the “seed-bed” or the springs of his ideas on commodity market control? Two strands stand out. The emotional significance sprang from the catastrophic collapse of commodity prices to very low levels during the Great Depression of the 1930s. It had widespread and pervasive effects on the economy. Large producers of commodities – the class he came from – were badly affected. The effect on workers was disastrous. Many survived only with handouts from owners with a moral conscience. The country as a whole suffered. Exports of primary commodities (accounting for 95% of total exports) fell drastically. Government

9 This speech was delivered at the seminar on “Gamani Corea's Contribution to Domestic and International Economic Policy”, organized by the Gamani Corea Foundation with the Institute of Policy Studies of Sri Lanka (IPS) and Marga Institute on 3 April 2014 at IPS Auditorium, Colombo, Sri Lanka. The South Centre is thankful for the author's permission to include his text in this publication.

revenue, largely derived from export taxes, contracted, public spending was cut, the money supply then tied to the Currency Board system was reduced. Economic activity in the country as a whole spun consequently in a downward spiral.

Given the importance of the commodities sector in the Sri Lankan economy, the well-being of the population depended on the fortunes of commodity markets. Most developing countries were in the same position. It was evident that no single country acting alone could solve price instability. Here were the seeds of Gamani Corea's thinking that countries (producing countries, consuming countries, rich countries and poor countries) need to work together to regulate commodity markets.

The second strand was the influence of Keynes on commodity market control. Keynes is famous for his work on stabilizing the business cycle and the need for a level of effective demand to maintain full employment. Less well known are his writings for decades on the instability of commodity markets. He pointed out that markets for primary commodities were structurally exposed to dramatic imbalance (surpluses and deficits) and the price instability it entails. Moreover, he indicated that there were strong linkages between fluctuations of commodity prices and the amplification of the trade cycle and of financial crises. He concluded that the staggering volatility of commodity prices in the inter-war years was due to the slow reactivity in adjusting supply of commodities to price variations. He further argued that competitive markets did not provide adequate incentives for private storage of surplus stocks.

Keynes's proposal was to arrange public storage of commodity stocks (surplus to effective demand) managed by an international organization. The purpose was to stabilize commodity prices in

the context of a wider macroeconomic framework to mitigate the trade cycle.

When Gamani Corea went up to Cambridge University, Keynes was alive and actively engaged in promoting a post-war international order to prevent the booms and slumps of pre-war years. He also focused on programmes to rehabilitate and reconstruct war-torn countries. The negotiations were between the two victors of the Second World War, the United States and the United Kingdom. The British proposed three international institutions, one to deal with monetary issues, the second to deal with long-term finance and the third to arrange for buffer stocks of commodities. The first two led to the creation of the IMF and the IBRD (World Bank). The idea of a buffer stock institution was dropped because of US opposition to interfering with the operation of free markets.

Gamani Corea returned to Sri Lanka with a firm belief in the benefits of Keynesian intervention in economic policy matters as a corrective to unbridled operation of market forces. In the 1950s and 1960s, however, commodity issues were not central to his thinking and work. Effective national planning to transform the economy of Sri Lanka, and later the management of the economy, were his primary concerns. In that context he concluded that the continuous deterioration of the terms of trade (falling prices for commodity exports and rising prices for essential imports such as manufactures and fuel) made the task of transformation of the economy in Sri Lanka more difficult. Consequently, stabilizing and improving the terms of trade, in addition to commodity price stabilization, needed to be addressed to provide the external resources, domestic revenue and savings to facilitate achieving higher economic growth. It was the terms-of-trade issue that made him broaden his ideas on commodity price stabilization

beyond the Keynesian buffer stocks plan to encompass production regulation of primary commodities.

When Gamani Corea was appointed Secretary-General of UNCTAD he was clear in his mind on what must be done to reform the structure of world commodity trade to improve the economic fortunes of developing countries. He was a strong believer that the North and the South had a common interest in working together to achieve this end. Although he presented many ideas and instigated initiatives in several areas relating to a new international economic order, it was the Integrated Programme for Commodities and the Common Fund to finance buffer stocks that was his Big Idea. He pushed this Programme to be at the centre of discussions for a New International Economic Order by sheer force of personality. His intellectual power, the persuasive manner of speech in plain language without a note, convinced developing countries, developed countries and the then socialist countries to engage in a negotiation to restructure the world commodity economy for the common good. These negotiations were placed at the centre of UNCTAD activities in the second half of the 1970s. They were associated with the preparation by UNCTAD of countless weighty technical studies for dozens of technical consultations and negotiating meetings. In addition, interactive seminars were conducted to explain the issues related to the Integrated Programme, and visits made by the secretariat to countries all over the world to sensitize public opinion on what was at stake.

There was a major distinction between the Keynes plan in the 1940s for an institution to hold commodity buffer stocks to stabilize commodity markets and the UNCTAD Integrated Programme for Commodities and the Common Fund for financing buffer stocks. In essence the Keynes plan was a “top-down” approach. What was envisaged was the establishment of an or-

ganization similar to the IMF and IBRD that would store stocks in periods of abundance and sell them in periods of shortage to stabilize short-term price fluctuations. Individual producing and consuming countries would have little role in the process.

The UNCTAD approach was very different. It was a commodity-by-commodity negotiation of interested producing and consuming countries on a package of measures for a large number of commodities, primarily exported by developing countries, to stabilize prices at remunerative levels for both the short term and the long term. The measures related to buffer stocks, supply controls and diversification as appropriate. The Common Fund would not act directly, buying and selling stocks in the market. Instead, it would provide finance for buffer stocks and other measures to the institutions created to service individual commodity control agreements.

The Keynes plan was simple to operate. It failed because the United States, the only nation in the aftermath of the Second World War that had reserves of money, was unwilling to finance the plan or enable the special buffer stock institution to create money (or have access to money) to do so against the guarantee of stocks. The Integrated Programme too failed because groups of countries (such as cash-rich OPEC countries and developed countries) were unwilling to bankroll the Programme.

