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Tribute to Gerassimos Arsenis

Geneva, 20 Apr (Chakravarthi Raghavan*) -

Greek economist and intellectual, socialist PASOK party politician, Minister, former UN and UNCTAD official, Gerassimos D. Arsenis (84) passed away in Athens on Tuesday (19 April), according to a press release from his office.

Throughout his long political career, Gerassimos or Gerry, as his numerous friends called him, was recognised by both political friends and adversaries for his integrity and honesty, his courage and uncompromising commitment to his ideals, choosing to quit office rather than compromise his principles and serve.

He leaves behind his wife, Prof. Louka T. Katseli, former Minister and presently Chair of the Greek Bank Association and the National Bank of Greece, four children, his brother, grandchildren and other relatives, and numerous friends across the world.

His funeral will take place at the Church of Agios Dionysios in Athens on Thursday, 21 April 2016, at 16:00.

Born on 30 May 1931 in Lourdhata, on the Greek island of Kefhalonia, he studied Law at the National and Kapodistrian University of Athens and after obtaining his degree, continued his post-graduate studies at the Massachusetts Institute of Technology (MIT).

He was trilingual, fluent in Greek, English and French.

In his early career, from 1960 until 1964, Gerry worked as an economist under Sydney Dell with the United Nations Secretariat in New York, and was part of the group with Raul Prebisch that began preparations for the United Nations Conference on Trade and Development (UNCTAD) that met in Geneva in 1964.

As early as 1962, at the UN, he had done an econometric study on the capital requirements of developing countries to achieve the five percent growth

target of the UN's first development decade.

In that study he had brought out that foreign exchange earnings, rather than savings, was the limiting factor in the capital needs of developing countries to achieve the UN's five percent growth target, and estimated the gap to be filled between their exports and imports needed for growth at US\$20 billion (in the dollar value of those times) - or as he himself put it at a 2014 South Centre organised meeting to honour Gamani Corea, 'as the \$20 billion trade gap' (that latterly was called the two-gap model, according to his early associate in UNCTAD, Chandrakant Patel).

Gerry's model ran so much against orthodox economic theories of that day that the UN did not immediately publish it; but when preparatory work for UNCTAD-I began, Sydney Dell dusted it up and brought it to the attention of Prebisch and Gamani Corea, who adapted the theme of Gerry's 1962 paper for the preparatory work and documents for the 1964 UNCTAD Conference.

In 1964, he left the UN to join the Research Division of the OECD Development Centre in Paris as its Director, serving there till 1967, when he was appointed as senior economist at UNCTAD, and then as Director of its then Money and Finance Division.

In that capacity, he engaged in research and participated in negotiations concerning reform of the International Monetary System.

In the wake of the 1973-74 economic crisis in the industrialized countries, and the collapse of the Bretton Woods system, when Gamani Corea took over as Secretary-General of UNCTAD, in 1974 Gamani and Gerry, while accepting the market mechanism as a necessary ingredient of the economic system, however, questioned the orthodox theories of efficient markets and challenged market fundamentalism, underscoring the key role of the State in the economy.

The idea that key issues of money, finance and trade could be dealt with in separate fora in different silos, they argued, was fine when the world economy was functioning smoothly, but inappropriate when the system got derailed (as in 1973), since markets do not get macroeconomic prices right.

As such the development agenda should be considered as an integral part of global management of interdependent issues of money, finance and trade, and UNCTAD as the principal organ of the United Nations General Assembly was best suited to discuss and promote a consensus - a view that generally prevailed, until Margaret Thatcher and Ronald Reagan came to power and promoted a class war of rich against poor, resulting in the current inequalities within countries and amongst countries and the current disarray in world order, where market fundamentalism and religious fundamentalism are feeding on each other.

UNCTAD's first flagship report in 1981, of which he was the lead author of

the publication from that year, complementing and supplementing the reports of the World Bank, IMF, GATT and the OECD that so far have dominated this area and in effect have set the parameters of development policy discussions, was a report with a difference.

And as the discussions on it in UNCTAD's Trade and Development Board at its 23rd session in September 1981 disclosed, in that first flagship report TDR 1981, a wider debate on development issues from an alternative perspective was opened up, for evaluation of the world trade and economic situation, and the issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the inter-relationships of problems in the areas of trade, development, money and finance.

