



TRADE AND DEVELOPMENT REPORT, 1981-2011

Three decades
of thinking
development



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TRADE AND DEVELOPMENT REPORT, 1981–2011: Three Decades of Thinking Development

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This publication has been prepared by the UNCTAD secretariat to commemorate the first three decades of the *Trade and Development Report* (TDR), UNCTAD's main flagship publication, whose first edition was published in 1981. This initiative has been promoted by UNCTAD economists keen to highlight the intellectual contribution of the Report, in particular, Alfredo Calcagno, Pilar Fajarnes, Heiner Flassbeck, Raja Khalidi and Jörg Mayer. It includes:

- An UNCTAD in-depth study, which reviews and references the key issues that have been addressed by the TDR since its inception. This study, included in the first part of this publication under the title “*Three Decades of Thinking Development*”, was prepared by Detlef Kotte, former Head of the Macroeconomic and Development Policies Branch in the UNCTAD Division on Globalization and Development Strategies. The study also benefited from comments by Yilmaz Akyüz, Andrew Cornford, Heiner Flassbeck and Jörg Mayer.
- A panel discussion “*Thinking Development: Three Decades of the Trade and Development Report*” which took place in Geneva on 20 February 2012 as a pre-Conference event for UNCTAD XIII. An earlier version of the above mentioned study served as background document for this discussion. The contributions of experts participating in this panel, as well as a summary of the discussions, are presented in the second part of this publication. The full webcast of this panel discussion can be viewed at: <http://www.unmultimedia.org/tv/webcast/2012/02/am-session-unctad-panel-discussion-on-thinking-development.html>.
- The digitization of the whole series of the *Trade and Development Report*, with the support of the Digitization and Microform Unit of the Library of the United Nations Office at Geneva. The complete series of the TDR in electronic version is now available at the UNCTAD website: www.unctad.org.
- The launch of a new UNCTAD blog, “*Thinking Development: commentary on ideas, events and policies in the global economy*”, in the context of the UNCTAD Virtual Institute and Global Network of Think Tanks.

Administrative support for these activities was provided by Bridie Lewis and Natividad Villanueva. Desktop publishing for the publication was done by Petra Hoffmann. Sophie Combette designed the cover, which portrays a combination of the designs of all the cover pages for the period 1981–2011.

Foreword by the Secretary-General of UNCTAD

UNCTAD was created in 1964 to address imbalances and asymmetries in the global economy – particularly in the trading system – that were constraining the efforts of developing countries to establish strong and balanced growth and development paths. In doing so, we were forced to confront the monopoly of economic thinking that dominated many discussions at the international level and that ignored or marginalized the specific needs and concerns of developing countries.

As a result, rigorous and independent research was at the heart of the UNCTAD work programme from its inception. Without it, our efforts to build a consensus in support of a more balanced global economy and devise complementary technical assistance programmes would have lacked the necessary foundation and direction. Those efforts translated into a series of major initiatives at the international level during the 1960s and 1970s, from the aid target of 0.7 per cent of GDP to the call for debt relief and the establishment of the General System of Trade Preferences (GSTP) among developing countries, to name but three that have continued to this day.

Undertaking independent research became more difficult after the debt crisis that hit many developing countries in the early 1980s. In its aftermath, the diagnosis of what had gone wrong, along with the policy prescriptions to put things right, were increasingly squeezed into a “one-size-fits-all” framework of rolling back the State and unleashing market forces as the only acceptable route to sustained economic growth. In particular, removing restrictions on international capital flows was presented as a “win-win” option for countries at all levels of development.

In resisting this trend, UNCTAD economists continued to highlight the downside risks of an unbalanced international economic environment for development. Indeed they were among the few who warned that a growing role of unregulated private financial flows would more likely than not add to the problems facing policymakers in many developing countries. The *Trade and Development Report* (TDR), launched as the debt crisis was about to break, became UNCTAD’s principal vehicle for offering an assessment of the evolving global situation and advancing alternative policy proposals. It is a testament to the quality of the research presented in the *TDR* that practically no other international agency warned countries such as Mexico or Thailand about the potential dangers of rapidly opening up their capital account, the possibility of middle-income countries becoming trapped in the low-value-added stages of international production networks, or the threat to economic and social stability from growing levels of inequality.

As Deputy Prime Minister of Thailand at the time of the crisis that engulfed us in July 1997, I had inside knowledge of my country’s policy-making and felt uncomfortable with the explanations by various centres of international policy-making regarding both our region’s success and the causes of the crisis. I experienced great difficulty in having to accept the policy conditionalities associated with adjustment loans that eventually turned out to deepen, rather than alleviate, the crisis.

UNCTAD’s independent thinking and exploration of ideas for development policy-making, as presented in the *TDR*, was a welcome source of alternative thinking in this context. And, as I found out as Chairman of UNCTAD X held in Bangkok in 2000, appreciation of its work extended well beyond my region. Policymakers

in many developing countries greatly valued the Report's insistence on building development strategies grounded in local realities rather than abstract models.

An abiding theme across 30 years of the *TDR* has been its advocating of the need to strike the appropriate balance between multilateral rules and actions and national policy autonomy for addressing specific local needs and challenges. It has argued that many of the changes to multilateral governance since the collapse of the Bretton Woods systems, in trade as well as finance, have failed to create the right balance. In the run-up to the eleventh UNCTAD conference in Sao Paulo our economists coined the term "policy space" to enliven the discussion on this issue. It was addressed in detail in *TDR 2006*, the year after I became Secretary-General of UNCTAD. I was glad to see that the Report reflected not only lessons confirmed by my own experience as Director General of the World Trade Organization, but also those from my earlier incarnation as a policymaker from a developing country.

Subsequent *TDRs* maintained this perspective when examining the build-up to, and macroeconomic impacts of, the current world economic and financial crisis. They emphasized how weak international monetary and financial governance had turned the turmoil that originated in the United States into a global, systemic crisis. The Reports we have produced since 2009 have argued that the dynamics of the crisis reflect failures in national and international financial regulation, persistent global imbalances, the absence of an international monetary system and deep inconsistencies among global trade, financial and monetary policies.

In my Report to the forthcoming UNCTAD XIII, I have drawn on the *TDRs* prepared during my time as Secretary-General of UNCTAD, as well as on earlier reports, to describe what I call "finance-driven globalization", as the dominant form of international economic relations during the past three decades and to identify a range of imbalances which are in urgent need of correction if sustainable and inclusive outcomes are to become the norm rather than the exception. The alternative lies in what I have called "development-led globalization".

In our increasingly interdependent world, it is only through cooperation and a revival of multilateralism that the international community can effectively rebalance the world economy, turn recent growth spurts into sustainable development paths, and ensure that all sections of society, particularly the poorest and most vulnerable, are able to reap the benefits. The United Nations must play a central role in guiding this process. The *TDR's* focus on strengthening global interdependence whilst maintaining appropriate national policy-making capacity will, I believe, provide critical input into efforts aimed at addressing these challenges.



Supachai Panitchpakdi
Secretary-General of UNCTAD