The weakness of the UNCTAD Programme was, however, more fundamental. Two assumptions underpinning the launch of the Programme proved doubtful. One was the belief in collective solidarity especially among developing commodity-producing countries. The belief that individual producing and consuming countries, including developing countries, would make sacrifices for the common good on a package of actions for a wide range of commodities was perhaps an impossible ideal. The

negotiations were no doubt across the board on a wide range of commodities enabling trade-off among developing countries so that none lose overall. They were nonetheless still conducted on a case-by-case basis. In the negotiations on each commodity, producing and consuming countries, including developing countries, were driven by individual self-interest. Divergences of interest were wide, especially in respect of supply control and price-raising measures.

The second was the assumption that the rich countries had a moral obligation to assist the poor countries in a commodities plan that fostered the development and transformation of their economies. Gamani Corea embodied that era of economists as moralists. The idea that the moral conscience of rich countries could be roused to make financial and other sacrifices to provide the means for the economies of poor countries to develop and grow in the framework of North-South negotiations too was illusory. Free market economics and the operation of market forces instead of Keynesian North-South interventionism to provide solutions to global problems became the new orthodoxy in developed countries in the 1980s. Gamani Corea's Integrated Programme for Commodities and the Common Fund based on interventionism for global good, consequently, suffered the same fate as the Keynes plan for buffer stocks. The quest for a New International Economic Order had run its course.

Dr. Gamani Corea (1925-2013) – A career of distinction and achievement

Mr. Leelananda De Silva¹⁰

Former Sri Lankan government official and consultant to
UNCTAD (1980-84). Author of the book *UNCTAD:
The First Twenty Years*

Dr. Gamani Corea, who passed away recently, was one of the most illustrious Sri Lankans of the 20th century. His career was one of great distinction and achievement. At the age of 40, he was appointed Permanent Secretary of the newly created Ministry of Planning and Economic Affairs, and for the next five years, he was one of the three or four most powerful men in the country, and was the virtual economic czar. At the age of 48, he became Secretary-General of UNCTAD, and for the next 11 years, he was at the centre of international economic relations and of the North-South dialogue, then at its peak.

He belonged to a very small group of top-level economists in the developing countries at the time, and ranked with Raul Prebisch, the first Secretary-General of UNCTAD, who was partly his mentor. He also belonged to that small and brilliant group of economists in Asia which included I.G. Patel (later Director of the London School of Economics), Amartya Sen (Nobel laureate in economics), Mahbub ul Haq (later Minister of Finance of Pakistan) and Manmohan Singh, now the Prime Minister of India. They were all friends, and a striking feature of this group was that they were not interested only in economic theory, but extended their main concerns to the development of domestic

¹⁰ This article first appeared in the *Sunday Island* (Sri Lanka) on 10 November 2013.

and international economic policies which would benefit the poor and developing countries. They straddled the worlds of national and international policy making.

Gamani Corea was born into a world of affluence, authority and power. His parents were Freda and Syd Corea. His paternal grandfather was Victor Corea, an important figure in the nationalist movement. His maternal uncle was Sir John Kotelawala, later Prime Minister. He was mostly influenced in his early years by his formidable maternal grandmother, Alice Kotelawala, who was an Attygalle. The three Attygalle sisters married into the Senanayake, Jayawardene and Kotelawala families, and their children were active in Sri Lankan politics for the next few decades. The UNP's sobriquet "the Uncle-Nephew party" partly originates from these family interconnections. Gamani Corea had to live with these familial linkages from his early days. A few days after he was born, he was first brought out to see the sunlight by F.R. Senanayake, who was to die a few days later. He lived at Horton Lodge, his grandmother's rambling house, almost all his life. For any other person, this kind of political labelling would have been a drawback with those on the other side of the political divide. Gamani was able to overcome that, and be recognized as his own person with his own contribution to make to the political and economic development of the country.

After his schooldays at Royal College, he proceeded to read economics at Cambridge. His College was Corpus Christi, which had family associations, with both his maternal granduncle F.R. Senanayake and his kinsman Dudley Senanayake having been at the same College. Gamani's choice of economics was unusual during that period, but it was a lucky choice. For his postgraduate work, he proceeded to Nuffield College, Oxford, where his research was on the economy of Ceylon and the role of commodities in Ceylon's international trade in the years of

depression. His early interest in commodities and world trade was to continue with him to his UNCTAD days. The supervisor of his research was Ursula Hicks, who, along with her husband John Hicks (later a Nobel laureate in economics), were to become his close friends. Later, Ursula Hicks came as an advisor to Ceylon when the Ten Year Plan was being prepared. One of his Cambridge mentors was the eminent economist Joan Robinson. The first time I saw Gamani was at the University at Peradeniya in the late 1950s, when he brought Joan Robinson to give some lectures. Gamani maintained his connections with Cambridge and Oxford and much later, when he ceased to be Secretary-General of UNCTAD, Corpus Christi invited him to spend a year as a distinguished fellow. During this time, he wrote a book on his experiences at UNCTAD, which was later published by Manchester University Press.

Gamani joined the Central Bank of Ceylon in its very early days. He kept up the Central Bank connection well into the 1980s, when he was designated deputy governor. Although nominally with the Central Bank, he was more out of the Bank than in, undertaking assignments for the government and later for the United Nations. Gamani can be described as the father of national planning in this country. It started with the National Planning Department in the 1950s, and he was later Director of the National Planning Secretariat. He was largely responsible for the Ten Year Plan. His life in national planning was not all smooth, and there were many political and bureaucratic obstacles. His experiences at the time convinced him that an effective machinery of national planning had to be placed directly under the Prime Minister. This led to the creation of the Ministry of Planning and Economic Affairs, when Dudley Senanayake became Prime Minister in 1965, and Gamani was invited to be its Permanent Secretary.