It looked at short-term problems and the longer-run development issues of the world economy in an integrated way, underscoring that the crisis in the world economy was such that "the dichotomy between short-term and development problems or what amounts to the same, between demand management and investment policies, is no longer admissible."

At that time the dominant OECD and IMF surveys looked at the short term and emphasized demand management and the so-called supply-side economics, and the World Bank in its World Development Report looked at development issues from the Bretton Woods-GATT perspectives of the international capitalist system and liberal economics, viewing the crisis in the global economic situation as an exception that, with corrective reforms, could be returned to the normative "golden era" of the 25 years following the war.

The TDR 1981 took a much longer perspective, analysing the experiences and structural changes of the now industrialized economies over the last 160 years, viewing their postwar experience up to the 1970s as an exception made possible by departures favouring Europe and Japan from the Bretton Woods-GATT rules of the game.

Alas, the current dogma (the Washington Consensus, refurbished as Globalization and its successive avatars, such as the latest slogan of 'global value chains', to continue a neo-colonialist-neo-mercantilist order) has now no independent inter-governmental challenge, and would miss voices like those of Gerry, facing as it does the alienation of vast segments of populations of the developing and developed world that question the legitimacy of governments.

Some of the basic formulations of that first TDR conveniently put on shelves to gather dust have again assumed salience, with sharpened contours, in current public debates.

These include that the gains of economic growth and development had not been shared equitably within and among countries, and without a fair distribution of income, sustained growth was impossible.

This issue, long ignored, has now come to the forefront, even in the major centres, as in the focus on economic inequalities, the increasing wealth of the 1% and the 0.1% within them, as against impoverishment of the poor and the middle classes.

The transnational corporations (TNCs) and their oligopolistic activities (and now their glaring tax avoidance and evasion schemes, connived at by those in authority) have placed the world economy in a vicious cycle of deflation and have led to de-legitimation of all governments.

From 1974 until 1980, Gerry Arsenis also served as an UNCTAD expert and resource, provided consultancy to the Ministerial Committee of Twenty on the Reform of the International Monetary System (later known as the IMF "Interim Committee").

While serving as Director of UNCTAD, Gerry contributed to the development of numerous proposals - including the creation of special drawing rights (SDR), developmental assistance and coordination of program assistance for the World Bank and the generation of balance-of-payments financing that the IMF subsequently used for effective stabilization and development support schemes, and took part in several debt negotiations in the context of the Paris Club.

Both at UNCTAD and OECD, he promoted development of developing countries in the line of Prebisch and Gamani.

He was probably among the first to challenge the current world economic system by asking the 'Why Not' questions.

Rather than the prevailing orthodoxy for developing countries to accept the system and 'adjust', while seeking Special and Differential treatment, he started the process of questioning the system and its inequities, asking why the rules of the game cannot be changed.

In November 1981, he was appointed as Governor of the Bank of Greece, where he remained until February 1984.

During this period, he oversaw the liberalization of the Greek financial system and modernization of its financial regulatory system. He acted as a policy advisor to numerous governments regarding foreign exchange, external financing and debt rescheduling.

At UNCTAD VI, in Belgrade in 1983, he led the Greek delegation as a Minister to the Belgrade meeting and was a very powerful advocate there of the need to take into account interdependence of policies and the need to reflect this institutionally (wide participation of UNCTAD in the deliberations of IMF/WB/GATT/Paris Club).

He not only took part in the Paris Club negotiations but achieved acceptance of a role in these negotiations for UNCTAD on a continuing basis, a role which was the basis of the subsequent UNCTAD programme of technical assistance to developing-country participants in these negotiations.

As a prominent member of PASOK for many years, he served as Governor of the Bank of Greece (1981-1984), Minister of National Economy (1982-1985) and Finance (1984-1985), Shipping (1985), National Defense (1993-1996) and National Education and Religious Affairs (1996-2000).

He was President of the Athens Development and Governance Institute (ADGI-INERPOST), Vice-President of the Marangopoulos Foundation for Human Rights and Honorary President of the Hellenic-Russian Society.

(Sources: Official website of Gerassimos Arsenis (www.gersenis.gr/en); email communications from former UNCTAD officials, Andrew Cornford and Chandrakant Patel who worked with Arsenis; Chakravarthi Raghavan (2014), 'Third World in the Third Millennium CE, Vol 1', Third World Network, Penang, pp 91-26, and Gerassimos D. Arsenis (2014) in 'A Tribute to Gamani Corea: His Life, Work and Legacy', South Centre.)

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