

**REMARKS BY THE EXECUTIVE SECRETARY OF ECLAC,  
MR. JOSÉ ANTONIO OCAMPO, AT THE OPENING OF THE  
TWENTY-NINTH SESSION OF THE COMMISSION**

Brazil, 9 May 2002

I should like to express our gratitude, Mr. President, for your invitation to hold the twenty-ninth session of ECLAC in Brazil. The vitality of this great nation and its strong sense of identity are admired by all Latin Americans and Caribbeans. ECLAC owes a great deal to the wealth of ideas contributed by Brazilian intellectuals, to Mr. Celso Furtado, to Ms. Maria da Conceição Tavares, to Mr. Fernando Henrique Cardoso and to so many others who have also left their mark on Latin American social thought. Furthermore, Mr. President, the document “Globalization and development”, which we are presenting here today, is to some extent a response to the challenge you posed to us during your first visit to ECLAC as President of Brazil: that of reflecting, with an open mind, on the challenges our region faces in the current phase of global integration.

As we all know, economic globalization has deep historical roots. Its most recent phase has some features in common with previous phases, but also displays a number of differences: mass real-time access to information; the global planning of production by transnational corporations; the spread of free trade, although it is still limited by many forms of protectionism in the industrialized world; the contradictory combination of a high degree of capital mobility with tight restrictions on labour migration; evidence of increasing environmental vulnerability and interdependence; and an unprecedented trend towards institutional homogenization.

In any event, globalization is a multidimensional phenomenon that is not driven by economic factors alone. One of its dimensions, which we have called the “globalization of values”, consists of the gradual spread of shared ethical principles, which are reflected most clearly in the declarations that have been issued on human rights and in the principles endorsed at United Nations world summits, including the Millennium Summit. These processes are the product of a long history of international civil society movements

advocating human rights, social equity, equality for women, environmental protection and, more recently, the “globalization of solidarity” and the “right to be different”.

The greatest paradox in this process is that there has been no corresponding trend towards political internationalization. The contrast between worldwide problems and what continue to be essentially national political processes has resulted in a lack of global governance which has undoubtedly heightened the tension between opportunities and risks generated by the globalization process. Under these circumstances, the only reasonable response is to adopt a proactive agenda, since history shows that efforts to simply resist processes whose roots run so deep will inevitably fail in the end. The purpose of our agenda is to help create a better institutional structure that will, as stated in the United Nations Millennium Declaration, “ensure that globalization becomes a positive force for all the world’s people”.

With that goal in mind, we believe that progress must be made towards three objectives:

- Guaranteeing an adequate supply of public goods or, more precisely, global public services;
- Progressively correcting the sharp asymmetries existing in the global economic order; and
- Gradually building a rights-based international social agenda.

The achievement of these objectives must be based on a virtuous circle of complementary global, regional and national institution-building – that is, on an entire network of institutions rather than a handful of global agencies. This type of arrangement is more efficient and balanced in terms of power relationships. Institutional schemes must also be respectful of diversity. This is the only principle that is consistent with efforts to promote democracy worldwide. Such efforts are meaningless, however, unless national representative and participatory processes are allowed to influence the definition of development strategies and to mediate the tensions inherent in the globalization process.

Lastly, the international order must guarantee the equitable participation of the developing countries and establish appropriate rules of governance.

\*\*\*\*\*

Any national development strategy must be based on solid and democratic social covenants, appropriate legal systems and impartial, transparent State bureaucracies. However, these institutional factors, which have justifiably been the focus of considerable attention in recent years, cannot in themselves drive growth or bring about a better distribution of its benefits. They must therefore be backed up by practical measures in four areas, none of which has any single, universally valid model.

The first such area is the design of macroeconomic strategies which can build upon the gains made in controlling inflation in order to help smooth out business cycles. The second is the development of strategies for changing production patterns, since this process is not an automatic result of a sound macroeconomic performance. These strategies should seek to create systemic competitiveness by expressly promoting innovation systems, export diversification strategies and policies designed to help create linkages between activities that are successful in international markets and the rest of the national production system and by supporting the formation of local production clusters and the development of quality infrastructure.

The third component is the design of more effective and prevention-oriented instruments to facilitate economic development and environmental sustainability. The fourth is an active social policy in the areas of education, employment and social protection. The challenges in these areas are to overcome long-standing lags while at the same time dealing with the new types of social risks associated with the instability of employment and income and the growing demands of today's knowledge society.

\*\*\*\*\*

On the global agenda as such, the provision of public services encompasses a wide range of issues relating to the growing interdependence of the world today. These include such issues as the defence of human rights, peace and security; the need to combat pandemics; and the war on international crime. In this study we specifically address just two of those topics: international macroeconomic stability and sustainable development. In the latter case, we put the emphasis on the design of new tools, and particularly the development of markets for global environmental services so that an economic value can be assigned to them. In this regard, the region has two clearly defined priorities: the Convention on Climate Change and the Biodiversity Convention.