From 1965 to 1970, Gamani was the economic czar of the country. He was close to the Prime Minister, and no major economic decision was outside Gamani's orbit. The Ministry of Planning emerged as the power centre, and was the most powerful and influential Ministry of the time, overshadowing the Ministry of Finance. Gamani built up strong technical capacities in the Ministry, drawing in administrators, Central Bank officials and others, and blending them into a robust team. Godfrey Gunatilleke played an important role in the affairs of the Ministry, and he was to be a lifelong friend of Gamani's. Others in that early team were David Loos and Lal Jayawardene, later joined by Nihal Kappagode, D.R. Siriwardene, G. Uswatte Aratchi and several others. Aid negotiations, which were very critical at the time, came under the Planning Ministry. He was largely instrumental in establishing the Aid Group for Sri Lanka, which was a key mechanism in ensuring a predictable flow of economic aid to the country. It was the World Bank which managed the aid consortium. Gamani did not allow the Bank to have its own way. While anxious to maintain good relations with the Bank, he stood firm for the country's interests. Gamani's management of relations with the Bank was an object lesson in economic diplomacy. For the first time, there was a period of sound economic management, based on firmly established economic and social priorities (the free measure of rice was one of the ideas). The economic growth rate averaged 5% during the five years 1965 to 1970.

In 1973, Gamani was appointed Secretary-General of UNCTAD, and he held that post for the next 11 years. Gamani's term in the 1970s coincided with the global oil and food crises, and the most delicate and contentious period in North-South relations and negotiations. Issues of international trade in commodities were at the centre of North-South tensions. This was Gamani's opportu-

nity. He brought together another strong team of economists and evolved a comprehensive scheme which came to be known as the Integrated Programme for Commodities (IPC). The centrepiece of these proposals was the establishment of a Common Fund (CF) with large resources, which would intervene in international commodity trading and stabilize commodity prices. The CF and the IPC were the central issues that were discussed between the North and the South, largely within an UNCTAD framework. Gamani emerged as the top international diplomat leading the charge for better terms for the South. UNCTAD IV held in Nairobi in 1976, with Gamani as Secretary-General, was the high point in North-South negotiations. The West was particularly worried at the time of what might happen. US Secretary of State Henry Kissinger made a rousing intervention in Nairobi. Gamani required all his negotiating skills to pull off a broad framework of agreement between the West and the developing countries. UNCTAD IV was Gamani's finest hour.

Gamani's achievements in the 1970s must be set within the broader context of an active Sri Lankan foreign policy of the time. Mrs. Bandaranaike, as Prime Minister, was a leading protagonist of the Non-Aligned Movement (NAM), and she was to chair the Fifth Non-Aligned Summit in Colombo in 1976. North-South issues were a major factor at the Summit. At about the same time in the 1970s, Shirley Amarasingha, who was Sri Lanka's permanent representative to the UN in New York, was elected to the high office of President of the UN General Assembly, and he was later to be elected as Chairman of one of the most important UN conferences ever held – that of the Law of the Sea. Mrs. Bandaranaike, Shirley Amarasingha and Gamani Corea stand together as the eminent trio who placed Sri Lanka on the global map. Sri Lanka achieved a prestige and fame within international and UN circles which it has never had before, or since.

Partly at least, Gamani's outstanding achievements are due to his impressive personality, great negotiating and diplomatic skills, his great strengths as a chairman of meetings and committees, his capacity to synthesize and crystallize arguments in debate, his understanding of complex economic arguments and his impeccable oratorical skills in English. He was a charming and lucid speaker who could hold a discriminating audience. Among developing countries, and in UN circles, whether it be in Geneva or New York, he was one of the finest speakers. Sometime in the early 1970s, he was asked to chair the International Cocoa Conference in Geneva, and he negotiated a durable agreement. I first got to know Gamani well when he chaired the meeting organized by the International Labour Organization (ILO) in Geneva in 1972, to review the ILO mission reports, including the Seers report for Sri Lanka. It was an outstanding performance in chairmanship. Gamani was rarely flustered and was always courteous and had a great sense of humour.

Gamani had a lifelong interest in developing and improving economic and social policies, whether it be through governments or through international organizations. He was a great believer in research, and encouraged it in all spheres. He was the founding chairman of Marga and, with Godfrey Gunatilleke, was instrumental in getting this first ever research organization in Sri Lanka off the ground. He had a long relationship with the Institute of Development Studies in Sussex, the governing bodies of which he was a member. He was a founding member of the Third World Forum, which brought Third World intellectuals together in the 1970s. He was a guide and mentor to the International Foundation for Development Alternatives (IFDA) located at Nyon, outside Geneva. Its President, Marc Nerfin, was a great friend of his. Gamani succeeded President Julius Nyerere as Chairman of

the South Centre in Geneva. He was also a member of the South Commission. In Sri Lanka, later in his career, he was an active chairman of the Centre for Policy Studies.

There is so much to be written on Gamani Corea. But let this suffice on the immediate aftermath of his passing away. I have consulted with two of the very few remaining friends of Gamani from his old days – Lakdasa Hulugalle from the 1950s and Godfrey Gunatilleke from the 1960s – in writing this appreciation. His funeral on a dark evening on 4 November (which was his 88th birthday) brought memories of other fourths of November in Geneva when we met at his apartment to celebrate his birthdays. On one of these occasions, I met Manmohan Singh, now the Indian Prime Minister and whose moving message on Gamani's death charmingly captured the essence of Gamani's life and achievements.

Gamani Corea's thinking and contributions towards a New International Economic Order

Dr. Nimal Sanderatne¹¹

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Dr. Gamani Corea made an enormous contribution to development thinking in Sri Lanka and internationally. This essay captures very briefly the genesis of Dr. Gamani Corea's thinking and the transitions in his thinking from his early days during his mission at the United Nations Conference on Trade and Development (UNCTAD) and his later involvement with the South Commission. It summarizes his contribution towards the New International Economic Order, the North-South dialogue and the South Commission by reforming the existing commodity trading system to bring about a more just and equitable international economic order.

He began his career at the Central Bank of Sri Lanka where he became influential as Director of Economic Research. As Director of the National Planning Secretariat in Sri Lanka, he was the architect of the Ten Year Plan that charted the course of economic transformation for the Sri Lankan economy. He played a key role in formulating economic policy in Sri Lanka during

¹¹ This speech was delivered at the seminar on "Gamani Corea's Contribution to Domestic and International Economic Policy", organized by the Gamani Corea Foundation with the Institute of Policy Studies of Sri Lanka (IPS) and Marga Institute on 3 April 2014 at IPS Auditorium, Colombo, Sri Lanka. The South Centre is thankful for the author's permission to include his text in this publication.

his tenure as Permanent Secretary to the Ministry of Planning and Economic Affairs during 1965-70.

In 1963 he was invited by Raul Prebisch to be a member of the team for the preparation of the first UNCTAD Conference in 1964. He served as Secretary-General of UNCTAD from 1974 to 1984. During his tenure, UNCTAD experienced one of the most active moments of its history, which has been called the “Corea Decade”. He was also instrumental in the establishment of the Group of 77. He served as a member of the South Commission (1987-90) and was a member and Chair of the Board of the South Centre (2002-03).

Dr. Corea promoted international economic policies aimed at benefiting developing countries and reinforced unity among nations of the South and enhanced their position in multilateral negotiations. He introduced the Integrated Programme for Commodities, commonly known as the Corea Plan. He was the prime mover for the establishment of the Common Fund for Commodities.

The influence of Dr. Corea on the decision to establish the Heavily Indebted Poor Countries (HIPC) initiative is another of his accomplishments, having previously chaired the Expert Group of the Non-Aligned Movement on Third World Debt, which served as the basis for the HIPC initiative. He was a strong proponent of a New International Economic Order (NIEO).

Genesis of his thinking

Dr. Gamani Corea’s driving force for changing the status quo of economic relations between the developed and developing worlds, the industrial and primary producing countries, the centre and the periphery, was derived from his initial concerns and convictions that were awakened during his postgraduate

studies and nurtured during his initial forays into research and planning in Sri Lanka.

The roots of his thinking on these issues go back to his Oxford D.Phil. dissertation, “The Economic Structure of Ceylon in Relation to Fiscal Policy”, written in 1951-52 and subsequently published by the Marga Institute as “The Instability of an Export Economy” in 1975. A core conviction he derived from this study of Sri Lanka’s fiscal policy is that the fluctuations in prices of the country’s primary commodity exports were the causes of economic instability and that the capacity of fiscal policy to stabilize the economy was limited. He was convinced that an economy so dependent on primary commodity exports was inevitably unstable and that the core issue in economic development was to change the structure of the economy.

This was the genesis of his later thinking and commitment. He perceived that while an internal structural change was necessary, it was insufficient and international actions were needed to stabilize primary commodity prices on which developing economies depended so much. The fluctuations in prices of the country’s primary exports and the deteriorating terms of trade formed an important aspect of the strategy of development in the Ten Year Plan (1958-68) that he was instrumental in guiding as head of the National Planning Secretariat.

In an international context of unstable export and import prices and adverse terms of trade, he advocated the diversification of the economy from agriculture to industry based on increasing exportable surpluses in agriculture. The Ten Year Plan stressed the need for structural changes in the economy through diversification of the economy as the means of coping with the deteriorating terms of trade of a primary producing country.

These were the underpinnings of his preoccupation with redressing the imbalances in trade that he addressed later in his international career. His subsequent thinking was a progression and transition in response to the emerging conditions, international realities and challenges he perceived.

UNCTAD 1974-84

When Dr. Gamani Corea was invited to head UNCTAD as its third Secretary-General in 1974, he saw in it an opportunity to expand his interests from his postgraduate days at Oxford and his experience in developing the Ten Year Plan, on the international scene. UNCTAD gave him the opportunity to work on a larger global canvas on the developmental issues of redressing an international system of unequal exchange that had preoccupied him in Sri Lanka.

New International Economic Order

The concept of the New International Economic Order (NIEO) was put forward by Dr. Corea as Secretary-General of UNCTAD in April 1974 at the Sixth Special Session of the General Assembly of the UN in the Declaration and Programme of Action for the Establishment of a New International Economic Order. According to Gamani Corea himself, it reflected two strands: “on the one hand, what has been called structural change and, on the other, insistence on collective action”. By now Corea’s thinking had moved to a higher plane, from that of commodity price stabilization to one of restructuring the world economy to reduce instability and improve the totality of economic relations between the developed and developing countries.

The NIEO was a development and extension of his concern for improving primary commodity price stabilization mooted by

UNCTAD since its inception in 1964. It was a more comprehensive approach to the problems of developing countries than that which was espoused by the need to stabilize and give higher prices for primary commodities. It was a strengthening of the strategies for improving the economic position of developing countries by a more comprehensive programme of action.

The NIEO recognized that apart from the need to achieve better commodity prices, there were a wide array of deficiencies and biases in international economic relations that required correcting and changing. Dr. Corea was attempting to bring structural changes not only in commodity trade but in the whole gamut of relations that were disadvantageous to developing countries. In other words, it was much broader in scope than commodity price stabilization.

The programme of the New International Economic Order envisaged change in all dimensions of international economic relations and embodied prescriptions for various ailments of the world economy, as well as providing genuine basis for its future consolidation and development. The NIEO sought to restructure the pattern of international trade and the flow of capital and technology so that their benefits could be more equitably distributed to the developing countries.

The NIEO covered a wide range of international economic issues that included the orientation of the international monetary system toward the interests of the developing countries; production cartels along the lines of OPEC; commodity agreements to regulate prices and linkage of export prices in the developing countries to the prices in the developed countries by indexation; extension of preferential treatment in trade; recognition of developing countries' permanent sovereignty over their natural resources including the exploiting of the ocean floor; and

transfer of advanced technology to the developing countries on preferential terms.

The thrust of the NIEO strategy was dependent on North-South cooperation and reflected Dr. Corea's conviction, at this time, that North-South cooperation was necessary. He had an implicit faith that the North would cooperate with the South as the New International Economic Order would stabilize the world economy and therefore benefit developed countries too.