In order to correct existing global asymmetries, the segmentation and volatility of developing countries' access to international financial markets will have to be overcome and those countries must be given the manoeuvring room they need to adopt countercyclical macroeconomic policies. This calls for a comprehensive strategy aimed not only at strengthening macroeconomic surveillance mechanisms and developing regulatory standards and codes, but also at ensuring developing countries' autonomy in terms of the regulation of international capital flows for macroeconomic purposes, gradually transforming the International Monetary Fund into a quasi-lender of last resort through the active use of special drawings rights, developing multilateral schemes for dealing with problems of insolvency, strengthening development banks, deepening developing countries' financial systems and reaching an international agreement concerning the scope of conditionality. The implementation of the recently formulated Monterrey Consensus is the starting point for this effort. The international community's clearly insufficient response to the crisis in Argentina shows how much we have yet to do in this area.

The second line of action is to eliminate asymmetries in production and technology by opening up international markets for goods and services to developing countries and increasing their share in high-technology industries and their participation in the creation of knowledge. The post-Doha agenda for the World Trade Organization is clear: greater liberalization of trade in agricultural goods; the reduction of production subsidies and elimination of export subsidies; the progressive liberalization of markets for goods and

services that are more intensive in low-skilled labour; a reduction of tariff peaks; and greater discipline in the use of contingency trade measures, and particularly the antidumping statute. The Free Trade Area of the Americas can play a role in this process, but if we are to help bring about a convergence of development levels among the countries of the hemisphere, it will have to be coupled with greater international labour mobility and the establishment of cohesion or integration funds, as noted by various heads of State at the Summit in Quebec. In addition, the international order must safeguard developing countries' autonomy in adopting policies to promote competitiveness and the diversification of production.

We also contend that, while well-crafted multilateral agreements on investment and competition would certainly be a positive development, it is not clear that WTO would be the best forum in which to negotiate or implement such agreements. This may also be true in the case of intellectual property. In this last regard, we also feel that the decision taken in Doha regarding public health, under the leadership of Brazil, established an important principle: that the public good represented by knowledge should, under certain circumstances, prevail over its character as a private good whose intellectual property can be protected. It is imperative for the international community to take more decisive steps to delimit the scope of this principle.

The sharp asymmetry that exists in terms of the mobility of the various factors of production has a detrimental effect on the less mobile factors, especially low-skilled labour. It also heightens skills-based income inequalities and sets the stage for the trafficking of migrants. This is why it is so important for this issue to be fully incorporated into the international agenda through the conclusion of a global agreement on migration policy. A first step in this direction would be the ratification of the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, together with the inclusion of this topic in the hemispheric agenda, in agreements reached with the European Union and in our own regional integration processes.

Building an international social agenda requires, in our view, the recognition of every member of global society as a citizen and, as such, as a person who possesses certain rights. The enforceability of economic, social and cultural rights, in conjunction with the principles agreed upon at various United Nations summits, should therefore evolve in the direction of a more clearly defined form of political enforceability, not only at the global level but also in representative national forums empowered to monitor compliance with commitments made at the international level. This process should be explicitly supported through international cooperation aimed at combating poverty, which should be viewed as an integral part of the effort to guarantee these rights.

Mr. Chairman, distinguished ministers and delegates:

I have left two particular thoughts for the last. The first has to do with the vital importance of the regional dimension in building a more balanced international order in which developing countries can play a proper role. Latin America and the Caribbean have a strong tradition in this respect, but there are also ambivalencies which have recently been reflected in the waning momentum of the region's integration processes. It is therefore imperative that we renew our political commitment to regional integration while at the same time broadening this agenda to include macroeconomic coordination, regional and subregional financial institution-building, the harmonization of regulatory systems and competition policies, the integration of physical infrastructure, the sustainable use of shared ecosystems, the promotion of educational, cultural and scientific exchanges, the formulation of social protection policies for migrants and the creation of opportunities for political dialogue. To use an expression coined by ECLAC some years ago, "open regionalism" is inherent in the globalization process.

The final thought I would like to share with you has to do with the approach to be used in restructuring the global order. The study we are presenting here contrasts two concepts that have been used a great deal in recent debates: the idea of creating a "level playing field," which has guided efforts to shape the international economic order, and the principle of "common but differentiated responsibilities," as set forth at the Earth Summit

in Rio de Janeiro in 1992. In a world so fraught with inequality as ours, the application of the first of these concepts may perpetuate or even accentuate the global order's existing asymmetries and inequalities. This is why we have drawn attention to the undeniable superiority of the second principle, a principle that has so rightly been enshrined in this beautiful corner of the region, which has been such a staunch defender of the interests of the peoples of Latin America and the Caribbean and which has once again welcomed us here today.