However, most developed countries, especially the US, had major reservations. In their view, the NIEO implied the dismantling of the market-based international economic system in which they had inherent confidence. Commentators have observed that the problem was not so much the acceptance of these principles but their translation into changes in mechanisms to implement them. While there was general recognition of the need for the restructuring of the world economy, little progress was made in the implementation of the NIEO proposals.

The reservations of the US that mattered most have been very clear on this issue. The US was of the view that the principal cause of the developing countries' poverty was not external but internal and that the drawbacks to adequate internal mobilization of resources for economic development were internal economic and political weaknesses. Although the NIEO may have been a sound proposal to deal with intractable global economic problems, the reservations of the developed countries about its impact on the market economy and their view that the critical factors in the underdevelopment of developing countries were internal resulted in little progress in the implementation of the NIEO proposals.

North-South cooperation

Dr. Corea's strategies while he was at UNCTAD were based on North-South dialogue and cooperation between the developed and developing countries. He had faith in the international community cooperating to redress the inequities and imbalances in economic relations and their willingness to reform structures to establish a more just economy and to reduce international economic injustices and international economic fluctuations.

However, the tardy progress in the New International Economic Order and the opposition of the developed countries, especially the US, to any intervention in the market economy appears to have shifted his thinking towards South-South cooperation, which was to occupy his attention and leadership in the decade after UNCTAD.

The South Commission

Dr. Gamani Corea realized that the North-South dialogue had reached its high point in the early years of the 1980s and was on the wane thereafter during the Reagan-Thatcher period, when the thinking of developed countries and international institutions veered towards the Washington Consensus, which viewed the problems of developing countries as being due to economic mismanagement and inappropriate, non-market-oriented macroeconomic policies.

Although Corea still remained a firm believer in the common interests of the North and the South and the need for such cooperation, he believed that South-South cooperation was also needed for the resolution of development problems. Consequently, Corea's thinking shifted to South-South cooperation

and initiatives to strengthen cooperation among the countries of the South.

Dr. Corea had played a very active and central role in South-South cooperation earlier. He drafted the resolution which launched the Group of 77 at the conclusion of UNCTAD I in 1964. His interests and initiatives to strengthen South-South cooperation gained momentum, especially after he left UNCTAD in 1984. He viewed South-South cooperation as an essential means of achieving an improvement in economic relations to benefit developing countries. He had a strong conviction that togetherness of the South was needed to redress the weaknesses of the international economic system.

The activities of the South Commission came to dominate his work after 1984. He was an active supporter of UNCTAD's work in this domain and in the establishment and work of the South Centre. He played a very significant role in mobilizing support for South-South cooperation and the establishment of the South Commission under former President of Tanzania, Julius Nyerere.

Corea was a key member of the South Commission (1987-90), a member of the Board of the South Centre (1995-98), and Chairman of the South Centre's Policy and Research Committee (1998-2001). He played an active role in directing and supervising the work of the South Centre that functioned under Dr. Manmohan Singh as Secretary-General. He chaired the South Centre's Group of Experts on Financing for Development (2001), and prepared a paper which was submitted to the Group of 77 to assist it in its participation in the work of the Preparatory Committee for the UN Conference on Financing for Development. He chaired the Non-Aligned Movement (NAM)'s Ad Hoc Advisory Group of Experts on Debt (1993-94) and the

NAM Ad Hoc Panel of Economists (1997-98), submitting its report to the XII Non-Aligned Movement Summit held in 1998 in Durban, South Africa.

Conclusion

Gamani Corea sought relentlessly to establish a new economic order that would redress the injustices he perceived in the international terms of trade and economic relations. He sought to redress these to alleviate the poverty of nations. His commitment to UNCTAD and other initiatives and institutions to improve the economic conditions of developing countries was the defining character of his life.

He mooted the New International Economic Order, and attempted to forge North-South cooperation and strengthen the togetherness of the South. He was instrumental in establishing the South Commission and played a key role in instituting the South Centre. The years he was Secretary-General of UNCTAD have been called the “Corea Decade”, as he was the inspiration, the intellectual force and persuasive provocateur of UNCTAD’s objectives.

Dr. Gamani Corea’s contributions to Sri Lanka and the international community have been captured succinctly by the Prime Minister of India Dr. Manmohan Singh in his message on hearing of his death in November 2013:

“Gamani’s work and thinking in the arena of economic development were of immense significance, not only for Sri Lanka, but also for developing countries around the world. His contribution to the world of UNCTAD during his time as its Secretary-General was particularly important in ensuring that the voice of developing countries was heard and that

their developmental priorities were not lost sight of. He lent his influential voice in support of some of the most important international initiatives aimed at the welfare of developing countries, such as the Integrated Programme for Commodities, and the (Heavily Indebted Poor Countries) Initiative.”

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An intellectual and a pragmatic defender of the interest of the South

H.E. Modest Mero

Ambassador, Permanent Representative
Permanent Mission of Tanzania to the UN in Geneva

My delegation wish to join the Chair of the South Centre to remember an intellectual and a pragmatic defender of the interest of the South: Dr. Gamani Corea. His contribution in various areas of socioeconomic development is enormous and recognized the world over, particularly in the developing countries, because he really addressed the challenges of the day facing the countries of the South.

Tanzania has every reason to remember him and recognize his contribution to the late father of the nation of Tanzania and first Chair of the South Commission, the late president Julius Kambarage Nyerere, in delivering a blueprint for the South known as *The Challenge to the South*.

We further pay respect for his diverse contributions in terms of policy analysis and advisory service to UNCTAD in all areas of socioeconomic development. I personally, as a young economist in the late 1980s, benefited immensely from his intellectual contributions.

Dr. Gamani Corea will be missed but since he left vast intellectual contributions, his name will remain engraved in the memory of the peoples of the South.

Thank you.



LAUNCH OF THE GAMANI COREA FORUM

Geneva, Switzerland, 18 June 2014

A High-Level Meeting of the Group of 77 and China to commemorate its 50th anniversary was held on 18 June 2014 at the Palais des Nations in Geneva. H.E. Mr. Bamanga Abbas Malloum, Ambassador and Permanent Representative of the Republic of Chad and Chairperson of the Geneva Chapter of the Group of 77 for 2014, opened the meeting by noting that a half-century ago, the founding fathers of the Group met in Geneva with the noble ambition to change the world for the better: “They sought to remedy the mistakes of centuries and to make a world of fairness, justice and equity, in which developing countries took their place in the ranks of prosperous countries.” He said that for some members of the Group of 77, that dream came true. Others are on the threshold of success. Many others remain as they were 50 years ago. What has not changed is the undisputed fact that what unites developing countries is more than their individual level of development; it is their solidarity and commitment to bringing prosperity for all.

Speaking on the new initiative of the Group, the launch of the Gamani Corea Forum, Ambassador Abbas Malloum said that “a man who embodied the best principles of the South, which gave birth to our group and our movement, was Gamani Corea. His contributions to the cause are many.” The Gamani Corea Forum, he said, is “a simple but potentially powerful tool to strengthen our initiative” and “seeks to build on the experience and knowledge of former officials and diplomats in UNCTAD to strengthen the capacity of the Geneva section”.

The Geneva Chapter also launched the G77 Geneva Occasional Papers series. The intention is to provide a platform for intellectual inputs from the South to be distributed to the negotiators of the Group. The Chair of the G77 Geneva Chapter invited all delegations to submit documents and other similar intellectual initiatives they would like to share with other Group members.

Both initiatives, he said, will “greatly enrich the intellectual efforts of the group and indeed, serve as a contribution to the finalization of the Development Platform of Geneva that we should finish at the end of this year”.

Two key statements were made at the High-Level Meeting by Mr. Martin Khor, Executive Director of the South Centre, and Dr. Mukhisa Kituyi, Secretary-General of UNCTAD.

Khor stated that 50 years ago the Group of 77 was formed with the goal of promoting international economic equality and the interests of the developing world. He also said that the past 50 years have seen great success including initiating the New International Economic Order, the Right to Development, and advancing the cause of development in UNCTAD and many United Nations conferences and declarations. He welcomed the new initiative of the Geneva Chapter of the Group of 77 and China, noting that it is “most fitting to establish the Gamani Corea Forum at this meeting as he was a great thinker, fighter and organizer for the developing world in all his capacities as a delegate, as UNCTAD Secretary-General, and as Chair of the Board of the South Centre”. Khor concluded by wishing the Group “even greater success ahead in the many endeavours and battles for development in the world economy and for the developing world’s interests in the year ahead”.

Kituyi congratulated the Group of 77 for setting up the Gamani Corea Forum as it will serve as an important venue for reflection on constant efforts of developing countries to find ways to address development challenges, and in particular, how to better harness international trade for development. “The choice of the Forum’s name reflects the interconnections between our institutions: Gamani Corea, a giant of development thinking, was a true champion of the South and was also an essential pillar in the foundations of UNCTAD.”

Delegations from various member states took the floor to deliver statements. H.E. Ambassador Rajab M. Sukayri, Permanent Representative of Jordan, who spoke on behalf of the Asian Group, welcomed the establishment of the Gamani Corea Forum and called for a “focus on how to recapture the spirit of ’64 to better address the realities of today”. “We must recapture the spirit of UNCTAD as an institution with a broad transformative agenda for a profoundly noble objective: to reform the international economic system to bring prosperity for all.” He identified the post-2015 development agenda and the implementation of the Santa Cruz outcomes (of the 14-15 June 2014 Extraordinary Summit of the Group of 77 and China held in Santa Cruz, Bolivia, to commemorate the Group’s 50th anniversary) as two key issues to be addressed in the first Forum.

The representative of the Kingdom of Lesotho, speaking on behalf of the African Group, said that the African Group stands ready to rise to the challenges and contribute to the success of the Gamani Corea Forum especially as Africa engages in discussions on “Agenda 2063” of the African Union where the continent should effectively learn from the lessons of the past, build on the progress now underway and strategically exploit all possible opportunities available in the immediate and medium term, so

A TRIBUTE TO GAMANI COREA

as to ensure positive socioeconomic transformation within the next 50 years.

TRIBUTE MESSAGES

**An outstanding international civil servant and diplomat,
a brilliant economist, and above all, a warm and caring
human being**

Dr. Manmohan Singh, Prime Minister of India (May 2004-
May 2014) and former Secretary-General of the South
Commission

Dr. Gamani Corea: A luminary in the field of economics
H.E. Mahinda Rajapaksa, President of Sri Lanka



An outstanding international civil servant and diplomat, a brilliant economist, and above all, a warm and caring human being

Dr. Manmohan Singh¹²

Prime Minister of India (May 2004-May 2014) and former Secretary-General of the South Commission

I am deeply saddened to learn that Gamani Corea is no more.

Gamani was an outstanding international civil servant and diplomat, a brilliant economist, and above all, a warm and caring human being. I was particularly proud to be able to call him a friend for over three decades, a friendship of which I cherish the warmest memories. It was also a particular privilege that he was a member of the South Commission during the time that I served as its Secretary-General.

Gamani's work and thinking in the arena of economic development were of immense significance, not only for Sri Lanka, but also for developing countries around the world. His contribution to the world of UNCTAD during his time as its Secretary-General was particularly important in ensuring that the voice of developing countries was heard and that their developmental priorities were not lost sight of. He lent his influential voice in support of some of the most important international initiatives aimed

12 This is the text of Indian Prime Minister Dr. Manmohan Singh's condolence message on 4 November 2013. Source: "PM condoles the passing away of Sri Lankan economist Gamani Corea", Press Information Bureau, Government of India, 4 November 2013, New Delhi, India.

A TRIBUTE TO GAMANI COREA

at the welfare of developing countries, such as the Integrated Programme for Commodities, and the (Heavily Indebted Poor Countries) Initiative.

Gamani's passing away is a great loss not only to Sri Lanka, but also to Asia and the world. I send my condolences to his family, as well as to his friends and admirers around the world and join them in paying my tribute to his memory.

Dr. Gamani Corea: A luminary in the field of economics

H.E. Mahinda Rajapaksa¹³

President of Sri Lanka

I am deeply moved on learning of the passing away of Deshamanya Dr. Gamani Corea, one of the most illustrious sons of Sri Lanka.

He stood out in the world as a Sri Lankan economist, civil servant and diplomat whose special contribution was to the economic advancement of the developing nations.

The positions he held as a founding figure and Secretary-General of the United Nations Conference on Trade and Development and as Under-Secretary-General of the United Nations, focused attention on the high quality of personalities from Sri Lanka that have contributed to the progress of the World Assembly.

A luminary in the field of economics, his outstanding work for the economic advance of Third World nations saw him re-elected thrice to the prestigious post of Secretary-General of UNCTAD to which he was first appointed in 1973.

In Sri Lanka, Dr. Corea, who began his career at the Central Bank of Ceylon, rose to be its Senior Deputy Governor, and also held the office of Permanent Secretary of the Ministry of Planning and Economic Affairs. In these positions he played a

¹³ This is the text of Sri Lankan President H.E. Mahinda Rajapaksa's condolence message on 4 November 2013. Source: Presidency's Office.

significant role in directing the strategies of economic research and development of Sri Lanka.

In the field of diplomacy he was the country's Ambassador to the European Economic Community. As Chancellor of the Open University Sri Lanka he gave new direction to a hitherto unexplored field of higher education.

Honoured by several foreign universities and gracing the boards of governors of important institutes of international studies, science, and economics in Sri Lanka, Dr. Gamani Corea brought to his work the lasting spirit of his grandfather, the late Victor Corea, a great freedom fighter and a member of the Legislative Council of Ceylon.

His demise leaves a major void in the field of economic expertise, administration – both national and international – and diplomacy. His career was a trail of excellence that can hardly be matched. On this sad occasion, I convey my deepest condolences to his next of kin.

ANNEXES

**Programme of the Special Tribute Seminar in Honour of Dr.
Gamani Corea**

Biography of Dr. Gamani Corea

List of major publications by Dr. Gamani Corea



Programme of the Special Tribute Seminar in Honour of Dr. Gamani Corea

15:00-15:30 — OPENING REMARKS

Moderator: **Mr. Martin Khor**, Executive Director, South Centre

H.E. Mr. Benjamin W. Mkapa, Chairperson of the Board of the South Centre

Dr. Mukhisa Kituyi, Secretary-General of UNCTAD (Represented by Dr. Richard Kozul-Wright, Director of the Division on Globalization and Development Strategies, UNCTAD)

H.E. Mr. Ravinatha Pandukabhaya Aryasinha, Ambassador, Permanent Representative, Permanent Mission of the Democratic Socialist Republic of Sri Lanka to the United Nations Office and other international organizations in Geneva

15:30-16:30 — TRIBUTE TO GAMANI COREA: LIFE AND WORK

Gamani Corea's decisive role in keeping the integrity and independence of UNCTAD

Ambassador Rubens Ricupero, former Secretary-General of UNCTAD (1995-2004)

Gamani Corea: A development visionary and a humanist

Mr. Chakravarthi Raghavan, Emeritus Editor of the
South-North Development Monitor (SUNS)

16:30-17:45 — THE INTELLECTUAL LEGACY OF GAMANI
COREA

Moderator: **Professor Deepak Nayyar**, Emeritus Professor
of Economics at Jawaharlal Nehru University and
Member of the Board of the South Centre

**Gamani's contribution on the commodity price
stabilization problem**

Dr. Saman Kelegama, Executive Director of the Institute
of Policy Studies of Sri Lanka (IPS)

**Gamani's involvement with the issues of money and
finance both North-South and South-South before,
during and after UNCTAD**

Mr. Michael Sakbani, former Director of the Division
of Economic Cooperation, Poverty Alleviation, and
UNCTAD's Special Programs

**Gamani's role on global management, interdependence
of money, finance and trade, and the debt burden of
developing countries**

Mr. Gerassimos Arsenis, former Director of Money,
Finance and Development Division, UNCTAD

The development consensus

Mr. Jan Pronk, former Deputy Secretary-General of
UNCTAD. Former Minister of Development Cooperation
and Minister of Environment of the Netherlands

**Gamani Corea's activities on the development/
environment interface**

Mr. Michael Zammit Cutajar, former UNCTAD staff and
former Executive Secretary, United Nations Framework
Convention on Climate Change (UNFCCC)

17:45-18:00 — CONCLUDING REMARKS

Biography of Dr. Gamani Corea

DESHAMANYA DR. GAMANI COREA was one of Sri Lanka's most prominent international civil servants and a renowned economist. Dr. Corea received his primary and secondary education at Royal College, Colombo, after which he commenced his higher education at the University of Ceylon in 1944, before going on to study at Corpus Christi College, Cambridge and Nuffield College, Oxford from 1945 to 1952.

He obtained Bachelor of Arts (BA) and Master of Arts (MA) degrees from the University of Cambridge, and an MA and a Doctorate (D.Phil.) in economics from Oxford University. Later in his career he was awarded a Doctorate (Honoris Causa) from the University of Nice; a D.Litt. (Hon.) from the University of Colombo; and a D.Sc. (Honoris Causa) from the University of Sri Jayewardenepura.

His career at the national level included being Director General of the Planning Secretariat where he was the architect of the first Ten Year Plan. Later (1965-70) he held the post of Permanent Secretary, Ministry of Planning and Economic Affairs. During his career with the Central Bank of Ceylon, he held the post of Director of Economic Research and was its Deputy Governor (1970-73). In 1973, Dr. Corea was ambassador of his country to the European Economic Community (EEC) and the Benelux countries (Belgium, Luxembourg and the Netherlands).

His deep involvement in the multilateral scene and United Nations development agenda began with his engagement as a member of the team of experts which helped to prepare the

first session of the United Nations Conference on Trade and Development (UNCTAD I) under the leadership of Raul Prebisch (1963-64). He was a member of the UN Committee for Development Planning (1965-72) and, following Professor Jan Tinbergen, became the Chairman of the Committee (1972-74). He was Chairman of the ILO Meeting on Evaluation of Comprehensive Employment Missions to Colombia, Kenya, Iran and Sri Lanka (1973); Chief, United Nations Planning Mission to British Honduras (1962); Chairman of UNCTAD Expert Groups on International Monetary Issues (1965 and 1969); Chairman of the Founex Expert Group on Development and Environment (1971) that met in preparation for the UN Conference on the Human Environment (UNCHE), Special Representative of the Secretary-General of UNCHE (1971-72); independent Chairman of the UN Cocoa Conference (1972), Secretary-General of the United Nations Conference on the Least Developed Countries, Paris (1981); Member, UN Panel of Eminent Persons on South Africa and Transnational Corporations (September 1985); Member, UN Panel of Eminent Persons on "The Relationship between Disarmament and Development" (April 1986); Team Leader, UNDP High Level Multi-Disciplinary Mission to Qatar (13-26 April 1987); and Chairman of the United Nations General Assembly's Ad Hoc Committee of the Whole on an International Development Strategy for the Fourth Development Decade (1989-90).

Dr. Corea assumed the post of Secretary-General of UNCTAD on 5 April 1974, after he was appointed in 1973 for an initial term of three years by UN Secretary-General Kurt Waldheim. He was thereafter reappointed three times, his fourth term covering the period December 1982 to the end of 1984. As Secretary-General of UNCTAD, and until the end of February 1985, he also held the position of Under-Secretary-General of the United Nations.

Dr. Corea played a very active and central role in different domains of South-South cooperation. He was the drafter of the resolution which launched the Group of 77 at the conclusion of UNCTAD I in 1964. He was a member of the South Commission (1987-90), member of the Board of the South Centre (1995-98), and Chairman of the South Centre's Policy and Research Committee (1998-2001). He played an active part in directing and supervising the work of the South Centre.

He chaired the South Centre's Group of Experts on Financing for Development (2001), and prepared a paper which was submitted to the Group of 77 to assist it in its participation in the work of the Preparatory Committee for the UN Conference on Financing for Development. He also chaired the NAM Ad Hoc Advisory Group of Experts on Debt (1993-94) and the NAM Ad Hoc Panel of Economists (1997-98), submitting its report to the XII NAM Summit held in 1998 in Durban, South Africa.

Dr. Corea played an active role in the regional mechanisms for South-South cooperation, in particular the South Asian Association for Regional Cooperation (SAARC). He addressed UNCTAD X in Bangkok (2000) in his capacity as a former Secretary-General of UNCTAD, and made a statement on the occasion of marking the 100th anniversary of the birth of Dr. Raul Prebisch (2001).

Following his departure from the UN, Dr. Corea was instrumental in the establishment of the Sri Lanka Economic Association with fellow economists in Sri Lanka. He occupied many honorary, academic, civic and advisory posts in Sri Lanka, including being Chairman of the Board of Governors of the Institute of Policy Studies of Sri Lanka (IPS); Chancellor of the Open University of Sri Lanka; Honorary Fellow, Bandaranaike Centre for International Studies; Fellow, National Academy of Science

of Sri Lanka; Honorary President, Association of Former Civil Servants, Sri Lanka; Senior Adviser to the Ministry of Foreign Affairs; Joint Patron, Sri Lanka Economic Association; and Patron, Symphony Orchestra of Sri Lanka.

Dr. Corea also held positions abroad, including that of Honorary Fellow, Corpus Christi College, Cambridge; and Honorary Fellow, Institute of Development Studies, University of Sussex. He wrote extensively and published many articles and books.

He received the Order of the Yugoslav Flag with Sash (I. rank) from the Government of Yugoslavia in 1985 for the promotion of international understanding, as well as the title of Deshamanya from the Government of Sri Lanka, First Honours list, on Independence Day, 4 February 1986. He was also the recipient of the Sahabdeen Foundation Award for International Understanding.

Dr. Corea passed away on 3 November 2013.

Source: South Centre, United Nations, Institute of Policy Studies of Sri Lanka

List of major publications by Dr. Gamani Corea

Gamani Corea: My Memoirs. Gamani Corea Foundation, Colombo. 2008

Oral history interview with Gamani Corea. Oral History Collection of the United Nations Intellectual History Project. The Graduate Center, The City University of New York. 2000

Taming Commodity Markets: The Integrated Programme and the Common Fund in UNCTAD. Manchester University Press, Manchester. 1992

UNCTAD and the North and South Dialogue. Korea Development Institute, Seoul. 1984

Need for Change: Towards the New International Economic Order – A Selection from Major Speeches and Reports with an Introduction. 1980

“The Instability of an Export Economy”. Marga Institute. 1975



This book honours Gamani Corea, a statesman and one of the most eminent economists of the developing and developed worlds. He contributed greatly to the cause of the South and to South-South cooperation, having been instrumental in the establishment of the Group of 77 and the United Nations Conference on Trade and Development (UNCTAD). As a member of the South Commission, he also provided immense intellectual and personal support to Mwalimu Julius Nyerere, former President of Tanzania and Chair of the Commission, which produced the report entitled *The Challenge to the South* released in 1990 and which recognized the need for greater cooperation between countries of the South.

Dr. Corea was closely associated with the South Centre from its inception in 1991. He is seen as one of the “founding fathers” of the Centre, having assisted Nyerere in gradually building the Centre into an intergovernmental policy research institution of the South that promotes the South’s views and perspectives on many issues in the global arena.

This publication puts together the speeches and contributions received on the occasion of the Special Tribute Seminar in Honour of Dr. Gamani Corea organized by the South Centre and the Permanent Mission of the Democratic Socialist Republic of Sri Lanka and hosted by UNCTAD at the Palais des Nations, headquarters of the United Nations Office at Geneva, on 20 March 2014. It also includes contributions presented to the seminar on “Gamani Corea’s Contribution to Domestic and International Economic Policy”, organized by the Gamani Corea Foundation, the Institute of Policy Studies of Sri Lanka (IPS) and the Marga Institute on 3 April 2014 at the IPS Auditorium, Colombo.



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ISBN 978-92-9162-043-2



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